
Full Council

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Mayor will confirm if all or part of the meeting is being filmed. The images and sound recording may be used for training purposes within the Council.

Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

If you have any queries regarding this, please contact the Principal Support Officer (Committee Clerk) at the meeting.

To: The Mayor and Councillors of Haringey Council.

Dear Sir/Madam,

A meeting of the Council of the London Borough of Haringey will be held at the Civic Centre, High Road, Wood Green, N22 8LE on THURSDAY, 24TH FEBRUARY, 2011 at 19:30 HRS, to transact the following business:

AGENDA

- 1. TO RECEIVE APOLOGIES FOR ABSENCE**
- 2. TO ASK THE MAYOR TO CONSIDER THE ADMISSION OF ANY LATE ITEMS OF BUSINESS IN ACCORDANCE WITH SECTION 100B OF THE LOCAL GOVERNMENT ACT 1972**
- 3. DECLARATIONS OF INTEREST**

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest

becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest and if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct and/or if it relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

4. TO ASK MEMBERS WHETHER THEY NEED TO MAKE A DECLARATION IN ACCORDANCE WITH SECTION 106 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 IN RELATION TO UNPAID COMMUNITY CHARGE OR COUNCIL TAX LIABILITY WHICH IS TWO MONTHS OR MORE OUTSTANDING.

Members to whom this applies must make a declaration if they are present at any part of the meeting and must not vote on any matter relating to the budget. It is not sufficient for such members to refrain from voting or to absent themselves from the chamber for particular parts of the meeting. Failure to make a relevant declaration constitutes a criminal offence.

5. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 17 JANUARY 2011 (PAGES 1 - 6)

6. TO RECEIVE SUCH COMMUNICATIONS AS THE MAYOR MAY LAY BEFORE THE COUNCIL

7. TO CONSIDER A "STATE OF THE BOROUGH" REPORT BY THE LEADER OF THE COUNCIL.

8. TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE ON "RETHINKING HARINGEY" (PAGES 7 - 46)

9. TO RECEIVE THE REPORT OF THE MONITORING OFFICER AND HEAD OF LEGAL SERVICES

10. TO MAKE APPOINTMENTS TO OUTSIDE BODIES

11. TO CONSIDER REQUESTS TO RECEIVE DEPUTATIONS AND/OR PETITIONS AND, IF APPROVED, TO RECEIVE THEM

12. TO RECEIVE REPORTS FROM THE FOLLOWING BODIES (PAGES 47 - 184)

a) Cabinet – Reports 7 & 8 – 2010/11.

b) General Purposes Committee – Reports 3 & 4 – 2010/11.

13. TO CONSIDER THE REPORT OF THE DIRECTOR OF CORPORATE RESOURCES IN RESPECT OF MEDIUM TERM FINANCIAL PLANNING FOR 2011/12 - 2013/14 AND TO AGREE THE COUNCIL TAX FOR 2011/12 (PAGES 185 - 236)
14. TO CONSIDER OPPOSITION BUSINESS SUBMITTED IN ACCORDANCE WITH COUNCIL PROCEDURE RULE NO.12
15. TO ANSWER QUESTIONS, IF ANY, IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NOS. 9 & 10

ORAL QUESTION 1 - TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR PEACOCK:

Will the cabinet member comment on the Prime Minister's assertion that the Tory-led government has not cut funding to Sure Start children's centres?

ORAL QUESTION 2 – TO THE LEADER FROM COUNCILLOR WINSKILL:

Considering the recent public statements from Tottenham Hotspur FC saying that they will not stay at White Hart Lane even if they are not successful in their bid for the Olympic stadium, should the Leader or any of her predecessors have done anything different in the handling of the Spurs application?

ORAL QUESTION 3 - TO THE CABINET MEMBER FINANCE AND SUSTAINABILITY FROM COUNCILLOR KHAN:

Can the cabinet member provide an update on the government's assistance to Councils in capitalising redundancy costs?

ORAL QUESTION 4 - TO THE LEADER FROM COUNCILLOR ENGERT:

What meetings have Council members or officers had with Tottenham Hotspur FC officials since 26th Jan 2011?

ORAL QUESTION 5 –TO THE CABINET MEMBER FOR PLANNING AND REGENERATION FROM COUNCILLOR EJIOFOR:

Can the cabinet member say more about the council's work to assist local people access affordable credit?

ORAL QUESTION 6 – TO THE CABINET MEMBER FOR FINANCE AND SUSTAINABILITY FROM COUNCILLOR REID:

Please provide details on whether the Council and or Newlyn Plc have been forced to concede and or forced to make compensation or refund payments as a result of complaints received from residents about "phantom visits" by bailiffs.

ORAL QUESTION 7 - TO THE CABINET MEMBER FOR NEIGHBOURHOODS FROM COUNCILLOR BROWNE:

What plans does Haringey have to improve air quality in the borough?

ORAL QUESTION 8 - TO THE CABINET MEMBER FOR PLANNING AND REGENERATION FROM COUNCILLOR ALEXANDER:

With the loss of council apprenticeships how is the council going to help tackle youth unemployment in the borough?

16. TO CONSIDER THE FOLLOWING MOTIONS IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NO. 13

Motion R (2010/11)

Councillor Goldberg has given notice that he will move in the following terms:

Sustainable Transport

- Cuts of £1.7bn to London's bus services and £16m cut to London Underground.
- Boris Johnson's decision to axe plans to make London Underground step free and close 400 ticket offices across the capital.
- Under Tory Mayor of London, Boris Johnson, bus fares have already increased by 20% last year, with further planned Tube and bus fares increases of approximately 7%.
- The Coalition's decision to impose revenue savings of 21% to the Department of Transport, 28% cuts to TFL budgets, reduction of the bus subsidy by 20% and cuts of local government resource grants by 28%.
- The scrapping of the Western Congestion Charge resulting in a Transport for London revenue loss of £55 million per annum
- The low car ownership in the east of borough, and the subsequent importance of public transport
- The successful completion of Labour's manifesto pledge to establish a Sustainable Transport Commission.
- The Labour manifesto commitment to continue educational and awareness raising work on sustainable transport.
- Ongoing work to extend the successful car club, to reduce private car use in the borough.

This Council Believes:

- That cuts to transport funding do not represent a "soft cut" and severely undermine our capacity to tackle climate change.
- Increased costs of public transport will place residents under greater financial strain.
- Reducing private car usage should continue to be a priority.
- Income from the Western Congestion Charge could have been invested in services or used to keep bus and tube fares down

This Council Resolves:

- To lobby the Tory Mayor of London, and Coalition Ministers to reconsider these plans.
- To continue to work towards our goal of reducing carbon emissions in spite of swingeing cuts to Local Government funding.

Motion S (2010/11)

Councillor Gorrie has given notice that he will move in the following terms:

Fair Votes Motion

This Council supports moves to change our parliamentary voting system, which will see Haringey's Members of Parliament elected under a fairer system.

Council calls on the Head of Electoral Services to take steps to promote participation in the Referendum.

Motion T (2010/11)

Councillor Gorrie has given notice that he will move in the following terms:

Rogue Landlord Motion

This Council notes:

- A recent survey by the Chartered Institute of Environmental Health (CIEH) showing that of those officers working on housing enforcement in the private rented sector, nine out of ten had encountered landlords engaging in harassment or illegal eviction, and 78% had dealt with landlords who persistently refuse to maintain their property to a safe condition
- It is only a minority of private landlords that are threatening and abusive to their tenants
- The damage rogue landlords can have on vulnerable tenants and the wider community
- The lack of protection for tenants if they make a complaint against a landlord
- Local authorities can serve an improvement notice or prohibition order where housing conditions fall below an acceptable standard. If the landlord fails to comply they can be prosecuted.
- Harassment and illegal eviction are criminal offences. Local authorities can prosecute landlords who commit these crimes.
- Shelter's recent survey with the CIEH, shows 66% of Environmental Health Officers working in the private rented sector said that in their area no landlords had been prosecuted in the last 12 months for failure to comply with an order under the 2004 Housing Act, although over 40% said that under a quarter of such orders issued by their local authority had been complied with.

The Council resolves

- To take a zero tolerance approach to rogue landlords
- To use the full range of tools and powers at our disposal to tackle rogue landlords
- To carry out regular housing conditions surveys, focusing on areas in which the stock is poorly maintained and the level of private renting is highest.
- To use in instances where the Councils becomes aware of rogue landlords operating in low demand areas, to consider using power to introduce a selective licensing scheme.
- To back up their enforcement policies with adequate resources to make them enforceable as the cost of rogue landlords' activities will be picked up in other ways, such as a higher number of tenants requiring homelessness assistance.
- To take advantage of the provisions of the 2004 Housing Act, which allows a recoup of costs by charging the landlord.

Kevin Crompton
 Chief Executive
 River Park House
 225 High Road
 Wood Green
 London N22 8HQ

Wednesday, 16 February 2011

MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011

Councillors Griffith (Mayor), Adamou, Adje, Alexander, Allison, Amin, Basu, Beacham, Bevan, Brabazon, Browne, Butcher, Canver, Christophides, Cooke, Davies, Demirci, Diakides, Dogus, Egan, Ejiofor, Engert, Erskine, Gibson, Goldberg, Gorrie, Hare, Jenks, Kober, Mallett, McNamara, Meehan, Newton, Peacock, Reid, Reith, Rice, Schmitz, Scott, Solomon, Stennett, Stewart, Strang, Strickland, Vanier, Waters, Watson, Whyte, Williams, Wilson and Winskill

Apologies Councillor Bloch, Bull, Khan, Reece, Stanton and Weber

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CNCL58.	TO RECEIVE APOLOGIES FOR ABSENCE Apologies for absence were received from Councillors Bloch, Bull, Khan, Reece, Stanton, and Weber, and for lateness from Councillor Scott.	
CNCL59.	TO ASK THE MAYOR TO CONSIDER THE ADMISSION OF ANY LATE ITEMS OF BUSINESS IN ACCORDANCE WITH SECTION 100B OF THE LOCAL GOVERNMENT ACT 1972 See Minutes 69 & 71.	
CNCL60.	DECLARATIONS OF INTEREST The Chief Executive advised of the following advance notice of declarations of interests: Councillor Reith declared a personal interest in agenda item 10 - Presentation on Local Authority Action on Climate Change, and Item 11 - Report on Haringey's carbon footprint and progress made to date to reduce carbon emissions and proposals to develop a borough wide carbon management plan, as she was a member of the Tottenham branch of Friends of the Earth, and her partner was employed by the national office of Friends of the Earth. Councillor Davies declared a prejudicial interest in agenda item 16 - Motions O & P, as he was an employee of the housing Charity - Shelter. Councillor Engert declared a prejudicial interest in agenda item 16 - Motion Q as a Board Member of London Travel Watch which came under the Greater London Assembly's auspices. Councillor Winskill declared a general personal interest as a Haringey Leaseholder.	

**MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011**

	In addition, Councillor Strang declared a prejudicial interest in agenda item 16 - Motions Q, as he was an employee of Transport for London.	
CNCL61.	TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 22 NOVEMBER 2010 RESOLVED: That the minutes of the meeting of the Council held on 22 November 2010 be signed as a true record.	
CNCL62.	TO RECEIVE SUCH COMMUNICATIONS AS THE MAYOR MAY LAY BEFORE THE COUNCIL 1. The Mayor reported, with sadness, the passing of his personal Chaplain Father Geoffrey Seabrook on 11 January 2011. The Mayor informed the meeting that Father Seabrook had been the Rector of Hornsey and Prebendary of St Paul's Cathedral, and had also served as Deacon of the West Haringey Synod. The Mayor also commented that Father Seabrook would be remembered for the valuable work he had done with Children in the area specifically within the Anglican Community, together with his warmth and empathy with people of all faiths and his wise counsel in times of trouble and grief. The Mayor added that Father Seabrook would leave a void that would be extremely difficult to fill. The Mayor advised that he would on behalf of the Council pass on a message of sympathy and condolence to Father Seabrook's family. At the request of the Mayor, the meeting stood for a minute's silence in memory of Father Seabrook. 2. The Mayor also reminded the meeting of the National Holocaust Memorial Day on 27 January 2011 and the commemorative event taking place on Sunday 23 January 2011 at Bruce Castle Museum. 3. The Mayor passed on the Council's congratulations to all of the residents of Haringey who were awarded honours in the 2011 New Year Honours List. The Mayor particularly sent the Council's good wishes to Susie Constantinides who was awarded an MBE for services to the Cypriot Community.	
CNCL63.	TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE RESOLVED 1. That the changes to Political Group composition as detailed in paragraphs 8.1 & 8.2 of the report be noted. 2. That the resultant changes to Council body memberships as detailed in paragraphs 8.7 & 8.8 of the report be agreed as	

MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011

	follows:- (1) Councillor Bloch to fill the vacant position on the General Purposes Committee. (2) Councillor Davies to be shown as an Independent member on the Muswell Hill Area Assembly membership. 3. That the change of date of the next Council meeting to 24 February 2011 be agreed noting the necessity to alter the date of the Council tax setting meeting as the GLA would not be confirming their precept until 23 February 2011.	
CNCL64.	TO RECEIVE THE REPORT OF THE MONITORING OFFICER AND HEAD OF LEGAL SERVICES There were no items to report.	
CNCL65.	TO MAKE APPOINTMENTS TO OUTSIDE BODIES There were no items to report.	
CNCL66.	TO CONSIDER REQUESTS TO RECEIVE DEPUTATIONS AND/OR PETITIONS AND, IF APPROVED, TO RECEIVE THEM There were two deputations to address the meeting. The first deputation was received from Jenny Sutton of Haringey Alliance for Public Services. Members asked questions of the deputation and received responses thereto. The Leader of the Council responded to the deputation. The second deputation was received from John Snelling the Employee Side Secretary. Members asked questions of the deputation and received responses thereto. Councillor Goldberg, Cabinet Member for Finance and Sustainability responded to the deputation. The Mayor thanked the deputations for attending.	
CNCL67.	TO RECEIVE A PRESENTATION ON LOCAL AUTHORITY ACTION ON CLIMATE CHANGE. A presentation was given by Steve Turner – Head of Carbon Economy, New Economy Manchester.	

MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011

	Members asked questions of the presenter and received responses thereto The Mayor thanked Mr Turner for his presentation.	
CNCL68.	TO CONSIDER A REPORT ON HARINGEY'S CARBON FOOTPRINT AND PROGRESS MADE TO DATE TO REDUCE CARBON EMISSIONS AND PROPOSALS TO DEVELOP A BOROUGH WIDE CARBON MANAGEMENT PLAN. The Cabinet Member Finance and Sustainability – Councillor Goldberg presented Haringey's first Annual Carbon report. He informed the meeting that climate change posed a severe threat to the environment, the community and to the local economy. Following a campaign organised by Friends of the Earth involving hundreds of local residents, there was cross party political support to work towards a 40% carbon reduction by 2020. Councillor Goldberg reported that a Carbon Management Plan covering the Council's operations was agreed in 2010 and which set out an ambitious plan to deliver a 40% reduction in carbon emissions by 2015; ahead of the community wide target. This demonstrated leadership by example and provided a benchmark for other organisations in the borough. Haringey was one of 9 local authorities in England to have been selected to take part in the Department of Energy and Climate Change, Local Carbon Frameworks pilot. The aim of this pilot was to develop best practice in local carbon reduction action planning and bring together a core group of experts to support those pioneering action on climate change. During 2011 Haringey would lead on the development of a Carbon Management Plan for the borough, which would require support from residents, businesses, organisations and voluntary groups across Haringey and for this reason, a membership organisation for all those wishing to support action on climate change, known as Haringey 40:20, would be established. This report provided an overview of the carbon emissions baseline for Haringey and set out a transparent framework for reporting on progress towards attaining the carbon target. The report also explained the next steps being taken to develop a Carbon Management Plan for Haringey. Following Councillor Goldberg's introduction other Members contributed to the debate together with the following external speakers:- John Broderick - Tyndall Centre For Climate Change, Elizabeth Cox - New Economics Foundation, Samantha Heath - London Sustainability Exchange, Tony Bosworth - Friends of the Earth and Warren Hatter, Local Improvement Advisor. Councillor Goldberg concluded the debate. RESOLVED 1. That it be noted that the report provided a framework for making	

**MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011**

	transparent the progress being made by the Council and other organisations, in order to support work towards a 40% reduction target by 2020. 2. That full support be given to the development of a Carbon Management Plan for Haringey in 2011 noting that the success of the Carbon Management Plan for Haringey would be dependent on the coordinated action of businesses, faith groups, schools, public bodies, charities and every individual who lived in the borough.	
CNCL69.	TO CONSIDER A REPORT OF THE CHIEF EXECUTIVE ON HARINGEY'S GOVERNANCE REVIEW. The Mayor agreed to the admission of this report as urgent business. The report could not be circulated earlier as the public consultation exercise did not finish until 8 January 2011 and the results needed to be collated and incorporated. The report was urgent in order for consideration to be given to the proposals for change in the current governance arrangements, to be effective from May 2011. RESOLVED 1. That members and officers develop further the proposals contained in appendix 1 of the report in order to implement changes from May 2011. 2. That the results of the public consultation as outlined in appendix 2 of the report be noted. 3. That an informal Delivery Group of Members be established, as described in paragraph 5.3.3 of the report and in accordance with Article 15.03(a) of the Constitution, to consider in detail all proposed text changes to the Constitution outlined in, or related to Appendix 1 of the report, with a view to making recommendations for adoption by full Council and implementation as from Annual Council in May 2011; 4. That the Delivery Group give special consideration to those issues set out at paragraph 5.3.4 of the report having regard to the concerns expressed by Members and in the public consultation. 5. That the changes, as a result of the governance review, be reviewed 12 months after implementation by the Delivery Group.	
CNCL70.	TO CONSIDER OPPOSITION BUSINESS SUBMITTED IN ACCORDANCE WITH COUNCIL PROCEDURE RULE NO.12 The Opposition gave notice of their wish to debate "Managing Haringey's Housing".	

**MINUTES OF THE FULL COUNCIL
MONDAY, 17 JANUARY 2011**

	Councillor Wilson spoke on behalf of the Opposition Group. Councillor Bevan responded on behalf of the Majority Group. The Mayor thanked Councillors for their contributions.	
CNCL71.	TO ANSWER QUESTIONS, IF ANY, IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NOS. 9 & 10 The Mayor agreed to the admission of this report as urgent business. Under Standing Orders, notice of questions was not requested until eight clear days before the meeting, following which matters raised had to be researched and replies prepared in order to be given at the meeting. There were 8 oral questions and 22 for written answer. Oral Questions 3- 8 were not reached in the allotted time and written answers would be supplied to these questions.	
CNCL72.	TO RECEIVE REPORTS FROM THE FOLLOWING BODIES REPORT OF THE CABINET – NOS 5 & 6/2010-11 RESOLVED That Cabinet Reports 5 & 6 /2010-11 be received and adopted.	
CNCL73.	TO CONSIDER THE FOLLOWING MOTIONS IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NO. 13 Due to the late hour Motions N, O, P & Q were not considered.	

COUNCILLOR EDDIE GRIFFITH

Mayor



Agenda item:

[No.]

Council

On 24th February 2011

Report Title: Rethinking Haringey

Report of **Chief Executive**

Signed :

Contact Officer : Kevin Crompton, 020 8489 2648

Wards(s) affected: **All**

Report for: **[Key / Non-Key Decision]**

1. Purpose of the report

- 1.1. To report on proposals to reorganise the Council's top three tiers of staff.
- 1.2. To seek agreement to the process of restructuring which is in accordance with the Council's constitution

2. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 2.1. The proposals in this report should assist to deliver the Council Plan and those elements of the sustainable Community Strategy assigned to the Council.

3. Recommendations

- 3.1. Members are asked to note the proposals attached at appendix one to restructure the top three tiers of Council staff and to agree that subject to any significant amendments arising from consultation, that the proposals be implemented.
- 3.2. Members are asked to note that consultation with staff is taking place during February 2011. Should any amendments other than minor administrative changes

arise, Members are asked to agree that General Purposes Committee consider and approve the staffing structure.

4. Reason for recommendation(s)

- 4.1. Council is the appropriate forum for agreeing the overall structure of the Council.
- 4.2. General Purposes Committee has terms of reference governing chief officer and deputy chief officer appointments, staffing matters including restructuring.

5. Other options considered

- 5.1. Various models of staffing structure are used in Councils and were researched as a part of the development of the attached proposals.

6. Summary

- 6.1. Full Council is the appropriate body for agreeing the Council's management structure at the top tiers. The paper attached at appendix one proposes changes to the Council structure.
- 6.2. General Purposes Committee is responsible for staffing matters including terms and conditions. The Committee received a report noting the commencement of consultation on proposed changes to its meeting on 25th January 2011, and agreed methods by which the proposals might be implemented.
- 6.3. It is appropriate to bring proposals for change at this time because the Council seeks to reduce expenditure on staff as a part of a package of budget reductions. Budget reductions are required to meet the shortfall in funding that the Council is to experience from 2011/12 onwards.
- 6.4. The proposals also build upon changes to policy introduced by the Coalition Government, particularly in the areas of housing, benefits, and health & wellbeing.
- 6.5. The Council aims to sustain and improve the life chances of our residents, especially those who are most vulnerable, and develop a borough which is a good place to be born, learn, work, have fun and grow old. The proposals accord with this vision – to reduce inequality and work for a better society.
- 6.6. Cabinet noted the appended paper also on 25th January 2011.
- 6.7. The timetable for change is proposed as:

Milestones	Activities	Due date
Phase 1		
Principles agreed	Report to Cabinet Report to General Purposes Committee Report to Full Council	25 January 2011 25 January 2011 24 February 2011
Consultation & Communication	Consult on new structure	18 th January – 28 th February 2011
Staffing changes made	Authorisations, changes to job descriptions etc	March - April 2011
Phase 2		
Phase 2 transition		Jan-March 2012
Phase 2 implemented		1 st April 2012
7. Chief Financial Officer Comments 7.1. The Chief Financial Officer has been consulted over the contents of this paper to gain an understanding of the likely impact of the proposed reorganisation on the top three tiers of the Council. 7.2. Savings from the reorganisation have already have been captured as part of the individual budget proposals that underpin the 2011/12-2013/14 financial planning process and that will form part of the budget report elsewhere on the agenda. Amendments to the structure now being proposed may be required following the completion of the consultation process. Consequently, at this stage it is not possible to quantify in detail either the budgetary difference between existing and proposed top tier structures or the differential in post numbers. It is recommended that this analysis is provided as part of the report to Members following consultation. 7.3. Members should bear in mind that timely and effective delivery of the required council wide savings proposed for 2011/12 and beyond could be compromised if there are delays in agreeing the revised structure and making the necessary restructuring to the top three tiers of Council staff.		
8. Head of Legal Services Comments 8.1 The Head of Legal Services has been consulted on the content of this report. The report sets out extensive proposals for the reorganisation and transformation of Council services, which have both significant operational and significant organisational implications. The scope of the proposals set out in broad terms in the report will initially require decisions to be taken in principle pending the conclusion of meaningful consultation. The various reorganisations identified in broad terms at Phase 1 will require further detailed reports to come before the General Purposes Committee for decision in due course.		

8.2 As the report outlines, the implementation of the significant phased organisational change envisaged will be in accordance with the Council's policies and procedures regarding reorganisation, redeployment and redundancy. In particular the arrangements for restructuring and appointment at first and second tier officer level as outlined in paragraph 15 of the appendix are envisaged to follow the provisions of those procedures including the arrangements for first and second tier officer appointment set out in the Council's Constitution at Part 4 Section K, which require a final decision to be taken by a Section K4 Panel. Consultation will be required with individual employees affected by the proposals and with recognised trade unions at all appropriate stages of the phased proposals before any specific proposal affecting one or more employees is finalised and implemented. Further, where identified as relevant, equality impact assessments must be undertaken at all appropriate stages of the proposals before their implementation. Consideration will need to be given to the implications of the transfer of services and functions to other providers in respect of the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 and appropriate legal advice sought.

9. Equalities &Community Cohesion Comments

9.1. The Council is conducting a series of Equality Impact Assessments. This and all other staffing restructurings will be the subject of an EqIA. The assessment will take account of the context for change, the reasons for it, and the intended benefits to be derived from the new structure. The assessment will identify the potential for detrimental effect amongst any staff group so that decisions may be taken in an informed environment.

10. Consultation

10.1. Consultation with staff and trades unions is scheduled to run from 18th January until the end of February 2011. Staff were provided with a copy of the proposals at a meeting on 18th January and have had further opportunities to discuss the structure. The timetable at paragraph 6.7 allows for the outcome of consultation to be taken into account in February/March at General Purposes Committee for significant changes or under delegation by the Chief Executive for minor amendments.

11. Service Financial Comments

11.1. The financial savings will be finalised once consultation is complete and a definitive list of changes identified. At this stage it is estimated that overall Council management costs might reduce in the region of one third. It is important to note that this reduction will be accounted for in the budget package.

12. Use of appendices /Tables and photographs

12.1. Appendix one is Rethinking Haringey report

13. Local Government (Access to Information) Act 1985

13.1. Rethinking Haringey paper, Council constitution

This page is intentionally left blank



Rethinking Haringey:

Implementing One Borough One Future

17 January 2011

Contents

Foreword.....	3
1. Introduction.....	4
2. The challenges.....	4
3. Our vision and aim.....	5
4. Our outcomes	6
5. Our values	6
6. Our principles	7
7. Working with communities	8
8. Rethinking the council structure.....	10
9. Modernising customer contact.....	10
10. Community hubs.....	10
11. Strategic commissioning or direct delivery	11
12. The corporate service support model.....	13
13. Our staff – a crucial resource	14
14. Developing a new council structure.....	15
15. Workforce – implementing the new structure	16
16. Financial strategy	16
17. Conclusion	16
18. A timescale for implementation.....	17
Appendices: current and proposed council and directorate structures.....	17

Foreword

My ambition as Chief Executive is to work alongside Members to deliver **with** and **for** our communities, services which are customer focused, efficient, effective, evidence based and innovative.

I want a council valued by its community and seen by others as a model to be followed.

We cannot achieve this in today's economic climate of unprecedented change and uncertainty without strong collaboration with our partners and working as 'One Council'.

This paper sets out proposals for us to reorganise and transform our services to achieve the above broad aims.

Transforming services is always a challenge but in next two years (2011/12 and 2012/13) we will be making changes whilst facing the biggest reduction in financial resources the council has ever known. This will require us to deliver change quickly to ensure that we emerge from this period as a strong council with services clearly focused on meeting the needs of our communities and the ambitions of our elected Members.

Kevin Crompton, Chief Executive, Haringey Council

1. Introduction

In Haringey we have a strong commitment to promoting equality, tackling disadvantage and improving the life chances of our residents, especially those who are the most vulnerable. We believe that if the conditions, in which our residents are born, grow, live, work, and age were improved, and more equitably distributed, then everyone would have a better quality of life.

Our policy paper **One Borough One Future** describes the vision for the kind of borough we want, and identifies the council's priorities and key areas of work to achieve that vision.

This paper sets out the current challenges facing the council and our plans for transforming our approach to delivering services, adapting them to meet the changing needs of residents and targeting them at those who need them most.

2. The challenges

The national context

Since the election of the Coalition Government there have been many announcements signalling significant reform in areas as wide-ranging as the NHS, regeneration, housing, schools and the welfare system. Local authorities will be taking on new areas of responsibility e.g. health improvement, as well as developing new ways of working such as strategic commissioning. These changes will transform our relationship with the voluntary and independent sectors.

The Government's view is that public services need to change so that:

- less is delivered by the state
- local people have a bigger role in designing services to meet their needs
- citizens have more responsibility to hold the state to account
- there needs to be greater collaboration between public sector bodies

In June 2010 the Government's emergency budget announced that the country is being asked to make £6.2billion of savings during 2010-11. Local government's share of these savings was £1.165billion. Further reductions were announced in the October 2010 Spending Review, amounting to a reduction in funding to local government of approximately 28% over the next four years. In December 2010 the local government settlement confirmed the level of reductions and front loaded them so that most cuts need to be made in 2011/12. This means that the money available to public services will be reduced more steeply and more quickly than ever before.

We are concerned that the recent national policy changes and cuts to public sector budgets will increase inequality and threaten social cohesion. Poverty will increase due to reductions in for example, housing and disability benefits and education maintenance allowance leading to an income gap for those dependent on them and the increased marginalisation of minority groups. These policy changes combined with the financial situation are changing the landscape for the public sector and represent a significant challenge to us.

What does it mean for Haringey?

Haringey Council will need to reduce its budget by approximately £46million in 2011/2012. We are also facing increased demand for some services which alongside the reduction in funding means that we cannot operate as we have done in the past. We are working to minimise the impact of these cuts on 'front line' services. This will not be easy as we cannot sustain everything we currently provide and we do not believe that simple 'salami slicing' of budgets will deliver the best outcome. We want to prioritise the things that really matter to local people, re-design services so that they cost less and work better, concentrate on getting the right outcomes and enabling people and communities to become more self reliant.

In addition to the savings that we as the council are making our public sector partners will also be making big savings and changing what they do and how they operate. The voluntary and community sector are also likely to be affected by these changes. We will therefore work with all these partners to try to ensure that our collective 'front line' offer to the public is the best that can be delivered within the financial constraints.

We are determined to approach these challenges in a way that puts the future of the borough and its communities first. We will not lose sight of our ultimate goal for the improved well-being of local people or our responsibility for delivering our ambitions. To achieve this we will prioritise and target the use of our resources and be creative in finding new ways to deliver 'better for less'. Value for money and efficiency has never been so important and we will ensure our services are the best we can deliver within the resources available.

The changes we need to make will be complex, far reaching and within a difficult timescale. We have to rethink services to develop a much leaner council focussed on delivering positive outcomes for our community and reduce cost and spend.

The council will look very different in the future. Whilst we will continue to deliver some services in line with strategic priorities, we will also have to take on a new role as a commissioner, advocate and broker for other services.

3. Our vision and aim

In responding to the challenges we face the council is proposing to adopt the following **vision** and **aim** for Haringey:

Vision

**'One Borough One Future:
Reducing inequalities - working for a better society'**

Aim

To sustain and improve the life chances of our residents, especially those who are most vulnerable, and develop a borough which is a good place to be born, learn, work, have fun and grow old.

4. Our outcomes

We believe we can achieve our vision and aim by adopting the following outcomes:

Outcomes

Outcome 1 Thriving

Regenerating the borough; creating opportunities for employment and educational attainment; tackling low income and poverty; providing a balance of different types of homes which offer quality, affordability and sustainability

Outcome 2 Healthier

Tackling health inequalities amongst children and adults; promoting healthier lifestyles and independence

Outcome 3 Safer

Reducing the incidents and fear of crime and anti-social behaviour; safeguarding children and adults

Outcome 4 Sustainable

Tackling climate change and managing our environmental resources more effectively; ensuring an attractive, clean, sustainable environment

Outcome 5 Empowered

Promoting opportunities for community involvement and volunteering; enabling self reliant communities

5. Our values

Our values - the way we will behave - are critical to our success. Being a values led organisation means making sure that those values are easily recognised in everything we do. Our values underpin our purpose and influence our behaviours, systems and processes.

Values

- **Service** – we work for the good of all our diverse communities
- **Integrity** – we keep our promises
- **Improvement** – we strive for excellence
- **Passion** – we are passionate about our work and proud of what we do
- **One Council** – we deliver by working together

We will work as one organisation to ensure these values underpin the professional and political behaviour, processes and approach of the council.

6. Our principles

The principles below underpin the way we work and will help us in making the difficult choices ahead. The principles reflect our values and the new ways of working we wish to embed across Haringey. They will also inform the practical and cultural changes which we will need to make in order for our vision to become a reality.

Principles

1. Strong community leadership through our elected members and the employees of the council

We recognise that the council is in a strong position; elected members will continue to provide community leadership and make decisions, supported by council officers, with both of them working closely with residents to create solutions to local problems.

2. Communities that are active citizens, engaged and involved in service delivery

We are aiming to encourage and support communities to take the lead themselves, without intervention from the council. We want to promote volunteering and active communities with services being provided on a more local level, better suited to local needs.

3. Efficient and effective use of council resources ensuring the best outcomes at the right cost

Services delivered directly by the council will be required to demonstrate clear value for money and to operate in the most efficient manner delivering clear outcomes. Some services which are currently delivered by the council will be commissioned from other efficient and cost effective providers such as social enterprises, voluntary and community organisations, or the private sector. The council will remain responsible for ensuring quality standards are met irrespective of who provides the service.

4. Joined up, easy to access services that make sense to our customers

Joining up our services will allow us greater freedom to commission the outcomes our customers want, while leaving service providers to be creative and innovative in delivering the services to meet those outcomes. We want better services for our customers that will offer 'more or the same for less'.

5. Partnership working to improve outcomes for local people with 'one public sector offer'

By working with other public sector agencies we will create more localised and joined up public services - it has been acknowledged for some time that there are divides between services which do not make sense to our residents. Partnership working gives us the opportunity to bring previously separate services together in a practical way.

6. The right balance of universal, targeted and specialist services to meet the needs of the community which have a positive impact on reducing inequality

We will make the best use of our key strategic borough-wide information to ensure that everyone has access to the services they need whether these are provided by the council or another agency; and that those who are most in need get the most benefit from our limited resources.

7. Working with communities

Policy changes

The Coalition Government has introduced policy changes¹ to decentralise and redistribute power and funding from central government to local people to deliver what they want for their communities, transforming public services. At the moment, even after the ‘un-ring fencing’ of a number of government grants, councils still have little or no say over most of the money that is spent in their area. Schools, health, police and welfare budgets remain centrally directed. As a result, residents do not always feel that they have control over the public services and the things that happen where they live.

Going local

Haringey is a hugely diverse borough with different areas having different needs and priorities. Our aim is to encourage **local decision-making** to become a regular part of everyday life, giving communities, neighbourhoods and individuals more say, choice and ownership of their local facilities. The council is committed to leading the way in delivering public services and working with its partners in areas like health care, policing, education, and employment and skills, to promote the interests of the communities we serve.

One way to give people more control of the services they use, and make them more locally accountable, is through their **elected representatives**. We recognise decisions should be taken as close to the people as possible as those working on the ground, know where the solutions can be found. Therefore we are proposing to introduce **area committees** to work alongside our area assemblies. These area committees will provide the forum for ward councillors to influence decisions affecting the area and hold services to account for their performance.

Self reliant communities

With the move towards localism we need to consider what we want the role of our council to be. We aspire to have empowered communities which are self sustaining, active and involved. We aim to reduce dependency and encourage self reliance. This is a key strategic outcome for the council and we therefore need to ensure that our structure and service configuration support its achievement. Our aim is to support community groups and individuals to become ‘active’, encouraging charities, social enterprises and cooperatives to have a much greater role in the running of services.

We are currently consulting on our [Voluntary Sector Strategy](#) through which we will agree a revised commissioning and funding framework setting out the core principles for how the council will support and work with the voluntary sector. The strategy will enable the sector to play a significant role in delivering more innovative, diverse and responsive public services.

¹ The Coalition Government is promoting localism through the introduction of the Localism and Decentralisation Bill which will devolve greater powers to councils and neighbourhoods.

Listening to our residents

During October – December 2010 we carried out a public consultation known as *Shaping our Future* which asked people living, working or studying in the borough to have their say to help us balance our budget in the face of planned cuts. We received approximately 740 questionnaires and 1040 comments and ideas.

Respondents were asked to express the relative importance to them of ten service areas by indicating their preferred level of spend per service area from the £4,500 the council currently spends per household. Most encouraging was that respondents allocated an amount broadly in line with how the council spends its budget, with the following differences.

More	Same	Less
• Crime and anti social behaviour • Housing and homelessness • Regeneration and jobs • Support for community organisations	• Schools and children centres • Safeguarding • Vulnerable people • Libraries, culture, sports, leisure • Environmental services	• Carbon emissions

Overall residents gave a clear indication that whilst they value the services the council provides they expect it to achieve efficiencies by working with others, making better use of assets, encouraging volunteering and community involvement, and finding ways of raising more income.

Proposals in this paper take on board the messages above as well as the findings from our last residents survey.

8. Rethinking the council structure

In order to move towards the new way of working and reduce our costs we need to review both the current council structure and the current service offer.

We will need to establish a council which:

- **is leaner and more integrated** with a considerably smaller ratio of managers to staff
- **focuses on outcomes**
- **is customer focussed** with a higher number of staff directly delivering services than those in support roles
- **commissions and designs services based on a robust understanding of its population**
- **maximises effectiveness and efficiency through the use of technology**
- **provides information and access to services via the internet where possible and in other ways where appropriate**
- **ensures safeguarding of vulnerable people**

Although many of our services are already commissioned from the voluntary sector, the private sector and other partners and some council directorates have already begun changing how they deliver services (e.g. within adult social care with the introduction of personalisation), now is the time to fundamentally rethink our organisational structure and service offer.

9. Modernising customer contact

As effective customer contact is a major factor in defining the quality and reputation of any council, we need to develop an approach that makes good customer service an integral part of our job. We will encourage residents to access services via the internet where possible, exploiting technology to provide the most efficient system for contact with our residents as customers.

We will analyse patterns of contact, understand avoidable contact to help us know much more about our customers and the services they are using. To achieve this, we will continue to invest in information systems to support our customer service operations.

We are committed to ensuring:

- **residents have a positive experience of public services**
- **services are easy to understand**
- **access to our services at convenient times, with greater use of technology to ensure ease of access 24/7**

10. Community hubs

The council is committed to ensuring easy access to key services. However, in the current financial climate we are unable to sustain the large number of council and

community services and buildings; therefore we will explore proposals to create community hubs through amalgamating service provision. We will consider:

- whether council services can be delivered more economically and effectively from fewer service points e.g. bringing together libraries, customer service centres, children centres
- sharing locations with our other public sector partners e.g. Police /NHS and other neighbouring councils
- encouraging the sharing of facilities across the voluntary sector

11. Strategic commissioning or direct delivery

Building up our strategic commissioning approach to service delivery means looking in depth at the needs of a local population, considering how those needs will be best met, by whom and in what ways, and then seeking provision accordingly. The choice facing many councils is how to ensure good outcomes for residents whether through commissioning arrangements or a directly delivered service.

Our challenge is to consider how to organise the council to get the best mix which delivers the improved outcomes we want. There are areas within the council which would be more effective if reorganised.

Place

Responsibility for the physical development of Haringey as a 'place' is currently split between Urban Environment and Corporate Resources whilst the delivery and management of capital projects is spread throughout the council with the largest group being the Building Schools for the Future team. It makes both economic and organisational sense to bring the responsibility for the strategic management of 'place building' together within the council and to establish a corporate project management team which can be commissioned to deliver these projects.

In other areas of the council we have partly commissioned the delivery of services. In housing we have established Homes for Haringey (HfH) to manage our stock but we have retained in house the management of lettings. This may have been appropriate whilst HfH was getting established but better outcomes might be achieved by the council concentrating on its commissioning role and working with HfH to become the housing provider.

We also have a range of services both delivered directly and in partnership which have a common ground in that they are all part of the visible street presence of the council and our partners. Community safety, safer neighbourhood policing, street cleansing, refuse collection, environment, trading standards, parking and other enforcement services have all been successfully merged into a coherent structure in other areas of the country to produce 'more for the same'. Through joined up management these services can be jointly tasked to deliver 'one front line', keeping Haringey clean, green and safe.

The council currently devotes significant resources to services such as libraries, culture, recreation, leisure and parks. These services, some of which are discretionary, are very tangible and visible signs of the council's commitment to its community. In the next few years, they will however be competing for scarce resources with other key services. It is important that the council explores options for sustaining these services at a lower cost, exploring alternative models for delivering them such as trusts, social enterprises

or private partnerships whilst maintaining a balance between charges and subsidised access for those who need it.

People

The council will always prioritise the safeguarding of vulnerable people, maintaining a frontline service for vulnerable children, and adults, which will be of the highest standard. It is important that this service is efficient and represents good value for money.

There will need to be a review of the way in which the council maintains and provides services to schools. Even before the current government's intention to expand the number of Academies, the council was moving to a fully traded basis for many services to schools. Where the council can provide these services on a full cost recovery basis this should continue. The future could however see this threatened by new providers in the field and/or the choices of individual schools undermining the economy of scale of such service provision. A 'mature partnership' needs to be developed with our schools around these issues. Starting with secondary schools, it is proposed we develop a revised service offer from the council. We will make sure we perform the statutory functions that remain our responsibility; which in time might be better provided in partnership with another local authority.

In the adult social care arena the personalisation agenda is already moving the service to one that assesses and measures need, allocates resources through personalised payments, offers brokerage and advice to ensure that recipients can spend wisely. The service will continue to evolve and adapt to this changing responsibility whilst ensuring that vulnerable adults are properly provided for.

The council is also responding to the changes in the NHS. We will support local GPs as they become commissioners of services and work with NHS Haringey to transfer staff and functions to establish a directorate for public health within the council.

12. The corporate service support model

The current structure of the council is based on business units and directorates supported by a corporate centre. This has led to the duplication within the council of roles such as Finance; Policy, Performance and Communications; Procurement; ICT and Human Resources. All these services are subject to Support Function Reviews and a corporate approach is being developed. The reviews aim to reduce the cost of these services by simplifying, standardising and sharing activities whilst sustaining high quality front line customer facing services.

These services will be brought together to provide the support that we all need to do our jobs well enabling services to deliver:

- **Professional advice and support**
- **Robust, cost effective ICT** incorporating common systems for universal use which is also capable of supporting professional specialised systems where required including whether we are working in the office at home or mobile based
- **Facilities management** including post, portering and other site services

Shared services

In time some services could become the basis of a shared service arrangement with other local authorities or other partners. At present we are exploring joint working with the London Borough of Waltham Forest and a Memorandum of Understanding between the two boroughs has been agreed; it sets out the scope and status, aims and principles, values and framework for joint working. No shared service will be established unless there is a clear strategic or financial case.

13. Our staff – a crucial resource

Our workforce is the key to becoming an excellent council. We have an enormous challenge as at one and the same time we want to inspire and lead our staff to work towards a better Haringey while knowing that there will be some reduction in the workforce and as a minimum job roles and work demands will increase.

In developing our new workforce we want to build on the best practices in employee engagement, promote innovation, devolve responsibility, encourage reflection and learning rather than blame, support continuous improvement and create the conditions for staff to succeed. We will motivate people to behave as one Council by making this behaviour a core part of every job. We will review the ways we recognise and reward to reflect our values.

As part of reshaping our workforce, we will streamline our ‘spans of control’ by reducing the number of managers and layers in our organisation. This is consistent with having an active workforce with devolved and delegated responsibility.

We need employee conditions of service which make us an employer of choice and provide a fair reward for high performance. Our current terms and conditions and related policies will need to be reviewed in the light of our ambition to have this active, committed and modernised workforce.

In re-designing services the following rules will apply.

Rules for redesigning services

- Managers should typically be directly responsible for eight staff and no less than five. This ratio will depend on the diversity and complexity of the occupational groups and activities.
- Layers of management should be added/retained only where there is evidence of absolute need. As a guide there should not be more than four layers of staff between business unit head/Assistant Director and operational staff.
- Managers are expected to undertake the full range of duties as specified in the management standards – budget, people, resource management etc.
- Jobs should be designed to be flexible in terms of the duties, functions, location, and hours of work. Consider the use of job families to define broad occupational areas.
- Career pathways should be used wherever possible to provide for retention and development of staff.
- Job design should reward complex technical or professional skills without undue inclusion of management duties.

14. Developing a new council structure

The scale of organisational change requires a two phased approach. The first phase will deal with the budget pressures for 2011/12 and the second phase will establish the longer term shape of the council. Our current council structure is shown in Appendix 1.

Phase 1 (April 2011-March 2012)

Initially we need to reduce costs by approximately £46 million; this will require interim organisational changes, largely retaining the current organisational shape with a smaller workforce. The proposal is shown in Appendix 2.

Phase 1

- **A Place directorate** responsible for commissioning the frontline delivery of the public realm², recreation, culture, regulatory and economic regeneration activities including worklessness
- **An Adult and Housing services directorate** responsible for commissioning social care services, safeguarding, support for an enabled voluntary and community sector; retained housing functions
- **A Children's services directorate** focused on safeguarding, supported by a reorganised prevention and early intervention function; schools, youth and youth offending services
- **A Corporate services directorate** including finance, ICT, legal, benefits and local taxation, customer services, audit, corporate property
- **A Chief Executive's service** providing the policy, business intelligence, transformational change capacity, support for democracy, human resources, communication and consultation, scrutiny, partnerships and equalities functions
- **A Public Health service directorate** focused on health improvement, health protection, commissioning health services

Phase 2 (April 2012 onwards)

The longer term organisational design is shown in Appendix 3. Some support functions could be delivered in partnership with other boroughs. It is intended that such opportunities are maximised during this phase.

Phase 2

- **Place Services** that commissions the frontline delivery of the public realm including recreation activities and estate management, and managing customer hubs
- **Corporate Services** that includes finance, ICT, legal, benefits and local taxation (back office), audit
- **Adult and Housing Services, Children's Services, Chief Executive Service and Public Health Service** as above

² By this we mean commissioning services which provide the opportunity to reshape and transform the physical appearance of Haringey, creating a more skilled and better trained workforce and involving the community in the development and maintenance of neighbourhoods.

15. Workforce – implementing the new structure

The Council's constitution identifies the arrangements for appointment of 1st and 2nd tier officers (usually, directors and assistant directors respectively). Part 4 – Section K outlines the rules for appointment of these officers. It is proposed that a member appointment panel takes decisions about these appointments informed by recommendations of the Chief Executive. Officers below 1st or 2nd tier will be appointed in the usual way by their respective Director or 2nd tier officer.

Where the restructure proposals involve little or no change to jobs, it is proposed that assimilation takes place. This is in accordance with the council's restructuring procedures. Where change is more significant or where there are multiple candidates standard recruit to stay procedures will apply.

At this stage many of the proposals are subject to consultation and therefore may change. As an indication, the estimated reduction in managers at second and third tier is approximately a third against the overall workforce reduction of a quarter.

16. Financial strategy

Our Medium Term Financial Strategy sets out how we will use resources effectively ensuring that they are directed at the top priorities both our strategic outcomes and our core business in a way that uses them most efficiently. This includes being clear about how things are best delivered and by whom, and in partnership where appropriate.

Resources will be moved to funding prevention initiatives where we know there is a clear cost benefit with the aspiration that our reducing resources can be shared to benefit more people. We will focus on improving and streamlining our customers' access and assessment services so residents find them easier to use. We recognise that sometimes our partners are in a better position to deliver services, so we will work with and support them by freeing up resources to allow us to ensure this happens.

We have set up the **Haringey Efficiency and Savings Programme (HESP)** to oversee the changes and provide governance arrangements with key milestones, outcomes and benefits mapped out so Members and senior managers can manage performance against what we have set out to do. The work will translate into priorities in the business and financial planning process, and delivery of these priorities will be incorporated into targets for individual staff.

17. Conclusion

This paper sets out the council's journey towards transformation; it will require a distinct shift in organisational culture from our current approach to a 'One Council' philosophy. 'One Council' means there is only one budget and that we all have a responsibility to ensure it is spent well and used to achieve the overall outcomes we are aiming for.

We will establish a culture of trust providing a safe place for staff to explore new and innovative ways of achieving outcomes for residents. This will encourage healthy risk taking to fail early and correct faster leading to greater empowerment of our staff.

The council will be leaner, it will provide services within a smaller funding envelope, it will work in partnership with others, and it will be a commissioner whilst delivering the wishes of the local community through their democratically elected representatives.

18. A timescale for implementation

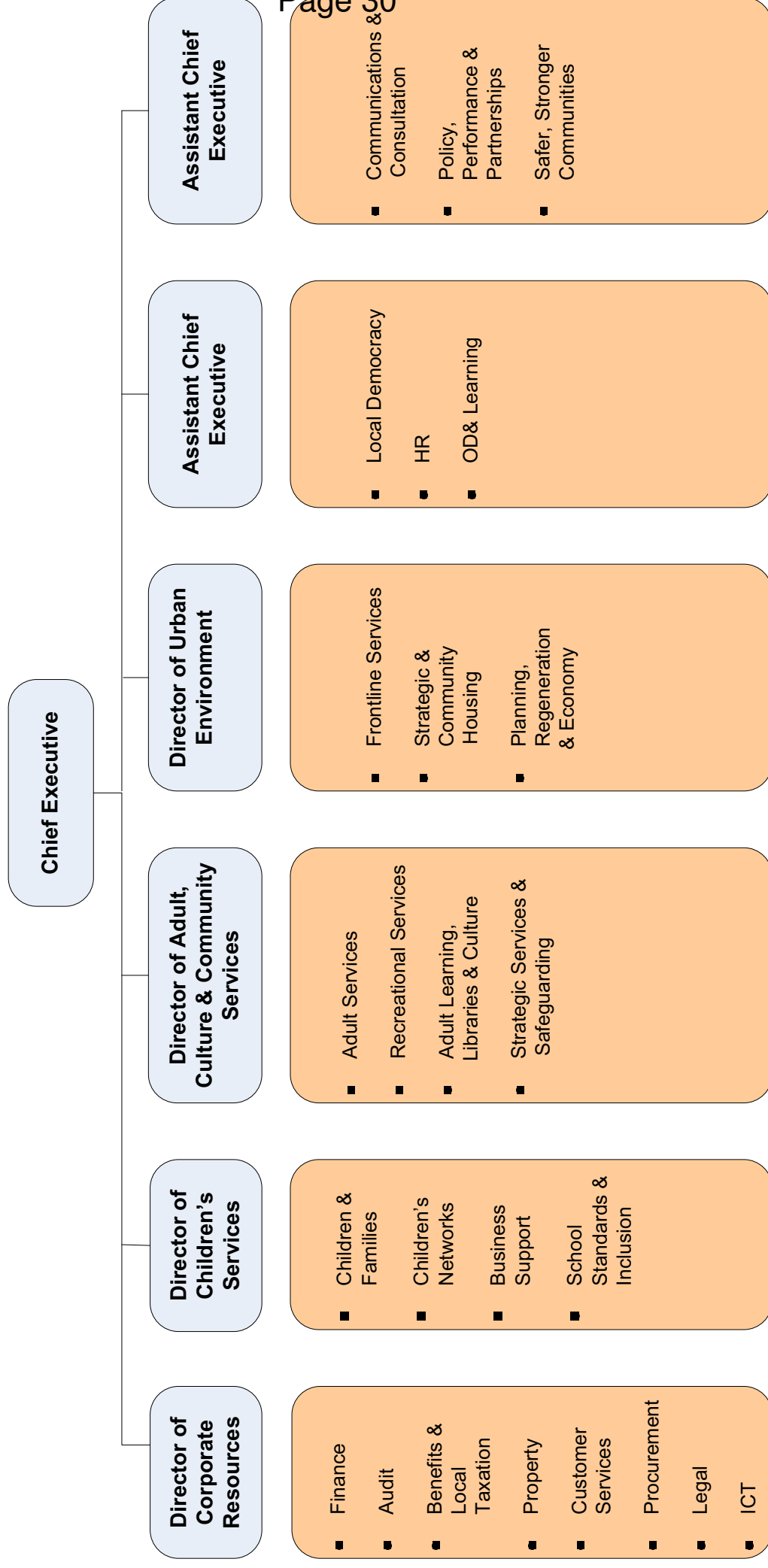
The high level timescale for the programme of change led by Chief Executive's Management Board (CEMB) is shown below.

Milestones	Activities	Due date
Phase 1		
Proposals discussed	Proposals to Leader's Conference	10 January 2011
Principles agreed	Report to Cabinet Report to General Purposes Committee Report to Full Council	25 January 2011 25 January 2011 24 February 2011
Consultation & Communication	Consult on new structure	February – March 2011
Staffing changes made	Authorisations, changes to job descriptions etc	March - April 2011
Phase 2		
Phase 2 transition		Jan-March 2012
Phase 2 implemented		1 st April 2012

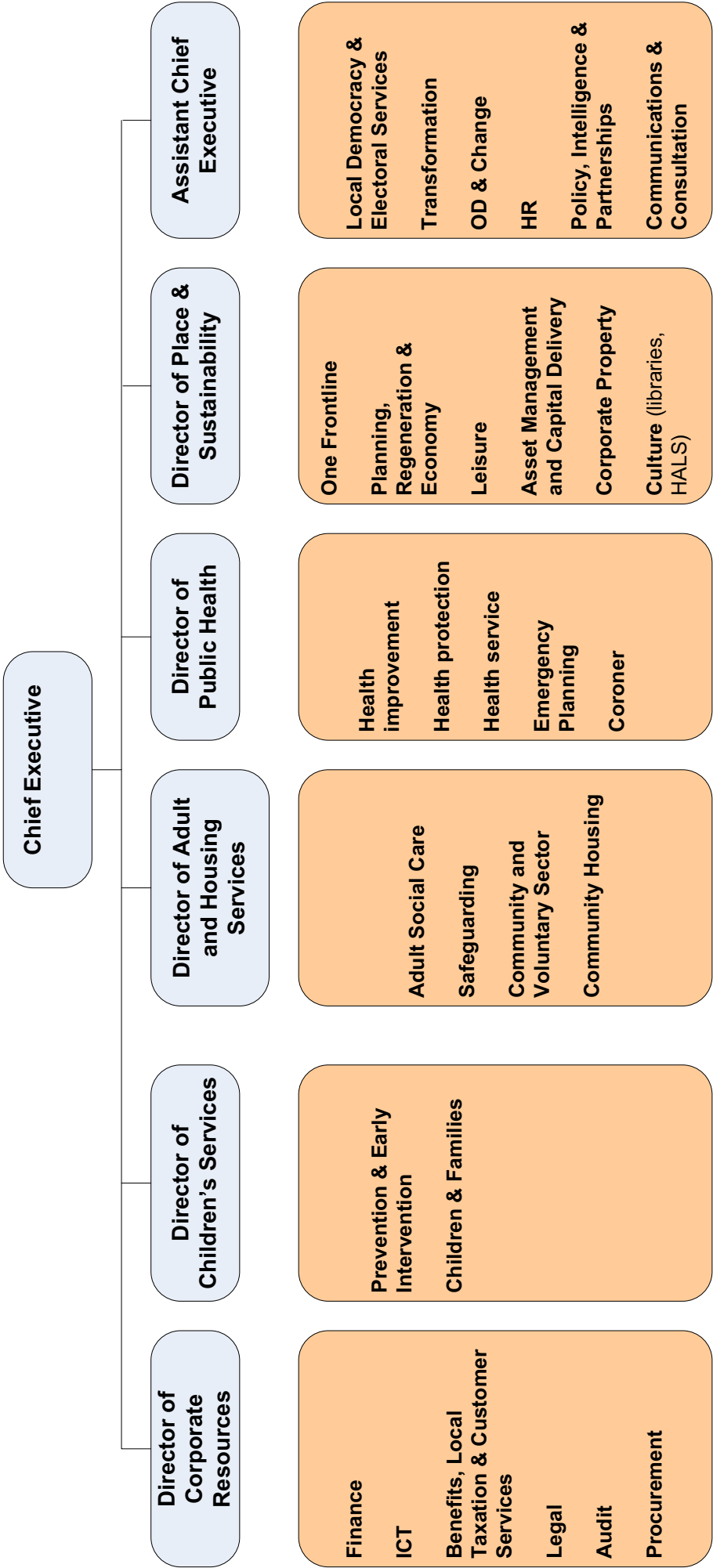
Appendices: current and proposed council and directorate structures

- Appendix 1 Current Council structure
- Appendix 2 Phase 1 Council structure
- Appendix 3 Phase 2 Council structure
- Appendix 4 Current Children and Young People Services structure
- Appendix 5 Future Children and Young People Services structure
- Appendix 6 Current Urban Environment structure
- Appendix 7 Phase 1 Place Services structure
- Appendix 8 Phase 2 Place Services structure
- Appendix 9 Current Corporate Resources structure
- Appendix 10 Phase 1 Corporate Resources structure
- Appendix 11 Phase 2 Corporate Resources structure
- Appendix 12 Current Adult, Culture and Community Services structure
- Appendix 13 Future Adult and Housing Services structure
- Appendix 14 Current Chief Executive's Service structure
- Appendix 15 Future Chief Executive's Service structure
- Appendix 16 Public Health Service structure

Current Council Structure

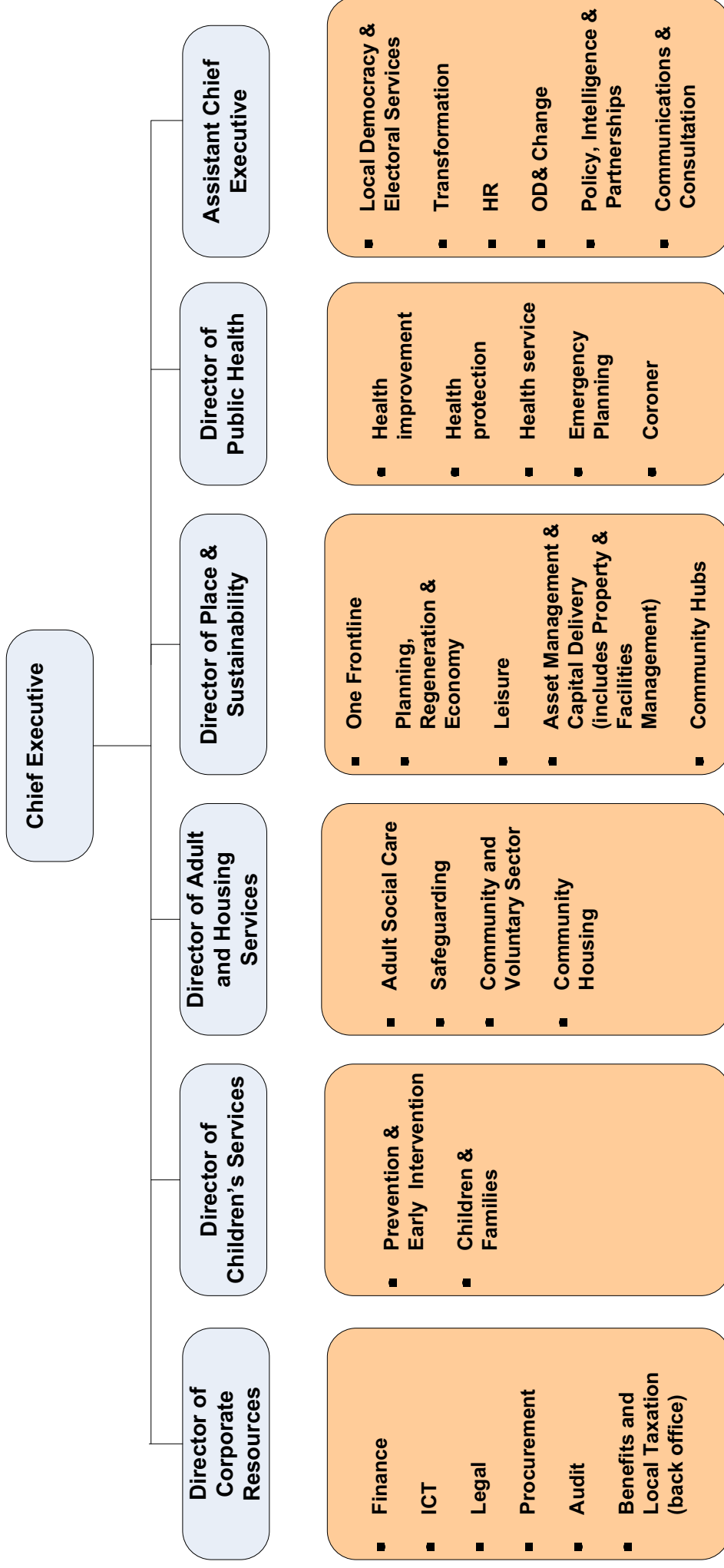


Future Council Structure
Phase 1 (from April 2011)

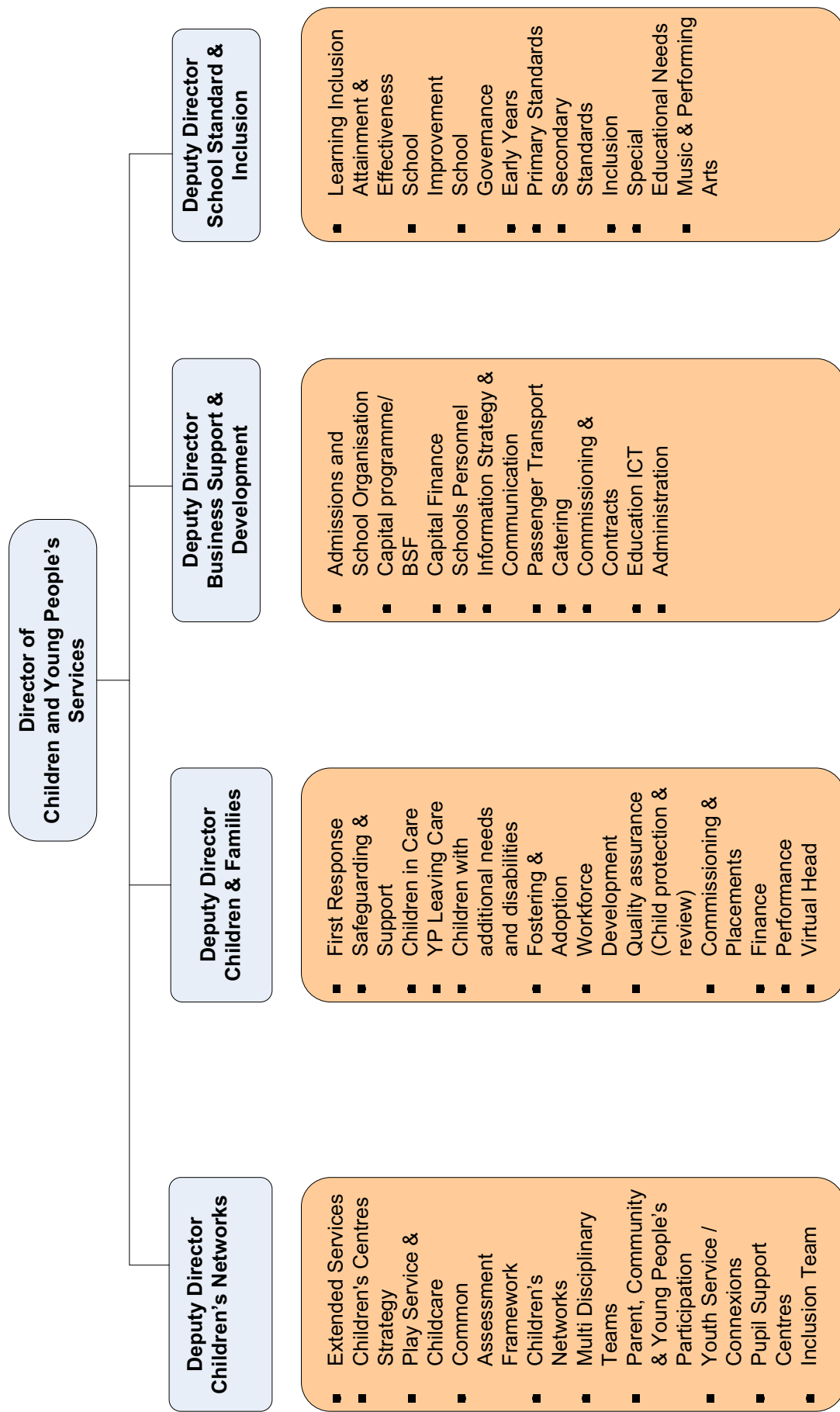


Future Council Structure

Phase 2 (from April 2012)



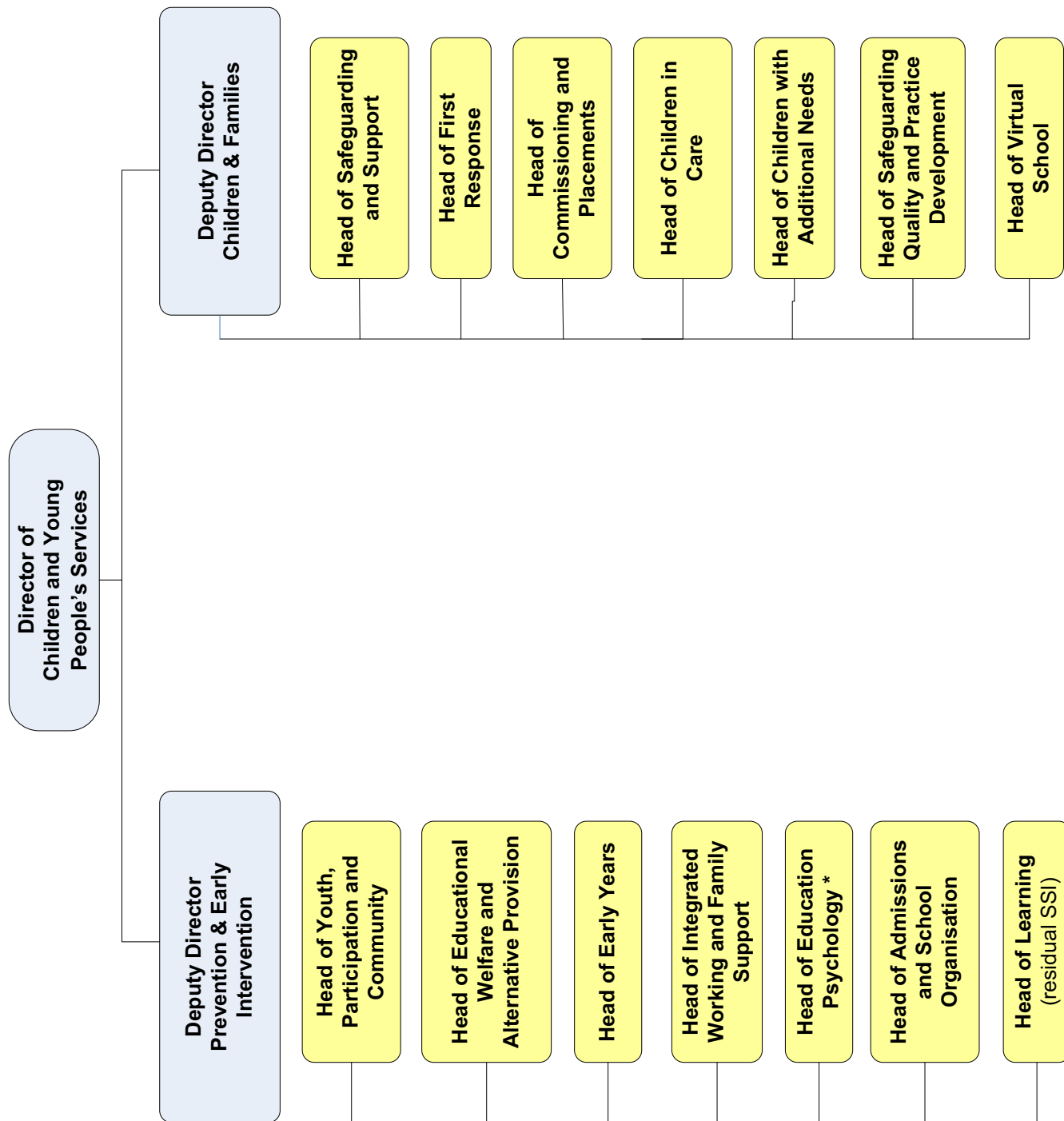
Current Children & Young People Services Structure



Note:

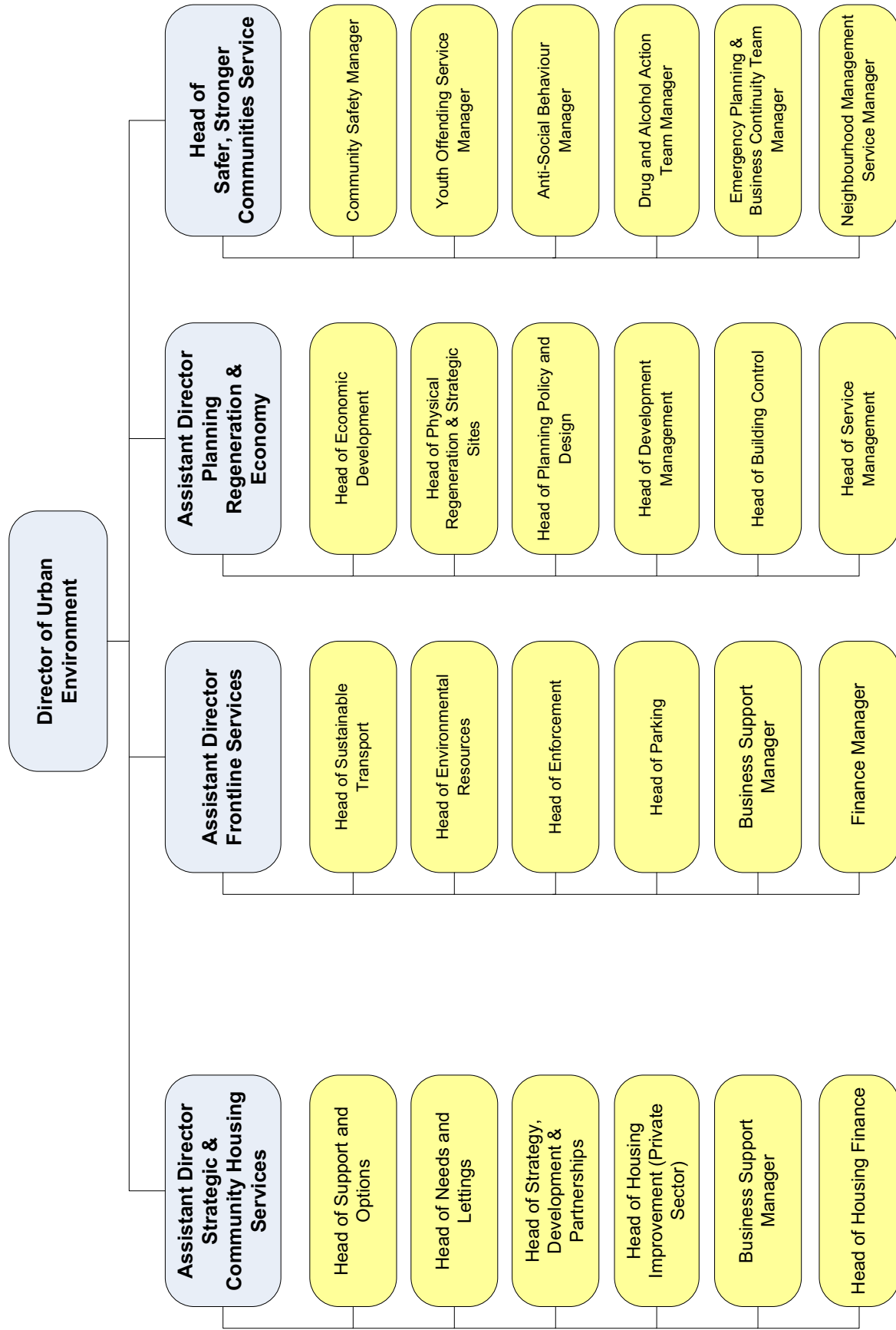
The service currently has 4 Deputy Directors, 1 Assistant Director and 27 Heads of Service

Proposed Children & Young People Services Structure – Phase 1 & 2

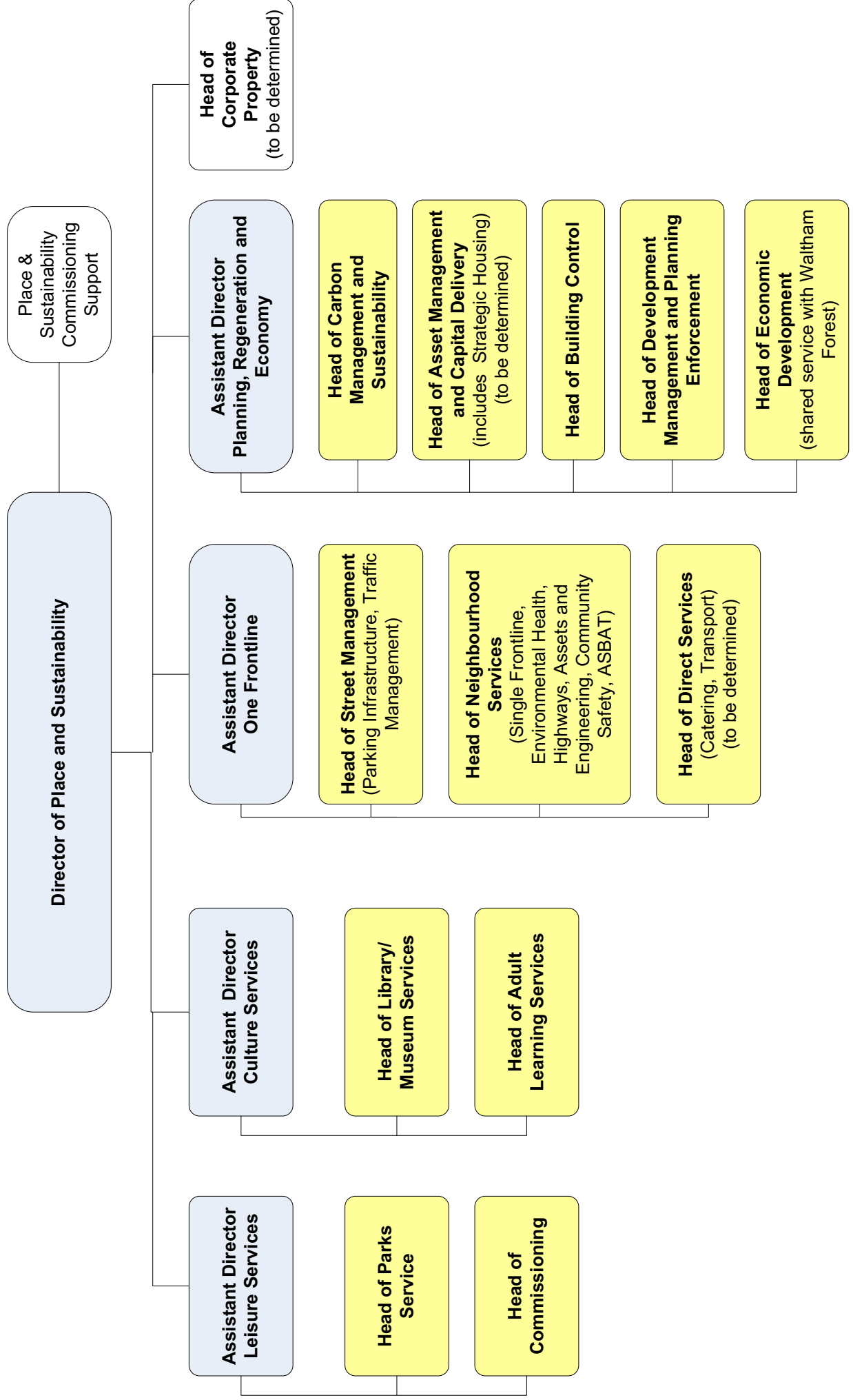


* Shared Service

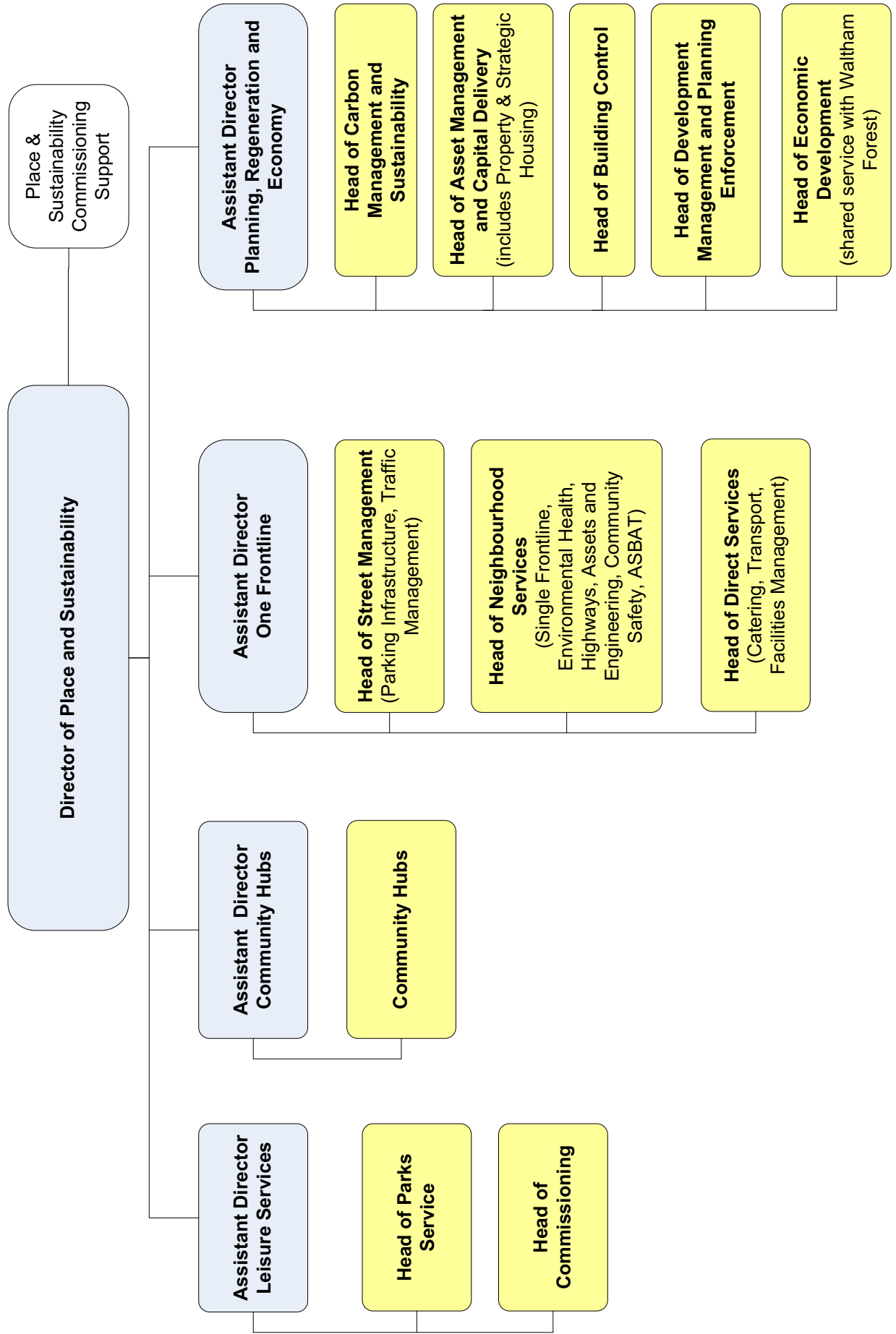
Current Urban Environment Services Structure



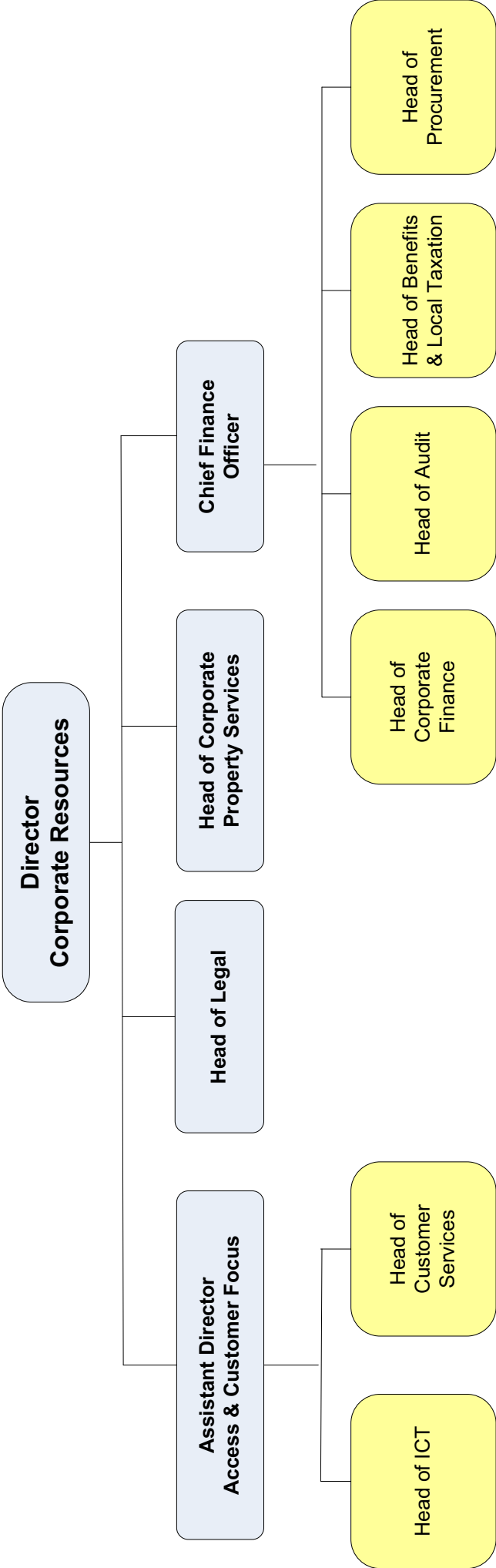
Proposed Place & Sustainability Structure - Phase 1



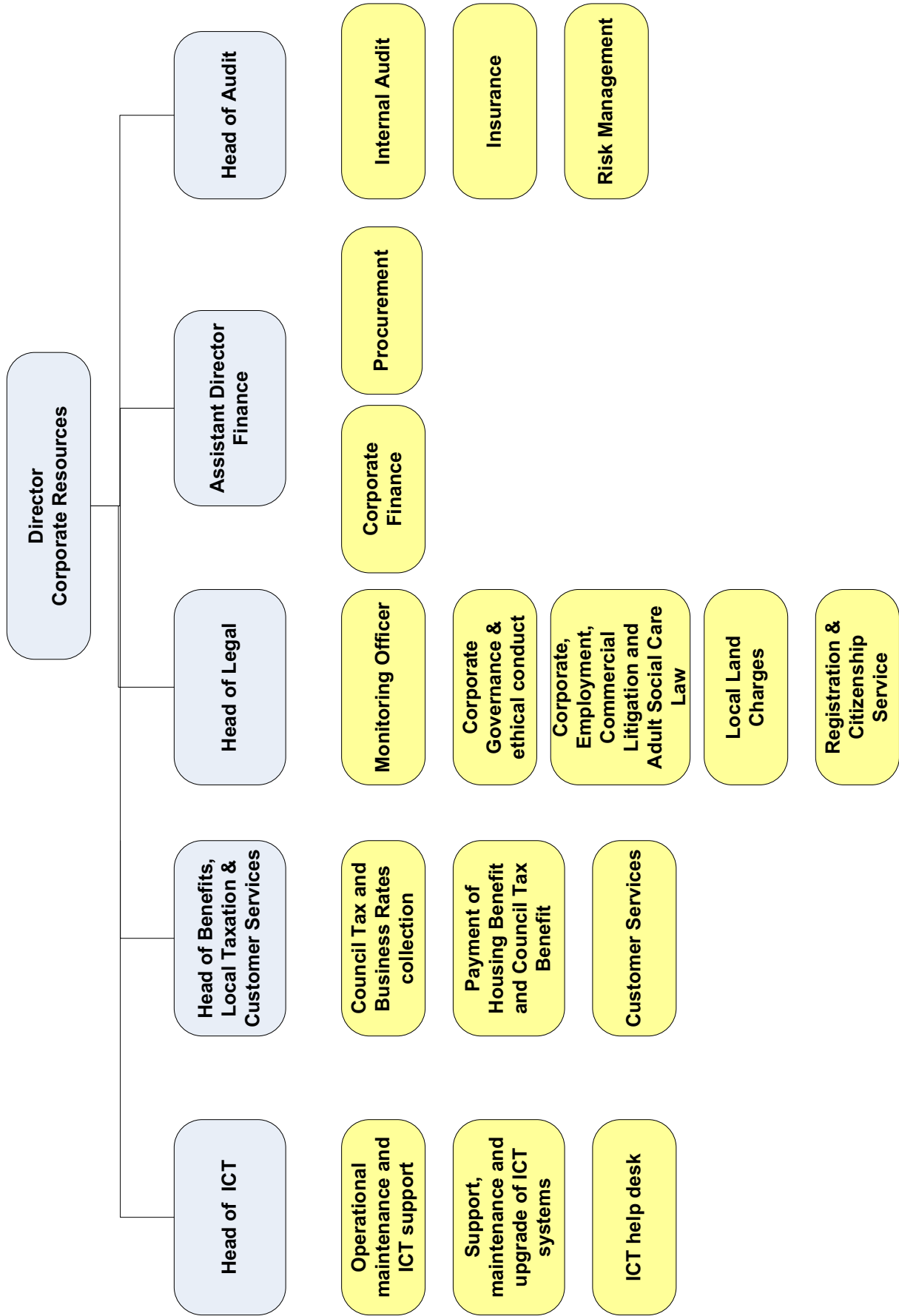
Proposed Place & Sustainability Structure - Phase 2



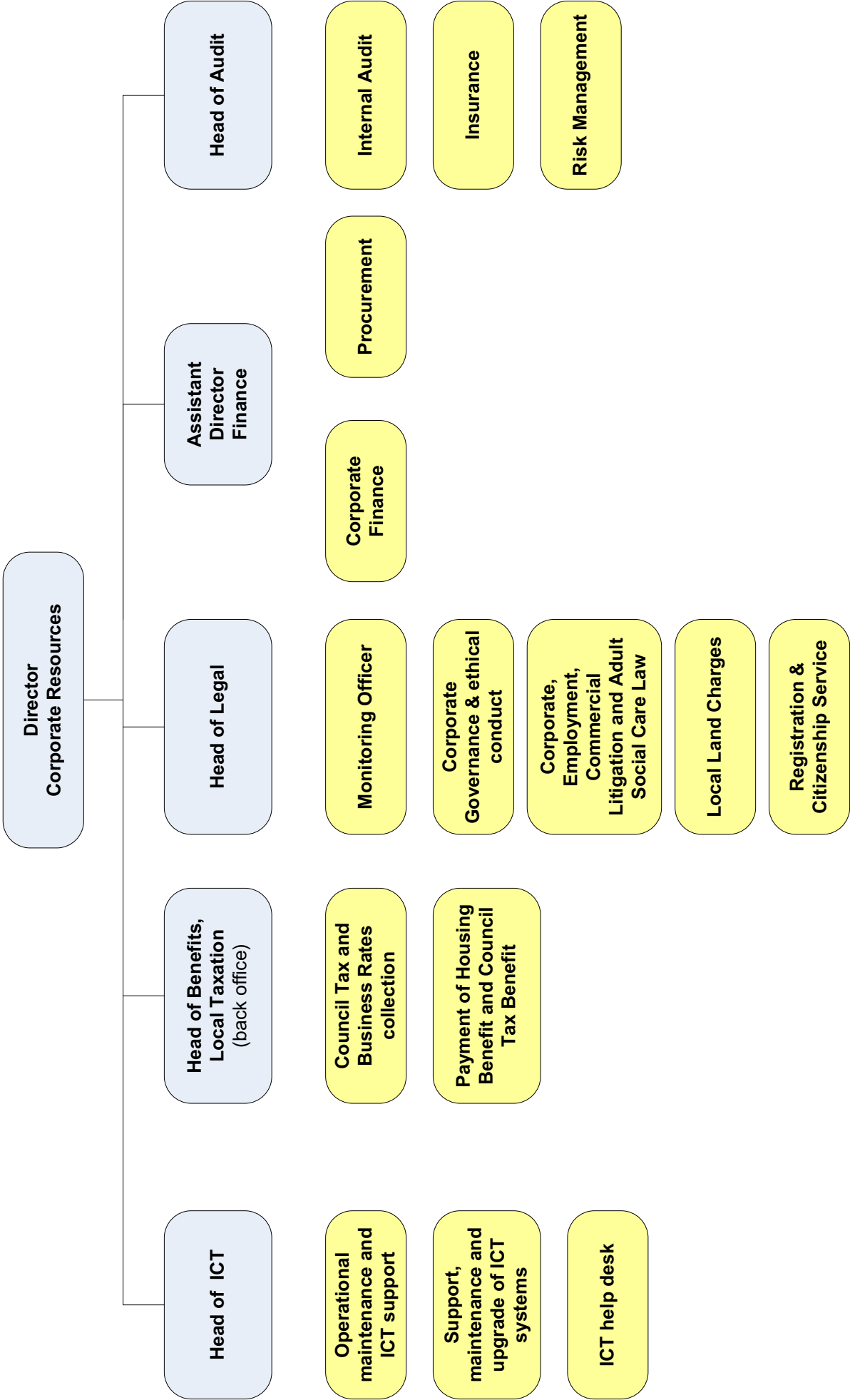
Current Corporate Resources Structure



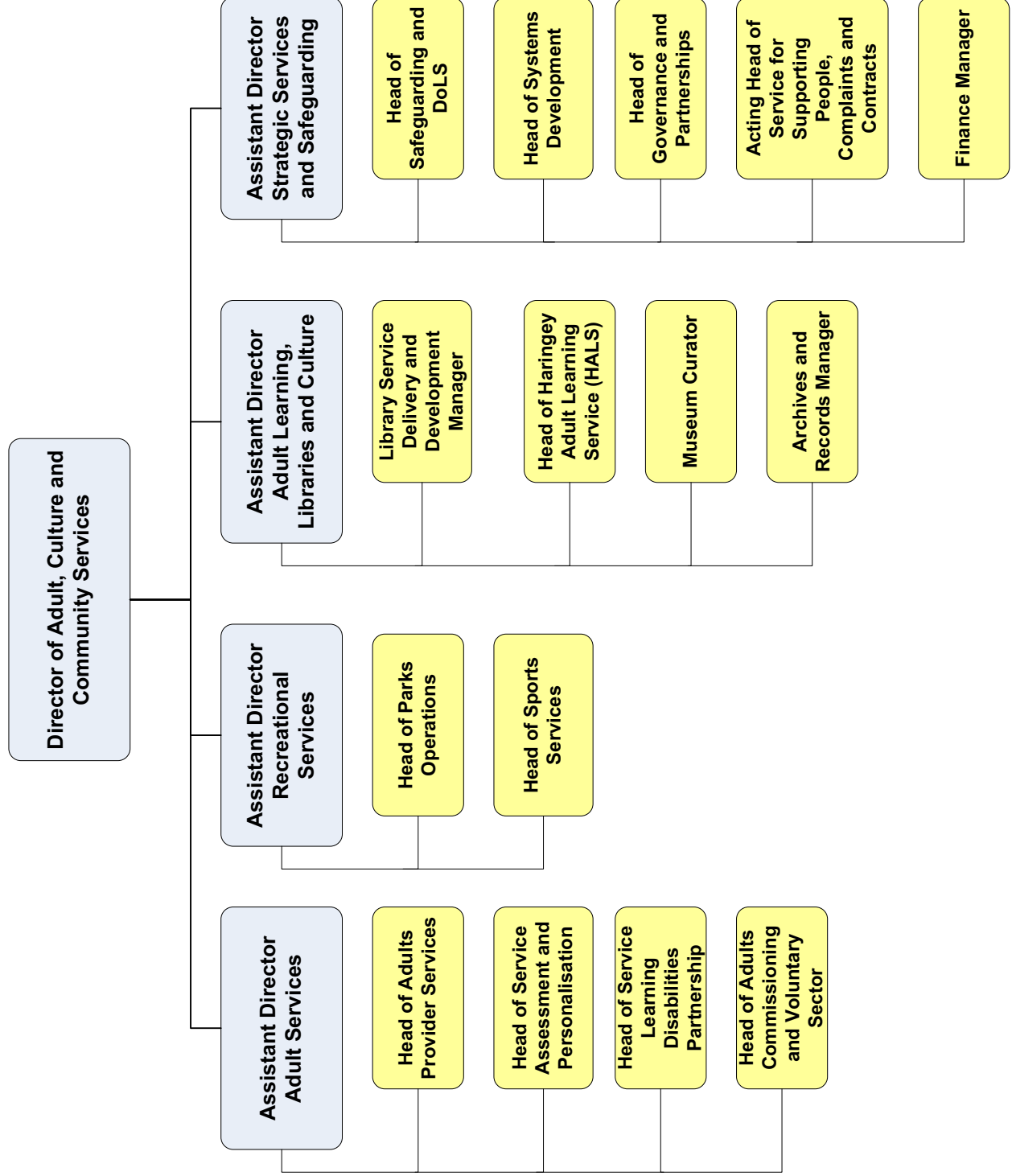
Proposed Corporate Resources Structure - Phase 1



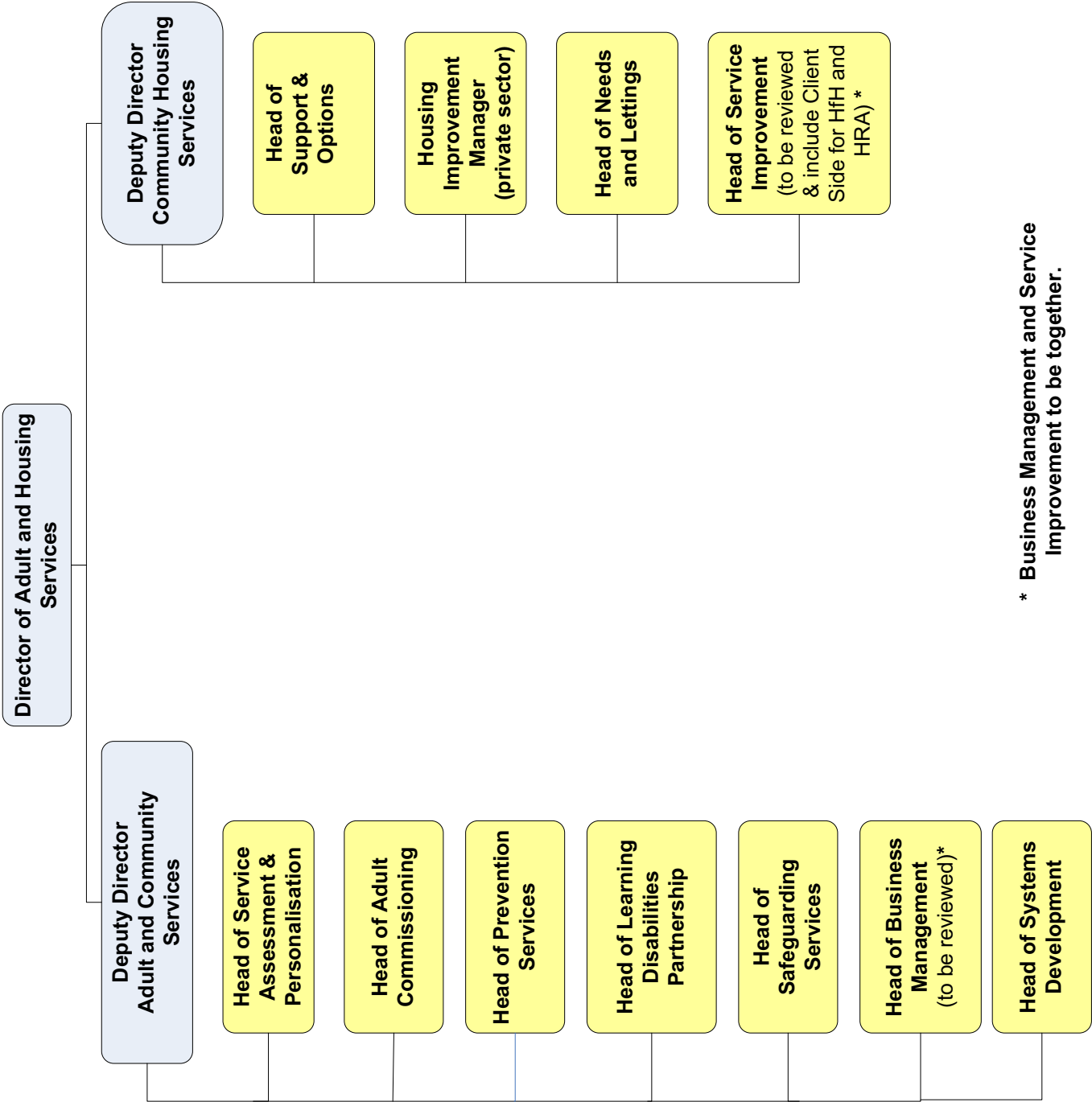
Proposed Corporate Resources Structure - Phase 2



Current Adult Culture & Community Services Structure

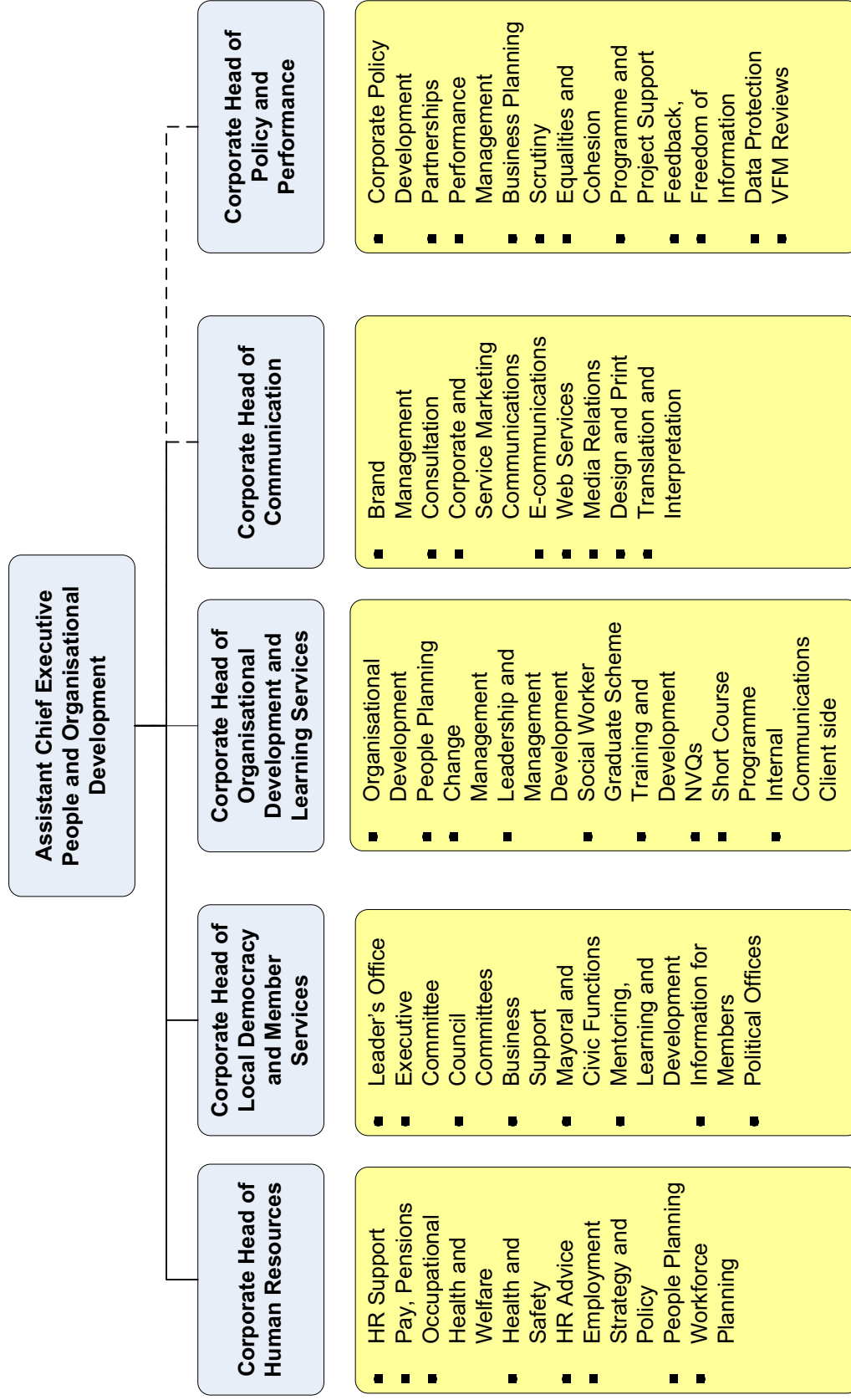


Proposed Adult and Housing Services Structure Phase 1 & 2

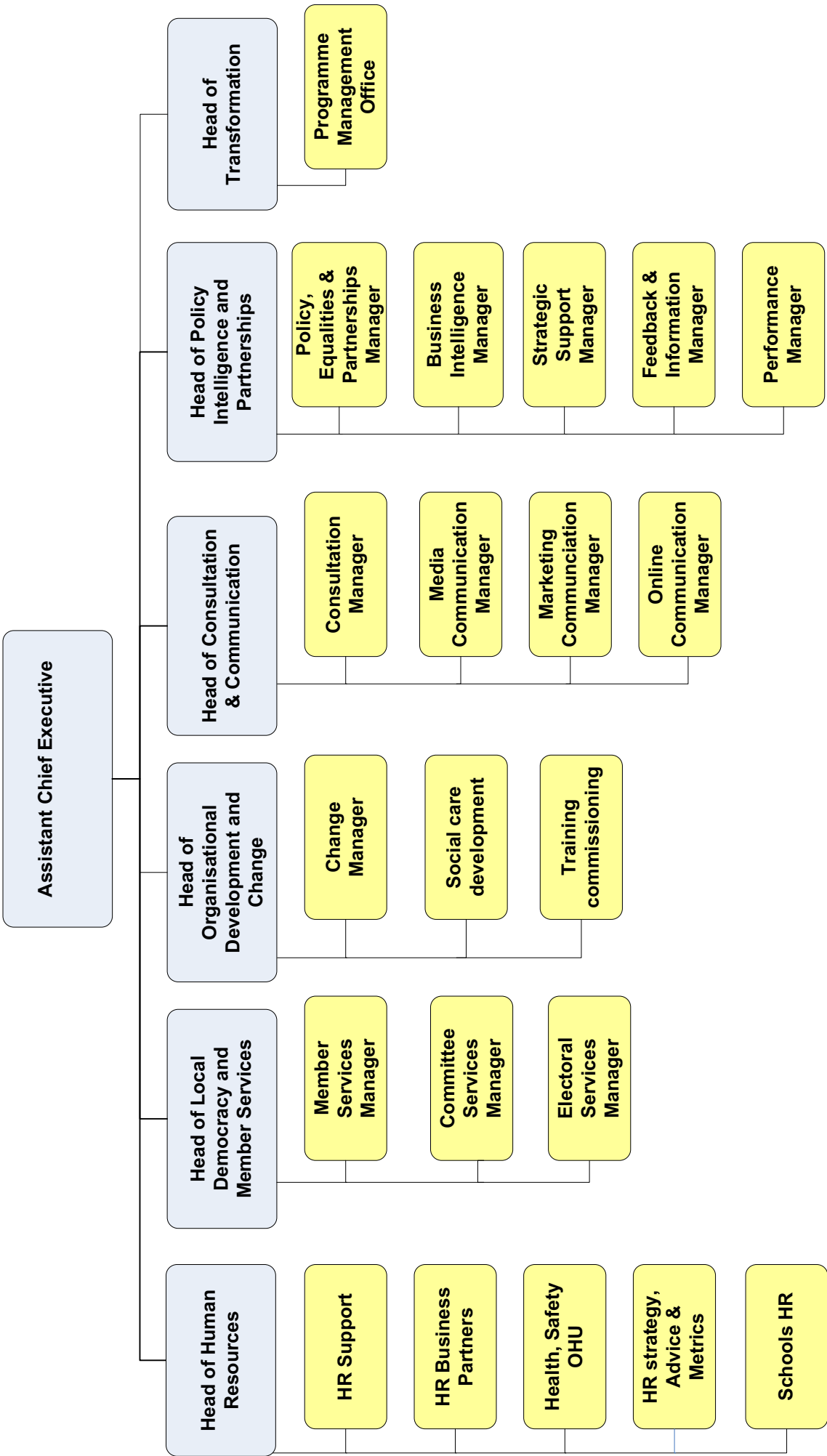


* Business Management and Service Improvement to be together.

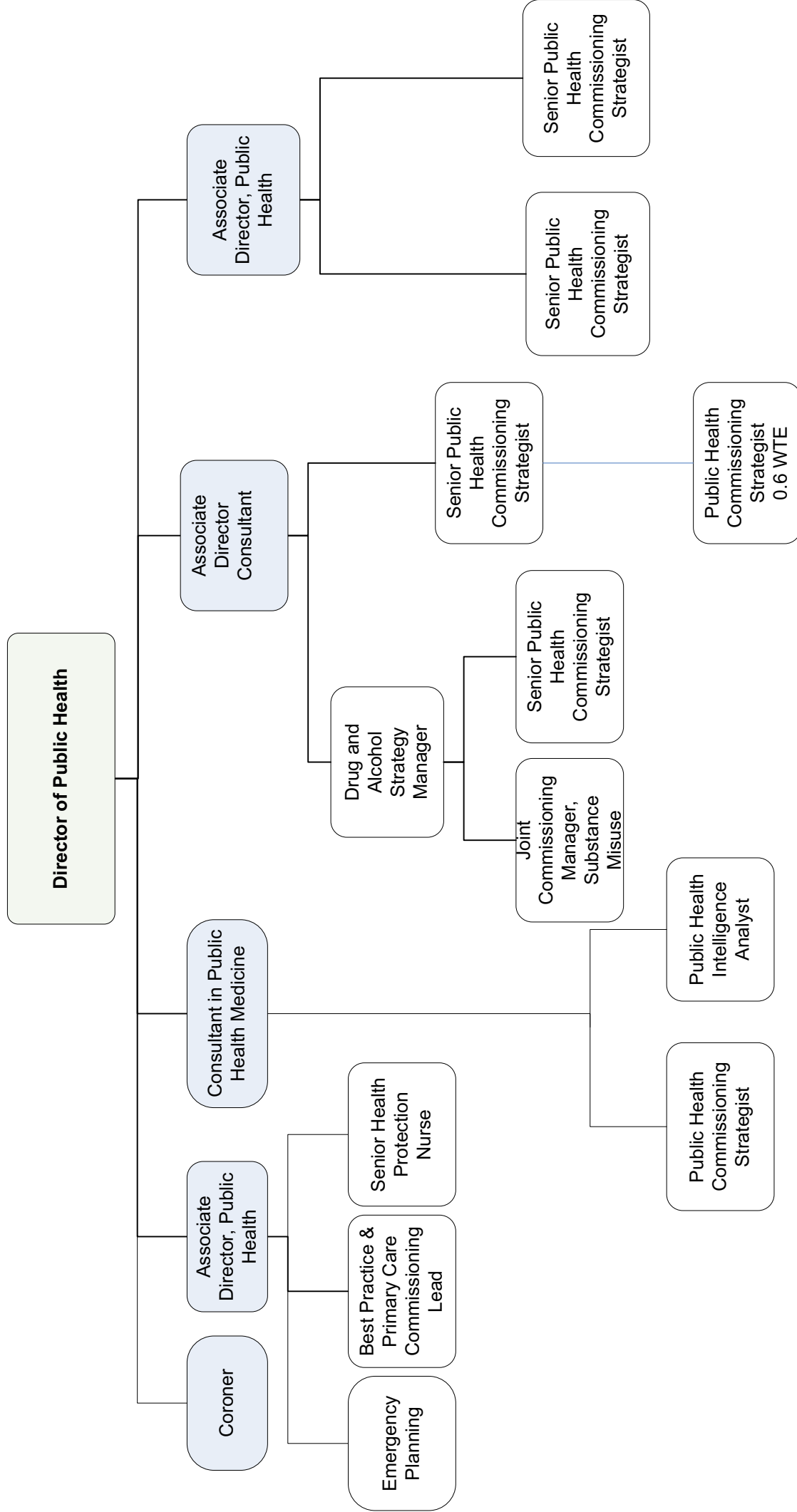
Current Structure - Chief Executive's Service



Proposed Structure - Chief Executive's Service Phase 1 & 2



Public Health Structure (to be reviewed)



Please note that the Grade Bands given are indicative for planning purposes only. Posts will need to be matched through the Agenda for Change pay banding and job evaluation process

This page is intentionally left blank

REPORT OF THE CABINET NO. 07/2010-11
COUNCIL 24 FEBRUARY 2011

Chair
Councillor Clare Kober

Deputy Chair
Councillor Lorna Reith

INTRODUCTION

- 1.1 This report covers matters considered by the Cabinet at our meeting on 25 January 2011. For ease of reference the report is divided into the Cabinet portfolios.
- 1.2 We trust that this report will be helpful to Members in their representative role and facilitate a fruitful dialogue between the Cabinet and all groups of Councillors. These reports are a welcome opportunity for the Cabinet on a regular basis to present the priorities and achievements of the Cabinet to Council colleagues for consideration and comment. The Cabinet values and encourages the input of fellow members.

ITEMS OF REPORT

Neighbourhoods

2. PROPOSALS FOR A NEW SINGLE FRONTLINE SERVICE

- 2.1 We considered a report which provided us with outline details on the shaping of a new Single Frontline Service and set out the principles of the new service and how that service would engage, respond and deliver for future Area Assemblies/Area Committees.
- 2.2 We noted that the strategic direction and priorities for a future Single Frontline Service delivery would be as follows -
 - The Single Frontline would be more than a re-badge of existing services; it would be about creating an instantly recognisable on-street presence that reinforces a single face of the Council's frontline services.
 - To institute a service delivery model that allowed flexibility in how resources were deployed to address and resolve local community needs that would vary by locality and/or over time.
 - To deliver clean and safe streets, offering protection to citizens and responsive local services.
 - A street management function to reduce congestion and improve road safety.
 - To maintain and where possible improve the quality of the Council's Highway's infrastructure.
 - To have a transparent financial model that would show how street management income was reinvested back into Council services.
 - To empower, facilitate and work with residents and businesses to identify local priorities to tackle environmental problems together, encouraging resident involvement in delivery of services and co-production of outcomes.
 - To work more effectively with partners, i.e. Safer Neighbourhood Teams, contractors and voluntary sector to commission services that would deliver local outcomes and priorities.
 - To integrate the customer interface, invest in the use of appropriate IT solutions to engender a single working platform across the frontline.

- 2.3 We also noted that with the challenge faced by the Council of a much reduced affordability envelope but with greater expectations of delivering services that met the priorities of local communities the proposed principles of a Single Frontline business model that would best meet these financial challenges, whilst minimising the impact on frontline services. The recommended approach was based on the Council's model of commissioning services, which would identify the best value option to deliver outcomes for residents. This could and would lead to a variety of commissioned services, such as in-house, contractor and shared services. The common criteria was that commissioned services would be required to operate and respond competitively to market conditions and provide a degree of flexibility to meet local needs and priorities.
- 2.4 We report that we agreed to the principle of the amalgamation of the existing Frontline Services together with elements of the existing Safer, Stronger Communities into a new Single Frontline Service. We also agreed to the development of the detail of the re-organisation for presentation to the General Purposes Committee.

3. FUTURE OF THE NEIGHBOURHOOD MANAGEMENT SERVICE

- 3.1 We considered a report which proposed recommendations for the future of the Neighbourhood Management Service and its key functions. We noted that given the current need to identify the biggest cuts to Council services experienced in local government, it was no longer considered viable to maintain the Neighbourhood Management Service which was neither a statutory nor an essential service. Although a difficult recommendation to make it was offered due to recognition of other Council services being more important to ensuring the Council could both support its most vulnerable residents and deliver on pledges and due to both the size and speed of the reductions to local authority funding required by the Coalition Government.
- 3.2 We noted that a review of the Neighbourhood Management Service (NMS) had been undertaken to consider the work of the current NMS, what key functions of the service would need to be re-positioned to ensure these would be appropriately delivered, and what functions were no longer viable given the significant cost reductions required of non-statutory services. We also noted that although national consideration was being given as to how communities could be self-enabling, the Council would need time to consider how best it can support this new agenda and position itself to develop the delivery of this agenda alongside its residents. The long term aim would be to enable our communities to work as active citizens with the Council and our partners to shape future services and influence change in their neighbourhoods, and the development of a Single Frontline Service in the Urban Environment Directorate would begin to carry this work forward.
- 3.3 We report that we agreed to the disestablishment of the NMS and to those key functions currently carried out by the Service and requiring to be maintained to be transferred to other Council departments/teams where appropriate to facilitate their continuation within existing resource limits and financial envelopes for these services. We also agreed that those buildings currently managed or utilised by the NMS to be transferred to Corporate Property Services or Homes for Haringey as appropriate. We noted that the General

purposes Committee would be considering the staffing changes arising from these decisions.

Housing

4. OUT OF BOROUGH HOUSING STOCK

- 4.1 The Council will be aware that in January 2008 we were awarded funding of £198.5 million over a 6 year period for the Decent Homes programme to tenanted properties. The funding was confirmed for the first 3 years of the programme, with indicative allocations for the remaining years. We considered a report which informed us that following the Comprehensive Spending Review in October 2010, the Homes and Communities Agency (HCA) had published a consultation paper '*Decent Homes Backlog Funding for Council Landlords 2011-15*' which had set out how future allocations were to be distributed. This was followed up with an official Invitation to Bid on 13 December 2010 and we were informed that officers were working on a submission which needed to be with the HCA by 11 January 2011. The outcome of the bidding process would be known by the end of January/beginning of February 2011.
- 4.2 We noted that the overall impact was that Haringey would now need to bid competitively for future Decent Homes funding allocation from a reduced overall funding 'pot' open to any Council with a non – decency level of over 10%. The Government had also announced its intention to abolish the Housing Revenue Account (HRA) subsidy system and aim that the reformed HRA should give landlords sufficient resources to maintain homes at the Decent Homes Standard.
- 4.3 In the light of the forgoing we considered a report which sought our approval to consider options for meeting the future management and investment needs of the Council's out of borough housing stock.
- 4.4 We report that having noted the changes in the future allocation of Decent Homes funding set out in the HCA consultation and bid documents we agreed to defer all future Decent Homes works to out of borough stock. We also agreed that options be explored on how to deliver Decent Homes work for out of borough stock, in view of reduced funding, and TSA requirements around consolidating property holdings and more effective housing management. We authorised officers to enter into discussions with interested Registered Housing Providers about a potential offer for the Waltham Cross estate and we agreed to consult residents there about future management and investment options for the estate.

5. HOMES FOR HARINGEY RE-INSPECTION – FINAL REPORT

- 5.1 We considered a report which informed us of the outcome of the re-inspection of Homes for Haringey by the Audit Commission in June 2010 and of Homes for Haringey's plans to address the formal recommendations made by the Audit Commission.

- 5.2 We were informed that Homes for Haringey (HfH) had been assessed as delivering a 'Good' (two star) service with 'Promising Prospects for Improvement' by the Audit Commission. Informal feedback from the Audit Commission indicated that they recognised that HfH had consolidated and strengthened its position.
- 5.3 We noted that following the on site inspection in June/July 2010 the report had been published in November. Seventeen key lines of enquiry had been examined and HfH was judged to be performing well in all areas but one. Void management had been judged as a weakness despite the significant time and effort that had gone into achieving end to end performance through the Void Improvement Project. We were informed that this remained an area of focus and performance had improved since the inspection.
- 5.4 We also noted that the Audit Commission had identified a number of areas of strength along with areas requiring further improvement. In their report the Audit Commission had made five specific recommendations covering the following areas -
- Reduce time taken to re-let empty property;
 - Improve the approach to income collection and arrears management;
 - Improve the approach to diversity;
 - Further develop and embed the approach to value for money;
 - Undertake further improvements to performance monitoring.
- 5.5 Having noted that the Homes for Haringey Board was responsible for ensuring that the recommendations were addressed and that progress against them was regularly reported both to them and to the Council through existing mechanisms, we endorsed HfH's approach for responding to the Audit Commission's recommendations and findings. We also recognised that HfH and the Council would need to jointly review the approach to, and the authority of the ALMO in the delivery of re-letting empty properties and pursuing debt. We were pleased to note the Audit Commission overall assessment of Homes for Haringey and we asked that our thanks to all staff concerned for their good work be placed on record.

Children's Services

6. DELIVERING AN EARLY YEARS' SINGLE FUNDING FORMULA FOR HARINGEY

- 6.1 We considered a report which recommended an Early Years Single Funding Formula for Haringey following consultation with partners. We noted that the Early Years Single Funding Formula (EYSFF) would be a statutory requirement from April 2011 and that the Government intended it to be a transparent and equitable formula that funded the free entitlement of all three and four year olds in both the maintained and non-maintained sectors. It was expected to address the current differences in the funding levels and arrangements between the two sectors. The EYSFF would replace the different funding mechanisms currently in place for nursery schools, nursery classes in maintained schools, children's centres and provision in the Private, Voluntary and Independent (PVI) sector. The free entitlement was a universal benefit of 15 hours per week provision over at least 38 weeks per year.

- 6.2 We also noted that it was a requirement that the Schools Forum had to be consulted on the implementation of the EYSFF. In Haringey this has been fulfilled by the EYSFF Project Board consisting of representatives from Primary and Nursery Schools, Children's Centres, the PVI sector and Trade Unions. Following our consideration of a report in November 2010 consultation had been carried out with partners in autumn 2010 and the outcome of the consultation was reflected in the proposed methodology for operating the formula.
- 6.3 We were advised at our meeting that the proposed formula had been presented to the Schools Forum on 17 January 2011 and that the Forum had acknowledged the difficulties in introducing such a formula in Haringey due to the high level of maintained early years provision, the distinct geographical divide between more and less affluent areas and the inequities of the national grant allocation that so under funded Haringey's children. The Forum had also acknowledged the significant changes made to the proposed formula following consultation, in particular reducing the reliance on the flexibility supplement, revising the hourly rate, removing the profit supplement, giving greater stability to nursery schools and the finer targeting of the deprivation supplement.
- 6.3 The Forum had paid tribute to the hard work of members of the Project Board in achieving the best possible outcome in the circumstances and had recommended that we agree the recommendations set out in the report. In addition, in considering the proposed Schools' Budget the Forum had also recommended that funding to cover the redistribution of resources to the non-maintained sector be top sliced from the headroom generated by the negative minimum funding guarantee.
- 6.5 We report that we approved the Early Years Single Funding Formula together with the transitional and payment arrangements as recommended in the report. We also agreed that the Early Years Single Funding Formula be kept under review to ensure that it continued to be fit for purpose.

Finance and Sustainability

7. ANNUAL AUDIT LETTER

- 7.1 We considered a report which advised us of the content of the Annual Audit Letter for 2009/10 from the Council's external auditors and to note the issues raised and actions being taken. We also received a presentation from Mr. Paul Dossett of Grant Thornton.
- 7.2 We noted that the Annual Audit Letter for 2009/10 summarised the key issues arising from the work undertaken by the external auditors, Grant Thornton, during their 2009/10 audit and that the main two areas of audit work were in respect of the audit of the accounts and the Value for Money conclusion. In terms of the audit of the accounts for 2009/10 the Council received an unqualified opinion from the external auditors and this was formally reported to the General Purposes Committee in September 2010 within the statutory deadline.
- 7.3 We also noted that with respect of the Value for Money conclusion, the auditors had concluded that the Council had made proper arrangements to secure economy, efficiency

and effectiveness in its use of resources for the year ending 31 March 2010. This had been formally reported to the Audit Committee in November 2010.

- 7.4 We were informed that the auditors work on the certification of grant claims and returns was ongoing and that the results of that work would be formally reported to the Audit Committee in April 2011.
- 7.5 Having noted that the report also outlined how the Council was addressing the key areas for action raised by external audit and that monitoring of the actions undertaken by the Council in response would be carried out by the Audit Committee who would be presented with the letter at its meeting on 3 February 2011, we report that we received the Annual Audit Letter for 2009/10 and noted the Council's response to it.

8. TREASURY MANAGEMENT STRATEGY STATEMENT

- 8.1 This matter was considered by the General Purposes Committee and also appears as Appendix to the Medium Term Financial Planning 2011/12 to 2013/14 elsewhere on the agenda for the Council meeting.

9. LAND AT BULL LANE AND PASTEUR GARDENS

- 9.1 We considered a report which provided us with an update following our conditional approval in March 2010 to dispose of Bull Lane and Pasteur Gardens N18 to Community Action Sport (CAS) in order to develop and manage the site for sporting, recreation and community use. The report also sought our view on the future direction of the proposed disposal.
- 9.2 We noted that since March 2010 there had been on-going discussions with CAS which had not found itself in a position to conclude the Agreement for Lease on the basis of the terms and conditions we had previously agreed. Officers had also met CAS along with two of their potential funding organisations.
- 9.3 We were informed that CAS had since sought the Council's agreement to submit a revised, smaller scale proposal in conjunction with the removal of some of the conditions stipulated, proceeding with the grant of a lease in advance of all conditions being met and without the preliminary Agreement for Lease (AGL). CAS considered that a smaller scheme would carry less risk, enabling some of the pre-conditions to be dispensed with and a full lease granted directly. CAS also saw the granting of an early lease as important to securing grant and other funding for its proposed scheme.
- 9.4 We also noted that there had been a longstanding objective of disposing of both of these sites which lie outside the borough and had historically explored schemes which as well as securing improved sport and leisure facilities, particularly on Bull Lane, would also generate a capital receipt for the Council. During this time the future of the sites had remained uncertain and their potential for providing better facilities has not been ☐realized.
- 9.5 Whilst partnership with the voluntary sector in investment and future management of these sites was to be welcomed, it had not been possible to reach agreement with CAS

on detailed terms for the disposal and the conditions set out in our resolution of 23 March 2010 which had not been fulfilled. Given the long lease involved and the need to exercise due diligence in safeguarding the long term future of these sites, we were not in a position to accede to CAS's request to vary the terms and conditions of the proposed lease as variation of the terms and conditions was also implied in the revised proposal which CAS had requested time to develop, and this was likewise not recommended as a way forward.

- 9.6 We concluded that any on-going delay to the disposal of these sites would in turn delay their regeneration and realisation by the Council of a planned capital receipt, whilst direct and indirect Council costs would continue to be incurred. In order to make progress on this longstanding objective, we further concluded that the disposal to CAS agreed in March 2010 should not now proceed and work should resume on pursuing other options outlined in the report with detailed proposals reported to us in due course. However, in so doing we noted those options would not preclude the potential for partnership with voluntary sector groups, including CAS, in future investment in these sites or their future management and operation.
- 9.7 We report that we agreed to market the Bull Lane and Pasteur Gardens sites, inviting the full range of potential purchasers (and their potential partners) to submit bids outlining how these would meet the Council's long standing objectives of investing in the retention of open green spaces, improving sports and leisure facilities, contributing to social and economic regeneration and generating capital receipts.

Leader

10. RETHINKING HARINGEY – IMPLEMENTING ONE BOROUGH, ONE FUTURE

- 10.1 This matter was also considered by the General Purposes Committee and is the subject of a separate report by the Chief Executive which appears elsewhere on the agenda for the Council meeting.

11. THE COUNCIL'S PERFORMANCE

- 11.1 We considered a report which presented, on an exception basis, performance information for the year to November 2010, sought our agreement to budget virements in accordance with financial regulations and required Directors to take action to bring current year spending to within their approved budget.
- 11.2 We noted that of the 37 key service indicators monitored 25 had improved since 2009/10, 8 were worse with no comparison possible for the remaining 4 indicators. Some areas where targets were being met or where there had been an improvement were -
- Provisional attainment results for 2010 at Key stage 2 continued to show progress and a closing of the gap with the national average. GCSE results had also improved with 47.5% achieving 5 or more A*-C grades including English and Maths despite the target not being achieved.

- Performance on processing benefit claims improved further to 20 days in November, 3 days short of the 17 day target. On-going improvement was due to increased productivity, continual improvement of processes and the introduction of e-benefits.
- 6.5% of young people were Not in Education, Employment or Training (NEET) as at November 2010. This was 31 less than in November '09 and continued to better the target.
- Significant improvement on call centre performance in November with 93% of calls answered in 30 seconds, exceeding the 70% target.
- The number of most serious violent crimes had reduced by 29.6% compared with the same period last year although improvement has slowed in some types of crime.
- Recycling and cleanliness targets continued to be exceeded including the cleanliness of our parks.
- Children's core assessments completed on time improved to 68% in November, just below the 70% target.
- Continued good performance on adult social care clients receiving self directed support and delayed transfers of care, both exceeded targets set and Haringey's performance on delayed discharges was now amongst the best in London.

11.3 However, there were also areas where targets were not being met and these included -

- The proportion of looked after children who had had 3 or more placements was rising at 17.05%.
- Average re-let times for local authority dwellings reduced again in November to 31.9 days (2nd best performance of the year) but remained above the target of 25 days. The year to date position was 39.2 days.
- A reduction of 242 households in temporary accommodation since March but the rate of reduction had slowed (16 since last month) and there remained more households in temporary accommodation than planned for this point in the year (390 more than the profiled target).

11.4 With regard to financial information, we noted that the overall general fund revenue budget monitoring, based on November data, was showing a forecast over spend of £2.6 million, down from £4 million reported last period. During this period there had been on-going improvement in the outturn figures for Adults, Culture and Community (ACCS) and People and Organisational Development (POD), however the forecast over spend for the Children and Young People's Service (CYPS) had marginally increased. We also noted that there was a new risk arising from the impact of the adverse weather conditions on the Urban Environment (UE) budget.

11.5 We were advised that when the Government announced reductions to the 2010/11 Area Based Grant (ABG) earlier in the year we took the decision to reduce theme board allocations by more than the real reduction to provide some 'headroom' and in anticipation of further reductions in 2011/12. Consequently there was £1.7 million unallocated budget which it was now proposed to be used to help offset the in year budget pressure. Directors would still be expected to bring forecast overspends down as it would be more beneficial to have recourse to this sum to smooth the transition into 2011/12.

- 11.6 We were also advised that the Treasury Management activity in the first eight months of 2010/11 had been compliant with the Treasury Management Strategy Statement agreed in February 2010. Following the repayment of maturing debt, the level of cash balances had dropped to an average of £31 million during November. Investments had been made into AAA rated money market funds and an instant access account only to ensure sufficient liquidity was maintained. These accounts paid an interest rate equivalent to one month fixed term deposits, with the advantage of instant access. Due to the significant use of money market funds, the average long term credit rating of the portfolio had increased to AA+.
- 11.7 £50 million of Council debt had matured this year and £20 million of new borrowing had been taken on 31 August as a starting point to refinancing this. Due to the significant difference between short term investment interest rates and long term borrowing rates, the Council was continuing to make use of internal cash balances, rather than taking any further new borrowing until necessary. While the Council was continuing to meet its obligations within the current cash balances, officers were monitoring the position closely, alongside the Council's treasury management advisers, including monitoring of interest rate movements to ensure that further borrowing was taken at an optimal time.
- 11.8 The aggregate capital programme position for 2010/11 at Period 8 was now forecasting an under spend of £9.9 million, an increase of £0.5 million from the £9.4 million under spend reported in period 7.
- 11.9 We report that we agreed as follows -
- To note the report and the progress being made against the Council's priorities;
 - To require Directors to take necessary action to bring current year spending to within their approved budget; and
 - To agree the budget changes (virements) in the table below –

Revenue Virements						
Period	Service	Key	Amount current year (£'000)	Full year Amount (£'000)	Reason for budget changes	Description
8	ACCS	Rev*	1,235	0	Corrective Budget Realignment	Allocation of Social Care Reform Grant to correct account codes and to reflect actual allocation for 2010-11.
8	ACCS	Rev	188	188	Corrective Budget Realignment	Reconfigure budgets for Wolves Lane Nursery.
8	ACCS	Rev*	0	331	Budget savings	Permanent 10% top slice of Supplies & Services budget.
8	ACCS	Rev*	253	0	Corrective Budget Realignment	Reallocation of budgets within OPS Commissioning (£225k) and one off virement from OPS Commissioning to OPS Day care (£28k).
8	NSR	Rev	150	0	Corrective Budget Realignment	One off contribution from NSR for Customer Service's Out of Hours Service.

7	NSR	Rev*	694	694	Corrective Budget Realignment	Release of budget from NSR to meet Concessionary Fares budget shortfall.
7	NSR	Rev	195	0	Corrective Budget Realignment	One off contribution from NSR for Cooperscroft within the Adults services.
6	NSR	Rev	196	196	Corrective Budget Realignment	Realignment of Corporate Council Wide costs income & expenditure budgets to reflect actual activity levels.
6	NSR	Rev*	26,069	26,070	Corrective Budget Realignment	Prudent re-alignment of treasury income and expenditure budgets to reflect actual activity levels.

Capital Virements

Period	Service	Key	Amount current year (£'000)	Full year Amount (£'000)	Reason for budget changes	Description
P9	CYPS	Capital	113		Grant allocation to be utilised in 2010/11	Revised Sure Start Capital grant allocations for 2010-11
P9	CYPS	Capital	101		Grant allocation to be utilised in 2010/11	Revised Sure Start Capital grant allocations for 2010-11
P9	CYPS	Capital	100		Grant allocation to be utilised in 2010/11	Revised Sure Start Capital grant allocations for 2010-11
P9	CYPS	Capital	916		Grant allocation to be utilised in 2010/11	Revised Sure Start Capital grant allocations for 2010-11
P9	CYPS	Capital	387		Grant allocation to be utilised in 2010/11	Revised Sure Start Capital grant allocations for 2010-11

Under the Constitution certain virements are key decisions. Key decisions (highlighted by an asterisk in the table) are:

- For revenue, any virement which results in change in a Directorate cash limit of more than £250,000; and
- For capital, any virement which results in the change of a programme area of more than £250,000.

17. DELEGATED DECISIONS AND SIGNIFICANT ACTIONS

17.1 We were informed of the following significant actions taken by a Director under delegated powers -

Director of Adult, Culture and Community Services

Revised Play Builder Project – Year 2

Director of Children and Young People's Services

Refurbishment of Coppetts Wood PPSC – Extension of Contract to allow additional works

Request for Waiver of Requirement to Formal Tender for provision of Interim Deputy Director SSI

Mulberry Primary School Re-modelling Project – Extension of Contract for Design Consultancy – Extension of Contract

Safeguarding and Support – Restructuring of management and senior practitioner posts in First Response and safeguarding and moving these posts on to the Council's standard pay scales with a recruitment and retention supplement.

Director of Urban Environment

Animal Health and Welfare Services – Approval to award the contract to the City of London in respect of animal health and welfare support for 2010.

Renewal of Contract for the Maintenance and Support for the Coroner's Case Management Software for the London North Coroners Jurisdiction – Award of contract to Iris Legal Solutions for a period of one year.

Changes to the Strategic and Community Housing Service Staffing Structure – Approval to transfer two Viewing Officer posts to Homes for Haringey structure where the posts are to be re-named 'New Tenant Liaison Officer'.

Director of Corporate Services

Collection, Transport and Sustainable End of Life Management of Fixtures, Fittings and equipment (Lot 2 – IT and Electrical) – Approval for award of contract.

78 Shepherd's Hill, N6 and 226 Stapleton Hall Road, N4 – Approval to proceed with the disposals and agreement to terms.

This page is intentionally left blank

Chair:
Councillor Clare Kober

Deputy Chair:
Councillor Lorna Reith

INTRODUCTION

- 1.1 This report covers matters considered by the Cabinet at our meeting on 8 February 2011. For ease of reference the Report is divided into the Cabinet portfolios.
- 1.2 We trust that this report will be helpful to Members in their representative role and facilitate a fruitful dialogue between the Cabinet and all groups of Councillors. These reports are a welcome opportunity for the Cabinet on a regular basis to present the priorities and achievements of the Cabinet to Council colleagues for consideration and comment. The Cabinet values and encourages the input of fellow members.

ITEM FOR DISCUSSION

Finance and Sustainability

2. MEDIUM TERM FINANCIAL PLANNING - 2011/12 TO 2013/14

- 2.1 We considered a report which provided us with a Medium Term Financial Plan covering the three years to March 2014 with a revised assessment in each of the next three years of the General Fund, Dedicated Schools Grant, Housing Revenue Account and the Capital Programme including
 - The financial resources available to the Council;
 - The cost of providing existing services; and
 - The overall level of savings that have been and still need to be identified to give a balanced, sustainable budget over the medium term financial planning period.

The report (attached at Appendix 1) also proposed a budget package for 2011/12 and later years.

- 2.2 We noted that the projected available funding for 2011/12 reported to our meeting in December 2010 required savings to be identified totalling £46.5 million to deliver a balanced budget for that financial year. However, we were informed that since that meeting additional potential funding of £2.7 million had been identified (£1.5 million increase in the Council Tax base and £1.2 million in New Homes Bonus) together with a reduction in the projected provisions required for inflation (£1.2 million less), North London Waste Authority (£1.0 million less) and pension and other costs (£0.6 million) which had brought the saving requirement down to £41 million.
- 2.3 Nevertheless, this remained an incredibly challenging requirement, representing as it does over 14% of the Council's net budget: and all to be achieved within a twelve month period. Savings of this magnitude would have profound impact on the level of service provision that could be provided to residents and local businesses and the way in which those services were delivered.

- 2.4 As the Medium Term Financial Planning indicated, the Government's current spending plans would continue to put strains on the Council's available funding, notwithstanding the new 'freedoms and flexibilities' promised through the localism agenda. The current projected savings still to be identified in 2012/13 and 2013/14 total a further £42 million and recent growth figures announced for the national economy suggested that the country was still a long way from seeing an economic recovery.
- 2.5 We also noted that this would mean that the level of demand for the Council's services, particularly from the most vulnerable in our society, would continue to increase the spending requirement whilst the available resources continued to be squeezed.
- 2.6 We were advised that the current proposed Medium Term Financial Plan reflected those risks (and to a lesser extent opportunities) that could be realistically assessed at this point in time. However, the scale of the social change that would be driven by the Government's proposals from its Spending Review would mean that the Council would need to review on at least a quarterly basis the robustness of the key planning assumptions and be prepared to adjust the Plan accordingly.
- 2.7 We report that we adopted the recommendations contained in the report which we refer to the Council for discussion and agreement noting that the final decision on the budget and Council Tax for 2011/12 would be made by the Council at the meeting on 24 February 2011.

ITEM FOR DECISION

Planning and Regeneration

3. NORTH LONDON WASTE PLAN – SUBMISSION DRAFT

- 3.1 We considered a report which advised us that the North London Waste Plan was a joint waste development plan document which was being worked on with Barnet, Camden, Enfield, Hackney Islington and Waltham Forest and which formed a key document in each borough's Local Development Framework.
- 3.2 We noted that the Plan set out the planning framework for waste management in those boroughs for the next 15 years up to 2027. It identified sites for waste management use and set out 7 development management policies (NLWP 1-7) for determining waste planning applications.
- 3.3 The Plan formed part of each borough's Local Development Framework and had been drawn up in conformity with national planning policy and the Mayor of London's planning strategy, known as the London Plan. The Mayor of London had set an overall target for London to become self-sufficient in the management of its own waste by 2031. This meant that London would be largely dealing with its own waste instead of sending it to landfill in the counties around London. To ensure that London achieved self-sufficiency, each borough had been asked to deal with a proportion of London's total waste (the apportionment). North London boroughs had pooled their individual apportionments and had identified sufficient sites to meet this combined apportionment as their contribution to London's self sufficiency.

- 3.4 We were advised that North London covered an area of 293 square kilometres and had a population of over 1.7 million. The existing waste infrastructure was over reliant on transfer by road and rail to landfill. In order to meet self-sufficiency targets, North London required new waste management facilities. This development faced competition from other uses for sites in the context of projected growth in population and jobs and the need to preserve the natural and built environment. The Plan sought to address these key opportunities and challenges by developing a long term strategy to meet the identified future need for waste facilities.
- 3.5 We noted that the Plan covered the following waste types -
- Municipal, commercial and industrial;
 - Construction, demolition and excavation; and
 - Hazardous
- 3.6 North London had existing capacity for over 1.5 million tonnes of waste per annum. Waste was projected to rise throughout the Plan period although recent years had seen a fall in reported waste levels. In order to meet the draft replacement London Plan apportionment for Municipal Solid Waste and Commercial and Industrial, waste capacity for 1.9 million tonnes needed to be found by 2027.
- 3.7 The capacity gap in 2027 was 432,105 tonnes after taking account of planned new waste facilities and, using the latest data on plant sizes, this equated to some 8.6 hectares. Up to 11 hectares could be provided by the re-orientation of transfer stations into waste management use. However, in order to meet the longer term needs of the North London Waste Authority for the management of municipal waste until 2041, some larger sites were needed immediately and hence, to provide a flexible plan, two additional waste sites totalling 9.1 hectares had been identified, 1 site in Barnet and 1 site in Haringey.
- 3.8 The Plan made no specific allocation for land for construction and demolition waste as costs of landfill were expected to drive up on-site reuse and recycling levels. In order to achieve the Mayor's target of achieving 95% re-use and recycling on site, policy NLWP6 required waste management plans for development.
- 3.9 The Plan made no specific allocation for land for hazardous waste as the specialised nature of this waste stream made it difficult to plan for at a sub-regional level. The North London Boroughs would be working with the Mayor to understand the requirements for this specialised waste stream across the region. Policy NLWP7 stated that applications for hazardous waste facilities would be assessed against relevant planning policies.
- 3.10 To meet these future needs the Plan set out the following approach -
- POLICY NLWP1: safeguarded North London's existing waste management and waste transfer sites for future waste use, intensification and reorientation. The Plan also identified and allocated key sites for waste management in North London for the next 15 years.

- POLICY NLWP2: set out a sequential approach for the development of waste management facilities. Developers were first required to consider existing sites. Only if they could demonstrate no sites were suitable could they put forward development on a list of five new sites identified in the Plan. In exceptional circumstances, sites that had not been allocated could be put forward provided they met exacting criteria.

A key existing site for waste management in North London in the next 15 years would be Edmonton EcoPark. Two new sites were identified for waste use: Friern Barnet former Sewage Treatment Works (Pinkham Way - Haringey) and a site between Edgware Road and Geron Way (Barnet). New sites had been assessed and scored using a range of criteria, only the highest scoring sites had been identified within this Plan as they represented the most suitable sites for waste management use according to the sustainability criteria against which the sites were assessed.

- POLICY NLWP3: was a criteria based policy for the location of Household Waste Recycling Centres in areas of identified need and to otherwise improve coverage across the area.
- POLICY NLWP4: aimed to protect amenity, to prevent disturbance from new facilities and to ensure a high standard of design.
- POLICY NLWP5: stated that waste facilities would be required to contribute to decentralised energy networks to make better use of waste as a resource. To promote greater re-use and recycling of construction, demolition and excavation waste.
- POLICY NLWP6 required all proposals for development schemes which exceeded specified size and unit number thresholds would require the submission of a site waste management plan.
- POLICY NLWP7: stated that applications for hazardous waste facilities would be assessed against relevant borough planning policies.

3.11 During the run up to the submission of the Plan and during the examinations by the Government appointed Planning Inspector it would be necessary to make amendments to the submission documents. Because amendments would need to be made or proposed at short notice and given the number and frequency of Cabinet and Council meetings and the lead in times for reports it would not be practical to gain approval through these bodies for the necessary amendments through the remainder of the Plan production process. Consequently, it was proposed that authority to agree any amendments be discharged under delegated powers in conjunction with the other North London boroughs.

WE RECOMMEND

1. That the North London Waste Plan be approved for publication and subsequent submission to the Government.

2. That authority to submit changes to the Plan in the run up to and during the public examination of the document in response to objectors' submissions, requests from the Planning Inspector and any emerging evidence, guidance or legal advice be delegated to the Director of Urban Environment in consultation with the Cabinet Member for Planning and Regeneration and in conjunction with the other North London Boroughs.

ITEMS OF REPORT

Planning and Regeneration

4. SHARED ECONOMIC DEVELOPMENT SERVICE

- 4.1 The Council will be aware that we are working together with Waltham Forest Council to explore ways to provide high quality joint services. Shared services between the two boroughs could deliver services at reduced costs in a time of reduced resources. We reported to the Council on 17 January on a Memorandum of Understanding (MOU) on developing shared services between the two authorities which we had agreed at our meeting on 21 December 2010.
- 4.2 We considered a report which set out an initial outline business case and model for a Shared Economic Development Service between Haringey and Waltham Forest and which sought approval to this initial plan and to continuing work to establish such a shared service. We noted that although Economic Development was not a service identified for Wave 1 services in the MOU there already existed through current sub-regional structures such as the North London Pledge Sustainable Employment programme and established working relationships enough synergy and common objectives to consider establishing a shared service in a faster timescale.
- 4.3 The proposal was based on current services in both boroughs following a restructure in Waltham Forest and the planned restructure of Planning, Regeneration and Economy service in Haringey. The shared service would involve reducing staffing levels from 13 (6 in each borough plus Haringey Film Officer) to a total of 9 across both boroughs. Recruitment to the new shared service would be based on a ring fenced approach for post holders in the current borough services.
- 4.4 Operational delivery of interventions and programmes of activity focussing on tackling worklessness, social inclusion and promoting youth employment initiatives in both boroughs would be transferred to a new social enterprise to be established as part of this overall approach.
- 4.5 The move to a shared service would be a phased process with:
 - Phase 1 - Development of full business case following Compatibility Analysis and Implementation and Engagement process by March 2011.
 - Phase 2 – Shared joint economic development service with joint Head of Economic Development overseeing the service and strategic commissioning with

commissioning leads for each borough and a soft split between commissioning and operational delivery by June 2011

- Phase 3 – Single strategic commissioning economic development service with operational delivery outsourced into a social enterprise established by December 2011.

- 4.6 Having noted that initial work indicated that savings from the shared service could total £198,842 across both boroughs additional to savings achieved by the respective restructures in each borough, we report that we approved the initial business case and model and agreed that further work consistent with the approach and processes in the agreed MOU be undertaken to establish a shared service in early 2011/12.

Enforcement and Safer Communities

5. REVIEW OF THE COUNCIL'S AIR QUALITY ACTION PLAN

- 5.1 The Council will be aware that the entire borough has been declared an Air Quality Management Area (AQMA) under the Environment Act 1995, we considered a report that advised us that subsequent to this, an Air Quality Action Plan (AQAP) was required which detailed the Council's proposals and actions to work towards the Government's air quality objectives in respect of the pollutants of concern. The Council produced and published its first AQAP a number of years ago.
- 5.2 We considered a report which recommended to us for approval and subsequent publication a revised AQAP. This Plan (a copy of which has been published on the Council's web site), which had been the subject of a statutory consultation, would guide local initiatives towards the national target of reducing the level of certain pollutants in the atmosphere affecting human health.
- 5.3 We noted that the decision to update the AQAP had been taken partly as a result of the proposed publication of several significant strategic documents in relation to air quality. In addition, our original Action Plan had been published some years ago and as we had recently undertaken local air quality modelling in partnership with neighbouring boroughs, this would provide further baseline information for the new Plan.
- 5.4 We also noted that in reviewing and updating the AQAP the Council had to pay due regard to the DEFRA guidance issued by the Secretary of State under Section 88(1) of the Environment Act 1995 and the GLA and Mayor's Directions and documents. Schedule 11 of the Act required local authorities to consult on the preparation or revision of an AQAP.
- 5.5 The revised Plan was in 3 main chapters:
- Introduction with national, regional and local context
 - Haringey's Supporting Plans and Strategies
 - Haringey's Air Quality Objectives and Measures.

Having noted that that the actions proposed in the Plan centred around transport measures, non transport measures, such as biomass and industrial emissions, and awareness raising measures, we report that we approved the revised AQAP and agreed to its publication.

Adult and Community Services

6. SPORTS AND LEISURE – STRATEGIC DIRECTION

- 6.1 We considered a report which reviewed the current arrangements for the funding and provision of sports and leisure services in the borough and considered a range of options for future service provision and delivery. The report also outlined the reduction in the budget as a result of these proposals.
- 6.2 Together with our partners we faced a range of challenges and issues, including:
- The Local Government settlement and resulting £86million reduction in funding to Haringey, with £46.5 million in 2011/12.
 - Pressure on public spending as a result of these Government cuts and the impact of those cuts on Council budget priorities, strategic planning and use of resources.
 - The largely discretionary status of the services involved.
 - The amount of investment needed in the buildings and facilities run by the Council.
 - The potential impact and role of the private/voluntary/third sector in sports and leisure services.
 - The needs, demands and expectations of residents.
- 6.3 Set against this context there were three broad options in planning for future service provision and delivery in the borough.
- Maintain direct Council management of services
 - Fund external organisations to deliver services
 - Withdraw from the delivery of services altogether.
- 6.4 We noted that the recommended course of action included elements of all three options outlined above, and had the following key ingredients with a net cost saving of £1.6 million (49%) over 3 years:
- Make further operational efficiency savings (£567,000).
 - Procure and externalise the management and operation of Tottenham Green Leisure Centre, Park Road Leisure Centre and Broadwater Farm Community Centre (£500,000).
 - Lease White Hart Lane Community Sports Centre and Finsbury Park Track and Gym to local sports club(s)/agency(ies) (£478,000).
 - Redirecting funding to the voluntary sector for them to deliver services (£50,000).
- 6.5 We also noted that in delivering these changes, the Council would achieve the following outcomes:

- It would cost significantly less.
- Operational management would largely be provided through other agencies.
- The Council working alongside partners would achieve greater impact and better value for money.
- Significant external investment secured for facility improvement and development.
- The reduced funding used to support people and activities, rather than buildings.
- More services would be delivered by volunteering and the voluntary sector.
- There would be less financial risk for the Council from any fall in demand or the need to maintain facilities and sites.
- It would mean smarter and targeted commissioning of prevention and intervention leisure programmes.

6.6 Having considered the future level and use of Council funding and the related service delivery arrangements we agreed the package of proposals outlined above and agreed to the initiation of a procurement process to externalise the management of Council owned sports and leisure facilities.

6.7 We also agreed to delegate authority to approve the final scope and procurement method to the Director of Adult, Culture and Community Services. We approved the establishment of a Member Steering Group to oversee delivery of the project and we also approved the related reductions to the budget, and potential re-direction of funding to the voluntary and community sector.

Children's Services

7. CHILDCARE IN HARINGEY

- 7.1 We considered a report which provided information on, and sought agreement in principle, to proposed changes to the fee structure and charges by the Council for the under fives childcare offered through our Children's Centres noting that the proposal was subject to both consultation and an equalities impact assessment.
- 7.2 The report also provided information on and sought agreement, in principle, to a proposed reduction in the levels of grant funding provided to Voluntary and Community sector childcare providers for sustainability. This option would also be the subject of consultation.
- 7.3 The report proposed the introduction of differential charges for the provision of child care in the Council's Children Centres. The proposals were based on the relative costs of service provision for different age groups, the level of service demand, current market rates for a similar service and the parent/guardians ability to pay. We noted that the proposed charging structure was not designed to increase the overall level of service income and that the Council's Medium Term Financial Plan did not include any assumptions relating to additional income from child care.
- 7.4 In terms of affordability, the report highlighted the current uncertain economic climate and the Government's on-going reforms of the benefit system, including child tax credits. This made it particularly difficult to assess the impact of the proposals on overall income levels. However, based on information on both demand and current market rates, it was

estimated that there would be a 10% reduction in usage in the short term. The proposals would come into effect from September 2011 and the net impact of the increased charges and reduction in usage was that overall income would increase marginally in 2011-12 compared with the 2010-11 projection of £2.4 million. The full year impact would be a potential increase of £200,000.

- 7.5 We also noted that given that these proposals introduced means testing to determine the level of fee payable, consideration would need to be given to the administration of such a scheme and the associated cost.
- 7.6 We report that we agreed in principle to the introduction of new fee structure for Children's Centres from September 2011 and to officers exploring the introduction of differential fee rates in 2012-13 based on ability to pay. We also agreed in principle to a reduction in the level of funding provided to voluntary and community sector providers in the context of significant reductions in Council funding after April 2011 and the impact of the Early Years Single Funding Formula.
- 7.7 We noted that a review was currently being undertaken of the provision of full-time early education places for 3 and 4 year olds and that a report would be submitted for our consideration in autumn 2011. We further agreed that authority to make the final decisions on these matters be delegated to the Cabinet Member with portfolio responsibility for Children's Services, in consultation with the Director of Children's Services, following appropriate consideration of the results of any consultation and with due regard to the Council's relevant equality duties as set out in the Equality Act 2010.

8. THE SUSTAINABILITY OF CHILDREN'S CENTRES IN HARINGEY

- 8.1 We considered a report which set out proposals for the future delivery of Children's Centre services within budget constraints whilst ensuring high quality services continue to be offered to those most in need.
- 8.2 We noted that in order to deliver this service within the challenging financial circumstances facing the Council from April 2011, consideration had been given to options for reducing spending across the whole of the early years service, whilst ensuring that the most vulnerable children could be identified at the earliest opportunity and enabled to access support through a universal offer.
- 8.3 The commissioning framework for children's centre service delivery would be focused on impact and improving outcomes for all children, but particularly those children considered to be the most vulnerable or disadvantaged. This would be achieved by
- ensuring access to children's centres services for children and their families living within our 0-30% most deprived super output areas.;
 - delivery of the offer of a 15 hour, free early education for disadvantaged 2 year olds; with additional outreach and family support for those who needed it.
 - improved access to the 15 hour free entitlement for 3 and 4 year olds and supporting the transition into these places for those children taking up the 2 year olds offer;
 - provision of targeted outreach to those least likely to engage in services;

- provision of high quality, integrated family support that engaged families and enabled the identification and intervention at an early stage;
- partnerships and multi-agency working that reduced duplication, maximised resources and enhanced professional practice; and
- evidence based practice and interventions that had been proven to make the biggest difference to improved outcomes for children and families.

8.4 The proposed approach to delivering these services was to maintain full service delivery in those Centres that provided for the most vulnerable, who were living in the most deprived areas. Central management and administration costs would be reduced wherever possible in Centres whilst maintaining a safe service. The Council would work with Centres, where appropriate, to maximise fee income, particularly in the areas of least deprivation using a sliding scale of fees. The Centres providing for the most vulnerable would be least affected by funding changes.

8.5 Three basic blocks of expenditure were used to support the management, delivery and monitoring and evaluation of service delivery and we considered the changes that could be made to each of these in order to deliver services within budget constraints:

- Central retained resources including management, administration and childcare places commissioned centrally;
- Commissioned services;
- Devolved budgets to Children's Centres.

8.6 Significant reductions were being made to the central management, administration and support functions and changes were proposed in the report to the way that childcare places were targeted at need. In total these services were set to reduce from a cost of around £3.5 million in 2010-11 to £1.6 million.

8.7 We noted that currently commissioned services include:

- Health services;
- Grants to the voluntary sector for specific programmes of outreach work;
- Sustainability grants to voluntary childcare groups; and
- Targeted childcare places.

Subject to consultation, it was proposed to reduce the level of funding for health services, grants to the voluntary sector and sustainability grants to childcare groups. It was anticipated that the increase in funding levels to the PVI childcare sector which would be delivered through the new Early Years Single Funding Formula would support the sustainability of community and voluntary childcare providers and therefore individual grants from the Early Intervention Grant would cease. In addition the targeting of childcare places centrally would enable a more cost effective solution than the current approach. Commissioned Services would reduce from a cost of £1.1 million in 2010-11 to around £0.8 million.

8.8 The priority for the future delivery of services through the children's centre programme would be to ensure that a number of centres could be sustained as lead centres where they served communities with high levels of need / deprivation. Thereafter if the funding strategy allowed the development of linked centres offering the more standard offer would

be supported. The formula for allocating the different elements of funding to each children's centre would be revised so that resources were targeted to the children and families who were most vulnerable and management and administration costs were reduced. The revised formula would be supported by a clear Service Level Agreement between the Council and each centre and this would set out the contribution that each centre would make to the delivery of our priorities. We were informed that in total the resources for Children's Centres provision devolved primarily through the formula would reduce from £9.1 million in 2010-11 to £4.8 million.

- 8.9 The report provided a provisional view of which centres would be considered as full service and those which, subject to finances, would be linked centres. Current analysis of the financial resources available suggested that Haringey could not maintain a network beyond the full service centres without support from other agencies or sustainable plans to maximise income. In response to a question it was confirmed that the configuration shown was provisional only and that consultation would be taking place about those arrangements.
- 8.10 We agreed that the future children's centre programme should be re-configured so that it could be delivered within the budget constraints whilst ensuring that children living in the 0-30% most deprived super-output areas were able to access the full range of children's centre services. We also agreed that officers complete the detailed work required to complete are-configuration including a commissioning strategy which set out the required service level, revised formula for the allocation of funding and a revised fee structure that maximised income and supported the maintenance of services where parents/carers were able to contribute to the cost.
- 8.11 Approval was also granted to consultations on this strategy and proposals taking place with each Children's Centre and school in the current programme in order to ensure that service delivery was protected for the most vulnerable families, resources were targeted to the areas that would be most effective and the programme was delivered within the available budget from April 2011. Further, we agreed that authority to make the final decisions on the matters outlined above be delegated to the Cabinet Member with portfolio responsibility for Children's Services, in conjunction with the Director for the Children and Young People's Service, following appropriate consideration of the results of any consultation and with due regard to the Council's relevant equality duties as set out in the Equality Act 2010.

Finance and Sustainability

9. SHAPING OUR FUTURE – CONSULTATION EXERCISE

- 9.1 We considered a report which set out the headline issues arising from a public consultation on the Council's budget. We noted that during October-December 2010 a public consultation called [*Shaping our Future*](#) had been carried out which asked people living, working or studying in the Borough to have their say to help us balance our budget in the face of planned cuts. Approximately 740 completed questionnaires and 1,040 comments and ideas were received.

- 9.2 We were informed that respondents were asked to express the relative importance to them of ten service areas by indicating their preferred level of spend per service area from the approximate £4,500 the Council currently spent per household. Most encouraging was that respondents allocated an amount broadly in line with how the Council spent its budget. Overall residents gave a clear indication that, whilst they valued the services the Council provided, they expected it to achieve efficiencies by working with others, making better use of assets, encouraging volunteering and community involvement, and finding ways of raising more income.

10. CARBON REDUCTION PROGRAMME

- 10.1 We considered a report which provided us with an update on the progress to date in achieving the Council's carbon reduction target of 40% from corporate buildings by 2015 and outlined the next stage of the investment strategy required to support the carbon reduction programme. The report also recommended the optimum level of investment over the next three years as part of the Council's Medium Term Financial Plan.
- 10.2 We noted that steady progress had been achieved in reaching the Council's Greenest Borough Strategic target of a 40% reduction in the Carbon Dioxide emissions from Council buildings by 2015. We were informed that in order to maintain this progress against the associated Carbon Management Action Plan, additional investment of up to £1.5 million in energy saving schemes would be required over the next four years.
- 10.3 We also noted that whilst a good return had been achieved against the £0.5 million of investments to date it would not be possible to rely on the recycling of the energy costs savings alone to fund the investment requirements within the timeline of the Action Plan. Whilst the recycling of these savings through the Sustainable Investment Fund would continue, the focus would primarily be on securing external funding. However, access to external funding in the current economic climate was limited and the Council needed to put in place fall-back sources of funding to support the investment programme. Two such sources were currently available: the reallocation of monies in the Financing Reserve to the Sustainable Investment Fund; and the use of prudential borrowing and we report that we approved the use of both sources up to a combined sum of £1.5 million in the event that alternative external funding was not available and subject to a robust business case supporting each new investment proposal.

Leader

11. THE COUNCIL'S PERFORMANCE: DECEMBER 2010 (PERIOD 9)

- 11.1 We considered a report which presented on an exception basis financial and performance information for the year to December 2010, asked us to agree proposed budget virements in accordance with financial regulations.
- 11.2 We noted that overall performance on the monthly basket of indicators showed that of the 37 key service indicators monitored 24 had improved since 2009/10, 1 was the same and 8 were worse with no indicator possible for 4 indicators.

- 11.3 The overall revenue budget monitoring, based on the December data was showing a forecast over spend of £2.9 million, up from the £2.6 million reported last period. The change this period was due to an increase in Looked after Children (LAC) and reductions in forecasts for parking income which had been highlighted as a risk last period.
- 11.4 We noted that The Treasury Management activity in the first nine months of 2010/11 had been compliant with the Treasury Management Strategy Statement agreed in February 2010. Following the repayment of maturing debt in October, the level of cash balances dropped, and since then had remained at an average of £31 million during November and December. Investments have been made into AAA rated money market funds and an instant access account only to ensure sufficient liquidity was maintained. These accounts paid an interest rate equivalent to one month fixed term deposits, with the advantage of instant access. Due to the significant use of money market funds, the average long term credit rating of the portfolio has increased to AA+. £50 million of Council debt had matured this year and £20 million of new borrowing had been taken on 31 August as a starting point to refinancing this. Due to the significant difference between short term investment interest rates and long term borrowing rates, the Council was continuing to make use of internal cash balances, rather than taking any further new borrowing until necessary. During December the Council continued to be able to meet its obligations within the current cash balances. However, officers were monitoring the position closely, alongside the Council's treasury management advisers, including monitoring of interest rate movements to ensure that further borrowing was taken at an optimal time
- 11.5 The aggregate capital programme position for 2010/11 at Period 9 was now forecasting an under spend of £11.4 million, an increase of £1.5 million from the £9.9 million under spend reported in Period 8.
- 11.6 Financial regulations require our approval of proposed budget changes. These are shown in the above table. These changes fall into one of the following categories:
- all changes in gross expenditure and/or income budgets between business units in excess of £100,000; and
 - all changes in gross expenditure and/or income budgets within business units in excess of £100,000.
 - any virement that affects achievement of agreed policy or produces a future year's budget impact if above £100,000.

Under the Constitution, certain virements are key decisions. Key decisions are:

- for revenue, any virement which results in change in a directorate cash limit of more than £250,000; and
- for capital, any virement which results in the change of a programme area of more than £250,000.

Key decisions are highlighted by an asterisk in the table. The table below sets out the proposed changes. There are two figures shown in each line of the table. The first amount column relates to changes in the current year's budgets and the second to changes in future years' budgets (full year).

Revenue virements						
Period	Service	Key	Amount current year (£'000)	Full year Amount (£'000)	Reason for budget changes	Description
P9	NSR/CR	Rev	105		Corrective Budget Realignment	One off contribution from Non Service Revenue with regards to costs incurred pending disposal of Hornsey Central depot
P9	NSR/UE	Rev*	2,400	2,400	Corrective Budget Realignment	Earmarked provision for Homelessness released from Non Service Revenue to Urban Environment
P9	PD	Rev*	(673)	(673)	Corrective Budget Realignment	Recruitment Advertising - Reduction of expenditure and income in line with activity levels
P9	Various	Rev*	3,903	3,903	Corrective Budget Realignment	Centralisation of Legal Budgets
P9	Various	Rev		123	Corrective Budget Realignment	Creation of permanent funding for the Out of Hours Service within Customer Services
P9	Various	Rev		162	Corrective Budget Realignment	Budget re-alignment
P9	CR	Rev*	113	274	Corrective Budget Realignment	Fraud Team moving from Benefits & Local Taxation to Audit

12. DELEGATED DECISIONS AND SIGNIFICANT ACTIONS

12.1 We were informed of the following significant action taken by a Director under delegated powers -

Director of Adult, Culture and Community Services

CLL – Haringey Adult Learning Service Apprenticeship Posts.

Note by the Head of Local Democracy & Member Services

HARINGEY CORE STRATEGY SUBMISSION (FINAL DRAFT)

The Cabinet reported to the Council at the meeting on 22 November 2010 that a new set of planning documents was being produced that would form the Local Development

Framework (LDF). The scope of these documents was set out in planning legislation and supporting advice (most significantly PPS12 Local Spatial Planning). The status of these documents varied in terms of their legal weight in determining planning applications. Development Plan Documents (DPDs) carried the most weight as these were subject to an Examination by the Secretary of State.

The Core Strategy was the lead document in the LDF as it set out the overall spatial vision for the borough. The process of developing the Core Strategy was lengthy, and the final stage had now been reached. The key stages undertaken to date included:

- Issues & Options consultation – February/March 2008;
- Preferred Options consultation – May/June 2009;
- Proposed Submission Core Strategy consultation – May/June 2010;
- Additional Regulation 27 consultation on focussed changes – November/December 2010.

The Council had sought to resolve as many policy differences as it could through this extensive consultation process and the timescale for the remaining stages in the Core Strategy were as follows:

- Submission to the Secretary of State – March 2011
- Examination in Public – May 2011
- Receipt of Inspector's Report – July/August 2011
- Adoption – October 2011.

The Council endorsed the suggested minor amendments to Haringey's proposed Submission Core Strategy recommended by the Cabinet. It was also reported that a revision to the Affordable Housing Policy, part of Strategic Policy (SP) 2 Housing, and changes to employment land designations had been agreed for the purpose of a further four week public consultation and on the recommendation of the Cabinet, the Council also agreed to delegate authority to approve subsequent changes to SP2 Housing, the employment land designations and other minor amendments to the Director of Urban Environment in consultation with the Cabinet Member for Planning and Regeneration.

Head of Local Democracy and Member Services to report that the new evidence on affordable housing and a review of some of the borough's designated employment areas, a number of focussed changes were made to the Core Strategy. The key changes related to the affordable housing threshold, namely changing the threshold from five units to ten units and reviewing some of the designated employment areas. These additional changes were the subject of consultation in November/December 2010 to ensure that the Core Strategy was sound before it was submitted for Independent Examination.

An addendum report which attached Haringey's Core Strategy and supporting documents including a schedule of proposed minor amendments and further changes to housing and employment land designations (a copy of which has been published on the Council's web site at

http://harinet.haringey.gov.uk/index/housing_and_planning/planning-mainpage/policy_and_projects/local_development_framework/corestrategy.htm) has

now been produced by the Director of Urban Environment in consultation with the Cabinet Member for Planning and Regeneration and the Council's endorsement of its submission is now sought.

RECOMMENDATION

That Haringey's Core Strategy and supporting documents including the schedule of proposed minor amendments and further changes to housing and employment land be submitted to the Secretary of State for examination by an Independent Planning Inspector.



Haringey Council

Agenda item:

Cabinet**8th February 2011**Report Title: **Medium Term Financial Planning 2011/12 to 2013/14**

Forward Plan reference number:

Report of: **Director of Corporate Resources**Signed: *J. Parker 4/2/11*Contact Officer : **Kevin Bartle, Lead Finance Officer**

Telephone: 0208 489 5972

Wards(s) affected: **All**Report for: **Key decision****1. Purpose**

1.1 To provide a Medium Term Financial Plan covering the three years to March 2014 with a revised assessment in each of the next three years of the General Fund, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and the Capital Programme including:

- The financial resources available to the Council;
- The cost of providing existing services; and,
- The overall level of savings that have been and still need to be identified to give a balanced, sustainable budget over the medium term financial planning period.

1.2 To consider the Cabinet's proposed budget package for 2011-12 and later years.

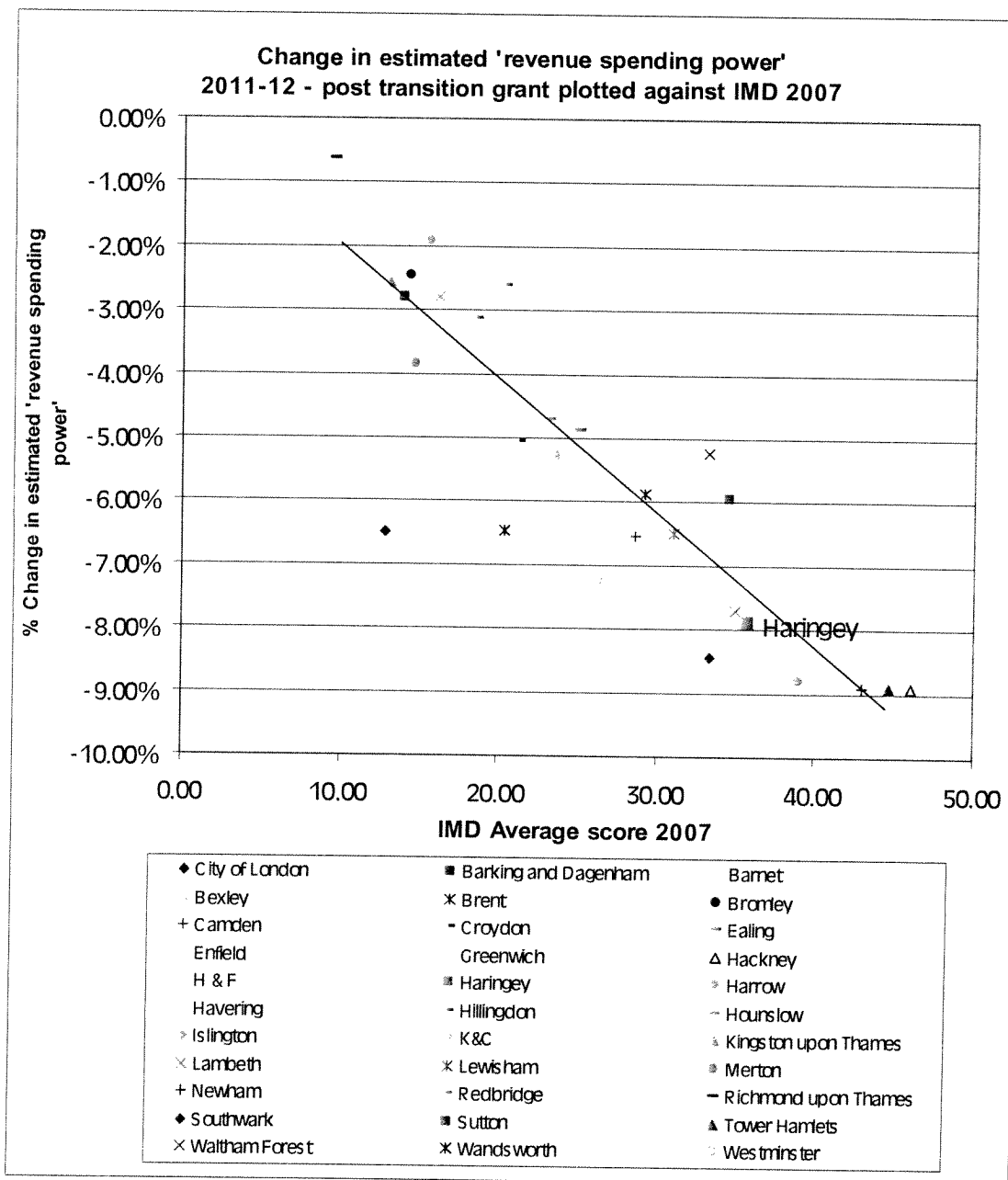
2. Introduction by Cabinet Member for Finance and Sustainability

2.1 It feels worth repeating, that the scale of these Government cuts mean that Haringey will face the largest cuts since its inception. We stand opposed to the depth and speed of cuts, not just to ourselves but to the public sector. We reject the notion that the level of these cuts are either necessary, prudent, or without harm. To give an idea of the scale of these cuts, we will see the level of public spending as a proportion of GDP reduced to levels lower than were even witnessed during

the era of Thatcher's premiership. In fact these cuts are amongst the highest of any G20 country, and higher than those demanded of Ireland and Greece, which are in a much more economically perilous situation than that of the UK, as measured by the differential price in the bond markets.

- 2.2 I feel it necessary to highlight this, because we believe that the cuts are not only too fast and too deep for the Council, but we believe they will be damaging to the economy as a whole, both locally and nationally. In particular I am deeply concerned that about the last quarter's GDP figures and the impact this is likely to have in Haringey, which is already suffering from among the highest levels of unemployment in London.
- 2.3 We believe these cuts deny the opportunity for growth and with it the opportunity to close the deficits through the increased revenues the Treasury receive as economic activity increases. We endorse the view from a wide number of institutions that the Government needs to develop a Plan B and reverse these cuts, and remain disappointed by the lack of vision of how we are going to drive growth in our economy, and dismayed that there is still to date no Growth White Paper as promised.
- 2.4 The most extreme impacts of this directly impact on our financial plan with a need to ensure we meet our statutory obligations to service the increased demand on services from the most vulnerable in families. For example the IFS says that the government budgets will see the first rise in child poverty in 15 years, with the number of people entering absolute poverty in the next three years of 900,000. Given this, any claim that the Spending Review represents an agenda of fairness requires us to adopt a definition of that word that we simply don't recognise.
- 2.5 We had hoped that the government would phase the cuts in a manner which would enable us to transition the Council's services more smoothly and with minimum harm to services, but the front loading of cuts now means that we are required to find well over half of our savings next year alone, in addition to the unprecedented in-year cuts which have required us to deal with lost monies of £17m.
- 2.6 The settlement will require Haringey Council to save £41m next year alone and a total shortfall of £84m over the next three years. This essentially means that for every £10 we had, we will only have £6.50, which would be painful on any household budget, let alone the Council's. The notion that these levels of savings can be found easily and without detriment to vital services and to the good people of our borough is to deny fact. Already I have been moved by some of the submissions I have received from residents across the borough during the consultation, and they stand as a testament against the notion that the public sector can do no good, that they represent poor value for money, and that they make no difference to people's lives.
- 2.7 Given my responsibilities on sustainability the changes to the carbon reduction commitment to a carbon reduction tax cannot pass without comment. This feels like an extremely disappointing and regressive measure. Given the need to reduce carbon emissions in the public sector it is hoped revenues derived should be ring fenced for re-investment for initiatives to deliver greener public services.

- 2.8 Perhaps most shocking of all is the fact that the government has decided to essentially redistribute resources from councils with high levels of deprivation to other areas. This report highlights the governments own figures on this, where the impact on Haringey's spending power is over 3000% higher than for example Dorset County Council. This creates the real double whammy of the spending review, which has ultimately created more pressure on and removed more resources from populations that serve more deprived and more vulnerable communities. In particular the brutal fact is that the government have in all handed the deepest cuts to those boroughs suffering from the deepest levels of deprivation.



- 2.9 I feel that as well as the severe reductions to our services, I also feel compelled to highlight the significant reductions in capital funding which will deny us much needed investment in our borough. In particular we expect this to dramatically

impact on our regeneration and housing programmes. The 75% reduction to the decent homes programme nationally is yet another example of an economically and socially backward policy that will hurt the most vulnerable and undermine the fragile construction sector which provides jobs for many in our borough.

- 2.10 We stand opposed to these cuts. The speed and depth have left the Council with very little room for manoeuvre, and very few choices. The extremely late disclosure of our settlement, and the lack of information that has been forthcoming from the Department of the Communities and Local Government have been extremely unhelpful to our ability to identify all the savings at this stage of the budget process. Given the scale of cuts we wanted to ensure residents the maximum opportunity to shape the future of our borough and to ensure we identified the services and activities of most value to residents. The large bulk of the savings will force us to make a fundamental restructuring of our organisation, which will see a high level of job losses which have already been announced. If it is the shared ambition of the Coalition Government to 'unleash "chaotic" effects across local communities' as suggested recently by Nicholas Boles MP, they have certainly succeeded.
- 2.11 This document sets out how we intend to remove the £41m from our budgets. We have as a Council prioritised cuts to our back office in order to protect as much as possible our frontline services. We have where possible, sought to join up services, to deliver them smarter, and we are also pursuing shared services to drive efficiency savings in partnership with some of our neighbouring boroughs. However, too much store is being placed on such measures and to suggest that these are a panacea for dealing with this savagery ignores the sheer scale of the cuts being inflicted on both Haringey's budget and those of the sector as a whole.
- 2.12 Sadly, these cuts, and in particular the frontloading of them, mean reductions to services are simply unavoidable, and we have no doubt that that this will impact on residents, on our workforce, on the strength of the voluntary sector and other third party providers, and on our local economy. Coupled with cuts to the police, schools and the NHS, we are committed to making sure we face into the challenges in Haringey, with our partners.
- 2.13 To this end, I am dismayed by those who continue to talk about 'soft cuts' without being able to give this term clear definition. We don't recognise this term, and I believe it is offensive to the people who work hard to deliver these services, and more importantly those people who value receiving it.
- 2.14 The Coalition Government continue to demand of local councils that we behave more like businesses, and in doing so they completely ignore the role of local government, and our public sector partners in our purest economic terms – namely, the risk-takers of last resort – providing and/or guaranteeing key services the private sector cannot. In doing so they create a false trichotomy between the public, voluntary and private sectors.
- 2.15 Even so, if the government requires us to behave more like a business, they need to get serious about giving us the same sort of flexibilities the private sector enjoys. In particular, the refusal by the government to allow us to capitalise the restructuring and redundancy cost associated with reducing our budget to the

required level makes this a high risk budget which will severely deplete our reserves, and make it extremely difficult to deliver further savings unless the government change their position on this. In short this has meant that it will cost us in excess of £5 for every £10 we cut over the coming year.

- 2.16 We have listened to the residents of this Borough, and are warmed by both the quantity and tone of response. In shaping our response we are determined to honour our belief and our commitment to One Borough, One Future.
- 2.17 Specifically, Haringey stands as the most unequal Borough, in what is the most unequal city in the developed world, with levels of inequality not seen in the UK since the 1920's (not coincidentally in our view – just before the Great Depression), and not seen in London for 200 years. We believe the impacts of these are not just felt by the most vulnerable, we believe it undermines community trust, and most of all it undermines the sustainability of our economy – making it more difficult for us to consume that which we produce, driving down economic growth.
- 2.18 We are proud of some of the achievements we have made over the last 13 years – a rise in education standards and performance, reduction in poverty and child poverty, and a rise in employment. But we still have much to do – which is why we have set out our determination to tackle inequality head on – because we believe it will create a more prosperous, thriving, borough for all of us to work, live and enjoy. We have no doubt that this will be made more challenging within the current settlement, and under current measures that will see the first rise in absolute poverty in 15 years, but we are undeterred and committed to our role as an activist Council, working hard for its residents, with an ambition to work with our partners to create that better future for Haringey.

3. **Recommendations**

- 3.1 To note the outcome of the consultation process on the Budget set out in Section 17 and to note the ongoing consultation covering the proposals set out in Appendix 6.
- 3.2 To approve the overall Medium Term Financial Plan as set out in Appendices 1 and 2.
- 3.3 To approve the new investment proposals set out in Appendix 3.
- 3.4 To approve the changes and variations set out in Appendix 4.
- 3.5 To approve revisions to previously agreed investment and savings proposals set out in Appendices 5.1 and 5.2
- 3.6 To approve in principle the new savings proposals set out in Appendix 6. Each of the proposals represents a decision which will in the future be considered by the responsible Directorate and, where appropriate, the responsible Cabinet member. Where appropriate certain of these will be the subject of consultation and of equality impact assessment when they come to be considered and a decision as to whether or not to proceed will be taken at that time. In the event that the relevant

decision-maker decides not to proceed, with the result that savings are not realised, there will be an enquiry as to whether equivalent savings can be found elsewhere in the budget. Accordingly, Cabinet with the Leader's agreement delegates final decisions on the savings to be adopted to Directorates and where appropriate to the relevant Cabinet members within their portfolio responsibilities, following appropriate consideration of the results of any consultation and with due regard to the Council's duties under the Equality Act 2010.

- 3.7 To note that significant savings still have to be identified to deliver a balanced budget in 2012-13 and 2013-14.
- 3.8 To approve the level of un-earmarked general fund reserves of £10.5million and specific and other reserves as set out in Appendix 7.1.
- 3.9 To approve the proposals for the Children and Young People's Service Dedicated Schools Grant budget set out in Section 13 and Appendix 8.
- 3.10 To agree the proposals for the Housing Revenue Account budget set out in Section 14 and Appendix 10.
- 3.11 To approve the housing rent increases at an average of £5.36 per week (6.5%).
- 3.12 To approve the housing tenant service charge changes set out in Section 14.13.
- 3.13 To approve proposals for the capital programme and funding set out in Section 15 and Appendix 11.
- 3.14 To approve the proposed general fund budget requirement for 2011-12 of £286.169m net of Dedicated Schools Grant, subject to the decisions of precepting and levying authorities.
- 3.15 To agree the indicative criteria set out in Appendix 8 to be applied by all Directorates both in the consultation concerning and in the determination of the future funding of Third Sector organisations, and other organisations where appropriate.
- 3.16 To note that this budget report will go to Council on 24th February 2010 including the final decision on the budget and the council tax for 2011-12.

4. Local Government (Access to Information) Act 1985

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

- Report of the Director of Corporate Resources to the Cabinet on 21st December, 2010 – Medium Term Financial Planning 2011/12 to 2013/14
- The Local Government Finance Settlement for 2011-12 and the Provisional Settlement for 2012-13
- HM Treasury Spending Review documents

5. **Background**

- 5.1 The Council's integrated financial and business planning process is the key mechanism by which plans and strategies are reviewed to ensure the performance and priorities are being met and that resources are allocated effectively to underpin their achievement. The process culminates in changes to the budget and medium term financial strategy that delivers a revised Council Plan. The plan reflects the Council's own priorities and contributes to the wider Sustainable Community Strategy delivered in conjunction with the Haringey Strategic Partnership.
- 5.2 The draft Medium Term Financial Plan (MTFP) as presented to Cabinet on 21st December 2010 showed a projected three year funding shortfall of £86.9m. With savings proposals of £28.4m identified up to that date this left £58.5m in savings still to be identified over the three year planning period with £34m of that to be found in 2011-12.
- 5.3 Since the December meeting a considerable amount of work has been undertaken to develop further savings proposals. These proposals are now being presented in light of the feedback from an extensive budget consultation process and the budget scrutiny process. The savings proposals involve significant policy changes and will require a major transformation in the way the Council operates under the significantly reduced resource base. The MTFP is summarised in Appendix 1 and Appendix 2.
- 5.4 The Council has made representations to Communities for Local Government and the Housing Minister, Grant Shapps, over the proposed level of grant settlement for the next three years and highlighted both the special circumstances affecting Haringey and the Council's specific concerns over the Formula Grant allocation methodology.
- 5.5 As part of its consultation response the Council made a number of specific requests to the government:
- Consider Haringey's special circumstances particularly in respect of children's services and provide £7.4m one off funding;
 - Consider Haringey as inner London rather than outer London and rescind the proposal to reduce the Area Cost Adjustment;
 - Ensure that Haringey retains band 1 flooring;
 - Allow Haringey to defer £15m of cuts until 2012/13 and £5m to 2013/14 by way of transition grant funding;
 - Allow Haringey to capitalise £15m of redundancy costs in 2010/11 and 2011/12, through the use of borrowing or capital receipts;
 - Remove the uncertainty of the allocation of the £3m of NHS funding to support social care and benefit health by paying the funding direct to the Council and,

- Rescind the proposal to top slice the Grant Settlement as an Academies adjustment and make such adjustments to individual authority allocations based on the actual number of Academies in each local authority area.
- 5.6 However, the government have not responded in a positive way to any of these requests and the final grant notification shows no changes to the provisional settlement figures.
- 5.7 The proposals that form the basis of the proposed MTFP for the period 2011-2014 and are contained within this report are therefore based on the final grant settlement notification. This report proposes a budget package for the three year planning period and is in 11 Sections:
- Strategic Approach (Section 7)
 - Financial Resources (Section 8)
 - Budget Pressures (Section 9)
 - Budget Process and Savings Proposals (Section 10)
 - Equalities Impact Assessment (Section 11)
 - Risks and Opportunities (Section 12)
 - Dedicated Schools Grant (Section 13)
 - Housing Revenue Account (Section 14)
 - Capital Programme (Section 15)
 - Treasury Management Strategy (Section 16)
 - Consultation (Section 17)
- 5.8 The detailed assumptions that support the proposed MTFP are set out below and in the attached Appendices.

6 Appendices

- Appendix 1 – Summary of the Medium Term Financial Plan
- Appendix 2 – Detailed analysis of the Medium Term Financial Plan by service area
- Appendix 3 – Detailed analysis of projected budget revenue investments resulting from increased service demand and higher unit costs
- Appendix 4 – Other changes and variations
- Appendix 5 – Pre-agreed revenue investments and savings schedule
- Appendix 6 – Detailed HESP savings proposals
 - Appendix 6.1 – new savings proposals
 - Appendix 6.2 – proposals to December 2010 Cabinet
- Appendix 7 – Reserves and Risk Evaluation
 - Appendix 7.1 – Reserves and their Adequacy
 - Appendix 7.2 – Risk Evaluation
- Appendix 8 - Indicative criteria for the determination of funding scheme decisions
- Appendix 9 - The proposed budget for 2011-12 for Children and Young People's Service - Dedicated Schools Grant (DSG)
 - Appendix 9.1 – DSG Budget Strategy
 - Appendix 9.2 – Recommendations of Schools Forum

Appendix 10 – The Housing Revenue Account Medium Term Financial Plan

Appendix 10.1 – HRA MTFP 2011-12 to 2015-16

Appendix 10.2 – HRA new investment

Appendix 10.3 – HRA existing savings

Appendix 10.4 – HRA new savings

Appendix 10.5 – HRA summary of budget variations

Appendix 11 – Capital Programme

Appendix 12 – Recommendations of the Overview and Scrutiny Committee and the Cabinet response

7 Strategic Approach

- 7.1 Since the election of the Coalition Government there have been many announcements signalling significant reform in areas as wide-ranging as the NHS, regeneration, housing, schools and the welfare system. Following the October 2010 Spending Review and the December 2010 local government settlement, there will be a reduction in funding of approximately 28% over the next four years.
- 7.2 The financial settlement for Haringey represents a significantly higher level of reduction than expected. Haringey's funding shortfall for 2011/12 requires it to find £41m of savings and a further £43m over the next two years (total shortfall over three years of £84m). In overall cash terms the settlement for 2011-12 represents a confirmed grant loss of £34m. The reductions have been front loaded so that most cuts need to be made in 2011/12 resulting in the money available to public services being reduced more steeply and more quickly than ever before.
- 7.3 The Government's policy changes combined with the financial situation are changing the landscape for the public sector and represent significant challenges for the Council.
- 7.4 Hence the Council is reviewing the outcomes and priorities for Haringey and how these will be delivered. Two landmark papers describe the Council's policy approach and the future shape of the Council. The forthcoming policy paper One Borough One Future - Ambition for the "Better Society" sets out the vision for the kind of borough the Council wants and proposes outcomes and priorities for the future. It describes the imperative of tackling inequality in Haringey if we are to create a Better Society for its resident to live, thrive, and work. The Rethinking Haringey paper sets out the current challenges facing the Council and the plans for transforming its approach to delivering services that are responsive to need and with more emphasis on securing outcomes for our residents over direct delivery of service by the Council overall.
- 7.5 **The Council is committed to shaping and building, with our partners across all sectors, a Haringey that is more thriving, healthier, safer, sustainable place, empowering its residents and communities.**
- 7.6 During 2011 the Council will agree priorities and actions linked to these outcomes based on evidence of need and available resources. They will form the basis of the Council's outcomes framework and following agreement of the final budget proposals,

the new Council Plan. In addition departmental business plans will be developed to be published in May 2011.

8 Financial Resources

8.1 The Council now has five main streams of financial resources:

1. Formula Grant
2. Core Grants
3. Council Tax
4. Fees and Charges
5. One-off use of Reserves

Formula Grant

8.2 The budget year 2010-11 is the last of the three years under the direction of the Comprehensive Spending Review (CSR) 2007, which was issued in October 2007 and set totals for national and local government expenditure together with Treasury-led policy directions. The budget for 2011-12 is the first one under the new Coalition Government and also the first under the new Spending Review announced on 20 October and the Final Local Government Settlement for 2011-12 announced on 31st January 2011.

8.3 The overall grant settlement allocated £182.5m to Haringey in 2011-12 with a provisional allocation of £170.6m in 2012-13. The 2011-12 allocation comprises £153.2m in Formula Grant and £29.2m in Core Grants (excluding any New Homes Bonus but including an assumed £2.5m in Council Tax Freeze Grant). The Core Grants also include £3.0m in NHS funding to support social care and benefit health (£2.8m in 2012-13). Whilst it is expected that this funding will be transferred from the PCT in 2011-12, going forward for planning purposes in the MTFP this has been excluded.

8.4 The Formula Grant element of the settlement is based on a complex distribution methodology which takes into account the following “blocks”:

1. Relative Needs - This reflects factors that affect the costs of service delivery, such as levels of deprivation or labour costs in different areas. Those areas of greatest need will receive more Formula Grant.
2. Relative Resources - This reflects the income that councils are able to raise locally by collecting council tax. Areas with a higher council tax base will receive less Formula Grant.
3. Central Allocation - This is shared on a ‘per capita’ basis.
4. Specific Grants – This is a new element that ‘tailors’ the specific grants that have been rolled-in to the Formula Grant on an authority by authority basis.

Finally, having allocated the grant through the four blocks outlined above the overall Grant reduction is ‘capped’ through a ‘Grant Floor’ mechanism.

8.5 This year the distribution methodology has been changed giving a greater weighting to relative needs and less weighting to central allocation. This should have been to the

benefit of Haringey although the lack of transparency in the methodology makes it impossible to see any apparent benefit, especially as the Council remains on the grant floor.

- 8.6 Although the government sought to portray the settlement as representing less than a 10% year on year reduction it did so by changing the basis on which the year-on-year movement has been calculated. Instead of confirming the 12% funding reduction as indicated in the Spending Review announcements the government has moved to a 7.9% "change in estimated revenue spending power". Revenue spending power has been defined as the Council's combined income from government grants and Council Tax.
- 8.7 Thus by increasing the base figure in the calculation the grant reduction is a smaller percentage. Furthermore this change also masks the additional reduction in Core Grants with uncertainty around another £2.3m in former specific grant funding through a failure to make any reference at all to the grants concerned. Clarification on the position of the various grants continues to be sought.
- 8.8 The current projected reduction in the Council's funding allocation is actually 13% less in 2011/12 (excluding Council Tax Grant) and in cash terms is estimated as £42.3m over the Council's three year planning period profiled as follows:

	2011-12 £million	2012-13 £million	2013-14 £million	Total £million
Grant Settlement (excluding Council Tax Grant but including the assumed transfer of NHS funding)	179.9	168.0	164.5	
Reduction from 2010-11 base after adjusted for roll-in (£206.8m)	-26.9	-11.9	-3.5	-42.3
% Reduction (year-on-year)	13%	7%	2%	

The grant settlement figures for 2012-13 are still provisional and may change. Any significant change would be a risk to the budgets as currently presented in this report from 2012-13 onwards.

Grant Floors

- 8.9 In the past, Government has set a single 'floor' to limit the effects of year on year changes in grant allocation. This is also called 'damping'. Instead of just a single floor, this year councils have been grouped into four bands with four different floors. These bands/floors are based on the percentage of a Council's funding requirement financed from formula grant (i.e. the relative level of grant dependency).
- 8.10 For 2011-12 the floors have been set to damp the overall level of grant reduction within each band. There are 25% (38) of education/social service authorities in each banding. Haringey's percentage funding is currently 58.89% ranking it 36th and therefore in Band 1. Despite the loss of grant this ranking has benefited the Council by £2m as Sheffield Council (with a funding level of 58.6%) is ranked 39th and therefore falls in Band 2. The Band 2 floor is 12.3% compared to 11.3% in Band 1: this 1% in effect reduces the level of grant loss to the Council by £2m.

Table: Education/Social Service authority floor levels, 2011-12 and 2012-13

Floor band	2011-12 floor	2012-13 floor	No. of London Authorities
Band 1 (most dependent)	-11.3%	-7.4%	17
Band 2	-12.3%	-8.4%	3
Band 3	-13.3%	-9.4%	9
Band 4 (least dependent)	-14.3%	-10.4%	4

Core Grants

8.11 The Grant Settlement also confirms the announcements in the Spending Review that the number of separate specific grants is being reduced from over 90 to 10 new 'core' grants as follows:

- Early Intervention grant
- Public Health grant (from 2013-14)
- Learning Disabilities
- New Homes Bonus
- Council Tax Freeze Grant (see Section 8.12 below)
- Housing Benefit and Council Tax Administration Grant
- PFI Grant
- Dedicated Schools Grant including the Pupil Premium (see Section 13 below)
- Preventing Homelessness
- NHS grant to support care and benefit health

Whilst DSG and the NHS grant will continue to be ring-fenced none of the other grants will be, thus potentially giving the Council greater flexibility. There is, however, a considerable lack of clarity around the NHS grant, both in terms of the allocation methodology and how the grant may be used and discussions are currently taking place with the Primary Care Trust to agree the transfer of funding to the Council under Section 256 agreements. The MTFP assumes the transfer of the £3m funding allocation in 2011-12 to support the cost of services reflected in the current service proposals of the Director of Adult, Culture & Community Services.

Council Tax

8.12 As part of the Spending Review and Grant Settlement the Government has announced that local authorities who freeze their Council Tax in 2011-12 will have the resultant loss to their Council Tax income funded at a rate of 2.5% in each year of the Spending Review period.

8.13 The Government has already consulted on proposals to hold local referendums to veto excessive Council Tax increases. The scheme proposed that the Secretary of State will each year determine principles regarding levels of Council Tax and any

authority planning an “excessive” Council Tax increase will be required to prepare a ‘shadow budget’ and will be required to hold a local referendum of all registered electors by no later than the first Thursday in May.

8.14 In considering the level of Council Tax for 2011-12 the Council should have regard for:

- The level of non-Council Tax funding resources that will be available in each of the next three years;
- The on-going level of demand for services;
- The views of residents, the trade unions, businesses and other interested parties;
- The level of efficiency savings and service reductions that can realistically be delivered;
- The likely restrictions on any proposed Council Tax increases and the level of grant being offered by the government over the next four years to those Councils that freeze their Council Tax in 2011-12;
- The general economic climate and the additional financial burden that any increase will have on Council Tax payers.

The MTFP is based on the Council electing to freeze Council tax in 2011-12 and therefore qualify for £2.5m in grant funding in each of the next four years. For financial planning purposes only, the MTFP incorporates an assumed 2.5% per annum increase in Council Tax from 2012-13 onwards. The Council will make its decision on potential future Council tax levels as the medium term financial picture becomes clearer.

8.15 The projected income from Council Tax in 2011-12 is £102.5m based on 90,174 Band ‘D’ equivalent properties and a collection rate of 96% (the projected collection rate for 2010-11 is 96%).

Council Tax Benefit Subsidy

8.16 The Government also announced in the Spending Review (and in a subsequent White Paper) that it will reduce subsidy on Council Tax Benefit (CTB) by 10% and localise it from 2013-14. This is potentially a major issue for those residents who are eligible for receipt of CTB should the Council be forced to pass on the reduction; significant hardship could result for those individuals affected. Analysis of the reductions in benefit across the country shows Haringey as one of the worst hit in terms of reduction per head of population. Whilst, on the one hand, this could give local authorities flexibility to tailor the scheme to meet local priorities the obvious concern is that unless the Council reduces the level of benefit it provides in line with subsidy levels then the overall Council Tax income will be reduced.

8.17 In 2010-11 a 10% reduction in CTB subsidy would have cost the Council £3.7m without a corresponding reduction in benefits. In fact even if the level of benefits is reduced the Council would need to anticipate a fall in its collection rate.

8.18 The MTFP includes a provision of £4.0m from 2013-14 based on the assumptions that the level of benefit continues to increase and the Council chooses not to recover any loss in subsidy from the affected Council Tax payers. However, the Council will need

to give proper consideration to its policy in this regard and as further details of the proposals emerge the level of provision will be reassessed.

New Funding Sources in the Future

- 8.19 The Government has recently published a White Paper that proposes to give local authorities new opportunities to raise additional funding. These include:
- The establishment of 24 government-approved Local Enterprise Partnerships (LEPs) with the GLA taking on the role of stimulating economic growth in London;
 - the introduction of Tax Increment Financing (TIF) under which local authorities would retain the business rate uplift generated from development and use this funding stream to borrow for infrastructure needed to start the development;
 - a New Homes Bonus to incentivise house-building locally through which the government will match fund the additional council tax for new homes and properties brought back into use for six years after being built;
 - a local government Resource Review which will consider whether the government should establish a Business Increase Bonus scheme or enable Councils to retain locally raised business rates;
 - local authorities will also be allowed to keep additional business rates generated from hosting renewable energy projects.

The views of local authorities are being sought with the Resource Review being launched in early 2011.

- 8.20 The New Homes Bonus is the only funding stream that seems likely to offer the Council any additional funding in 2011-12. Based on the property information contained in the Council's annual Council Tax Base Statistics (CTB1) for 2009 and 2010 it is estimated that the Council could receive some £1.2m in new grant funding from 2011-12. This sum has therefore been included in the MTFP in each of the next three years. The government is still consulting on this and it is expected to announce the final scheme alongside the Formula grant notification later in February.
- 8.21 Over the medium term planning period though, it is unlikely that the other opportunities will generate significant additional general fund revenue resources. The position will be kept under close review and the results of the various consultation processes will be monitored with the potential revenue implications assessed and incorporated into future revisions of the financial plan once the associated proposals have been finalised.

Fees and Charges

- 8.22 A full review of fees and charges across all service areas was completed in the last quarter with recommended increases reported to Cabinet and General Purposes Committee on 21st December 2010. These increases that came into effect in January 2011 are reflected in the savings proposals detailed in Section 10.
- 8.23 The government has announced the intention to give greater freedoms and flexibilities to local authorities through new devolved powers in the proposed Localism Bill. This may, in time, afford the Council the opportunity to revise a number of existing fees and

charges which are currently determined by statute. In the event that such powers are devolved then proposals will be brought to Members for further changes in existing charging structures that better reflect local demand and the cost of associated service provision.

Reserves

- 8.24 It is projected that the Council will have un-earmarked General Fund Reserves of £10.5million as at 31 March 2011 (the same as at 31 March 2010). This assumes that the forecast overspend in 2010/11 is reduced and a balanced position for the year is assumed. Given the scale of the savings being proposed as part of the MTFP and the significant risks identified in Section 12 below it is proposed that reserves should not be used to fund on-going expenditure and, where possible, earmarked reserves should be maintained.
- 8.25 The Council holds a number of reserves which are detailed in Appendices 7.1 and 7.2 and can be categorised as follows:
1. Un-earmarked (General) Reserves: these are held to cover the net impact of risks and opportunities and other unforeseen emergencies.
 2. Earmarked (Specific) Reserves: these are held to cover specific known or predicted financial liabilities.
 3. Other Reserves: these are reserves which relate to ring-fenced accounts which cannot be used for general fund purposes (e.g. Housing Revenue Account and Schools)

The summary in Appendix 7.1 also shows the projected movement on the reserves for both the current financial year 2010-11 and 2011-12.

- 8.26 It is imperative that the un-earmarked general reserves are adequate to meet the assessed net financial impact of the risks and opportunities detailed in Section 12 below. This assessment is set out in Appendix 7.2 and shows service related risks of around £10m.
- 8.27 Thus the un-earmarked reserves of £10.5m brought forward from 2009-10 is estimated to be adequate to meet the Council's current projected net risks and opportunities.
- 8.28 The Council is facing potential redundancy costs of an estimated £25m as a result of the staffing reductions implicit in the savings proposals (see section 10 below) in respect of 2010/11 and 2011/12. Although the Council has an earmarked transition reserve to meet these costs it will not be sufficient. Redundancy costs can be capitalised with government approval.
- 8.29 The Council has received approval for £780k for 2010/11 and is still waiting to hear if any further capitalisation for 2010/11 will be forthcoming. Approvals for 2011/12 will not be known until after the budget is set. Indications are that approvals are substantially below the sums requested by authorities. The extent to which the Council cannot capitalise redundancy costs means that revenue reserves will need to be utilised. The Council only has the transition reserve and debt repayment / capital

reserve available and it is proposed that these are earmarked to find redundancy costs as set out below:-

Proposed funding of Redundancy Costs	
	£m
Transition Reserve	10.0
Debt Repayment / Capital Reserve	13.0
Capitalisation – approved 2010/11	0.70
Capitalisation – estimated 2011/12	1.30
Total	25.0

The use of the debt repayment / capital reserve will reduce the Councils flexibility regarding the capital programme and the refinancing of debt. It will also take away contingency sums earmarked for the risk on the recovery of Icelandic bank investments. If capitalisation approval is received the debt repayment / capital reserve will be partly or fully reinstated.

9 Budget Pressures

Service Demand and Unit Cost Pressures

- 9.1 The Council's budget monitoring reports over the first nine months of 2010-11 have been highlighting significant cost pressures particularly in the Children and Young People's Service, Adult Social Services and Homelessness. The management action that has been necessary to contain these budget pressures, as well as dealing with the in-year reduction in Government funding, will now be largely reflected in longer term savings proposals. However, these budget pressures will continue over the financial planning period and therefore need to be reflected in the new base budgets against which savings decisions will be considered.
- 9.2 A schedule detailing the budget pressures in each service area is attached as Appendix 3. Over the three year planning period the growth pressures total some £16.8m with £14.2m in 2011-12. These pressures are summarised below.
- Looked after Children and Safeguarding (£7.4m from 2011-12) – increased numbers of children in care and those with no recourse to public funds.
 - Adult Social Care (£4.4m from 2011-12) – a higher demand for services, including in learning disabilities with children transitioning into adult social care. There is also a significant reduction in anticipated NHS joint funding.
 - Homelessness Temporary Accommodation (£2.2m from 2011-12) – resulting from the housing benefit subsidy changes introduced on 1st April 2010 and further changes to the benefit system being introduced by the Government.
 - Benefits and Local Taxation (£0.2m from 2011-12) – reflecting the additional cost of administering an increasing number of benefit claimants and maintaining existing service standards.

Other Changes and Variations

9.3 In addition to the specific budget pressures there are a number of general cost pressures that the Council will face over the planning period.

- Inflation – the Government's projections for Consumer Price Index (CPI) inflation reflected in the Spending Review are 2.4% in 2011, 1.9% in 2012, and 2.0% in 2013 and 2014. The Governor of the Bank of England is already warning that the 2011 projections are optimistic, particularly given the 2.5% increase in VAT from January 2011. Whilst the Government has stated that it expects a period of wage restraint across all public services a provision will be factored into the planning assumptions. Furthermore there is a 1% increase in the employers' National Insurance rate from April 2011.

Since reporting the inflation provision to Cabinet in December 2010 it is considered to be possible to reduce the allowance for general expenditure (excluding third party contracts) by £1.2m. The overall provision for pay and inflation, therefore, is reduced to £5.3m as shown in Appendix 4. This will require budget holders to manage without the expectation of inflation allocations on certain elements of their budget.

- Another area of considerable price volatility is the cost of energy. Although Corporate Procurement has successfully driven down unit costs the current wholesale prices have gradually increased over the past three months and all energy users could face significant price increases over the next twelve months. Provision has therefore been included to cover unavoidable price increases to goods and services although Corporate Procurement will be working with service managers to negotiate lower prices wherever possible.
- Equal Pay/Single Status - a new package of pay and conditions was agreed in September 2008. The pay arrangements in terms of the back-dated compensation were resolved and paid last year and an estimate of the potential on-going costs going forward will be included in the budget.
- Concessionary Fares - London Councils previously agreed to revise the allocation of the cost of the concessionary fares levy to move towards actual usage data and this is being phased in. The GLA has already notified the Council of an increase of £3.7million for 2011-12. However, further substantial increases are forecast due to further reductions in grant funding from the Mayor of London as well as the continuing impact of the change in the method of distribution.
- North London Waste Authority – an increase of £0.5m for 2011-12 has already been confirmed by NLWA. Whilst this increase is significantly less than had been originally assumed, the increase has been adjusted through the planned one-off use of NLWA reserves. With on-going projected increases in both waste tonnages and the statutory increases in landfill tax there will be more significant rises in NLWA in future years. Furthermore, now that the plans for the major procurement to secure new long term recycling and environmentally sound disposal facilities are in doubt following the Government's withdrawal of PFI credits the future cost implications for all of the member boroughs is unclear.

- Employer Pension Costs - the next actuarial triennial valuation will be finalised before April 2011. However, current indications are that the pension fund is 70% funded with ever increasing life expectancy giving rise to higher long term liabilities and employer contributions. However, following discussions with the Actuary and taking account of the above, it is proposed that there is no change to employer contribution rates.
- The Government has commissioned a report from Lord Hutton into the future financing of public service pensions and significant changes to the scheme are anticipated. An increase in employee contributions and amendments to the existing final salary arrangements are predicted. Once the report is released it will be possible to start to consider the funding implications.
- Risk Provision – in future years there are significant risks to the level of government funding from 2012 onwards and the Council will see further increases in the demand for Children's Services, Adult Social Care and Housing Services as a result of the Government's proposed changes to the Welfare Benefits System with a consequential increase in service costs.
- Alexandra Palace and Park - the long term future will be the subject of further consideration and consequently the Council's financial support to the Charity will need to be reviewed in light of the Council's considerable financial challenge. Work will need to commence to formulate a master plan for the Palace with the aim to secure its long term future. Progress is being made on this with some early work being undertaken on an options appraisal/feasibility study. The underlying revenue deficit is in the order of £2m per annum and the expectation from the Council is that this will be reduced through efficiency and other savings proposals over the financial planning period.
- Carbon Trading – the Government has announced proposed changes to the carbon Trading Scheme which in effect turn it into a carbon tax. This is a disappointing change given that the Council has continued to give a high priority to environmental improvement and this change in direction will make it even more difficult to achieve our green agenda objectives. There is continued uncertainty as to whether the Council will become liable for the tax on schools carbon emissions and although the payments under the scheme will not be due until 2012 (based on 2011-12 consumption) provision will need to be included in the budget from next year. Elsewhere on the agenda Cabinet is being asked to allocate £0.5m of the Financing Reserve and provide up to £1m in prudential borrowing to top up the Sustainable Investment Fund. This funding will finance invest-to-save projects that will reduce both the Council's energy costs and carbon emissions.
- Other – there are other smaller provisions that need to be included in the MTFP to cover the potential debt financing cost changes.

9.4 The potential overall additional cost to the Council of some £37m over the three year financial planning period from the above budget pressures is detailed in Appendix 4.

10 Budget Process and Savings Proposals

10.1 The strategy for dealing with the considerable budget gaps from 2011-12 onwards is already well advanced. There are three key strands which have been developed through a Haringey Efficiency and Savings Programme (HESP):

- Significant 'back office' efficiencies will be achieved through the '**support functions review**' in order to protect front line services as much as is possible;
- Services to be reduced or discontinued will be identified in the '**strategic service reviews**'; this will involve prioritising resources to the most vulnerable in the Borough and other changes could include reconfiguration, shared services, social enterprises, reviewing policy options and discretionary areas of spend.
- We will bring together commissioning activities by developing a '**strategic commissioning**' function that will focus our resources on desired outcomes over and above delivery and process.

In addition the Council will be undertaking a major organisational restructuring, which will include reducing the number of managers through de-layering and increasing spans of control.

10.2 As part of the 2010-11 financial and business planning process the Council has already approved a number of revenue investments and savings which will impact on the MTFP. These show a net saving of £4.8m and are detailed in Appendices 5.1 and 5.2. The new savings proposals total £62.4m over the three year planning period are detailed in Appendices 6.1 and 6.2. This figure includes £28.4m of savings proposals already reported to Cabinet in December (Appendix 6.1) and new savings proposals totalling £34m (Appendix 6.2).

10.3 However, having reviewed the detailed budget reduction submissions it is evident that two of the proposals may require longer lead in times and a separate contingency of £1.8m has been included for these items which moves the savings from 2011-12 to 2012-13 as detailed in Appendix 6.2.

10.4 Furthermore, given the scale of the organisational changes necessary to achieve over £40million of savings in one year, implementation delays alone could be £3.5m per month across the full range of savings. With this in mind it is considered appropriate to hold a designated £2m contingency in the budget in addition to general balances. However it is recognised that the position is very tight and it is suggested that more savings are identified for realisation in 2011-12 over and above those identified in this report. This will assist in mitigating these risks and help prepare for 2012-13 and will be reported to Cabinet as part of the regular budget monitoring process.

10.5 As has already been identified, the additional grant loss in 2012-13 and 2013-14 contribute to the need to identify further savings in those years of some £42m to provide a balanced budget over the whole of the financial planning period. The proposals in this report identify £21m of savings leaving a further £21m to identify.

These additional savings proposals will need to be developed over the next twelve months in the light of the implementation of the existing proposals and other changes in government legislation.

- 10.6 It must also be recognised that there are costs associated with delivering a savings and efficiency programme of this scale. As has already been stated in paragraph 8.28 above, the Council has an earmarked Transition Reserve of £10.2m to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. This will need to be supplemented.
- 10.7 Indeed, the Council has already asked staff to volunteer for redundancy with the total redundancy costs of approximately 1,000 staff likely to be around £25m.
- 10.8 The transition costs will be kept under constant review and reported to Members as the position is clearer and as part of the overall budget monitoring process.

11 Equalities Impact Assessment

- 11.1 Under the Equality Act 2010 and the Public Sector Equality Duty (PSED), the Council needs to assess the impact of the budget proposals, and pay due regard to the equality duty. This duty as set out in the Act, covers the following protected characteristics (also referred to as protected groups): age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 11.2 Prior to the making of any final decision the Council will assess the impact of the budget proposals by conducting Equality Impact Assessments (EqIAs), starting with an initial screening which considers whether there is a need for a full EqIA. The Council has an established EqIA corporate process, tools and guidance in place whereby relevant managers have responsibility for undertaking the impact assessment, Directorate Equality Forum Chairs ensure that EqIAs are completed and make recommendations for sign off by directors. A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.
- 11.3 Accordingly the outcomes and recommendations of EqIAs should form the Equality/ Legal comments in any report. EqIAs are published on the Council's website and where practicable, they are appended to the relevant reports. Actions arising from EqIAs are included in departmental business plans to ensure that these are implemented and progress monitored.
- 11.4 The indicative criteria to be applied by all Directorates both in the consultation concerning and in the determination of the future funding of Third Sector organisations, and other organisations where appropriate, is set out in Appendix 8.

12 Risks and Opportunities

- 12.1 When setting the draft MTFP, Service Directors have provided their best estimate of their service costs and income based on the information currently available. However there will always be factors outside of the Council's direct control which will vary the key planning assumptions that underpin those estimates.
- 12.2 There are a number of significant risks that could affect either the level of service demand (and therefore service delivery costs) or its main sources of funding. In addition there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services.
- 12.3 Similarly there are opportunities either to reduce costs or increase income which will not, as yet, have been fully factored into the planning assumptions. The main risks and opportunities are summarised below.

Risks

- Reduction in service standards and/or performance
- Increasing service demand
- Impact of Housing Benefit and other welfare benefit changes
- Delay or non-delivery of savings proposals
- Inflation
- Shortfall in revenue due to general economic climate
- Outstanding and pending legal claims
- Further reduction in NHS joint funding
- Increase in bad debts

Opportunities

- New freedoms and flexibilities
 - New income streams as a result of government White Paper
 - Potential additional savings from Alexandra Park and Palace Trust
- 12.4 An evaluation of these risks forms part of the analysis detailed in Appendix 7.2. An assessment of the possible impact of these risks and opportunities will also form the basis of an on-going review of Reserves and Contingencies.

13 Dedicated Schools Grant

- 13.1 2010-11 is the final year of the current multi-year funding settlement for the Dedicated Schools Grant (DSG). The government has now confirmed DSG funding details for 2011-12 and that it has continued with the 'spend-plus' methodology for distributing DSG in that year; this means that the earliest point at which there could be a reversion to a formula based DSG allocation (including a more equitable Area Cost Adjustment (ACA) factor for Haringey) would be 2012-13.

13.2 The announcement identifies that DSG has, for 2011-12, been maintained at 2010-11 cash levels on a per pupil basis which is a real terms reduction to school funding. The grant has also been broadened to include a number of previously separate grant funded resources which have been included in DSG at the same per pupil level as for 2010-11. Those grants now included within DSG are:

- London Pay Additional Grant;
- School Standards Grant (incl. Personalisation);
- School Development Grant (incl. Specialist Schools);
- School Lunch Grant;
- Ethnic Minority Achievement Grant (EMAG);
- 1-2-1 tuition (making good progress);
- Extended Schools (sustainability and subsidy elements);
- National Strategies (Targeted Support for Primary and Secondary); and
- Diploma Delivery Grant.

In addition resources for the extension of the Free Entitlement for 3 and 4 year olds will be subsumed into the DSG adjusted to reflect population changes and the new enhanced Guaranteed Unit of Funding (GUF).

13.3 In summary therefore the Council's 2010-11 per pupil (GUF) of £5,364.29 taken together with the value of the above grants at 2010-11 levels on a per pupil basis (£942.51) gives a 2011-12 GUF of £6,306.81. Whilst final pupil numbers will not be known until June 2011 at the earliest we have, based on the above information and 2010 pupil numbers, exemplified a DSG for the Council, which amounts to £204.615m. Once the annual school level census (PLASC) has been undertaken (January 2011) and validated a revised estimate of pupil numbers will be used to set school budgets.

13.4 On 20th December the Young People's Learning Agency (YPLA) who, amongst other things fund post 16 provision, issued a statement on 16-19 funding setting out that providers can also expect a real terms cut in funding. The YPLA expects the reduction in average funding per learning to be no more than 3% which it will achieve through transitional funding arrangements.

13.5 The YPLA also announced the intention to consult on a single National Funding Rate, remove some specific grants only payable to school VI form providers and to introduce a Young People's Premium in 2012.

13.6 A key element of the announcement, and the subject of previous consultations in 2010, is the introduction of a Pupil Premium (PP) for disadvantaged pupils up to age 16 in schools. The PP is to be provided by way of a separate ring-fenced grant within the overall Schools Budget Settlement and which must be passed on to schools with disadvantaged pupils. The level of the Pupil Premium in 2011-12 has been set at a flat rate of £430 per disadvantaged pupil; despite indications to the contrary in the government's final consultation papers, no enhancement for differential Area Costs is to be added to the Pupil Premium meaning that its value to Council's such as Haringey which has high levels of child poverty is reduced relative to others. Children who have been looked after for more than 6 months will also attract the Pupil Premium of £430 and the children of service personnel will attract a Pupil Premium of £200.

- 13.7 The government has previously indicated their expectation that schools can make efficiency savings from procurement and 'back office' functions and it appears that they have reflected this in their calculation of the pressures facing schools and therefore in the level of the Minimum Funding Guarantee (MFG) for schools. The MFG, which will take account of the transfer of grants, inflation and assumed efficiencies, has been announced at negative -1.5%.
- 13.8 In addition, and following its deferral by a year, all authorities will have to implement an Early Years Single Funding Formula (EYSFF) from April 2011. This will be used to fund all settings providing the free entitlement (15 hours per week over at least 38 weeks) to 3 and 4 year olds.
- 13.9 The Schools Forum met on 17 January 2011 where their views on the Strategy for the Schools Budget, together with consideration of the final formula for the EYSFF, were sought. The Forum were asked to consider detailed papers and give their views on a number of recommendations; their views in the form of recommendations relating to both of those reports are summarised in Appendix 9.2. The Cabinet, at its meeting of 25 January 2011, were asked to consider and approve the proposed EYSFF.
- 13.10 The financial effects of the budget strategy proposals put to the Schools Forum are summarised in Appendix 9.1. The Cabinet has the final decision making power in relation to those recommendations appended to this report with the exception of School Forum ref: 8.38 which rests with the Forum.
- 13.11 The government has also announced the basis for calculating schools' Devolved Formula Capital (DFC) allocations which, on a like for like basis, indicate a reduction of 80% over 2010-11 levels.

14 Housing Revenue Account

- 14.1 The Department for Communities and Local Government (CLG) has now issued the final figures for the 2011-12 Housing Revenue Account Subsidy determination which form the basis of the proposed HRA Medium Term Plan which is attached as Appendix 10.1.
- 14.2 The target level of balances for the HRA has been set at £5m to reflect the risks associated with the management and maintenance of the housing stock. This is broadly achieved over the three year planning period.
- 14.3 The MTFP for 2011/12 includes £3m for new efficiencies and savings (Appendix 10.4) in potential new efficiencies and savings to set against this target. This is in addition to £0.352m (Appendix 10.3) of existing efficiencies in 2011/12 identified in last years plan.
- 14.4 New investment amounts to £1.705m (Appendix 10.2) in 2011/12 although this primarily relates to the one year restructuring costs of the HfH Property Services Division at £1.455m. This estimate represents the high end of expected costs should

it be appropriate to enhance payments following the current ongoing negotiations with staff and trade unions.

- 14.5 The HRA capital financing charges and associated housing subsidy implications have also been reviewed. These now incorporate a reduction in estimated interest rates on outstanding debt from 6.18% to 5.83% reflecting the redemption of some high interest debt during 2011/12. The savings from this change amounts to £182,000 net of adjustments to subsidy.
- 14.6 All proposed changes have been incorporated in the HRA MTFP for 2011/12. The updated forecast including details of changes between years is set out in Appendix 10.5. The impact on HRA balances is summarised in the table below.

	2011/12 £000	2012/13 £000	2013/14 £000
Opening HRA Working Balance	4,728	5,019	5,581
In-Year Use of Balances	291	562	945
Closing HRA Balance	5,019	5,581	6,525

- 14.7 The subsidy figures have been constructed on a similar basis to that used in previous years. CLG intends to continue with the existing HRA subsidy system until a reformed system of council housing finance is implemented. It is anticipated that these new 'Self Financing' arrangements will come into effect from April 2012 at the earliest. Indeed local authorities are still awaiting the outcome of the consultation process which closed in July 2010 with the Government announcing its intention to use the Devolution and Localism Bill to abolish the current HRA subsidy system.

Management and Maintenance Allowances

- 14.8 Within the subsidy determination Management and Maintenance Allowances are increased by 5.1% to £2,295 per dwelling. Taking into account the reduction in dwellings, this represents an increase in the overall allowances of £1.771m. The Major Repairs Allowance (MRA) per dwelling has increased by 5.7%. Taking account of the reduction in dwellings this represents a cash increase of £0.713m.

Rents and Restructuring

- 14.9 The subsidy determination gives a guideline rent increase of 6.4% per dwelling. This is based on the September 2010 RPI inflation of 4.6% and rental convergence with Housing Association rents by 2015-16.
- 14.10 The average weekly dwelling rents, with caps and limits applied under the government's rent restructuring policy, will increase from £82.13 to £87.49. This is a cash increase of £5.36 per week (6.5%). There will be differing increases across dwellings and a further analysis considering the range of increases is set out below.

Forecast weekly dwelling rents for 2011/12

No. of bedrooms	With Caps and Limits applied		
	Minimum	Maximum	Average
	£	£	£
Bedsit	54.33	95.81	69.72
1	45.37	113.65	74.85
2	65.44	124.79	87.37
3	61.82	132.95	100.58
3+	72.51	156.63	117.10
All dwellings	45.37	156.63	87.49

Percentage change in weekly dwelling rents for 2011/12

No. of bedrooms	With Caps and Limits applied		
	Minimum	Maximum	Average
	£	£	£
Bedsit	3.3%	9.1%	6.9%
1	3.1%	9.9%	6.5%
2	4.2%	8.4%	6.6%
3	4.1%	8.6%	6.5%
3+	4.5%	8.1%	6.4%
All dwellings	3.1%	9.9%	6.5%

It has been past practice for CLG to compensate local authorities for the loss of rent income from applying the Caps and Limits to certain rent increases. Compensation has been applied through adjustment to the following year's subsidy entitlement. The estimated loss from applying the Caps and Limits is £340,000 in 2011-12. However, CLG has not as yet confirmed whether they will continue to fund the cost in 2012-13 and the Council will be seeking assurance that this funding will continue. The HRA MTFS assumes that this compensation will continue.

Service Charges

14.11 In addition to rents tenants receive separate service charges for specific services that they receive. Charges are made for the following services

- Concierge services
- Caretaking
- Grounds Maintenance
- Street Sweeping
- Light and Power (Communal Lighting)
- District Heating
- Water

Each of the above charges have been reviewed to establish the extent to which each covers the cost of provision. The objective of the charges is to cover the cost of provision without penalties in housing subsidy.

14.12 The service charge recovery takes account of income from leaseholders and the same cost apportionment principles have been applied in calculating charges for both leaseholders and tenants.

- 14.13 The review of charges has considered the forecast cost of services for 2011/12 and where income has exceeded actual costs prior years which can be applied to offset increases in 2011/12. Based upon current forecasts most of the service charges can be held at current levels in 2011/12. However, Thames Water Authority has provisionally indicated that charges will be increased by 4.5% in 2011/12. The proposed charges from April 2011 are set out in the table below.

SUMMARY OF SERVICE CHARGE PROJECTIONS 2011-12

Option	Existing Charge per week 2010/11 £.p	Increase %	Increase £ .p.	Proposed New Charge 2011/12 £.p
Concierge	15.23	0	0	15.23
Grounds Maintenance	2.41	0	0	2.41
Caretaking	5.57	0	0	5.57
Street Sweeping	2.98	0	0	2.98
Light and Power (Communal Lighting)	1.06	0	0	1.06
District Heating	9.02	0	0	9.02
Water	5.33	4.5%	0.24	5.56

Information regarding charges for the upgrade of digital aerial services, and the maintenance of un-adopted roads is currently being evaluated.

15 Capital Programme

- 15.1 The Spending Review announcement in October indicated that capital funding from all government departments to Councils would fall by around 45 per cent over the Spending Review period and the Finance Settlement has confirmed these reductions. This has had a significant impact for the Council as previous capital programmes had largely been financed by government grant, supported borrowing approvals or other external funding, although discretionary local schemes with a high priority have been funded by capital receipts. The externally funded programme being proposed by Services for 2011/12 to 2013/14 generally factors in these restrictions on capital funding.
- 15.2 The proposed capital programme for 2011/12 to 2013/14 is summarised in Appendix 11. This also shows the individual schemes within each service area and their associated sources of funding. The three main sources of funding are external grants, capital receipts and reserves and prior year un-used supported borrowing allocations.
- 15.3 As part of the Finance Settlement the Government announced that new supported borrowing approvals will no longer be available from 2011/12 (see paragraph 15.12 below for further details). Prudential borrowing remains a source for funding capital

investment. However, its use will need to be assessed on a project by project basis and a clear business case must be submitted which properly demonstrates that the revenue borrowing costs are affordable within service budgets, otherwise it is unlikely to be approved.

Children and Young Peoples Service

- 15.4 The Building Schools for the Future (BSF) construction programme will formally close in 2011/12 with the completion of the last two projects at Heartlands in April 2011, and Woodside in September 2011. Remaining expenditure on these two projects and the payment of outstanding retentions and fees on the rest of the programme comprises the majority of planned spend in 2011/12. Ongoing contract management and refresh of equipment within the ICT managed service will continue over the next 3 years to September 2013 when the current contract ends.
- 15.5 The main continuing investment projects in the Primary sector are: Broadwater Farm Integrated Learning Campus, the expansion of Rhodes Avenue to three forms of entry, and a project at Mulberry Primary School to replace life expired infant classrooms and improve extended service provision.
- 15.6 The currently proposed CYPS capital programme for 2011/12 to 2013/14 is underpinned by £9.2m of supported borrowing allocations from Government up to and including 2010/11 but previously unused. The funding is largely phased in the latter two years of the programme. Due to the workings of the formula grant system the Council will not in practice receive any additional cash funding to support the associated borrowing cost. The associated debt financing costs have been built into the Medium Term Financial Plan (see also paragraph 15.12 below).
- 15.7 The government has recently indicated that it will be reviewing schools capital grant allocations.

Housing Revenue Account

- 15.8 The only confirmed capital funding stream for the HRA is the Major Repairs Allowance (MRA) for 2011/12 amounting to £13.5m. The current HRA programme is therefore significantly based on this funding stream with some additional funding being provided from corporate resources and leaseholder contributions to fund the proposed programme for 2011/12 of £17.5m. The position for later years is currently uncertain and only indicative figures are included based mainly on the current MRA which is the Government's assessment of the minimum investment required to maintain homes at a decent standard.
- 15.9 For Decent Homes, the Finance Settlement for Haringey indicates that funding for 2011/12 will be substantially reduced from current assumptions by around 60%. Furthermore the CLG have announced that funding allocations will be determined via a bidding process being managed by the Homes and Communities Agency (HCA). The deadline for submission of bids for 2011/12 was 11 January 2011 and allocations are likely to be announced in February at the earliest. If the Council's bid is successful the approved funding will be added to the HRA capital programme at that time.

Other Services Capital Programme

- 15.10 Details of the proposed schemes within ACCS, Corporate Resources and Urban Environment proposed capital programme are included in the Appendix. The ACCS programme is mainly funded from grant resource, e.g. disabled facilities grant and heritage lottery fund. The Corporate Resources and Urban Environment programmes are mainly funded from capital receipts. The latter also includes the capital element of the Transport for London funding which was announced during December and totals £2.8m for Haringey.

Invest-to-Save Opportunities

- 15.11 The capital programme currently includes two schemes within the Accommodation Strategy which will only proceed if they can be supported by a self-financing business case. It is likely that as part of the Council's transformation programme there will be other invest-to-save opportunities that will be incorporated into the capital programme as and when a business case with an appropriate pay-back period has been approved by Members.

Capital Receipts and Reserves

- 15.12 With respect to internal resources, the forecast capital receipts over the planning period 2011/12 to 2013/14 continue to reflect the prevailing uncertain and difficult property market conditions. It is estimated that approximately £19.8m of new usable capital receipts will be available over the planning period phased £9.3m in 2011/12, £7m in 2012/13 and £3.5m in 2013/14. The proposed schemes to be funded from these and other internal resources, e.g. reserves, as considered by Cabinet on 21 December 2010, are based on the Council's investment priorities and also to enable essential health and safety issues to be addressed. The programme allows for the repayment of the Schools Modernisations Grant back to CYPS in 2012/13 as planned.
- 15.13 A robust approach to delivering best value in respect of capital receipts will be adopted. The council may consider using the facility of borrowing.

Supported Capital Expenditure (SCE)

- 15.14 The Finance Settlement announced the abolition of supported capital expenditure allocations from 2011/12. Some priority investment supported through this funding stream may alternatively continue to be supported by capital grants but currently there is no further detail on this. This decision could significantly affect the CYPS and HRA capital programmes in the future as this source of funding accounted for approximately £11m of allocations in 2010/11, £4.7m for CYPS and £6.3m for HRA.

Capitalisation of Redundancy Costs

- 15.15 There is a risk within the overall capital budget regarding the funding of redundancy costs. This is dependent on the nature of any capital authorisation given by the government: if that authorisation is by way of prudential borrowing then this will not

impact on the capital programme as presented. However, if the authorisation is by way of the use of capital receipts then it may be necessary to review the other services element of the Capital Programme to release capital resources to fund these redundancy costs. This will be assessed in the near future.

16 Treasury Management Strategy

- 16.1 The Treasury Management Strategy Statement for 2011-12 was approved by General Purposes Committee on 11th January and Cabinet on 25th January 2011 in accordance with the CIPFA Treasury Management Code of Practice. The report set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.
- 16.2 The key factor underpinning the strategy for 2011/12 is that short term interest rates are expected to remain very low throughout the year in contrast to medium and long term rates. This means that there will be a “cost of carry” if funds are borrowed in advance of capital expenditure being incurred. Therefore the Council anticipates continuing to run a strategy of keeping cash balances low and investing short term, so only borrowing when required.
- 16.3 Some limited additions to the Council’s lending list were proposed in order to provide some further investment capacity. These proposals were put forward having taken advice from the Council’s treasury management advisers and were deemed prudent enough to ensure the credit rating of the Council’s investment portfolio remains high.
- 16.4 The proposed prudential indicators set out in the report were based on the capital programme as detailed in Section 15 above and Appendix 10. They do not reflect the funding of Decent Homes or any capital grants that may be forthcoming in lieu of supported borrowing. The government have not yet made clear how much will be allocated to the Council or how it will be funded. Once this is clear, the prudential indicators will need to be revisited and if necessary revised. Any revisions to the indicators will need to be approved by full Council.

17 Consultation

Public Consultation

- 17.1 The Council informed, consulted and engaged residents on its main budget process in line with the participatory budgeting agenda and the Audit Commission criteria regarding engagement with communities in the financial planning process.
- 17.2 Planning for, and implementation of, the consultation began prior to the announcement of the Government’s Spending Review on 21 October 2010 and Local Government Settlement (LGS) on 13 December – both of which fell within the consultation period.

- 17.3 The consultation could not be delayed until these were announced because of the requirement for the Council to set a legal budget in February 2011. The objectives of the consultation – entitled *Shaping Our Future* – were therefore to:
- Tell people about the spending choices the Council would have to make about services when allocating limited money in future;
 - Enable people to tell the Council what, if any, changes to services they would support; and
 - Capture ideas for saving money and views about the effects of the Government's spending plans locally.
- 17.4 The consultation was undertaken using an online and paper questionnaire both of which contained an invitation to take part as well as factual information about the Council's budget and its services. The paper questionnaire was widely available from the Council's main offices, customer contact centres, libraries, sports and leisure centres and park cafes. It was also distributed with the help of schools and children's centres, area assemblies and partner organisations (inc. HAVCO and Age UK Haringey).
- 17.5 The consultation was supported by a range of activity: three Haringey People articles; press releases; street posters; attendance by Cabinet members and officers at Area Assembly and Haringey Youth Council meetings during the consultation period; the Council's main web site; and YouthSpace web site. The consultation, and the issues it raised, was also covered by the local press.
- 17.6 The online and paper questionnaire included an explanation of the Council's funding sources together with an outline of the overall budget spend across nine service areas, and the Council's current estimated allocation per household across ten service areas. These attempted to communicate complex financial issues in a straightforward way. Participants were asked: how they would allocate funding; what changes to services they would support (if any); and whether or not they used the service they were commenting upon. The scope of the questions was limited given the estimated savings to be made and the requirement that the Council set a legal budget.
- 17.7 Consultation commenced on 4 October. An e-mail was sent to all 'Have Your Say' Haringey Group partners and other Council staff asking them to promote the consultation through their contacts and networks (both on and off line). This was designed to increase the number of residents, businesses, voluntary and community groups and young people taking part. Consultation was due to close on 3 December, but was extended to 17 December to compensate for time taken to produce the paper questionnaire. On 30 November the extension to the deadline was publicised on a wide range of outdoor poster sites in prominent positions around the borough.
- 17.8 Because of the importance of, and impact of, the consultation on every household in the borough, the Council distributed 97,000 questionnaires. 739 completed questionnaires and 10 e-mails were received compared with 20 in the previous year's consultation process.

17.9 The majority of responses were submitted by individuals and included 1,042 ideas and comments. A summary of the findings and main comments are as follows:

- The majority rated rubbish collection and recycling services as very or fairly important; and CCTV as fairly or very unimportant;
- When invited to do so, the majority of respondents allocated a total amount of £4,500 per household across ten service areas (which is broadly the same amount the Council currently spends);
- However, analysing the amounts respondents allocated to each service area individually reveals the following differences from the Council's current allocation:
 - Respondents would allocate less or the same amount to schools and children's centres, children's safeguarding, support for the elderly and people with disabilities, libraries, culture, sports and leisure and environmental services; and
 - Respondents would allocate more than currently spent to tackling crime and anti-social behaviour, reducing carbon emissions, dealing with housing and homelessness, regeneration and access to jobs and training, and support for community organisations.
- Overall, responses support getting others to provide the service for older people and sports and leisure services; reducing library opening times; stopping all landscaping and building in parks and open spaces unless fully funded by others; and working with others to achieve greater efficiency in the delivery of environmental services. They do not, however, support any of the options for change for pre-school facilities.
- Except for users of parks and open spaces and environmental services (who supported stopping all landscaping and building in parks and open spaces unless fully funded by others and working with others to achieve greater efficiency in the delivery of environmental services respectively) the users of the other four services did not support any of the options for change.

17.10 Non-users support: getting others to provide services for older people and pre-school facilities; reducing the opening times of libraries, sports and leisure centres and parks and open spaces; and working with others to achieve greater efficiency in the delivery of environmental services.

17.11 The main issues raised by the 1,042 ideas and comments were about:

- More effective and efficient use of resources through greater means testing and charging of those able to pay for older peoples services;
- Requests that the Council not make any changes to libraries because of their social, cultural and economic role in the life of the borough and/or generating

more income to help finance the service through increased charges, rental/concession space and greater use of technology;

- Ways of generating income in order to finance sports and leisure services through increased and varied charges, more efficient use of centres for corporate business use and health promotion;
- The use of volunteers to encourage greater community involvement and ownership in the maintenance and management of parks and open spaces;
- Use of 'invest to save' in order to increase recycling and reduce collections; generation of more income through fines, penalties and charges; and a request not to make any changes (for public health reasons) in order to maintain and improve levels of cleanliness by the borough's environmental services;
- Securing adequate funding for public services in the borough by Council opposition to the cuts through campaigning and lobbying for increases in taxation; and
- The content and scope of the consultation itself relating to question design, information provided and cost.

- 17.12 The Council will continue to inform, engage and consult residents and service users in order to deal with the ramifications of the unprecedented spending reductions it faces.

Haringey Strategic Partnership

- 17.13 Since June 2010 there has been an on-going dialogue with the Haringey Strategic Partnership (HSP), its sub groups and in community meetings on the impact on Haringey of the Comprehensive Spending Review and in particular the cuts to the area based grant. Theme boards have confirmed their priorities for the coming year and undertaken work to identify the cuts that need to be made and the likely impacts. Further discussion with local community and voluntary groups to provide an opportunity for them to discuss the proposals with councillors and senior managers is planned for February.

Schools

- 17.14 The Schools Forum met on 17 January 2011 where their views on the Strategy for the Schools Budget, together with consideration of the final formula for the EYSFF, were sought. The Forum considered detailed papers and endorsed all of the recommendations in the covering reports. A full list of the recommendations of the Forum on both the EYSFF and 2011-12 DSG Budget Strategy are attached as Appendix 9.2.

Housing Tenants

- 17.15 Consultation with tenants has been carried out on the new basis started last year. From 2010-11 there was a single consultation paper covering both rents and service

charges. This detailed proposed changes in rent and service charges for each tenant in a single statement. This was mailed directly to tenants with the opportunity to make a written response or through a telephone advice and response line. The consultation has been carried out based upon the proposed rent increase of 6.6% together with proposed service charges from April 2011.

17.16 The table below represents the summary of responses from tenants.

Response	Negative	Neutral	Positive	Grand Total	% Response
Email	8	0	0	8	3%
Phone	28	18	6	52	20%
Written	130	24	26	180	75%
Grand Total	166	42	32	240	100%
% Response	69%	18%	13%	100%	

17.17 The 166 (69%) negative responses were by and large from those in work who were already having to face pay freezes and considered the rent & water rates increases unacceptable. The feeling was very strong amongst this group and whilst many accepted that a rise was inevitable, the effect of a weekly rise of £5 or £6 per week was of serious concern to those tenants.

Other Stakeholders

17.18 In addition to the extensive consultation detailed above the Council has also presented the budget proposals to the Trade Unions and other stakeholders. The proposals for savings set out in Appendix 6.1 and 6.2 contain significant reductions in what had previously been schemes for grant funding a variety of organisations. The majority of these organisations are third sector organisations, comprising voluntary organisations, community organisations and others. However, there are also a lesser number of private sector organisations that receive funds through the grant funding arrangements. The significant savings in the grant funding arrangements will require consultation with these organisations and the determination of new funding arrangements through the application of criteria designed to reflect the new priorities of the Council. Attached at Appendix 8 are indicative criteria for use by individual Directorates when taking funding decisions under particular funding schemes. Each Directorate will tailor these criteria to its particular needs and will apply them initially on an indicative basis for the purpose of consultation. Each Directorate will consult appropriate organisations following the application of its detailed criteria. The responses to the consultation will be taken into account in making the final determination, including any relevant comments concerning the detailed criteria themselves.

Overview and Scrutiny

17.19 The Overview and Scrutiny Committee met on 5th, 17th and 31st January 2011 to consider the Council's Medium Term Financial Plan. Particular attention was given to the proposed savings set out in Appendix 6 of this report, but all areas of the plan were given consideration by the Committee.

17.20 The Cabinet has given careful consideration to the specific recommendations made by the Committee and both the recommendations of the committee and the Cabinet's responses are set out in Appendix 12 (to be tabled).

18 Summary

18.1 The projected available funding available for 2011-12 as reported to Cabinet in December 2010 required savings to be identified totalling £46.5m to deliver a balanced budget for that financial year. Since the December meeting however, additional potential funding of £2.7m has been identified (£1.5m increase in the Council Tax base and £1.2m in New Homes Bonus) together with a reduction in the projected provisions required for inflation (£1.2m less), NLWA (£1.0m less) and pension and other costs (£0.6m). This has brought the saving requirement down to £41.0m.

18.2 Nevertheless, this remains an incredibly challenging requirement, representing as it does over 14% of the Council's net budget: and all to be achieved within a twelve month period. Savings of this magnitude will have a profound impact on the level of service provision that can be provided to residents and local businesses and the way in which those services are delivered.

18.3 As the MTFP indicates, the government's current spending plans will continue to put strains on the Council's available funding, notwithstanding the new 'freedoms and flexibilities' promised through the localism agenda. The current projected savings still to be identified in 2012-13 and 2013-14 total a further £42m. Recent growth figures announced for the national economy suggest that the country is still a long way from seeing an economic recovery.

18.4 This will mean that the level of demand for the Council's services, particularly from the most vulnerable in our society, will continue to increase the spending requirement whilst the available resources continue to be squeezed.

18.5 The current proposed Medium Term Financial Plan reflects those risks (and to a lesser extent opportunities) that can be realistically assessed at this point in time. However, the scale of social change that will be driven by the Government's proposals from its Spending Review will mean that the Council will need to review on at least a quarterly basis the robustness of the key planning assumptions and be prepared to adjust the plan accordingly.

19 **Comments of the Head of Legal Services**

- 19.1 The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by a robust and comprehensive Medium Term Financial Plan. The report proposes to Members that a process of consultation be undertaken on the HESP proposals for savings which will involve relevant groups of the community, service users and staff. The Council must have due regard to its duties under the Equality Act 2010 when taking final decisions on the savings proposals and this in appropriate cases will include the carrying out of equality impact assessments and considering the results of these before taking final decisions. Members are reminded that in cases where a proposal involves a change to arrangements to meet a statutory duty, members will need to be assured before taking a final decision that the proposals for an alternative means of meeting that statutory duty are adequate.

SUMMARY OF MEDIUM TERM FINANCIAL PLAN TO MARCH 2014

Appendix 1

	2011-12 £'000	2012-13 £'000	2013-14 £'000	Totals £'000
Total Net Service Cost Brought-forward	307,829	286,169	273,939	
Changes and Variations	23,648	11,173	18,863	53,684
Prior-year Agreed Growth	(640)	(203)	(25)	(868)
Prior-year Agreed Savings	(3,614)	(283)	-	(3,897)
Total Funding Requirement before Savings	327,223	296,856	292,777	
Total Projected Available Funding	286,169	273,939	273,039	
Total Savings Requirement	(41,054)	(22,917)	(19,738)	(83,709)
Savings Proposals - December Cabinet	(12,564)	(10,114)	(5,675)	(28,353)
New Savings Proposals	(28,490)	(6,014)	492	(34,012)
Total HESP Savings Proposals	(41,054)	(16,128)	(5,183)	(62,365)
Budget Shortfall - Savings to be Identified	-	(6,789)	(14,555)	(21,344)

MEDIUM TERM FINANCIAL PLAN TO MARCH 2014

Appendix 2

	2010-11 Revised Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Prior Year Approved Savings £'000	New Savings £'000	2011-12 Projected Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Prior Year Approved Savings £'000	2012-13 Projected Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Savings £'000	2013-14 Projected Budget £'000
Funding Requirement - General Fund														
Service Areas (excluding Corporate Recharges and Capital Financing Costs)														
Children's and Young People	73,837	-	7,362	(445)	(10,262)	70,492	-	(1,983)	-	(3,876)	64,633	(741)	0	63,892
Adults Culture and Community Services	95,101	1,240	4,402	(406)	(10,326)	90,011	60	2,819	-	(4,917)	87,973	(25)	(2,405)	88,028
Urban Environment	46,613	(1,308)	2,240	(1,826)	(7,508)	38,211	(149)	-	(221)	(1,092)	36,749	-	(216)	36,533
Sub-Total	215,551	(68)	14,004	(2,677)	(28,096)	198,714	(89)	836	(221)	(9,885)	189,355	(25)	1,744	188,453
Corporate Services														
Corporate Resources	37,095	(175)	200	(686)	(6,975)	29,459	-	-	(62)	(59)	29,338	-	(732)	28,606
People & Organisational Development	5,756	-	-	(143)	(3,129)	2,484	-	-	-	(427)	2,057	-	(130)	1,927
Policy, Performance, Partnership & Communication	6,166	-	-	(107)	0	6,059	-	-	-	-	6,059	-	-	6,059
Chief Executive	2,979	(300)	-	(1)	-	2,678	-	-	-	-	2,678	-	-	2,678
Non-Service Revenue	40,283	(97)	4,144	-	(2,854)	41,476	(114)	3,337	-	(5,757)	38,942	-	(1,700)	46,861
Inflation Provision	-	-	5,300	-	-	5,300	-	7,000	-	-	12,300	-	7,500	19,800
Sub-Total	92,279	(572)	9,644	(937)	(12,958)	87,456	(114)	10,337	(62)	(6,243)	91,374	-	17,119	105,931
Total Funding Requirement	307,829	(640)	23,648	(3,614)	(41,054)	286,169	(203)	11,173	(283)	(16,128)	280,728	(25)	18,863	294,383
Funding Sources														
Formula and Core Grants (excl DSG)	206,859	-	-	-	(26,914)	179,945	-	-	-	(14,730)	165,215	-	(3,500)	161,715
New Homes Grant	-	-	-	-	1,200	1,200	-	-	-	-	1,200	-	-	1,200
Council Tax	100,970	-	-	-	1,530	102,500	-	-	-	2,500	105,000	-	2,600	107,600
Council Tax Grant	-	-	-	-	2,524	2,524	-	-	-	-	2,524	-	-	2,524
Total Available Funding	307,829	-	-	-	(21,660)	286,169	-	-	-	(12,230)	273,939	-	(900)	273,039
Budget Shortfall - Savings to be Identified							0				6,789			21,344

New Revenue Investment Proposals

Ref	Directorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2013/14 over 2012/13 £'000	Total	Impact on Service / Performance	Priority
1	Adults Culture & Community Services	AC02 Adult Social Care Services	Reduced contributions from NHS - Haringey regarding Learning Disabilities service users.	695			695	The NHS fund a number of NHS Continuing Care packages and placements and part fund a number of establishments.	A Healthy Caring Haringey
2	Adults Culture & Community Services	AC02 Adult Social Care Services	Reduced contributions from NHS - Haringey regarding Mental Health service users.	383			383	As above	A Healthy Caring Haringey
3	Adults Culture & Community Services	AC02 Adult Social Care Services	Demographic pressures Mental Health. Increasing client numbers year on year have resulted in an uncontainable pressure in 2009/10 and 2010/11.	556			556	Despite using prescribed pricing tools; managing the interface between health and social care Haringey attracts a high number of mental health users from inner city boroughs, coupled with the reduction in acute beds in the MHT and acute commissioning spend.	A Healthy Caring Haringey
4	Adults Culture & Community Services	AC02 Adult Social Care Services	Demographic pressures Older People. Increasing client numbers year on year have resulted in an uncontainable pressure in 2009/10 and 2010/11.	455			455	In line with national trends and demographic pressures Haringey is experience growth in Older Peoples Services. Again, as for all client groups, despite the vigorous application of pricing tools a funding pressure has emerged over recent years.	A Healthy Caring Haringey
5	Adults Culture & Community Services	AC02 Adult Social Care Services	Demographic pressures Physical Disabilities. Increasing client numbers year on year have resulted in an uncontainable pressure in 2009/10 and 2010/11. Additional growth is anticipated	466	244	169	879	As above (older people)	A Healthy Caring Haringey
6	Adults Culture & Community Services	AC02 Adult Social Care Services	Transition - To fund the increased needs of young people when they leave school or reach 18 in 2011-14. All client groups. A total of 184 children over 3 years. Assumes health income of £1.4m.	1,847	2,575	2,316	6,738	Without the transition growth we will be unable to fund the new cases coming through from CYPs to Adults services. The commissioning budget will significantly overspend particularly since these new cases tend to have very high needs and high spend attached. Although everything possible is done through the transition process to achieve good value for money prior to the transfer to adult services this does not negate the financial impact of these transition cases.	A Healthy Caring Haringey
	Adults Culture & Community Services			4,402	2,819	2,485	9,706		
7	Children & Young People	Children & Families	To fund the appropriate structures in Safeguarding and Support / First Response to enable the effective evaluation of children for care services.	715			715	Increase in costs necessary to accommodate the increased number of Children being referred and assessed for care services.	A Safer Haringey

New Revenue Investment Proposals

Ref	Directorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2013/14 over 2012/13 £'000	Total	Impact on Service / Performance	Priority
8	Children & Young People	Children & Families	Demographic pressures - Looked after Children. The number of LAC has continued to increase above the number assumed in the base budget.	4,000	(1,983)	(741)	1,276	Necessary to cope with the full year effects of the current number of children in care. Future years' reductions dependent on successful management action.	A Safer Haringey
9	Children & Young People	Children & Families	An increase in the legal costs budget which is necessary to reflect an increasing children in care population due to increase in child care cases.	500			500	Volume increase in legal case work associated with the higher number of Children-in-Care. Delays in representing cases in court leads to higher costs and potentially worse outcomes for C-i-C.	A Safer Haringey
10	Children & Young People	Children & Families	This is necessary to fund a range of costs associated with families with children who have No Recourse to Public Funds as a result of their immigration status.	1,000			1,000	Establishment of base budget provision for group unsupported by grant. This group has no other means of supporting their families and therefore children are potentially at risk.	A Safer Haringey
11	Children & Young People	Children & Families	To fund client related expenditure in respect of homeless 16 and 17 year olds who must, following court judgement, receive services as a LAC.	301			301	To accommodate the on-going pressure in this area caused by the Southwark Judgement, which places an obligation on authorities to recognise this client group as being entitled to care services.	A Safer Haringey
12	Children & Young People	Children & Families	To provide the appropriate allowances for those looking after children as 'Special Guardians' as an alternative to other care arrangements.	521			521	To achieve more cost effective placement of children through the SG route rather than more expensive placement alternatives.	A Safer Haringey
13	Children & Young People	Children & Families	To fund the appropriate structures in the Children-in-Care Service to provide effective services for those children placed in care and ensure the best long term care solution is achieved.	325			325	Increase in costs necessary to accommodate the higher numbers of Children-in-care and the appropriate staff infrastructure.	A Safer Haringey
	Children & Young People Total			7,362	(1,983)	(741)	4,638		
14	Corporate Resources	BLT	On going economic downturn could continue to place pressure on workload for the division, impacting on the performance of housing and council tax benefit days to pay. As in 2010 /11 additional resources may be needed to meet the pressures in 2011/12, if performance is to be maintained or improved. If economy picks up, may not be required 2012/13+	200	0	0	200	The last 7 months have seen a reduction in the combined Days to Pay for New Claims & Changes of Circumstances (NI 181), largely brought about by improvements in staff productivity, more efficient operational processes and the steady reduction in the build up of old outstanding claims. However the on going impact on our workload from the current economic climate and the need for us to undertake other proactive measures in running an efficient service (data matching, running of control reports, subsidy control & cleansing) continue to add to our pressures. Without additional resources, maintaining current performance, and achieving further improvements, is likely to be a challenge for the Service.	Delivering High Quality Efficient Services

New Revenue Investment Proposals

Ref	Directorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2013/14 over 2012/13 £'000	Total	Impact on Service / Performance	Priority
	Corporate Resources			200	0	0	200		
	Urban Environment	Housing & Strategy	Housing Subsidy Shortfall – changes to subsidy rules from this year and further changes from next year leading to shortfall in base budget.	2,200			2,200	The Housing Benefit Subsidy changes have created an underlying shortfall in the Council's income stream. Further changes will be implemented on the 1st April 2011. This balance will meet the gap that remains after all the cost cutting measures carried out by the Service. It will allow the Council to continue to discharge its statutory homelessness duty to vulnerable clients.	A Healthy Caring Haringey
16	Urban Environment	Planning & Regeneration	North London Strategic Alliance - sub-regional working.	40			40	NLSA is working in partnership with north london boroughs to ensure improved and cost effective shared services.	Delivering High Quality Efficient Services.
	Urban Environment			2,240	0	0	2,240		
	Total			14,204	836	1,744	16,784		
	Grand Total								

Changes and Variations

Item	Potential / Known Budget Pressure	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2013/14 over 2012/13 £'000	Total £'000
1	Inflation	5,300	7,000	7,500	19,800
2	NLWA - additional cost of new facility			1,900	1,900
3	NLWA - Increase in Landfill Tax	500	2,100	400	3,000
4	Increase in cost of concessionary fares	2,500	500	500	3,500
5	Carbon reduction commitment	500			500
6	Council Tax Benefit - subsidy 10% reduction			4,000	4,000
7	Risks to future government funding and changes in the Welfare Benefits system		2,500	2,600	5,100
8	Single Status- outstanding settlements	1,000			1,000
9	Debt Financing Costs (net)	(356)	(1,763)	219	(1,900)
	Changes and Variations Total	9,444	10,337	17,119	36,900

London Borough Of Haringey
Pre-Agreed Investments
2011/12 to 2013/14

Appendix 5.1

Pre-Agreed Revenue Investments											
Ref	Directorate	Business Unit	Area / Service	As Agreed by Council			Planned Impact	Progress	Revised or Restated		
				2011/12 over 2010/11		Total			2011/12 over 2010/11		Total
				£'000	£'000	£'000			£'000	£'000	£'000
1	Adults, Culture & Community Service	AC02 Adult Social Care Services	LD Non Transition Growth	450		450	To meet the needs of new cases of people with learning disabilities as the population increases. Based on national population data.	Figures have been revised using PANSI data over the coming 3 years. Growth in year 1 is slightly lower than anticipated. Years 2 and 3 form a new growth bid.	377		377
2	Adults, Culture & Community Service	AC02 Adult Social Care Services	LD Transition growth	939	60	999	To fund the increased needs of young people at or when they leave school or reach 18 in 2010-11. There has been a high number of people with complex needs transferring from children's in this group.	Continuous monitoring throughout budget management process. Some variations on anticipated activity for 2010/11.	939	60	999
3	Adults, Culture & Community Service	AC02 Adult Social Care Services	Sports and Leisure investment programme	1,389	60	1,449	Supporting loss of income during closure of Park Road during refurbishment.	Contract now let works progress on site in Nov 10 for completion March 2011.	1,316	60	1,376
4	Chief Executive's Service	AC03 Recreation Services	One-off funding to cover the cost of local elections in 2010/11 for which no central Govt funding is received.	(76)	0	(76)	The elections took place in May 2010 as planned	The elections are periodic and therefore this funding will not be required in 2011/12.	(76)	0	(76)
		CE Chief Executive and Electoral Services Total		(300)	0	(300)			(300)	0	(300)
5	Corporate Resources	CR03 Corporate Finance / Audit	Accounting and Property Services Support for the Implementation of International Financial Reporting Standards (IFRS) to be implemented from 1 April 2010.	(50)		(50)	The resource was used to ensure that Haringey can comply with the requirements of IFRS which was implemented from 1/04/2010	Work progressed as planned however, it has highlighted the need for an annual revaluation of the Commercial Portfolio to ensure on-going compliance. This is estimated to require an on-going resource of £25k.	(25)		(25)
		CR03 Corporate Finance / Audit Total		(50)	0	(50)			(25)	0	(25)
6	Corporate Resources	CR074 Information Technology	Saving from tendering of Managed Service Provider (MSP) contracts, after one-off investment.	(150)		(150)	Reduction in IT contractual costs from Managed Service Providers	Contracts are being renegotiated as they come up for renewal - on target to achieve reduction for 2011/12	(150)		(150)
		CR074 Information Technology Total		(150)	0	(150)			(150)	0	(150)

London Borough Of Haringey
Pre-Agreed Investments
2011/12 to 2013/14

Appendix 5.1

Pre-Agreed Revenue Investments											
Ref	Directorate	Business Unit	Area / Service	As Agreed by Council		Planned Impact	Progress	Revised or Restated			Total Variance (Revised - Agreed)
				2011/12 over 2010/11	2012/13 over 2011/12			2011/12 over 2010/11	2012/13 over 2011/12	2013/14 over 2012/13	
7	Policy, Performance, Partnerships & Communications	PP04 Policy & Performance	To fund a comprehensive Information function, with geographical information system (GIS) capability, for the Council & HSP. Enables enhanced needs analyses to inform service provision. Essential to meet CAA requirements.	4		4 Enables enhanced needs analyses to inform service provision. Essential to meet CAA requirements.	Support Functions Review of Policy & Performance in progress Business Intelligence Manager post (Information Manager) to be filled.	0		0	4
		PP04 Policy & Performance Total		4	0	4		0	0	0	4
8	Urban Environment	UE08 Frontline Services	Effective procurement of Public Realm Strategic Contract	(150)		(150)	Procurement is scheduled to complete in 2010-11 so this budget will no longer be required - but £50k already taken as Legal saving in 10-11	(100)		(100)	(50)
		UE08 Frontline Services Total		(150)	0	(150)		(100)	0	(100)	(50)
9	Urban Environment	UE06 Strategic and Community Housing Services	Additional Resources to maintain momentum in Housing Improvement Plan	(250)		(250)	Will reflect restructures that are happening in the service.	(250)		(250)	0
10	Urban Environment	UE06 Strategic and Community Housing Services	Private Sector Leasing Renewals	(694)		(694)	Payback of investment in earlier years	(694)		(694)	0
11	Urban Environment	UE06 Strategic and Community Housing Services	Rent Deposit Scheme	(264)	(89)	(353)	Payback of investment in earlier years	(264)	(89)	(353)	0
		UE06 Strategic and Community Housing Services Total		(1,208)	(89)	(1,297)		(1,208)	(89)	(1,297)	0
12	Urban Environment	UE09 Planning, Regeneration & Economy	To support and encourage Olympic activity and increase benefit to the borough of the Olympics.		(60)	(60)	First round of projects commissioned for 10/11. Second round of commissioning suspended subject corporate funding.		(60)	(60)	0
13	Urban Environment	UE09 Planning, Regeneration & Economy	Extension of an existing Credit Union into Haringey, base services funded by area based grant, some additional investment required for other services such as pre-paid cards.			0 Increased support to those residents that meet the criteria.	Preparations for launch in Dec/Jan subject to changes in current legislation.			(25)	25

London Borough Of Haringey
Pre-Agreed Investments
2011/12 to 2013/14

Appendix 5.1

Pre-Agreed Revenue Investments													
Ref	Directorate	Business Unit	Area / Service	As Agreed by Council			Planned Impact	Progress	Revised or Restated			Total Variance (Revised - Agreed)	
				2011/12 over 2010/11	2012/13 over 2011/12	Total			2011/12 over 2010/11	2012/13 over 2011/12	2013/14 over 2012/13		
		UE09 Planning, Regeneration & Economy Total		0	(60)	(60)			0	(60)	(25)	(85)	25
		Total		(541)	(89)	(630)			(543)	(89)	(25)	(657)	27
14	Alexandra Park & Palace	Alexandra Park & Palace	Ice Rink	-97	-114	-211			(97)	(114)		(211)	0
		Grand Total		(638)	(203)	(841)			(640)	(203)	(25)	(868)	27

London Borough of Haringey
Pre-Agreed Savings
2011/12 to 2013/14

Appendix 5.2

Pre-Agreed Revenue Efficiency Savings													
Ref	Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Progress	Revised or Restated			Total	Variance (Revised - Agreed) £'000	
				2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000		2011/12 over £'000	2012/13 over £'000	2013/14 over 2012/13 £'000	£'000	£'000	
1	Adults, Culture & Community Service	AC03 Recreation Services	Price increases - 5% above inflation spread over 2 years 2010/11 & 11/12.	125		125	Fees and charges benchmarking currently being undertaken, seeking to conclude and propose new schedule of charges by end of September 10 for inclusion in corporate performance report in Nov10.	125			125	0	
2	Adults, Culture & Community Service	AC03 Recreation Services	Broadwater Farm Community Centre Refurbishment. The net saving includes cumulative additional running costs of £87k from 2010/11 to 2012/13.	18		18	linked to staffing efficiencies, through reshaping of programmed activity and staff requirements.	18			18	0	
3	Adults, Culture & Community Service	AC04 Culture, Libraries & Adult Learning	Community programmes staff restructure.	40		40	40 FYE of 2010/11 saving. Achieved.	40			40	0	
4	Adults, Culture & Community Service	AC04 Culture, Libraries & Adult Learning	Reconfiguration of Muswell Hill Library allowing extension of use of Radio Frequency Identification self issue system.	100		100	On target	100			100	0	
5	Adults, Culture & Community Service	AC05 Commissioning & Strategic Services	Realignment of support services.	123		123	The Director of ACCS has agreed that this should be equally split between S&SS, Recreation and CLL. The SSS proportion is £41k and there are specific plans in place to achieve this saving.	123			123	0	
6	Adults, Culture & Community Service Total	CE Chief Executive and Electoral Services	Deletion of a post in the secretariat.	406	0	406		406	0	0	406	0	
	Chief Executive's Services			1		1	This saving will be achieved.	1			1	0	
	Chief Executive's Services Total			1	0	1		1	0	0	1	0	
7	Policy, Performance, Partnerships & Communications	PP05 Communications	Eliminate Smart Talk design costs by switching to template system.	10		10	System now designed.	10			10	0	
8	Policy, Performance, Partnerships & Communications	PP05 Communications	Design savings on council's overall MarComms outputs by using template system (over and above SFR savings).	40		40	Templates currently being created.	40			40	0	
	Policy, Performance, Partnerships & Communications Total			50	0	50		50	0	0	50	0	
9	Corporate Resources	CR02 Benefits & Local Taxation	Savings in the costs of design, production & amendments to BLT documentation currently incurred through DSI or Gandlake, by using Laserserve software.	20	0	20	Project brief and business case being developed with revised consideration of supplier.	20	0	0	20	0	
10	Corporate Resources	CR02 Benefits & Local Taxation	Frontloading court costs (between Summons & Liability Orders) to recover these at an earlier stage & revise Customer Services procedures to minimise the number of summonses withdrawn.	50	0	50	On target to achieve expected efficiency savings	50	0	0	50	0	

London Borough of Haringey
Pre-Agreed Savings
2011/12 to 2013/14

Appendix 5.2

Pre-Agreed Revenue Efficiency Savings									
Ref	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated		Variance (Revised - Agreed) £'000
				2011/12 over 2010/11	2012/13 over 2011/12		2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	
11	Corporate Resources	CR03 Corporate Finance / Audit	The planned reshape/restructure of the whole business unit will ensure both the pre agreed savings for 07/08 and now these further savings are achieved in 2010/11.	15		15 It is likely that additional savings will now be achieved given the wider SFR of Financial Management that will be undertaken during 2010/11. These additional savings will be incorporated within the HESP.	15		0
12	Corporate Resources	CR03 Corporate Finance / Audit	Reconfiguration of cashier and payment services to customers.	65		65 Plans are in place to effect the closure of the cash office at 247 High Road by 30 April 2011.	65		0
13	Corporate Resources	CR04 Corporate Procurement	Alternative savings will be made across all budgets within the Procurement Service.	20		20 An accounts payable clerk is due to retire and this opportunity will result in deletion of the post to fund these efficiency savings.	20		0
14	Corporate Resources	CR05 Property	Review of Commercial Portfolio and implementation of Manhattan with improved debt management.	30	30	30 Savings have been achieved in prior years following the implementation of Manhattan. Currently it is expected that this further saving will be achievable even if not directly as a result of improved debt management.	0	30	0
15	Corporate Resources	CR05 Property	Commercial Income - above inflation growth on income in future years.	33	32	65 The Commercial portfolio essentially comprises 2 parts: Industrial & Commercial (I&C) and Techno park. Current year projections show that although I&C is likely to achieve existing income targets, Techno park will not. Efforts will be made to identify alternative options to reduce budgets to deliver this saving.	33	32	0
16	Corporate Resources	CR05 Property	Additional fee income (Valuation / Development) Supporting regeneration projects not relating to Council Land.	10		10 Will achieve	10		0
17	Corporate Resources	CR05 Property	Hornsey Town Hall – Operational staff reductions.	30		30 Will achieve	30		0
18	Corporate Resources	CR05 Property	Additional efficiencies following the letting of the planned & reactive maintenance works contract in Sept. 2008.	25		25 Will achieve	25		0
19	Corporate Resources	CR05 Property	Additional fee income from Staff car parking scheme.	5		5 Will achieve	5		0
20	Corporate Resources	CR05 Property	Savings resulting from further structural changes and a review of Administrative process following the reshaping.	20		20 Will achieve	20		0
21	Corporate Resources	CR05 Property	Further savings through reduction in staffing levels supporting building related services.	88		88 Will achieve	88		0
22	Corporate Resources	CR05 Property	Reduced energy costs from the administrative building portfolio.	30		30 Will achieve	30		0
23	Corporate Resources	CR05 Property	Potential efficiency from the development of a shared helpdesk between Property & IT.	50		50 Will achieve	50		0

London Borough of Haringey
Pre-Agreed Savings
2011/12 to 2013/14

Appendix 5.2

Pre-Agreed Revenue Efficiency Savings											
Ref	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated			Variance (Revised - Agreed) £'000	
				2010/11	2011/12 over 2010/11		2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2013/14 over 2012/13 £'000		Total £'000
24	Corporate Resources	CR05 Property	Modernisation of the Office Cleaning Service.	20		20 Will achieve	20			20	0
25	Corporate Resources	CR06 Legal Services	2 in-house advocates in social care division. Saving to client by reducing spend on counsel.	30		30 The average cost of care cases has reduced and is reducing significantly as a consequence of efficiency measures taken by the social care team. This would ordinarily have shown the saving required or perhaps more had not demand increased significantly over the same period. Saving in cost per case has been achieved.	30			30	0
26	Corporate Resources	CR06 Legal Services	1 project lawyer in commercial division. Saving to client by reducing spend on external solicitors.	25		25 Staff is in post and has provided a saving for the council by taking on complex contract work and avoiding the usage of external solicitors. Although the level of commercial contract activity may reduce moving forward the saving should be met as part of the proposed centralisation of corporate legal services.	25			25	0
27	Corporate Resources	CR06 Legal Services	VFM review of non Corporate Legal Service (Registrars and Land Charges).	50		50 There will be a change of Head of Registrars and they will be involved in this project. Currently the two services are showing under spends projected at £20k year end each and this makes the prediction of slightly larger savings next year following a review realistic.	50			50	0
28	Corporate Resources	CR073 Customer Services	Reduction in sickness.	5		5 Results filtering through as a result of proactive management actions.	5			5	0
29	Corporate Resources	CR073 Customer Services	General efficiency (non replacement of vacancies).	50		50 Several vacancies have occurred and the posts have not been filled.	50			50	0
30	Corporate Resources	CR073 Customer Services	Right first time (process optimisation).	20		20 BPR is ongoing in high volume areas.	20			20	0
31	Corporate Resources	CR074 Information Technology	Merger of support functions.	25		25 Final tranche of pre-agreed savings - will be achieved for 2011/12.	25			25	0
32	Corporate Resources Total			686	62	748	686	62	0	748	0
	Children & Young People's Service	CY04 Business Support & Development	Student Support Service Mgt-Administration. Further reduction of Student Finance staff as front line services are nationalised.	83		83 Expected to be achieved.	83			83	0
33	Children & Young People's Service	CY02 Children & Families (including Safeguarding)	Costs allowable under revised regulations, in respect of SEN Transport have been charged against the DSG to release General Fund resources.	300		300 This is dependant on savings being identified within the DSG. At this stage it is expected to be achieved.	300			300	0
34	Children & Young People's Service	CY01 Change for Children (including Children's Networks)	Review of staffing levels & service efficiency within Children's Networks.	62	0	62 This will be achieved in the Play Service.	62	0	0	62	0
	Children & Young People's Service Total			445	0	445	445	0	0	445	0

London Borough of Haringey
Pre-Agreed Savings
2011/12 to 2013/14

Pre-Agreed Revenue Efficiency Savings										
Ref	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated		Total	Variance (Revised - Agreed) £'000
				2010/11	2011/12		2010/11	2011/12	£'000	£'000
35	People & Organisational Development	PD02 Human Resources	Further review HR/OD service model for advisory & developmental delivery - work in partnership with others. Savings to be found from rationalisation of non-salary spend across the whole of the Directorate. Service reshape and service reductions.	61	61	61 Savings to be achieved through service review and added into HESP savings review proposals/ targets.	61		61	0
36	People & Organisational Development	PD02 Human Resources	Savings to be found from rationalisation of non-salary spend across the whole of the Directorate.	2	2	2 As above	2		2	0
37	People & Organisational Development	PD03 Organisational Development	Service reshape and service reductions.	23	23	23 Savings to be achieved through SFR review of learning and development, change management etc and subsumed into HESP savings review proposals/ targets.	23		23	0
38	People & Organisational Development	PD04 Local Democracy	Deletion of 1 FTE Principal Committee Coordinator post by reduction of meetings.	40	40	40 The PBPR pre-agreed revenue savings totalling £57k are being covered by a full review of the service.	40		40	0
39	People & Organisational Development	PD04 Local Democracy	Review services and staffing.	17	17	17 As above	17		17	0
	People & Organisational Development			143	143		143	0	143	0
40	People & Organisational Development	PP04 Policy & Performance	Overall Policy & Performance (PP04) resources reviewed.	57	57	57 This saving is absorbed into the Support Functions review of Policy & Performance.	57		57	0
	Policy, Performance, Partnerships & Communications			57	57		57	0	57	0
41	Urban Environment	UE08 Frontline Services	Integrated Waste Management & Transport Contract.	1,165	1,165	1,165 Procurement is on-going and at present savings target is expected to be met. Some savings may be achieved by reductions in vehicle costs recharged to other Departments.	1,165		1,165	0
42	Urban Environment	UE08 Frontline Services	Additional income to be generated through the Parking Plan.	150	150	300 Parking income is at present well short of the budget target, although actions to increase income have been developed these are in the process of being considered.	300	0	300	0
43	Urban Environment	UE08 Frontline Services	Spend to save, Replacement of illuminated bollards with solar powered bollards.	33	33	33 This saving was linked to a capital bid in 2010-11 that was rejected - hence the revenue saving cannot be achieved.	0		0	33
44	Urban Environment	UE06 Strategic and Community Housing Services	Housing - Reduce Temporary Staff / Reduce Agency Staff / Review Number of Posts	311	311	311 Structures have moved on within Housing and this will now be met by Phase 1 of the Housing restructure.	311		311	0
45	Urban Environment	UE06 Strategic and Community Housing Services	Estimated saving from release of additional staff brought in to achieve 2 star service and relocation of Housing Services from Apex Hse to RPH where post & facilities mgt functions are provided corporately		221	221 Structures have moved on within Housing and this will now be met by Phase 1 of the Housing restructure.		221	221	0
46	Urban Environment	UE09 Planning, Regeneration & Economy	Reduced legal expenditure(both Internal and External)	10	10	10 Budgets to be amended. Service has reviewed its use of Legal services.	10		10	0
47	Urban Environment	UE09 Planning, Regeneration & Economy	Increased Pre application planning fees.	10	10	10 Number of PAPA's increasing, service is confident that the income for this service will increase.	10		10	0

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Appendix 6.1

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
People and Organisational Development Service/ Policy, Performance, Partnerships and Communication/ Chief Executive							
1	Review of HR services - to determine a revised service offer that will deliver the support and service that the organisation needs to manage its people resource within the constraints of a reduced and limited cash budget.	259	0	0	259	HR service is critical to ensuring that the Council manages people change. The future service will be focussed on enabling this change.	EIA screening tool
2	Review of OD&L - The review of Organisational Development activity will aim to improve the OD Service Offer to the council in the context of the need for savings and efficiencies.	187	60	80	327	OD service to focus on helping the Council manage change in a period of transition.	EIA screening tool
3	Apprenticeships & Trainees - cessation of corporate scheme	165	0	0	165	The current labour market is proving sufficient to provide staff.	Yes
4	CE projects budget - reduce by 25%	17			17	Improved corporate planning of spend across the authority should reduce the need to fund one-off projects by the Chief Executive and should not impact on delivery.	No
5	Cease Equalities Events Funding	47			47	Events will need to be delivered through alternative routes such as the Third Sector.	No
6	Review of Customer Focus budget within Policy & Performance - a phased reduction to allow the development of customer insight.	117			117	Activity around the Wow awards will cease along with the subscription to the Institute of Customer Service. An internal staff recognition scheme will be developed to recognise staff achievements.	No
7	Review of secretariat - reduce staffing and associated running expenses	45			45	This is the secretarial support for the Chief Executive's services which will be managed.	No
8	Review central feedback function - proposals to amend current corporate complaints procedure and centralise the handling of Members enquiries etc. linked to an upgrade of the 'Respond' database		65	50	115	A review of the process for managing feedback will allow the reduction to be managed.	Yes
9	Review of Translation & Interpretation Service - re-assess balance between in-house and external service provision	124	0	0	124	Alternative models of delivery will ensure that a service remains available where it is required.	Yes
	POD/PPPC/CE Grand Total	961	125	130	1,216		
Corporate Resources							
10	Reduce Corporate Landlord and Repairs and Maintenance - This will reduce the Maintenance and Repair spend on both Operational and Commercial properties within the Council's Portfolio	70	0	0	70	Reduction on non-urgent priority repairs and maintenance undertaken. Impact on services minimised through prioritisation.	No
11	Reduce Facilities Management - amongst other measures, this will remove the free vend facilities for staff and replace with pay vend.	50	0	0	50	Impact on staff, Members and visitors as no free vend refreshments will be available. Pay vend will be the only facility available.	No
12	Corporate management of property efficiency and Service Reduction This proposal aims to release further efficiencies by extending Corporate Management of Property (CMP) and reduce the level of general advice and readily available provision of in-house services.	120			120	Reduction in general advice and in-house level of valuation, commercial and asset management support to Members and Directorates in relation to major projects, acquisitions and disposals. Work requests will be subjected to priority and rationing as well as extended response times.	No
13	Reduction in Building Maintenance This proposal is in two parts; 1. Reduce or stop maintaining the current buildings portfolio unless it is a statutory requirement, health and safety risk or essential to keep the services operational. 2. Reduce the maintenance budget on the basis that the number of service operations buildings (libraries, leisure centres, day centres, community centres, museums etc) is reduced in the medium term.	150	125	125	400	Whilst every effort will be made to prioritise repairs and maintain building compliance (not necessarily fitness for purpose). Some disruption to occupying services and building closures is likely. A reduction will increase decay and reduce the opportunity for Carbon reduction measures. Increased risk of dilapidation claims for leasehold obligations. A reduction in this budget means that there will be less available for savings put forward by other Departments relating to building reductions including through the accommodation strategy.	EIA screening tool

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Appendix 6.1

	Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
14	Corporate Property	Reduction in Soft Facilities management 1. reduce the level of office related services provided to employees, councillors, visitors and customers by removing or reducing such activities as reception, meeting room support, post delivery, visitor management. 2. reduce the soft FM budget on the basis that there will be fewer offices and office users to support in the medium term (removal of at least one major office building).	150				Reduction in service levels will impact on occupying services with more self help required. This to include room bookings/ID/stationery management and building support. This will impact negatively on the productivity of other staff.	No
15	Corporate Property	Reduction in Office Accommodation This proposal is to continue implementation of the accommodation plan by seeking opportunities to further intensify the use of space thereby further reduce the retained portfolio.			1,200	1,200	Options for further savings can be based on reductions in the size of the Council's workforce. Removing one of the large buildings would release circa £1.2 million subject to being able to dispose or surrender/assign the lease. It is emphasised that this is a medium term proposal based on staff reduction and the figure stated is a full year effect once all premises holding costs have been removed. Loss of space and facilities with potential impact on business efficiency, customer service and loss of flexibility. This will impact on Customers with fewer locations and service points.	No
16	Corporate Property	Savings on Security costs at Customer Service Centre's		11	32	43	Review of Security Contract	Yes
17	Corporate Finance	Haringey Payments Service -close Thursday evenings & Saturdays	18	0	0	18	The front line cashiers' office has now been closed on Saturday mornings and late nights on a Thursday. Both of these sessions had fewer transactions than normal working hours and has not, so far, appeared to result in any marked diminution of service provision.	No
18	Corporate Property	Increase Staff car parking Charges - This proposal is to increase the level of staff car parking charges.	15	0	0	15	Reduction in staff benefit. This will also be affected by any reduced designated essential users.	EIA screening tool
19	Corporate Property	Open staff car parks in evening and at weekends - External Hire	6	0	0	6	Impact on staff parking income minimised by hire outside of office hours.	No
20	IT	IT Service implement Value for Money (phase 2)	300	0	0	300	Aligns IT Services with the outcome of the IT Value for Money SFR and the delivery of the IT Strategy 2010-13 agreed at Cabinet; 80 staff are impacted although the number of deleted posts will be lower	EIA screening tool
21	Legal	Centralise Legal budgets and Managed demand	40	105		145	Reduction of administration costs in terms of managing a trading account and reduction of legal costs through demand management	No
22	BLT	HB overpayment recovery project -The Benefits and Local Taxation Service are responsible for the recovery of Housing Benefit Overpayments(HBOP). The income achieved by overpayment recovery is additional income to the Council. It is proposed by investing in additional resource to this area, that income can be multiplied.	274	0	0	274	No impact	No
23	Customer Contact	Integration of Customer and Benefits and Local Taxation Services to provide both a phase one approach to implementation of the revised customer contact operating model and a tactical solution that focuses on handling customer enquires at the first point of contact.	521	270	0	791	Positive impact on performance, customer satisfaction and activity based cost.	Yes
	CR Grand Total		1,714	511	1,357	3,582		
	CROSS COUNCIL							
24	Council wide	Reduction in the use of Mobile Phones • To achieve a reduction in total mobile call charges (percentage to be defined by further investigation) • To establish clear eligibility criteria for mobile phone allocation and policies for mobile phone usage. • To enable central enforcement of mobile phone usage	150	0	0	150	No impact on service performance anticipated - mobile phones will still be allocated to staff where clear eligibility criteria exist to meet service needs.	No

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Appendix 6.1

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
25	ICT Efficiencies The purpose of this initiative is to generate additional savings in ICT from contract negotiations over and above the pre-agreed savings already targeted in this area.			150	150	As well as continuing the current work to negotiate reductions in existing IT contract costs, this initiative also involves working with Business Units to determine whether functionality currently provided in their Business IT systems can be removed, thereby reducing further contractual costs.	No
26	Cross Cutting Procurement and Account Payable Process -To centralise the goods and supplies procurement process (including invoice processing) with the aim of achieving efficiency and cashable savings.	312	104		416	There will be no adverse impact on performance. The main risk centres around resourcing high workloads in Q4 of each financial year.	No
27	Cross Cutting Financial management Consolidation and process efficiencies To review and re-engineer the financial management service provided by the Council's finance function and put in place a new centralised finance structure that will deliver the agreed service and savings.	1,769	603	0	2,372	The savings that are planned from this review will be achieved by reducing the number of staff employed by the Council undertaking financial management and related activities. To ensure that the Council's financial management regime is not unduly compromised, budget holders will be expected to take more responsibility for this activity, interacting directly with the Council's general ledger (SAP).	EIA screening tool
28	Customer Contact Programme to shift customers to online transactions -. The programme will establish the costs, benefits and risks involved in establishing a revised operating model for customer contact that is streamlined and targeted to produce efficiencies	500	500	0	1,000	An analysis has been carried out of staffing resources deployed on customer contact across the Council, together with an analysis of contact volumes through different channels. This work has identified a number of areas with high staff numbers and high contacts in both "back" and "front" offices, particularly in BLT and Parking. Options are being developed to take forward the redesign and streamlining of these services to implement a significant increase in self service via the web and a reduction in other more expensive channels such as face to face and telephone contact.	Yes
29	Paybill efficiencies		2,500		2,500	Any review of employment terms will seek to reach consensual change via a collective agreement.	Yes
30	Human Resources Improve health & safety co-ordination	133	100	0	233	Merge corporate and schools H&S teams	No
31	Smart Working Phase 2/Flexible working Reduction in retained office accommodation - This Efficiency Programme initiative aims to further reduce the retained office space by reducing demand and increasing the density of use of the office space through more intensive use of workstations and the reduction of office based working.	0	150	250	400	Delivery of existing target on accommodation strategy and SMART working through rationalising the office space, reduction in buildings and changes in working practices	No
32	Spans of control and delayering Review seeks to identify a reduction in management posts across the organisation by providing benchmark spans of control ratios.	400	1,000	1,100	2,500	The review will ensure that management roles are clearly defined thus minimising risks associated with reductions in numbers.	Yes
33	Cross Council Subjective Expenditure Reviews A series of subjective expenditure reviews will be carried out to look at the overall activity undertaken by the council and identify the scope for delivering efficiencies by reducing expenditure, improving processes, achieving economies by bringing similar activities together across different directorates, eliminating duplication.	490	300	200	990	Reviews will be carried out under the VFM framework developed to examine cross council expenditure. The work will entail analysing financial information located in SAP; the protocol and processes in place and the current existing contracts. Initial reviews will be carried out in Learning and Training, Travel expenses and car allowances, subscriptions to other organisations, catering and project management fees. It is proposed that an ongoing programme of reviews is developed that will feed into future budget setting processes.	No
Grand Total CROSS COUNCIL		3,754	5,257	1,700	10,711		
Adult, Culture and Community Services							
34	Recreation Services Implement in year price increase. This project seeks to increase the charges for recreation services by 5.5% in year to provide for additional income from 1st January 2011.	100	0	0	100	Potential reduction in throughput and related income. To be mitigated by varying increase across different activities/facilities and taking account of other LA/provider comparison	Yes

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010										Appendix 6.1	
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance	(Service Delivery)	Equality Impact Assessment Required			
35 Recreation Services	Reduce Parks Support - To reduce the use of consultants in Parks Service and review /reduce the operational support structure from 2011/12.	18	0	0	0	18 Reduced improvement capacity		No			
36 Recreation Services	Allotment fee increases - full cost recovery. The average size of a plot is 5 poles (125square meters). The proposed increase will represent an additional cost to a plot holder (who do not receive a discount) of about £9.00 per annum, and £22.75 for non residents.	22				22 User take up/use of facility					
37 Culture and Libraries	ICT efficiencies and library staffing - We have renegotiated the costs of our library management system and will also be making staffing efficiencies in libraries, at Bruce Castle museum and in the archives service.	384	0	0	0	The impact on library service users will be negligible. With particular reference to the staffing reductions at Bruce Castle and Archives these payroll efficiencies may result in some reductions in opening hours at the museum and in the archives search room but we will keep any reduction to a minimum.		No			
38 Recreation Services	Reduce Recreation Development Team: This proposal is to reduce the Recreation Services development team by 2 ftes with effect from 1 April 2011 in order to produce an efficiency saving	71	0	0	0	71 Unit's ability to attract/secure external funding and progress both open space and leisure development projects		No			
39 Recreation Services	Tottenham Green Leisure Centre - Reduction of Reception Cover as a result of introducing ticketing software. Following an embedding period it is anticipated that customers will make a shift in the way they access the leisure centre by using online bookings and self service kiosks. From April 2011 it will therefore be possible to reduce the cover in reception by the equivalent of 1 FTE post. This will be achieved through a reduction in cover hours no longer required.	27	0	0	0	27 User take up/use of facility		Yes			
40 Recreation Services	Review of Parks Management. This project seeks to identify the future service options for the delivery of a Parks Management Service. The project will include Grounds Maintenance management of Parks. Consideration of the future Green Flag programme will be needed. Will need to take account of services/SLAs/trading with HfH and Urban Environment.	90	0	0	0	90 Reduced operational management capacity/cover. Will require formal process with employees and trade union representatives		EIA screening tool			
41 Recreation Services	Energy Consumption reduction	49	50			99 Sports and Leisure are working with Corporate Procurement (Energy Management) to contribute to the Council's carbon management plan reduction targets. A number of schemes have been implemented and are leading to reduced utilities consumptions and costs.		No			
42 Adults & Commissioning	Cease ACCS trainee Social Worker scheme. We ceased having any more social worker trainees over one year ago. The implementation of personalisation needs a different type of worker and not necessarily a qualified social worker. Most Boroughs stopped funding social work trainee schemes many years ago. Adult Services needs in terms of the social care assessment are different to the statutory role of the Children's social worker; we have much less statutory work. We have no recruitment issues.	37	0	0	0	37 Low impact		No			
43 Adults & Commissioning	Close Woodside Day Centre -Woodside offers a specialist day centre service for approximately 45 vulnerable older people with mental health problems, Monday to Friday. All service users access the service via centre based disabled access transport. It is situated beside a children's nursery with which it has some links. It is a good service. The Woodside centre is a traditional wood framed building with relatively high maintenance costs. It has the smallest external space of all the day centres and lowest levels of independent customer satisfaction. In January 2009 the Care Quality Commission (CQC) Inspection said that whilst our services for older, vulnerable people were good, they commented that they were rather traditional outlook		149			149 Medium impact as this is a specialist service with little similar provision currently within the Borough. Reprovision will be by review/reassessment with possible reprovision in other Older People's or Mental Health in-house or external day care services, or by Personal Budgets where appropriate.		Yes			

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Appendix 6.1					
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
Impact on Performance (Service Delivery)					
Equality Impact Assessment Required					
44 Adults & Commissioning	Cease Funding for Elderly and Disability Project - The Cypriot Centre offers culturally specific day care for Greek and Turkish Cypriot older people and people with physical disabilities. The Council currently has placed 34 service users on a spot purchase basis. The service also provides care and support for people from outside the Borough, in particular Enfield. This is a voluntary organisation with it's own management committee. The Council seconded 2 members of staff to manage the service in partnership with the Cypriot Centre. The proposal is to withdraw the 2 secondees and funding for the same. The project could continue without our input but the management committee would need to consider how they wanted to replace the management function.	94			94
45 Adults & Commissioning	Close or reconfigure all drop in centres for older people - There are 4 Council funded drop in centres for Older People; Abyssinia Court, Willoughby Road, The Irish Centre and Woodside House (separate building from Woodside Day Centre). The drop in centres are used solely by people who do not meet threshold into care services criteria; Substantial and Critical, and are seen as a preventative service. Their main function is to provide social contact and activities for the users. They are "walk in", non-assessed services which are not charged for. Service users purchase lunch (subsidised) if they wish through the Meals on Wheels contract. These centres also provide some 800 basic foot care sessions per year at no cost to service users. Some of the users with mobility problems are assisted to attend by use of day centre transport, utilising spare capacity within our centre based transport service.	181			181
46 Adults & Commissioning	Cease Salary Contribution to Jackson's lane Luncheon Club A well established (early 1980's) luncheon club/arts club for older people which is based in Jackson's Lane Art Centre. This is not a Council service. The Council contributes £10.3k towards the cost of a part time worker who is employed by Jackson's Lane. It is a non-assessed "walk in" service. Service users pay for their meals through the Arts Centre restaurant. A proportion of service users live out of borough as this Centre is on the Borough boundary.	10			10
47 Adults & Commissioning	Close an Older People's Residential Care Home - There are 3 in house residential homes for Older People in the Borough. This proposal is to close The Red House Residential Home (West Green Road). The Red House is a 34 bed home which provides a service to physically frail older people (17 beds) and also older people with dementia (17 beds). It is rated as Good by CQC (Care Quality Commission). However, this home is being proposed for closure as it has a higher unit cost than its direct comparator Cranwood. In addition, though refurbished, the building is relatively less suitable for purpose and has the least good external grounds.		(78)	792	714
48 Adults & Commissioning	Close In house Home care Service / Create Reablement Service - The proposal is to close the in-house home care service which is a small, good quality, but relatively expensive service offering personal care to vulnerable adults: mainly vulnerable older people post hospital discharge (75% of referral rate). It is quality rated as Good by CQC. Two thirds of our personal home care service is commissioned from the independent sector and has been for many years. All of our externally purchased home care provision is also quality rated by CQC as Good. However, it is a very expensive service in comparison to all of our externally commissioned home care due to Local Authority pay and conditions. At approximately £36.00 per hour it is more than double the amount that our externally commissioned home care costs. As this is such a small, good quality but expensive service our view is to close and change this service to focus on reablement, which needs to be provided by an in house team.	(100)	1,162		1,062

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Appendix 6.1

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
49 Adults & Commissioning	Introduction of reablement service for all new referrals All new referrals to Adult Social Care to receive a period of reablement prior to completing the Self Directed Care pathway. It has been demonstrated that having a period of reablement, prior to agreeing a longer term package/personal budget, results in a lower cash value service being provided than might otherwise have been agreed.	224	647		871	High impact. The value of the efficiency is directly linked to the numbers of people passing through the care system. Moderate risk. The model is based on national figures and, while likely to generate the levels of savings indicated, the model is national based model and may not equally apply to the Haringey demographic profile.	Yes
50 Adults & Commissioning	Reduce Older People's Placement budget following introduction of Extra Care Extra Care is a direct alternative to residential care in the main for vulnerable older people but for very vulnerable older adults (say 55+) with a mental health, dementia or learning/physical disability or substance use problem. Extra Care schemes means that whilst people can have their own 'front-door' which affords them a greater level of dignity and respect. There is 24 hour care available and with a personal budget this means that an older vulnerable person can have intensive care, but not have to move in to an institutionalised residential care environment. People's care will be funded through a combination of adult commissioning budget, housing benefit and central government benefits: Attendance Allowance and such like. Overall, this is a positive move: good quality, Value for Money (VfM) care enhancing life opportunities and outcomes such as improved health and well-being; greater choice and control and greater dignity and respect. There are two schemes that will go live in the next two years: • The Trees – operated by Hill Homes – 40 units in total due to open February 2011. This scheme • Roden Court – operated by One Housing – 40 units in total, due to open May 2012; and • The possibility of the conversion of Protheroe House to an Extra Care Scheme in the future.	304	304	0	608	Low	Yes
51 Adults & Commissioning	Close Whitehall Residential Home for people with learning difficulties - Whitehall Street residential and respite home is a fifteen bed unit which offers 11 residential beds and 4 respite beds for people with learning disabilities. The proposal is to re-provide this service to enable people through personal and individual budgets to access more ordinary living options. The move from institutionalised care to supported living arrangements offers residents: improved choice, flexibility, freedom and control, whilst offering greater value for money with the added benefit of access to housing benefits. At present the cost of an individual bed at this unit is 1,500/week. Through supporting living arrangements it is estimated to be an average cost of £850/week to adult social care.	(36)	273		237	Low to Medium.	Yes
52 Adults & Commissioning	Close mental health day care centre The proposal is to close one of our adult mental health day centres and use personal and individual budgets to offer the opportunities currently provided there such as: art, music classes etc. via and adult education or training, alternative employment environment. This service is for younger adult people with mental health issues, so it is even more important to offer care and support when people need it in the most appropriate and 'normalised' environment.		81		81	Medium impact. 684 Centre acts as a stabilising influence in the lives of many of its service users. Some service users may receive an alternative service at the Clarendon Centre. However, this service was approximately 25% externally funded (Health grant and the former ABG) and could not continue if these funding streams were withdrawn.	Yes

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010						Appendix 6.1	
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
53 Adults & Commissioning	Remaining OP Residential Home - Closure of the remaining 2 Older People's residential homes. Cranwood is a 33 bed home and Broadwater Lodge is a 45 bed home. The principles for closure are the same as the proposal to close The Red House in Phase 1 of the efficiency programme.		(100)	1,200	1,100	High impact. The risk can be mitigated by detailed consultation and adjusting the timescale for the closure to allow for psychological adjustment to the change. All residents and their family/carers would have to be fully consulted for the statutory minimum of 90 days after which a considered decision can be made by Members. Following a final decision, and if necessary, individual care reviews would take place to establish the most appropriate form of care provision for the remaining individuals going forward. A new 70 bed residential care unit is due to open in the near future in Tottenham. In addition, increasing numbers of extra care housing properties will be coming on stream over the next 3 years. It is anticipated that it is possible to compensate for the loss of 112 Council beds within the independent sector.	Yes
54 Adults & Commissioning	Mental Health Unit Closure Alexandra Road - This is a 24/7, 365 days/year service to provide care and support to people with mental health problems who are in crisis and people usually stay there for a maximum of one week. It is an alternative to hospital care and provides a crisis service to 8 people when at full capacity.		128	10	138	Medium impact. Alexandra Road acts as a stabilising influence in the lives of many of its service users who are in crisis. Closing this service will result in a probable increase in hospital admissions. This service is jointly funded by NHS Haringey who are withdrawing funding. Council will not be able to afford to continue this service.	Yes
55 Adults & Commissioning	Remaining OP day centre closures -The two Older People's day centres affected are The Haven and Grange. The Haven provides a good quality specialist support to 50 older people with physical disability/sensory impairment. The closure of this service will be replaced by implementation of personal budgets as appropriate and/or an increase in community care packages including home care and meals on wheels. The Haynes and Grange day centres would be combined on the Haynes site, thus providing staffing efficiencies but with no reduction in service. The Grange provides a service for 40 people with dementia in the east of the borough and the Haynes centre provides a similar service to people in the west of the borough. The Haynes Centre is a brand new state of the art centre, attached to the Hornsey Health Centre. It currently operates at 62% capacity.	(20)	254		234	High impact. To close both the Haven and Woodside day centres will result in a complete loss of non-dementia day services for older people.	Yes
56 Adults & Commissioning	Further staffing Efficiencies -This saving comprises a number of staffing restructures including deletion of the Independent Chair of Safeguarding and a number of operational posts within front line services and assessment and care management.	182	182		364	Medium impact. Reductions in frontline staffing resources will have a direct impact on performance indicators to include waiting times for an assessment and the provision of services.	Yes
57 Adults & Commissioning	Equipment and OT reductions - A 10% reduction in Occupational Therapists and associated equipment expenditure.		154		154	Medium impact. Reduction in front line assessment capacity has a direct impact on performance in terms of waiting times for an assessment and service delivery. Reduction in the numbers of people benefiting from community equipment in line with the staffing reductions.	Yes
58 Adults & Commissioning	Increase Adult Services Fees and Charges - to increase charges for internal residential care, adjust the Fairer Contribution Policy Disability Related Expenditure (DRE) Disregard, amend the treatment of Adult Care Placements and to remove the weekly maximum Fairer Charging cap	280			280	No impact on service performance anticipated. However, the volume of full charge payers may reduce causing a reduction in charges raised and therefore income collected.	Yes
ACCS Grand Total		1,917	3,206	2,002	7,125		
Children and Young People's Service							

Appendix 6.1

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010							Equality Impact Assessment Required
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	
59 School standards & improvement	School Standards & Inclusion Service - The SSI has been a key part of the improvement to schools (and other settings) securing year on year improvement in the attainment of pupils. The White Paper 'The Importance of Teaching' makes clear that it is schools themselves who will be solely responsible for this in the future. The only role for the local authority will be to 'police' the progress of schools and trigger intervention where schools fail to make progress. Much of staffing in SSI has been paid for by grants (which cease or move to individual school budgets in 2011) or traded income with schools. Discussions with schools has not suggested wholesale buy-back of a central service and reduction is therefore appropriate. The proposal is for a small Core Group of staff to provide the monitoring required by the legislation.	299	0	0	299	The government has made it clear that schools will take responsibility for school improvement. The residual local authority role will be to 'police' the progress of schools and to trigger intervention where schools fail to make progress.	Yes
60 Children and Families	Transport - This service provides transport to predominately SEN pupils, which is a statutory service. Over £2.1m savings have been secured in the last 3 years. This further saving will come from the re-negotiation of certain terms and conditions that were agreed as part of the single status arrangements, procurement efficiencies and changing collection points and some vehicles. Further, the issues around transport will be picked up as part of the Fleet and Operational Transport Review to be undertaken with Urban Environment in 2001/2012	50	50	0	100	The contracts are currently being re-commissioned for 2011/12. In addition, some specification changes and cost-saving measures are being consulted on and implemented for April 2011, most notably: - Changes to the collection points for SEN pupils; - Introduction of larger coaches on some routes; - Review of escort : pupil ratios - Changes to terms and conditions of escort workers. Careful differentiation of pupils able to make more independent journeys to school by accessing collection points will take place, supporting their development of independence skills as they grow toward school leaving age. Vulnerable children will not be asked to make any journey that compromises their safety.	Yes
61 Business Support & Development	Catering - The Catering service can be run in a more cost effective way through the re-negotiation of certain terms and conditions that were agreed as part of the single status arrangements	50	100		150	As a traded service, Catering is always at risk of schools choosing alternative providers. It is also particularly vulnerable to commodity prices. This activity will not reduce the quality of service delivery to schools and pupils.	Yes
62 Children and Families	Children and Families Administration Review - A review of administrative support functions in line with other similar activities across the Council. This will be sensitive to the need to continue support to social workers to avoid reducing time spent in casework with children and their families.	100	200	270	570	This leads to an overall reduction of 8 financial administration posts and 10.5 administrative posts. These are not posts in direct support of social workers doing casework with children and families and will be taken over a 3 year period. Achieving these saving will require changes in the way in which administrative services are configured and the level of expectation on administrative support	Yes
63 Children's Network Management	Children's Network Management - The changes in services being provided through the Children's network business Unit allows the release of a senior manager	82	11	0	93	Redevelopment of management arrangements within the Networks and the prevention 7 Early Intervention Business Unit mean that we can more efficiently allocate management responsibilities and free up an existing post. There is no significant impact and no risk associated with this move	Yes
64 Children's Networks	Participation - This service provides for effective involvement of children & young people in development, delivery and evaluation of the services that affect their lives. In the future, this will be led by a reduced team to deliver key participation work, coordinating better the work of many services across the council and its partners. Key, core components such as the Youth Council and Children in Care Council will continue together with other work commissioned in response to specific events/needs. Better joining up with partners will provide a wide range of opportunities.	172	25	0	197	This delivery model requires that all services working with children & young people take responsibility for facilitating participation and recognise it as part of their core business. In addition, the new arrangements will better coordinate the widest range of participation activities across the partnership, including those run by the NHS, Police and VCS.	Yes

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010							Appendix 6.1	
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required	
65 Children's Networks	Connexions - The proposal is for a 75% reduction in provision, protecting services for the most vulnerable young people. A re-focusing of work through schools will ensure the most vulnerable identified at the earliest opportunity.	1,436	206	0	1,642	The government has announced potential changes in the requirement to provide information, Advice & Guidance (IAG) as a universal service in the near future. Given the reduction already made to the former ABG, and the likelihood of further reductions as the ABG becomes incorporated with the Formula Grant and not ring-fenced, reduction in the Connexions Service is unavoidable. A reduced Connexions service may result in an increasing number of young people not in Education, Employment or Training after the age of 16+.	Yes	
66 Business Support & Development	Administration and Business Support -Reductions here take account of the winding up of the Business Support & Development (BSD) Business Unit, leaving residual support for the Director and 2 Deputies who will remain at Station Road.	129	18		147	Cuts in Business Support and Development taking account of the winding up of the business unit and of other management changes across the directorate – reducing PA posts from six to three.	Yes	
67 Business Support & Development	Winding up of Business Support & Development business unit - Winding up the Business Support & Development Business Unit releases the Deputy post and three other management and support posts for deletion.	209	111		320	The BSD business unit is being decommissioned. Residual functions will be combined with central support services or relocated elsewhere in the directorate	Yes	
68 Business Support & Development	Property/Capital Programme - This relates to a down-sizing of the Team to reflect lower capital funding. The current proposal is for reduction of 1 member of staff and will be reviewed when the capital settlement from the Department for Education is announced.	39	6		45	The current proposal is a one post reduction. Most staff engaged on capital schemes are funded from those schemes and the size of the team varies according to the size of the capital programme. Further efficiencies may in future result from sharing capital delivery resources across the council and with other authorities	Yes	
69 Business Support & Development	HR & Schools Personnel - This is a traded service with schools and has been subsidised until now. This will secure full cost recovery of the service from schools.	129			129	As a traded service, schools can choose to use other providers. Should the customer base change, the service will re-engineered to fit the future income.	Yes	
70 Business Support & Development	Other minor BSD savings proposals - There are a number of other small reductions within the BSD area including some non-staffing budgets and the deletion of a childcare sufficiency post.	53	4		57	This item is achievable because the childcare sufficiency assessment will not need fully updating for three years,	Yes	
71 Business Support & Development	ICT Support Programme - This service provides administrative and network support to Primary Schools as a Traded Service. The proposal is to cease this service to schools and eliminate the current subsidy. Schools will be supported to secure support from other commercial providers.	44	0		44	Schools will need to procure support from other providers. Some residual functions will be carried out by corporate ICT and other staff in the directorate.	Yes	
72 Behaviour and Inclusion	Teenage Pregnancy and Parenthood - This is a strategic priority for the council and its partners, particularly the NHS. It is also a priority for the new government which has identified Under-18 conception rates as one of the eight impact indicators in the DfE Business Plan. A smarter focus will provide focus on teenage contraception as part of our Public Health functions whilst maintaining support for teenage parents.	119	17		136	This proposal will allow for a sharper focus on work with teenage parents and the children of teenage parents as part of our Public Health responsibilities.	Yes	
73 Behaviour and Inclusion	Early Years (Travellers Education Team) - This service has provided advice, guidance, training and support to children's centres, schools and colleges. Over recent years much good work has been done to equip these settings to meet the needs of Traveller and Gypsy/Roma children so that they can now continue with their own resources.	186	27		213	It is proposed that this team will cease to exist from April 2011. The intention is that schools are now in a position to maintain support to Traveller and Gypsy/Roma students without additional support. The aspect of the work undertaken with Traveller, Gypsy and Roma students with the strongest safeguarding implications is ensuring school attendance. This will continue to be the responsibility of the designated Education Welfare Officer, and also of the Education Welfare Service more broadly.	Yes	

Haringey Efficiency and Savings Programme - Proposals presented to Cabinet in December 2010

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
74 Behaviour and Inclusion	Behaviour Support and Inclusion Management - This is a service largely funded by DSG and former ABG. It provides support to schools and other settings to help manage children with challenging behaviour. Improved facilities in school means that this external support is less needed than before.	158	23		181	The proposal is to reorganise these into a single cross phase support team, consisting of staff with multi-disciplinary experience that will work closely with our Pupil Support Centres and other services to maximise support to vulnerable children and young people. We will also maximise the new facilities in secondary schools to reduce exclusion and improve behaviour management. • If there is an increase in referrals from schools, the service will need to prioritise in a different way. • Children that meet the threshold for support may have to wait longer for a service. • Failure to embed this work in schools could see a rise and the demand for PRU provision, which remains a statutory obligation on the Council.	Yes
CYPs Grand Total		3,255	798	270	4,323		
Urban Environment							Yes
75	Review of Trading Standards - reduction in administration and management together with cessation of food sampling.	100			100	Efficiency saving with no anticipated impact on service	Yes
76	Reduction in noise complaint service provision - cessation of out of hours response service and withdrawal of police support at weekends.	80			80	Reduction in service provision with potential for increased number of complaints.	Yes
77	Noise complaints - reduction in extra patrols/extended response times	50			50	Further increase in service user dissatisfaction.	Yes
78	Noise complaints - out of hours surveillance only	50			50	Response will be limited to monitoring and witnessing rather than intervention.	Yes
79	Air quality monitoring - reduction in sampling to match grant funding.	20			20	Reduction in service if grant funding is reduced or withdrawn.	Yes
80	Trading standards inspection programme - reduce under age sales surveillance and investigation of counterfeiting.	50			50	Potential increase in under age sales and counterfeiting.	Yes
81	Street enforcement - planned operations limited to normal working hours.	50			50	Potential increased non compliance out of hours.	Yes
82	Increase FPNs smoking enforcement - to include smoking in commercial vehicles	10			10	This is contrary to government guidance although permissible in law but may result in a backlash from commercial vehicle operatives.	Yes
83	Street enforcement - ward sharing	85			85	Less on street enforcement	Yes
84	Remove support for Greenest Borough Strategy board & programme	35			35	Efficiency saving with no anticipated impact on service	Yes
85	Cross Service Restructure - Achieving reductions in the cost of management of Temporary accommodation and other staffing	433	217	216	866	At this stage the final shape of the restructure is not known but the front line impact will be minimised by focusing on management and back office functions as far as possible. This will mean a reduced ability to take on additional projects and service improvement initiatives.	Yes
UE Grand Total		963	217	216	1,396		
Total Savings Proposals presented to Cabinet in December 2010		12,564	10,114	5,675	28,353		

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011							Appendix 6.2
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
People and Organisational Development Service/ Policy, Performance, Partnerships and Communication/ Chief Executive							
1	Review central feedback function - further proposals to amend current corporate complaints procedure and centralise the handling of Members enquiries etc. linked to an upgrade of the 'Respond' database	68			68	A review of the process for managing feedback will allow the reduction to be managed.	Yes
2	Restructure of the whole business unit. Staff consultation underway and delegated form due to be signed on 7 Feb. Should largely be delivered by 1 April. Savings shown net of pre-agreed saving of £57k	466			466	Reduction in support to Members	Yes
3	Review of HR services - to determine a revised service offer that will deliver the support and service that the organisation needs to manage its people resource within the constraints of a reduced and limited cash budget. This sum is over and above the sums reported to Cabinet Dec 21 but less the pre-agreed saving of £63k. This saving includes previously reported Health and Safety proposals.	202	302		504	HR service is critical to ensuring that the Council manages people change. The future service will be focussed on enabling this change. HR provides support on employment matters	Yes
4	Review of OD&L -The review of Organisational Development activity will aim to improve the OD Service Offer to the council in the context of the need for savings and efficiencies. This sum is over and above the sums reported to Cabinet Dec 21 but less pre-agreed saving of £23k	460			460	OD will focus on providing support to the changes within the Council	Yes
5	Saving on spend for Adult & Children Social worker training (formally ABG funded)	282			282	Reduction in training	Yes
6	Saving on activity within the HSP/LAA & Equalities teams (formally ABG funded)	159			159	Reduction in support to partnerships	Yes
7	Savings on miscellaneous supplies & services.	107			107	None expected	No
8	Marcoms - further savings from centralised procurement budget once the marketing plan has been developed	64			64	None expected	No
9	Following the outsourcing of Translation & Interpretation the proposal is to reduce the Council's overall translation budget by 60%	120			120	Cross council focus on which services require translation & interpretation	Yes
10	Further staff reductions in Marcoms area over and above the SFR savings: 1 x Business Support Officer Post; 1 x designer	80			80	Impact will be managed within service	No, existing EIA should cover
11	Following the Governance review it is proposed to merge some Committees. This will achieve savings in Members Special Responsibility Allowances (SRA's).	125			125	Proposals to be subject of an implementation working group	Screening
12	Shared management of this service with Waltham Forest will deliver a saving against a senior management post	35			35	Minimal impact	No
	POD/PPPC/CE Grand Total	2,168	302	0	2,470		
	Corporate Resources						
13	Delete the vacant Executive Assistant Post	52			52	Minimal Impact - post has been vacant all year	No
14	Reduction in supplies and services across Corporate Resources	230			230	None expected	No
15	Reduce Insurance team by 1 post	25			25	None - service review being undertaken to ensure revised processes have no/minimal impact on services to the public and service departments	EqlA completed for A&RM restructure. Will be updated to take account of reduction
16	Reduction in internal audit contract days	10			10	None - ongoing review of key risks and discussions with external auditors to ensure statutory requirements of s151 can be maintained.	No
17	Bring forward Reduction in Office Accommodation – letting out of empty space to commence immediately to realise savings earlier than previously anticipated.	200	100	(300)	0	Reduced flexibility due to removal of decant space. This is bringing forward savings planned in 2013/14 to reduce office accommodation.	No
18	Bring forward part of Reduction in Building Maintenance	150	(125)	(25)	0	Increased risk of building closures. This is bringing forward part of the savings planned in 2012/13 and 2013/14.	Screening
19	Outsource the building cleaning service together with a reduction in the service levels	150	150		300	Reduced level of cleaning will impact on building users resulting in some initial complaints.	Yes

Appendix 6.2

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
20	Corporate Property Rationalise management structure through a review of the teams and functions and cease the provision of some in-house services	320				Reduction in management capacity of 40% will impact overall performance and reduce ability to support staff development, corporate initiatives and planning. Cessation of capital project management will impact ability to respond to directorates in respect of building improvements and new projects. Reduction in professional surveyor capacity results in the loss of qualification based career development opportunities.	EIA being carried out as part of the establishment review and consultation.
21	Legal New Public Sector Mapping Agreement for England and Wales	20				From 1st April 2011 there will be a new collective digital mapping agreement called the Public Sector Mapping Agreement (PSMA). It will include local and central government as well as NHS organisations across England and Wales, who will all be able to access mapping data covering Great Britain and to share information based on OS mapping.	No
22	Legal Reduce senior management posts by 25%	97				Reduction in senior management	Yes
23	Legal Delete 12 lawyers and legal assistant posts	538				The deletion of 12 lawyers, including senior lawyers, and legal assistant posts relate to posts that are predominantly either currently vacant, covered by agency staff or are likely to become vacant through Voluntary Redundancy. They consist of legal staff posts in commercial and litigation and corporate divisions and result in extended response times and remove capacity to respond to upturns in demand.	Yes
24	Legal Delete 4 admin/ business support posts	120				This reduction in Administrative staff will be achieved via a review conducted by a newly appointed Practice Manager. Administrative staff are key to enabling maintenance of performance levels in key legal areas and the reductions will have to be carefully planned.	Yes
25	Legal Delete 2 Local Land Charges posts - sum over and above pre-agreed sum of £50k	10				Delete 2 Local Land Charges posts. Two vacant posts to be deleted based on current levels of work.	Yes
26	B< & Customer Services Closure of Hornsey CSC	108	22			No visiting option for one side of the borough	Yes
27	B< & Customer Services Closure of North Tottenham CSC	350	71			Increased enquiries and waiting times at South Tottenham CSC and Wood Green CSC.	Yes
28	B< & Customer Services Saving resulting from grading review	250				No impact	Check existing EIA is sufficient
29	B< & Customer Services Reduction of internal calls to switchboard	18				Benefit realisation dependant on comms and change management	No
30	B< & Customer Services Management reshaping, delayering and reduction from the integration of CS/BLT over and above the sum included in Appendix 6 of 21 Dec Cabinet report.	478	(70)			The savings have been front loaded to give an implementation date of 1st June 2011. Resources require diverting to ensure a smooth change management approach and channel shift and process redesign needs to be implemented quickly for the savings to be achieved. 408 Performance needs to be monitored closely to ensure that a reduction in staff and implementation resources does not have an immediate negative impact. Integration will require resources for skill and knowledge transfer and process redesign. Assumed reduction in partnership roles with no SLA's, and back office to receive agreed corporate standards. 30 Calls would be taken by Vangent who currently take our 'out of hours' calls. The service is predominantly a messaging and re-direction service so no processing would be undertaken. Aligns IT Services with the outcome of the IT Value for Money SFR and the delivery of the IT Strategy 2010-13 agreed at Cabinet; 80 staff are impacted although the number of deleted posts will be lower	Yes
31	B< & Customer Services Reduce hours of Call Centre from 8-6 to 9-5	30					Screening
32	IT Increased savings from IT Service VFM phase 2 over and above the sum included in Appendix 6 of 21 Dec Cabinet report	580					Yes

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011										Appendix 6.2	
	Directorate/Service Area	Detailed Efficiency & Saving proposal		2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance	(Service Delivery)	Equality Impact Assessment Required	
33	Customer Services/IT	Delete vacant senior post		125			125	Post is vacant.		No	
34	IT	Fund Infrastructure renewal from borrowing		1,400	(600)	(300)	500	No impact on performance or delivery of the Infrastructure programme		No	
	CR Grand Total			5,261	(452)	(625)	4,184				
	CROSS COUNCIL										
35	Customer Contact	Programme to shift customers to online transactions -. The programme will establish the costs, benefits and risks involved in establishing a revised operating model for customer contact that is streamlined and targeted to produce efficiencies		(500)	500			The customer contact savings from this proposal are more likely to be achieved in 2012/13 than 2011/12 given the other budget reductions being considered by the Council.		Yes	
36	Spans of control and delayering	Savings for spans of control and delayering reflected elsewhere		(400)			(400)	These savings are detailed in the relevant departmental sections.		n/a	
	Grand Total CROSS COUNCIL			(900)	500	0	(400)				
	Adult, Culture and Community Services										
37	Recreation Services	Review resourcing of Parkforce activities and related support and partnership funding particularly in relation to British Trust for Conservation Volunteers and Metropolitan Police Managed activity.		100	38	0		Will need to renegotiate or not renew contract/grant agreements with MPS and BTCV, and a possible reduction in support for enforcement and green outreach work.		Yes	
38	Recreation Services	Broadwater Farm Community Centre Efficiency - The centre currently caters for the Broadwater Farm community, in terms of events, functions and some sporting activity both indoors and outdoors by means of a sports hall and outdoor pitch. The centre is operating at a deficit of £302k as per the 2010/11 budgeted position. There are a number of spaces for offices and meetings although lettings income is minimal. The Centre is now managed through the Sports & Leisure unit of Recreation Services, and an improvement plan has been developed/put in place. Improved efficiency will come from increased income (Health & Fitness and Premier League Sport project) and reduced staffing cost.		75	0	0		Achievement of income, but supported by in year capital spend and partnership with Tottenham Hotspur Foundation.		Yes	
39	Recreation Services	White Hart Lane Community Sport Centre - The centre currently attracts over 200,000 visits, participating in sports activities. However, the centre is operating at a deficit of £478k as per the budgeted position and requires further capital investment to maintain the status quo. Revenue generation has been fairly flat for the last 10 years, especially since the development of Lea Valley Sports Centre which has taken many athletic events and activities. The focus has been to broaden the scope of WHLCSC which has sustained revenue but has not significantly reduced the deficit position. Officers are currently exploring a regeneration led redevelopment of the site in conjunction with North London Business Partnership, Rugby Football League Association, Harlequins RFC, Skolars RFC and Haringey Borough Football Club. This could save at least £478k over 23 years and is reflected in the summary profile. This proposal would be based upon the relocation of Haringey Borough FC to WHLCSC and the disposal of Coles Park.		0	100	378		Level of cooperation amongst key stakeholders. Objections to the disposal of Coles Park. Requires significant level of capital investment for which no provision exists centrally.		Yes	
40	Recreation Services	Leisure Service Option Review - To identify future service options for the delivery of services with a significantly reduced subsidy from the Council. One off upfront costs of delivery are estimated at £100k.		(100)	600	0		Would involve a move to contracted management of leisure centres and a loss of direct control, together with the TUPE of existing 94 FTE staff. However the current range of facilities and services at the sites would be maintained.		Yes	
41	Voluntary Sector	Recommission and efficiency from grant funding to voluntary/third sector and London Boroughs Grants Committee		396	370	0		London Councils are returning the funding with the expectation that the funding is invested in voluntary sector, demonstrating priorities through a open/transparent process. The Council may be open to legal challenge from community and voluntary sector if the funding is not made available for the commissioning of services.		Yes	

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance	(Service Delivery)	Equality Impact Assessment Required
42 Recreation Services	Franchise Leisure catering at Park Road Leisure Centre and Tottenham Green Leisure Centre - Park Road Leisure Centre has had a redundant area that has been redeveloped into a cafeteria and now has an operator in situ for a rent free period (20 months) in order to recoup the initial capital investment. Tottenham Green Leisure Centre already has a functional cafeteria which is operating at a deficit (managed in house). The approach is to have both cafeterias leased to ensure a consistent level of rental income, and delete existing net deficit operation at Tottenham Green.	9	27	0	36	None		Screening
43 Recreation Services	Commercial Leasing of Parks Based Facilities - Develop commercial leisure provision in parks in partnership with private sector/third sector operators. Would provide new local facilities, external investment, increased use and an income stream. Consultation already completed on one scheme where opposition issues could be substantially mitigated.	25	50	25	100	Could improve range of recreation facilities and activities available in the borough but will attract some opposition to "Commercialisation"		Screening
44 Cross Directorate	Supplies and services budget reduction - a temporary 10% reduction was made during 2011/12. This saving assumes the reduction to be permanent.	300			300	None		No
45 Safeguarding & Strategic Services	Senior Management - Deletion of 1 Post	115			115	Low impact		No
46 Safeguarding & Strategic Services	Framework-I Systems Development Team - Deletion of 2 posts	90			90	Medium impact. The team of 9 supports 900 end users, on the second largest system used by the council.		Yes
47 Safeguarding & Strategic Services	Financial Assessment Team - Deletion of 2 posts	65			65	Significant potential impact on the support available to frontline staff in Adult Services, both in terms of assessing for charging purposes and the work in delivering the requirements of the personalisation agenda. The work done delivers approximately £1m p.a. to the council. There is a risk that this will be less achievable with reduced numbers of staff.		Yes
48 Safeguarding & Strategic Services	Safeguarding Service - Deletion of 1 post	62			62	Low impact		Yes
49 Adults & Commissioning	Assessment & Care Management Practice Managers - Deletion of 2 posts	100			100	Some reduction in management capacity to undertake the range of managerial functions, but will be part of wider reorganisation of service		Yes
50 Adults & Commissioning and Safeguarding & Strategic Services	Admin & Business Support Review - Staffing reductions across the admin and business support functions in both Business Units	210			210	Low impact		Yes
51 Recreation Services	Wolves Lane Horticultural Nursery Staffing - To reduce the current number of Parks Operative posts on site	48			48	Reduced horticultural production support		Yes
52 Recreation Services	Reduction in Parks Supervisory and Support Staff - To reduce both Support and Team leader/charge hand capacity	70			70	Will reduce capacity, but be part of wider reorganisation of service		Yes
53 Recreation Services	Sports & Leisure Management Reduction - To rationalise and reduce the current management team establishment by 2 posts. This includes the deletion of the Technical Managers post, now that revised and centralised buildings maintenance is fully established	94			94	Reduced service management capacity		Yes
54 Recreation Services	Close Catering Unit at Tottenham Green Leisure Centre - The centre currently has a small catering team, which has been scaled down in recent years. The catering business has actually operated at a loss of £28k in 2008/9 and £21k in 2009/10, and a deficit of £4.5k is projected for 2011/12. This position is unsustainable.	35			35	It is proposed that the centre moves to a franchised catering arrangement, and thus minimise any risk.		Yes
55 Culture, Learning & Libraries	Staffing and Book Fund Reductions	200			200	Impact on service delivery due to the reduction in the level of stock held in the Libraries as well as further staffing efficiencies		Yes

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011						Appendix 6.2	
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
50	Cross Directorate Non Statutory Services - funded from the former ABG	1,381			1,381	These services deliver a range of preventative services, mostly commissioned through the voluntary sector (£272,779). * The savings will deliver efficiencies of £976,458 of WNF funding which will cease from 31/3/11 * It also includes £87,583 of services that have been decommissioned in year 2010/11 * Some of the funding contributes to services to other Directorates in the Council: - Welfare to Work £30k (Urban Environment) - Contribution to CYPs contract (Open Door) £21k - Reaping the Benefits (PPPC), £84k, to finish 31/1/2011	Yes
57	Safeguarding & Strategic Services Supporting People Programme Reduction	5,000			5,000	The retention of one generic floating support service would ensure that a number of people in their own homes will continue to receive some support to ensure tenancy sustainment. The retained services would then be re-designed with a view to moving those relevant adult social care client groups into the personalisation agenda for future commissioning and focussing the programme on the Hard-To-Reach groups, within significantly closer working arrangements with strategic housing.	Yes
58	Recreation Services Further Parks staffing efficiencies and Leisure Development.	660			660	This will lead to a 50% reduction in Parks and Open spaces maintenance regimes, a significant deterioration in the quality of open space, and potential claims from external funding bodies, particularly the HLF. The proposal will also lead to a further reduction of 19 posts.	Yes
	ACCS Grand Total	8,935	1,185	403	10,523		
	Children and Young People's Service						
59	Children's Network After School Childcare - This service helps provide after school clubs across 14 play centres for children aged 5-14. The proposal is to secure new ways of making this provision through schools other Council providers, partners and a range of alternative providers.	576	0	0	576	As part of the changes to School Funding in 2011-12, resources from the extended services grant are being delegated to schools within their budgets, and we are intending to discuss with them a transitional arrangement for continuing to fund after school childcare provision for the most vulnerable using a small proportion of this resource; this would mitigate the impact that this reduction would otherwise have.	Yes
60	Children's Network Youth Service - The work undertaken is an important part of preventative and early intervention work to reduce the numbers of young people entering statutory services and prevent poor outcomes, and this will be the key focus of future youth service provision. The proposed saving to the Youth Service budget is 75%, and managers are currently considering a range of options as to how this can be achieved whilst prioritising provision for at risk and vulnerable groups.	1,568	392	0	1,960	This represents a significant reduction in the funding for the Youth Service and will therefore result in a more focussed approach being adopted with reductions in the days on which services are available to young people. This means less centre based activity, more detached youth work through teams deployed to particular areas and the use of community based settings. The Council is working with the youth of the Borough to help determine the future shape of the service offer.	Yes
61	Children's Network Early Years and Childcare - This currently enables us to support and deliver 18 children's centres and our statutory obligations regarding quality and access. The children centre programme and management, administration and commissioning of services will be reduced and services will be targeted to the most vulnerable families. The Family Information Service will also be integrated into the new early years structure.	5,236	1,283		6,519	This will result in a reduction to the number of centres designated as providing the core children's centre offer; those that are resourced to provide the full core offer will be targeted at those areas of most need in line with the original programme intentions.	Yes
62	School Standards and Inclusion School Standards - review of previous proposals to make more use of grants subsumed into DSG e.g. EMAG. Subject to approval of DSG Budget Strategy.	250			250	The government has made it clear that schools will take responsibility for school improvement. The residual local authority role will be to 'police' the progress of schools and to trigger intervention where schools fail to make progress.	Yes

Appendix 6.2

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011

Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
63 Children's Network	Integration of Behaviour, Attendance and Welfare service including management efficiencies.	159	11		170	This will result in more efficient ways of dealing with these related behavioural issues by giving managers cross service responsibility; there should not be a particular reduction in services to children, families or schools.	Yes
64 Business Support and Development	Additional minor proposals and changes to phasing in the BSD Business Unit	103	(3)		100	Responsibilities have been distributed elsewhere within the service.	Yes
65 Children and Families	Children and Families - Proposals to reduce to essential posts required to process payments and invoices through centralisation and to reduce administrative support across Children and Families to those essential posts which help to manage the cost of professional staff were considered at December Cabinet. This additional proposal brings some of these savings forward and extends the scope.	415	95	(270)	240	These savings will further reduce the number of administrative and support posts where such reductions do not affect support to social workers doing casework with children and families.	Yes
CYPS Grand Total		8,307	1,778	(270)	9,815		
Urban Environment							
66 Frontline Services	Additional savings from new Public Realm contract above the level pre-agreed in the 2010-11 budget.	500			500	There will be no impact on performance. In determining the affordability envelope for the new waste contract it was assumed that ABG funding would no longer be available, and this has proved to be the case. Nevertheless as part of the competitive dialogue process with bidders, negotiations have resulted in performance in key areas being maintained or improved.	Yes
67 Frontline Services	Increased income from Permit and Pay and Display Parking Charges	900	100		1,000	These increases are subject to statutory notification and for permit charges approval will be required under delegation to the Cabinet Member for Neighbourhood and Director of UE (if no major objections are received) and for pay and display approval will be required by Cabinet on 22nd March 2011.	Yes
68 Frontline Services	Reduced cost of Street Lighting Contract	40			40	This is already in place and will be delivered next year.	No
69 Strategic and Community Housing Services	Licensing of Houses in Multiple Occupation	100			100	Beneficial impact from income generation from existing resources and improved regulation of HMOs.	Screening
70 Planning, Regeneration and Economy	Restructure of Planning, Regeneration and Economy	210			210	This proposal would mean LBH Planning and Regeneration service would be one of the smallest in London. All work would need to be focused and prioritised through a more rigorous business plan process. It will not be possible to deal with all desired planning policy, projects, regeneration and DM and BC work requested by members of the public and councillors.	Yes
71 Planning, Regeneration and Economy	Increased Section 106 drawdown	70			70	No impact	No
72 Planning, Regeneration and Economy	Increased demand and extra charges for pre-application advice	50			50	There will be no impact on performance. Should Govt regulations allowing Planning fee increase be allowed (March 2011), this can be off set. Need to be careful fee increases do not reduce planning application numbers at a time of economic down turn.	No
73 Planning, Regeneration and Economy	Reduction in funding for Haringey Guarantee programme by the former ABG	700			700	This removes a significant proportion of HG funding which is used to tackle the furthest from the job market. The annual targets of 1-200 people into work and 60 apprenticeships, and 2-300 people into training will be affected. Families intoWork will also be affected. Target's could under achieve by 50%. The remaining budget will be used to fund transitional arrangements to the development of a social enterprise delivering economic development services including local delivery of programmes tackling worklessness.	Yes

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011						Appendix 6.2	
Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance (Service Delivery)	Equality Impact Assessment Required
74 Planning, Regeneration and Economy	Shared Economic Development service with Waltham Forest	75	25		100	Haringey and Waltham Forest Councils are working together to explore ways to provide high quality joint services. Shared services between the two boroughs can deliver services at reduced costs in a time of reduced resources. The shared service would involve reducing staffing levels from 12 (6 in each borough) to a total of 8 across both boroughs. The shared service will focus on tackling worklessness, social inclusion and promoting youth employment initiatives, there would be almost no capacity to focus on business enterprise, support, development and engagement activities.	No
75 Safer, Stronger Communities	Decommissioning of Neighbourhood Management Service and reduction in Priority Plan budgets	1,400			1,400	The impact on reducing to a minimum the funding of work on Area Priority Plans has been minimal as where councillors or senior officers had made commitments to residents, this work was carried out, with no new commitments being made. The proposal to close the Neighbourhood Management Service includes recommendations to mainstream or transfer key functions to other services within the Council, hence mitigating against any impact the loss of NMS may cause.	Yes
76 Safer, Stronger Communities	Removal of one senior management post	100			100	No impact, as teams/services will be transferred to other 2nd tier managers across Council.	No
77 Safer, Stronger Communities	Cessation of funding for extra Haringey Police Provision to tackle high priority targets and Problem Solving activities to tackle locally identified crime reduction projects	305			305	No impact on Council officers' performance. Reduction in Police overtime for specific operations.	Yes
78 Safer, Stronger Communities	Cessation of funding for anti burglary support project (co-ordinator role and handy person)	35			35	Minimal impact as vulnerable people covered quite well over last three years of funding this work.	Yes
79 Safer, Stronger Communities	Cessation of funding for Independent Domestic Violence Advocate roles (1.5 FTE)	35			35	This funding was agreed for one year only: 2010/11.	Yes
80 Safer, Stronger Communities	Cessation of funding for Victim Support service for young people	45			45	This funding was agreed to set up this work during last couple of years and always known to be ending in March 2011.	Yes
81 Safer, Stronger Communities	Increase in HRA funding for ASBAT	250			250	No impact - balance of funding change, no change in level of service provision	No
82 Director's Office	Reduction of contribution to Community Transport in Haringey funded by the former ABG	80			80	No impact - scheme will now be funded from Core Sustainable Transport budgets	No
83 UE Cross-cutting	Implementation of One Frontline service	1,250	500		1,750	This is a restructure of the existing services and will mean that a number of service areas will be affected, reducing some service offerings and stopping some aspects of services. There would be less back office support and management roles and would mean having a clear action plan for delivering outcomes (limited to no flexibility for ad hoc requests outside the agreed planning process)	Yes
84 UE Cross-cutting	Implementation of Carbon Management and Sustainability Service	250	250		500	This is a merger of the existing Environmental Resources Projects, Transport Planning, Housing Strategy, Housing Enabling, Planning Policy and Design and Strategic Sites and Physical Regeneration Teams into an integrated Carbon Management and Sustainability Service. This will mean that a number of service areas will be affected, reducing some service offerings and stopping some aspects of services. There would be less back office support and management roles and would mean having a clear action plan for delivering outcomes and agreed priorities.	Screening
85 UE Cross-cutting	Urban Environment Business Support and Administration Review	150			150	The review will focus on rationalising administration and business support activities and roles across the Directorate.	Yes
UE Grand Total		6,545	875	0	7,420		
Sub Total Appendix 6.2		30,316	4,188	(492)	34,012		

Haringey Efficiency and Savings Programme - New proposals to Cabinet 8th February 2011						Appendix 6.2			
	Directorate/Service Area	Detailed Efficiency & Saving proposal	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000	Impact on Performance	(Service Delivery)	Equality Impact Assessment Required
	Slippage Risk Provision								
	Safeguarding & Strategic Services	Supporting People Programme Reduction	(526)	526		0			
57	Children's Network	Early Years and Childcare	(1,300)	1,300		0			
61			(1,826)	1,826	0	0			
	Slippage Risk Provision Total		28,490	6,014	(492)	34,012			
	Sub Total Appendix 6.2 including Slippage Risk Provision		41,054	16,128	5,183	62,365			
	Grand Total Savings Proposals to Cabinet 8th February 2011 (Appendix 6.1 and 6.2)								

Reserves and their Adequacy**1. General Fund General Reserve**

The judgement on the adequacy of the general fund general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. For this purpose identification of the key risks is done in three ways:

- identification of risks during the financial planning and budget setting process as set out in the main report;
- risk assessment of the agreed investment and savings proposals in the agreed budget package, and;
- key risks identified, monitored and managed through the Council's risk management strategy and framework.

The calculation of the potential financial impact of these assessed risks has been done and in the light of this, it is regarded that £10.5m is an appropriate target level for the general fund general reserve over the three-year financial planning period. The risks set out in Appendix 7.2 assess a potential financial impact at £10.3m; the Director of Corporate Resources therefore regards the £10.5m figure as a prudent level to set aside.

The £10.5m target for general balances represents 4% of the Council's net budget requirement for 2011/12.

2. Services Reserve

It is Council policy that service under and over spends are retained by the relevant service subject to approval by the Cabinet in the year end financial outturn report. This reserve earmarks those funds to be carried forward to the following financial year.

3. Insurance Reserve

The insurance reserve is kept under review by the Head of Audit and Risk Management with the assistance of the Council's insurance adviser. A key variable is the split between this reserve and the level of insurance provision held elsewhere in the balance sheet. The last actuarial review concluded that this reserve was at an appropriate level. The Director of Corporate Resources is satisfied that the reserve constitutes adequate protection in respect of the self-insured risk. This self-insurance reserve is in addition to the separately procured insurance with a consortium of other London boroughs.

4. PFI Reserve

The PFI reserve reflects the new arrangements following the suspension of services within the PFI contract. The opening figure reflects the remaining element after taking into account the pre-payment previously included elsewhere in the balance

sheet. The reserve will be used to manage the lifecycle fund requirements for schools in the suspended services period during the Building Schools for the Future investment programme.

5. Infrastructure Reserve

The infrastructure reserve is a key financing resource for the programmes of renewal of assets for IT and property. This assists in spreading the costs of core replacement of assets as well as managing asset improvement programmes. It is current policy that revenue and capital underspends in these services are transferred to this reserve for future use.

The infrastructure reserve will remain in place to spread the cost of future infrastructure renewal programmes.

6. Transition Reserve

The Transition Reserve is specifically earmarked for the costs associated with the Council's restructuring and savings programme.

This Reserve is to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. Given the scale of the transition programme there will be up to 1000 staff redundancies with an estimated cost of some £25m relating to the 2011-12 savings proposals. The Council is currently seeking government approval to capitalise this cost but to date has only received confirmation for £0.8m. The Director of Corporate Resources considers that all of this reserve should be earmarked for redundancy costs.

It should be noted that as a result of the Council's voluntary redundancy programme it is probable that some £5million of the reserve will have been applied by 31st March 2011 and all of the reserve will be used by 31st March 2012.

7. Financing Reserve

The financing reserve is a key tool for managing the impact of financial plans from one year to another. This reserve requires balances to be at different levels year to year depending on the demand as identified through previous and current budget plans. This includes an amount set aside for the Sustainable Investment Fund (SIF) which supports invest-to-save projects designed to reduce the Council's CO2 emissions and reduce energy costs. Subject to the approval of Cabinet through a separate report on the agenda this fund will be increased by up to £0.5m through a reallocation of funding within the Financing Reserve. The overall balance on the financing reserve at 1 April 2011 is estimated to be £4.0m.

8. Debt Repayment / Capital Reserve

This reserve has previously been used to set aside money that the Council has for repaying outstanding debt in the future and / or for the purposes of setting aside money earmarked for future capital investment. It had been considered to be used to fund the impairment from the non-recovery of deposits in Icelandic banks,

however, central government have allowed this to be capitalised over twenty years so this amount remains uncommitted. It has also been available to support the capital programme. However, given the scale of the redundancy costs the Council is to incur, this reserve will now be utilised and applied to these costs.

9. HRA reserve

The judgement on the adequacy of the HRA general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. The government reduction in funding for the decent homes programme is indicative of the risks that this reserve is intended to support. Furthermore, the government proposals to reform the existing Housing subsidy arrangements from April 2012 will require a complete review of the MTFP over the next twelve months.

In the light of this, £5m is regarded as an appropriate target level for the HRA general reserve over the three-year financial planning period. The 2011/12 budget is balanced with no planned call the reserves. However, there is a target of £3.4m of on-going revenue savings to be identified for 2011/12. The Director of Corporate Resources therefore considers this reserve target to be a prudent level. This represents approximately 5% of the HRA turnover for 2011/12, broadly the same as last year.

10. HRA Major Repairs Reserve

The balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used for future housing capital spend. This has been inflated in recent years as the government has allowed Decent Homes funding to be brought forward. However, as reported above, the structure of the HRA is likely to change from April 2012 and all HRA finances will therefore need to be reviewed over the next twelve months.

11. Schools Reserve

The amount in the schools reserve is a consequence of the funding and spending of individual schools. A proportion of it reflects earmarked funding for future schools projects. The current expected level of the reserve at £3.5m represents 1.7% of the schools core funding. The projection for 2011/12 will not be finalised until individual schools budgets are calculated, which is subject to the pupil count data. A loan scheme has been introduced with the agreement of the school's forum, which acts like the Council's own Sustainable Investment Fund (SIF) and allows schools to borrow to invest in energy and carbon reducing improvements that can be repaid back to the general schools balances.

12. Overall

The estimates of the reserves position, including earmarked and un-earmarked reserves for both the general fund and the HRA are detailed in the table below.

Reserve	Notes	Actual as at 31.03.2010 £million	Projected as at 31.03.2011 £million	Projected as at 31.03.2012 £million
Non-earmarked				
General Fund Balance	1	10.5	10.5	10.5
Total Non-earmarked Reserves		10.5	10.5	10.5
Earmarked				
Service Reserve	2	0.9	-	-
Insurance Reserve	3	8.6	8.6	8.6
PFI Reserve	4	6.0	6.0	6.0
Infrastructure Reserve	5	1.6	1.6	1.6
Transition Reserve	6	10.2	5.0	-
Financing Reserve	7	7.7	4.0	3.8
Debt Repayment/Capital Reserve	8	17.4	15.1	-
Total Earmarked Reserves		52.4	40.3	20.0
Other Reserves				
HRA	9	7.8	4.8	5.0
Major Repairs (HRA)	10	0.8	-	-
Schools	11	4.4	3.5	3.0
Total Other Reserves		13.0	8.3	8.0
Total		75.9	59.1	38.5

Appendix 7.2

Adequacy of Reserves – Risk Assessment

Three key assessment areas:

1. identification of risks during the financial planning and budget setting process as set out in the main report;
2. risk assessment of the agreed investment and savings proposals in the proposed budget package, and;
3. key risks identified, monitored and managed through the Council's risk management strategy and included in the corporate risk register.

	Budget exposure	Risk	Residual Impact
1. Budget Process	£m	%	£m
- Looked after Children	24.0	Residual impact of High to Low risks (75% to 25%) on specific areas within the overall service budgets	
- Adult Social Care	50.0		
- Temporary Accommodation	10.0		
- Capital Financing	20.0		
- Revenue Streams	50.0		
	154.0		6.5
2. Savings Proposals			
- Delivery Programme	41.0	High to Low Risk (75% to 25%) on specific savings proposals	4.8
- Transition Costs (e.g. redundancies)	25.0	Very High Risk of significant financial impact	25.0
			29.8
3. Corporate Risk Register (not already dealt with in 1 above)		Impact score (from risk register)	
- Corporate Statutory Requirements		5	
- Fraud		7	
- Capital / project delivery		7	
- Corporate IT systems		9	
			2.0
4. Unidentified risks			1.0
Less earmarked reserves and contingencies for the above			-29.0
Grand total			10.3

Appendix 8

Indicative Criteria for the Determination of Funding Scheme Decisions

Criteria	Rationale
• Link to strategic priorities e.g. council priorities/Sustainable Community Strategy Outcomes/agreed HSP thematic board outcomes	How this activity is essential to achieving council and partnership priorities
Link to and statutory obligations	Why the council needs to fund this activity
Maximise outcomes: link into performance measures	How this activity improves the wellbeing of local communities
Impact/effect/improvement(s) of service delivery to local community	• How we can focus this activity on people most in need • What can make this activity more effective • Other local bodies exist which could provide this activity e.g. the private sector, third sector or citizens could provide this activity, whole or in part • How we make sure that payment to service providers links to achievement
Maximise value for money: including long- and short-term financial savings	How we can provide this activity at lower cost
Local connection/presence in Haringey	Support local organisations and businesses where appropriate.

DSG Budget Strategy 2011-12

		2011-12 £m		Total
	%	ISB	Central	£m
2010-11 DSG		152.498	19.631	172.129
Rolled in SF Grants				30.240
Early Yrs flexible entitlement				2.246
Estimated resources 2011-12				204.615
<i>Use of Resources Outside Headroom</i>				
Rolled in grants – Universal		18.505	0.091	18.596
Rolled in grants – Targeted		5.137	0.143	5.258
Rolled in grants - Central		0.	.628	0.628
Rolled in grants – other ²		4.761		
Early Yrs flexible entitlement		2.246	0.	2.246
Sub-total		183.147	20.493	
<i>Calculation of estimated Headroom</i>				
Minimum Funding Guarantee ¹	-1.5%	(2.500)	(0.307)	(2.807)
New School opening costs		(0.234)		(0.234)
Additional Resourced Provision (Heartlands and ILC)		0.470		0.470
Other Formula changes		0.082		0.082
Formula pressures – new classes.		0.450		0.450
SEN Placement costs			0.167	0.167
SEN Transport costs			0.300	0.300
Addt'l savings to be found			(0.160)	(0.160)
Headroom Available (est)		2.707	0	2.707
2011-12 Estimated DSG		184.122	20.493	204.615
<i>Additional Resources</i>				
Pupil Premium – Schools		4.266		
Pupil Premium – LAC		0.133		
Pupil Premium - Total		4.399		

Note 1: The MFG calculation for the Schools Budget makes adjustments for NNDR, SEN and other adjustments and so does not multiply through. The MFG for schools and Centrally Retained resources includes rolled in grants.

Note 2: Although described as being added to headroom the MFG will seek to replicate the 2010-11 distribution and which will draw as a first call upon that headroom.

Appendix 9.2

Recommendations from Schools Forum meeting held 17 January 2011 relating to the Early Years Single Funding Formula (EYSFF).

SF Minute ref:	School Forum Recommendation
7.10	The School Forum recommends that the Early Years Single Funding Formula as set out in Appendix 1 (School Forum agenda item 7) to the Cabinet of Haringey Council – Agreed
7.11	The School Forum recommends the transitional and payment mechanisms set out in sections 2 and 3 of Appendix 1 (as above) to the Cabinet of Haringey Council. - Agreed
7.12	That the Early Years Single Funding Formula is kept under review to ensure that it is fit for purpose. - Agreed

Recommendations from Schools Forum meeting held 17 January 2011 relating to 2011-12 DSG budget Strategy.

SF Minute ref:	School Forum Recommendation
8.22	The Forum is asked for their views on funding for Music Services in the borough pending the outcome of the government's own review. Agreed that the service should be wholly or partly funded by headroom as appropriate.
8.23	The Forum is asked to note the estimated amount of DSG for 2011-12 as £204.615m. Noted
8.24	The Forum is asked to endorse the approach, for those universal grants subsumed into DSG outlined at para. 4.9 of the report which allows for the replication of 2010-11 cash amounts taking into account a 1.5% reduction in line with the Minimum Funding Guarantee (MFG) rate. Endorsed.
8.26	The Forum is asked to endorse the approach, for those targeted grants subsumed into DSG outlined at para. 4.14 of the report which adds those resources to the available headroom – recognising that the MFG will seek to protect 2010-11 amounts and thus limiting the value of the resource actually transferred to headroom – this situation to be reviewed in future years. Endorsed.
8.28	The Forum is asked to endorse the distribution of previous Ethnic Minority Achievement Grant (EMAG) resources on the basis of 2010-11 cash amounts to schools and for the retention of £628,000 centrally in support of narrowing the achievement gap for underperforming ethnic groups in schools as described in para. 4.19 of the report. Endorsed.
8.29	The Forum is asked to endorse the use of the 2010-11 formula from the previous School Lunch Grant as described in para 4.20 of the report. Endorsed.
8.30	The Forum is asked to endorse the targeting of £522,000 of resources in

	2011-12 only, as described in para. 4.25, to allow the schools specified in Appendix 4 to adopt wraparound childcare services previously provided through centrally retained services. Endorsed.
8.31	The Forum is asked to endorse the proposed local formula changes described in para. 5.4 including providing the resource necessary to support them as the first priority from the available headroom. Endorsed
8.34	The motion that the additional resources needed to fund the EYSFF after implementing the transitional funding arrangement provisionally agreed, should be top-sliced from the headroom, was put to the vote: Votes for 13 Votes against 11 Abstentions 3 The motion was carried
8.36	A proposed amendment to the Recommendation below at 8.37 to allocate remaining headroom to reduce the 1.5% cut to school budgets was put to the vote. Votes for 6 Votes against 7 Abstentions 6 The motion was lost
8.37	The Forum is asked to endorse routing the remaining available headroom within the ISB through deprivation measures within the EYSFF and the Haringey Schools Funding Formula according to the relevant pupils' age. Votes for 16 Votes against 0 Abstentions 3 The recommendation was endorsed.
8.38	The Forum approves that a sum of £300,000 in respect of SEN transport costs be charged against the DSG funded from savings and efficiencies to be found in the centrally retained element of the DSG Votes for 26 Votes against 0 Abstentions 0 The recommendation was Agreed

HRA - Draft Medium Term Financial Plan 2011/12 to 2015/16

Appendix 10.1

HRA Summary	2011/12		2012/13		2013/14		2014/15		2015/16	
	Increase / (Decrease) £000s	Draft Budget £000s	Increase / (Decrease) £000s	Draft Budget £000s	Increase / (Decrease) £000s	Draft Budget £000s	Increase / (Decrease) £000s	Draft Budget £000s	Increase / (Decrease) £000s	Draft Budget £000s
Company Income										
Chief Executive	(350)	(54,498)	(228)	(54,726)	(582)	(55,308)	(1,003)	(56,311)	(1,125)	(57,436)
Housing Management	(89)	1,508	11	1,519	30	1,548	31	1,579	32	1,611
Business Improvement	(79)	11,863	33	11,896	238	12,134	243	12,376	248	12,624
Resources	-	93	(93)	0	-	0	-	0	-	0
Property Services	15	2,408	15	2,423	48	2,471	50	2,521	51	2,571
Corporate	305	31,295	767	32,061	642	32,703	654	33,357	667	34,024
	199	7,332	(504)	6,828	(376)	6,451	26	6,478	129	6,606
Total Company Accounts	0	0	0	0	0	0	0	0	0	0
Rental Income	(3,521)	(72,518)	(847)	(73,365)	(1,771)	(75,136)	(1,310)	(76,446)	(1,752)	(78,198)
Non Dwelling Rents	(35)	(2,443)	(49)	(2,492)	(50)	(2,542)	(51)	(2,593)	(52)	(2,644)
HRA Subsidy	4,031	(14,094)	(416)	(14,509)	1,053	(13,456)	451	(13,006)	858	(12,148)
Leasehold Service Charge Income	(207)	(5,171)	(109)	(5,280)	(112)	(5,392)	(114)	(5,506)	(116)	(5,622)
Tenant Service Charge Income	907	(8,618)	134	(8,485)	(170)	(8,654)	(173)	(8,828)	(177)	(9,004)
Miscellaneous Income	(5)	(5,321)	(103)	(5,424)	(105)	(5,529)	(107)	(5,636)	(109)	(5,745)
Housing Management Costs	(238)	7,439	94	7,533	146	7,680	149	7,829	152	7,981
Repairs & Maintenance	1	71	1	72	1	74	2	75	2	77
Bad Debt Provision	(350)	650	50	700	50	750	0	750	0	750
Service Charge Costs	(1,806)	6,520	131	6,650	133	6,783	136	6,919	138	7,057
Total Managed Accounts	(1,224)	(93,485)	(1,114)	(94,599)	(824)	(95,423)	(1,017)	(96,440)	(1,056)	(97,496)
Temporary Accommodation Income	574	(3,898)	(44)	(3,942)	(45)	(3,987)	(46)	(4,033)	(48)	(4,081)
Housing Management Direct Costs	209	1,709	(68)	1,642	33	1,674	34	1,708	34	1,742
Supported Housing Costs	10	3,201	(3)	3,199	66	3,264	67	3,331	68	3,399
Repairs & Maintenance	6	328	7	335	7	342	7	349	7	356
Capital Financing Charges	(2,821)	48,097	1,483	49,580	16	49,596	646	50,242	268	50,510
Other Property Costs	(26)	2,014	40	2,055	41	2,096	42	2,138	43	2,180
Bad Debt Provisions	10	61	10	71	10	81	0	81	0	81
ALMO Management Fee	99	41,681	(29)	41,652	320	41,973	737	42,709	853	43,562
Total Retained Accounts	(1,939)	93,194	1,397	94,591	447	95,038	1,485	96,523	1,226	97,749
TOTAL HOUSING REVENUE ACCOUNT	(3,162)	(291)	283	(8)	(377)	(385)	468	83	170	253
Planned Opening HRA Balance		(4,728)		(5,019)		(5,027)		(5,412)		(5,329)
In-Year Use of Balances		(291)		(8)		(385)		83		253
Planned Closing Balance		(5,019)		(5,027)		(5,412)		(5,329)		(5,076)

HRA New Investment

Change	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s	2015/16 over 2014/15 £000s
Review of Salary Overheads 2011/12: Additional Pressure - Increased Employer Pension Contributions	200	0	0	0	0
Cost of Property Services restructure - Enhanced Statutory	880	(780)	0	(100)	0
Cost of Property Services restructure - Enhanced Statutory + Option A	92	(92)	0	0	0
Cost of Property Services restructure - Enhanced Statutory + Option A + Option B	33	(33)	0	0	0
Cost of Property Services restructure - Enhanced Statutory + Option A + Option B + Balance to take to voluntary level	250	(250)	0	0	0
Subtotal Property Services Restructure	1,455	(1,155)	0	(100)	0
Increased Funding of the Anti-social behaviour Team	250	(100)	0	0	0
Total New Investment	1,705	(1,255)	0	(100)	0

HRA Existing Investment

Change	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s	2015/16 over 2014/15 £000s
Review of Salary Overheads 2011/12: Increased Employer Pension Contributions	400	0	0	0	0
Reversal of One year only Investment Items 2010/11	(112)	0	0	0	0
Increase in Bad Debt Provision - Hostels	10	10	10	0	0
Increase in Bad Debt Provision - Dwellings	50	50	50	0	0
Total Existing Investment	348	60	60	0	0

HRA Existing Efficiencies and Savings

Change	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s	2015/16 over 2014/15 £000s
Interest earnings on HRA balances	(125)	0	0	0	0
Contribution to Waste Management procurement costs	(107)	0	0	0	0
Complete Review Corporate Finance SLA by the end of the second quarter and evaluate options for the transfer of functions to the company	(30)	0	0	0	0
Implementation of systems for new procurement arrangements using Procurement for Housing	(90)	0	0	0	0
Total Existing Efficiencies and Savings	(352)	0	0	0	0

HRA Summary - New Efficiencies and Savings

Appendix 10.4

Change	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s	2015/16 over 2014/15 £000s
Decrease in Leasehold Bad Debt Provision	(100)	0	0	0	0
Rent Income - Provision for Doubtful Debts - reduction in provision to reflect good collection performance over 2009/10 and 2010/11.	(400)	0	0	0	0
Reduced Insurance Costs from re-tendering	(66)	0	0	0	0
Corporate and Democratic Costs - reduction in contribution from HRA	(50)	0	0	0	0
Welfare Services - efficiency savings net of reduced grant	(100)	0	0	0	0
Chief Executive Service restructuring*	(100)	0	0	0	0
Remove Lump Sum for Essential Users not needing car *	(107)	0	0	0	0
Reduction in staff Agency Costs *	(100)	0	0	0	0
Reduction in overtime *	(63)	0	0	0	0
Various Other reductions/restructuring *	(50)	0	0	0	0
Efficiencies from 'Fit for the Future' project *	(150)	(350)	(500)	0	0
Overtime rates - reduce level of enhancement *	(164)	0	0	0	0
Weekend/night working - reduce level of enhancement *	(141)	0	0	0	0
Restructure of Housing Management and Governance *	(250)	250	0	0	0
Remove budget allowance for inflationary pressure in 2011/12 - Homes for Haringey *	(100)	0	0	0	0
Remove budget allowance for inflationary pressure on gas contracts in 2011/12 *	(223)	223	0	0	0
Non award of due increment *	(96)	96	0	0	0
Reduction of one increment for all officer staff *	(440)	440	0	0	0
New Service Charges for Unadopted Roads and Pavements Maintenance and IRS (Digital aerals)	(300)	300	0	0	0
Total New Savings	(3,000)	959	(500)	0	0

Total Staffing and Inflation Savings = £1.984 million

HRA Summary - Budget Variations

Appendix 10.5

Managed and Retained Budgets

Change	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s	2015/16 over 2014/15 £000s
Rent Increase and other variations	(3,267)	(886)	(1,811)	(1,350)	(1,794)
Additional Service Charge Income	(157)	(447)	(457)	(466)	(475)
Net Reduction in Service Charge Costs	(287)	0	0	0	0
ALMO Management Fee	99	(29)	320	737	853
Capital Financing Charges	(2,821)	1,483	16	646	268
Inflation	178	317	442	451	460
Housing Subsidy changes	4,031	(416)	1,053	451	858
Existing Investment	60	60	60	0	0
New Investment	250	(100)	0	0	0
New Efficiencies and Savings	(1,016)	300	0	0	0
Existing Efficiencies and Savings	(232)	0	0	0	0
Total Variations Managed and Retained	(3,162)	283	(377)	468	170

Company Budgets					
Existing Investment	288	0	0	0	0
New Investment	1,455	(1,155)	0	(100)	0
Existing Efficiencies and Savings	(120)	0	0	0	0
New Efficiencies and Savings	(1,984)	659	(500)	0	0
Inflation	460	467	820	837	853
ALMO Management Fee	189	29	(320)	(737)	(853)
Total Variations Company	0	0	0	0	0
Variations - All HRA					
Rent Increase and other variations	(3,267)	(886)	(1,811)	(1,350)	(1,794)
Pre-agreed Growth & Savings	0	0	0	0	0
Additional Service Charge Income	(157)	(447)	(457)	(466)	(475)
Capital Financing Charges	(2,821)	1,483	16	646	268
Inflation	638	784	1,262	1,288	1,313
Net Reduction in Service Charge Costs	(287)	0	0	0	0
Housing Subsidy changes	4,031	(416)	1,053	451	858
Existing Investment	348	60	60	0	0
New Investment	1,705	(1,255)	0	(100)	0
Existing Efficiencies and Savings	(352)	0	0	0	0
New Efficiencies and Savings	(3,000)	959	(500)	0	0
Total Variations All HRA	(3,162)	283	(377)	468	170

Draft Haringey Council Capital Programme 2011/12 to 2013/14

Draft Summary Capital Programme 2011/12 to 2013/14				
Draft Expenditure Budget	Proposed Budget 2011/12 £'000	Indicative Budget 2012/13 £'000	Indicative Budget 2013/14 £'000	Total £'000
Urban Environment (including Housing General Fund)				
Adults, Culture and Community Services	6,544	5,977	4,104	16,625
Corporate Resources	4,259	2,597	996	7,852
Alexandra Palace & Park Charitable Trust	5,206	10,910	11,454	27,570
Children & Young People	500	0	0	500
Housing Services (Housing Revenue Account only)	26,162	20,516	13,872	60,550
	17,526	14,843	13,543	45,912
Total Capital Programme	60,197	54,843	43,969	159,009
Draft Capital Financing				
Capital grants from central government departments (inc SCE(C)) (Note 1)	24,724	12,008	6,966	43,698
Grants and contributions from private developers & leaseholders (Note 2)	3,654	9,639	12,724	26,017
Capital grants from the National Lottery	1,938	1,761	160	3,859
Capital funding from GLA bodies (Note 3)	2,194	1,577	1,204	4,975
Use of capital receipts (Note 4)	11,358	7,863	5,650	24,871
Capital expenditure financed by the Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) - Govt Grant	13,543	13,543	13,543	40,629
Supported Capital Expenditure (prudential borrowing)	300	5,338	3,522	9,160
Use of reserves	2,486	3,114	200	5,800
Total Capital Financing	60,197	54,843	43,969	159,009
Notes				
1 Include capital expenditure financed by capital grants from all central government departments (including BSF). Exclude capital expenditure financed by Major Repairs Reserve (MRR).				
2 Include contributions from private developers. Include leaseholders contributions made specifically towards the cost of capital works on the premises of which the leaseholders' property forms part. This also includes assumed funding for Hornsey Town Hall (£17m over 2 years) subject to self-financing business case.				
3 Include capital funding from the Greater London Authority (GLA).				
4 Include all capital expenditure financed by applying capital receipts. Exclude capital receipts applied to make payments to the Secretary of State under sections 11 (2) (b) and 11 (3) of the Local Government Act 2003.				
Capital Receipts Analysis:				
Capital Receipts - Bids for Corporate Resources	2011/12	2012/13	2013/14	Total
Capital Receipts - Accommodation Strategy *	9,988	6,433	5,650	22,071
	1,370	1,430	0	2,800
	11,358	7,863	5,650	24,871
* subject to self-financing business case				

Draft Haringey Council Capital Programme 2011/12 to 2013/14

Draft Haringey Council Capital Programme 2011/12 to 2013/14									
		Total Planned Expenditure Budget			Total Funding Source (3 years)				
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Total £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Use of reserves £'000	Total £'000
Urban Environment									
1	Energy Saving Measures in designated Low Carbon Zone (20 year payback period)	500	0	0	500	0	500	0	500
2	Planned road and pavement major repairs and resurfacing	1,300	1,300	1,300	3,900	0	3,900	0	3,900
3	Street lighting replacement programme	800	800	800	2,400	0	2,400	0	2,400
4	Local road safety improvements responsive to accident stats	200	200	200	600	0	600	0	600
5	Bridges and other structures - high priority health & safety works	0	0	0	0	0	0	0	0
6	Drainage / Flood Relief - improvements to gullies and gutter in worst affected areas of borough.	0	0	0	0	0	0	0	0
7	Parking Plan - to maintain and renew lines and signs and implement new parking schemes	600	600	600	1,800	0	1,800	0	1,800
8	Redevelopment of Cranford Way site as Reuse & Recycling centre	900	0	0	900	0	900	0	900
9	Works in default that can not be recovered	50	0	0	50	0	50	0	50
10	Tottenham Gytratory - Council support towards replacing the one-way system to two way.	0	1,500	0	1,500	0	0	1,500	1,500
11	Local Implementation Plan (LIP) - Corridors, neighbourhoods and supporting measures	1,714	1,577	1,204	4,495	4,495	0	0	4,495
12	Local Implementation Plan (LIP) - Principal road maintenance	380	0	0	380	380	0	0	380
13	Local Implementation Plan (LIP) - Major schemes	100	0	0	100	100	0	0	100
Total Urban Environment		6,544	5,977	4,104	16,625	4,975	10,150	1,500	16,625

Draft Haringey Council Capital Programme 2011/12 to 2013/14

Draft Haringey Council Capital Programme 2011/12 to 2013/14									
Draft Capital Programme 2011/12 to 2013/14		Total Planned Expenditure Budget				Total Funding Source (3 years)			
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Total £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Use Of Capital Receipts £'000	Use of reserves £'000	Total £'000
Corporate Resources									
Accommodation Strategy Programme									
18	Hornsey Town Hall Refurbishment & Development**	2,086	8,230	10,204	20,520	17,020	0	3,500	20,520
19	Accommodation Strategy Phase 2 (Including Haringey Council Offices)**	1,370	1,430	0	2,800	0	2,800	0	2,800
	Sub-total Accommodation Strategy Programme	3,456	9,660	10,204	23,320	17,020	2,800	3,500	23,320
Sub-total Information Technology Capital Programme (Corporate)									
20	Repairs & improvements for the operational and community buildings portfolio	750	500	500	1,750	0	1,750	0	1,750
21		750	750	750	2,250	0	2,250	0	2,250
22	Monroe Industrial Units - rebuilding works after fire, bid for additional resources to support insurance monies.	250	0	0	250	0	250	0	250
	Sub-total Other Corporate Resources	1,750	1,250	1,250	4,250	0	4,250	0	4,250
	Total Corporate Resources	5,206	10,910	11,454	27,570	17,020	7,050	3,500	27,570
Alexandra Palace & Park Charitable Trust									
23	Works to rectify dilapidations & back log maintenance on buildings	500	0	0	500	0	500	0	500
	Total Alexandra Palace & Park Charitable Trust	500	0	0	500	0	500	0	500
** Subject to self-financing business case.									

** Subject to self-financing business case.

Draft Haringey Council Capital Programme 2011/12 to 2013/14

Draft Capital Programme 2011/12 to 2013/14												
Total Planned Expenditure Budget							Total Funding Source (3 years)					
Ref. No.	Name of Capital Scheme	Total Estimated Projected Spend Up To 31.3.11 (where stated) £'000	Proposed Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Total £'000	Capital From Government Departments (inc SCE(C) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Use Of Capital Receipts £'000	SCE (R) Single Capital Pot £'000	Use of reserves £'000	Total £'000
Children & Young People Service												
Primary and Pre-School Programme												
24	PCP - Broadwater Farm ILC		6,470	5,437	769	12,676	9,393	1,000	2,283	0	0	12,676
25	Rhodes Avenue Expansion to 3 FE		3,417	2,670	354	6,441	3,527	1,838	0	1,076	0	6,441
26	Coleridge Primary: Expansion		276	0	0	276	276	0	0	0	0	276
27	Dowthills re-model entrance, reception, kitchen		500	0	0	500	500	0	0	0	0	500
28	Mulberry modernisation		1,200	1,400	400	3,000	3,000	0	0	0	0	3,000
29	Pupil Place expansion fund		1,000	2,000	5,069	8,069	2,127	2,620	0	3,322	0	8,069
30	Alternative provision (Primary)		50	1,150	0	1,200	1,200	0	0	0	0	1,200
31	PCP Delivery costs		500	600	600	1,700	1,700	0	0	0	0	1,700
32	PCP Programme Contingency		250	250	1,000	1,500	1,250	0	0	250	0	1,500
	(A) Sub-total Primary and Pre-School Programme		13,663	13,507	8,192	35,362	22,973	5,458	2,283	4,648	0	35,362
Planned Asset Improvement												
33	Planned and reactive condition works		1,000	2,000	2,500	5,500	1,648	0	0	3,852	0	5,500
34	Electrical infrastructure at grades		1,000	500	0	1,500	1,241	159	0	100	0	1,500
35	PFI Costs - Lifecycle Fund		200	200	200	600	0	0	0	0	600	600
	(B) Sub-total Planned Asset Maintenance		2,200	2,700	2,700	7,600	2,889	159	0	3,952	600	7,600
Devolved Schools Capital												
36	Devolved Capital		804	800	800	2,404	2,404	0	0	0	0	2,404
	(C) Sub-total Planned Devolved Schools Capital		804	800	800	2,404	2,404	0	0	0	0	2,404
Social Care And Other												
37	Carer Home Adaptations		100	100	100	300	300	0	0	0	0	300
	(D) Sub-total Social Care And Other		100	100	100	300	300	0	0	0	0	300
	(E) Total CYPS excluding BSF (E=A+B+C+D)		16,767	17,107	11,792	45,666	28,566	5,617	2,283	8,600	600	45,666
Building Schools For The Future (BSF) - School Projects												
38	Alexandra Park	3,765	38	0	0	38	38	0	0	0	0	38
39	Fortismere/Blanche Neville	4,553	33	0	0	33	33	0	0	0	0	33
40	Gladesmore	12,214	192	0	0	192	192	0	0	0	0	192
41	Heartlands High School	31,758	1,153	247	0	1,400	1,200	0	0	0	200	1,400
42	Higgle Wood	4,953	0	0	0	0	0	0	0	0	0	0
43	Hornsey Girls	4,878	49	0	0	49	49	0	0	0	0	49
44	John Loughborough	5,076	0	0	0	0	0	0	0	0	0	0
45	Northumberland Park/Vale	16,434	184	0	0	184	184	0	0	0	0	184
46	Park View Academy	12,744	130	0	0	130	130	0	0	0	0	130
47	St Thomas More	7,945	75	0	0	75	75	0	0	0	0	75
48	Woodside High	22,333	5,687	168	0	5,855	5,855	0	0	0	0	5,855
49	Young Peoples Centre	5,376	0	0	0	0	0	0	0	0	0	0
50	ICT MSP Contract	12,139	1,605	2,969	2,080	6,654	4,594	0	1,500	560	0	6,654
51	BSF Other - Total	20,624	64	0	0	64	64	0	0	0	0	64
52	BSF Programme Contingency	6,988	185	25	0	210	210	0	0	0	0	210
	(F) Sub-total BSF School Projects	171,780	9,395	3,409	2,080	14,884	12,624	0	1,500	560	200	14,884
	Total Children & Young People	171,780	26,162	20,516	13,872	60,550	41,190	5,617	3,783	9,160	800	60,550

Draft Haringey Council Capital Programme 2011/12 to 2013/14

Draft Capital Programme 2011/12 to 2013/14		Total Planned Expenditure Budget		Total Funding Source (3 years)					
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Total £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Use Of Capital Receipts £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Total £'000
Housing Services (Housing Revenue Account (HRA))									
53	Retained Hostels Borough-wide	1,000	0	0	1,000	0	1,000	0	1,000
54	Transferable Discount Scheme	100	0	0	100	0	100	0	100
55	Estate Improvement	50	50	50	150	0	0	150	150
56	Planned Preventative Maintenance	5,854	5,854	5,854	17,562	0	0	17,562	17,562
57	Structural Works	300	300	300	900	0	0	900	900
58	Extensive Void Works	400	400	400	1,200	0	0	1,200	1,200
59	Energy Conservation	150	150	150	450	0	0	450	450
60	Boiler Replacement	67	67	67	201	0	0	201	201
61	Affordable Housing	850	0	0	850	0	850	0	850
62	Lift Improvements	2,000	2,000	2,000	6,000	0	0	6,000	6,000
63	Decent Homes	1,933	1,300	0	3,233	3,233	0	0	3,233
64	Asbestos Removal	200	200	200	600	0	0	600	600
65	Essential Capital Works	200	200	200	600	0	0	600	600
66	Major Works Voids Conversions	100	0	0	100	0	100	0	100
67	Mechanical & Electrical Works	2,877	2,877	2,877	8,631	0	0	8,631	8,631
68	Professional Fees	1,408	1,408	1,408	4,224	0	0	4,224	4,224
69	Sewage & Drainage	37	37	37	111	0	0	111	111
Total Housing Services (Housing Revenue Account)		17,526	14,843	13,543	45,912	3,233	2,050	40,629	45,912

RESOLVED that the following recommendations be presented to the Cabinet on 8th February 2011 in response to the draft medium term financial planning 2011/12 to 2013/14 report appendices 3, 6.1 and 6.2.

New Revenue Investment Proposals – Appendix 3

Ref.	Proposal	Comment	Cabinet Response
1	ACCS - Reduced contributions from NHS – Learning Disabilities	The Committee recommends that the pooling of appropriate budgets with the NHS be investigated as a matter of urgency	Agreed
8	CYPS – Demographic pressures	The Committee is concerned at the continued overspend in C&YPS which needs to be brought under control. This is taking place against a background of high numbers of children being taken into care and high ratios of staff to children. They are of the view that the service should consider further ways of reducing costs and increasing efficiency. The Committee therefore recommends that additional investment to allow for demographic pressures be reduced by £500k to £3.5m.	Robust on-going monitoring of all Council budgets is a high priority for the Cabinet and C&YPS is no exception. The Cabinet is of the view that spending in the directorate is under control. The Cabinet is satisfied that the service is continually looking for efficiencies and keeping spending at the optimum level. Not agreed – The Cabinet are not prepared to compromise on child safeguarding.
9	CYPS – Taking Children in to Care: Legal Costs	The Committee recommends that a Value For Money exercise on legal costs be conducted and consideration be given to the possibility of establishing a specialist in-house legal team and sharing legal	Not agreed – the option of a shared legal service with Waltham Forest is being evaluated. The current in-house legal section has a team dedicated to social care work, which operates at a high level of productivity having taken responsibility for a substantial increase in the number of

		services with Waltham Forest.	care cases with only a small increase in staff numbers. The work of that team and the cost drivers will be assessed as part of the shared service work to ensure the current high quality is maintained and even greater value for money is secured.
--	--	-------------------------------	--

Haringey Efficiency and Savings Programme – Proposals Presented to Cabinet in December 2010 – Appendix 6.1

Ref.	Proposal	Comment	Cabinet Response
13, 14 & 15	Corporate Property – reduction in building maintenance, Soft Facilities Management & Office Accommodation	The Committee recommends that an audit of the Council's buildings be carried out and that, where possible, buildings be offered first to other Council services before consideration is given to their disposal. The Committee recommends that a working group is established to ensure that priority to lease unused Council buildings are given to third sector organisations that were also under financial pressure.	Agreed Not agreed – a review of community buildings is already underway. The Council's estate needs to be sustainable and this will be the Cabinet's key priority for its buildings.
16	Corporate Property – Savings on Security costs at Customer Service Centres (CSCs)	The Committee was of the view that the reduction in Customer Service Centres may have implications on the level of security required at the remaining centres. It was therefore of the view that an equalities impact assessment (EIA) should be conducted to establish fully the	Equalities Impact Assessments (EQIAs) will be carried out on all savings proposals set out in the Medium Term Financial Plan (MTFP). Final decisions on the savings proposals will take account of the relevant completed EQIAs and consultation.

		possible implications of the proposed changes. Accordingly it recommends deferral of this proposal until 2013/14. In addition, it recommends that discussions about the possibility of shared services and premises with the Department for Work and Pensions be accelerated.	Not agreed – the Council's budget position is such that all proposals need to be delivered to time, there is no room for slippage. Discussions with the DWP will be undertaken at the optimum time.
20	IT – Service Implement Value For Money (phase 2)	The Committee is concerned that, in the context of the unprecedented level of budget savings required, the proposed savings from the IT budget represent a comparatively small reduction to (approximately 5% of current budget) in the £16 million IT budget. It is of the view that the detail so far presented is not sufficient to justify this and that more information on the benefits and effects of the savings in IT is required	Not agreed – the Cabinet is of the view that the level of saving identified is appropriate. The £16m budget includes substantial sums to support the Council's IT infrastructure and contract costs for our major systems such SAP and Framework-I. It is not possible, therefore, to make reductions where contractual commitments have been entered into. Furthermore, the Cabinet is of the view that an in-house IT service represents the best value for the Council.
24	Reduction in the use of mobile phones	The Committee understands the need to reduce the use of mobile phones but recommends that appropriate frontline staff are given necessary usage. The Committee also recommend that the potential for savings on landlines should be explored and increased.	Agreed.
28 & 39	Customer Contact – Programme to shift customers to online transactions	The Committee expresses concern about the effect of the shift to online transactions on the older population, those with English as a second language	Not agreed – the Cabinet believes there is no evidence to suggest there should be any concern about moving to online transactions.

	& Recreation Services – Reduction of reception cover at Tottenham Leisure Centre	and those not familiar with IT or have limited access. It recommends that HAVCO (Haringey Association of Voluntary and Community Organisations) and Age Concern be consulted on the impact it will have on its members with impairments and learning disabilities The Committee recommends that Cabinet ensure that all new IT schemes are thoroughly tested and that all literature is in plain English.	Agreed – already in place via the Council's Corporate IT Board.
36	Recreation Services – Allotment fee increases – full cost recovery	The Committee recognises that allotments need to be funded but is concerned about the lack of consultation. The Committee also recommends that raised beds be provided for disabled people.	Not agreed - the Cabinet will prioritise its subsidy in line with the current income policy and an assessment of demand. Already in place - the Council has 22 raised beds across 3 sites, with the most recent installation being 8 at Salisbury Road, N22.
39	Recreation Services – Reduction of reception cover at Tottenham Leisure Centre	The Committee does not support this proposal and is of the view that the small amount saved will not be commensurate to the inconvenience that could be caused. A loss of revenue could also occur if customers decide to go to another centre or not visit at all. The Committee therefore recommends that there be a receptionist available during	Not agreed – the Cabinet does not believe there is evidence to support this assertion.

40	Adults – Recreation Services	opening hours to deal with elderly customers and those who are not able to use the ticketing software as well as cases where there is a breakdown in the software system. The Committee agrees that the proposals for savings in parks will have a negative impact on the Green Flag programme; and parks maintenance would decline.	Impact on the programme will be kept to a minimum within available resources.
43-48	ACCS – Adults Social Care (43-48)	The Committee is concerned at these proposals and, in particular, the speed of their implementation. This could potentially lead to added costs for other services in the future due to increased social isolation and increased ill-health of clients as a consequence of the loss of preventative work that these services provide. In addition, there may also be implications for adult protection. It recommends that these services, as well as those that will be lost as part of the savings to youth provision, be financed by a 0.5% levy across all Council services. The Committee was also unconvinced that proposed transition to personalised budgets for clients could be satisfactorily achieved within the short timescale.	Not agreed. The proposal for a 0.5% levy will, in effect, already be in place given the Cabinet's prudent decision to constrain the general inflation allocation across the Council. This initiative has assisted in meeting the significant funding gap the Council has had to face in setting the budget. The service is currently performing above target and no difficulty is anticipated in achieving the transition within the agreed timescales.

53	Adults & Commissioning – Remaining Older People's residential home	The Committee is concerned that the independent sector might, in due course, increase placement prices. The Committee recommends that transition arrangements minimise the impact on residents as much as possible and that personal requirements should be taken fully into account as part of individual plans.	Not agreed – the Council's Procurement Strategy will mitigate the perceived risk.
55	Adults & Commissioning – Remaining Older People's day centre closures	The Committee recommends that the closure of the Haven Centre be deferred pending further impact assessment of the impact and consideration of suitable alternative provision for frail and elderly people. The Committee also recommends that the Cabinet challenge the Primary Care Trust (PCT) over additional running costs imposed by them for the Haynes Centre. The Committee suggests Homes for Haringey play a part in ensuring that community halls are considered for the provision of drop-in services for older people.	Not agreed. The proposal is already in year 2 of the MTFP and as such does not require deferral. Equalities Impact Assessments (EQIAs) will be carried out on all savings proposals set out in the Medium Term Financial Plan (MTFP). Final decisions on the savings proposals will take account of the relevant completed EQIAs and consultation. This is already in place. Agreed.
74	Behaviour Support & Inclusion Management	The Committee is concerned at the rapid rate of the withdrawal of this service and	Equalities Impact Assessments (EQIAs) will be carried out on all savings proposals set out in the Medium Term

OVERVIEW & SCRUTINY COMMITTEE – JANUARY 2011
BUDGET SCRUTINY RECOMMENDATIONS

Appendix 12

		recommends that, in view of the potential disproportionate effect on black and ethnic minority communities, a full equalities impact assessment be conducted.	Financial Plan (MTPF). Final decisions on the savings proposals will take account of the relevant completed EqlAs and consultation.
75 – 84	Enforcement – Various	The Committee notes the potential impact as a result of reductions in this service and recommends that discussions for shared services be progressed quickly to minimise this.	Agreed – and already in hand.
76	Enforcement – cessation of the out of hours service and withdrawal of Police support at weekends.	The Committee is concerned about this proposal as most complaints are received at night time and on weekends. It recommends that the service be retained, even if this was at the expense of another service.	The service will continue to operate 7 days a week and will operate to at least 3am every night.

Haringey Efficiency and Savings Programme – New Proposals Cabinet 8th February 2011 – Appendix 6.2

Ref.	Proposal	Comment	Cabinet Response
1 – 4	Policy & Performance, LDMS, HR & OD&L	The Committee recommends that support for all Members be reviewed. In addition, it is of the view that non professional Councillors should receive enough support to enable them to perform their duties effectively.	Not agreed - a review has already been undertaken and the proposed saving is considered appropriate. The Cabinet does not recognise the term 'non professional Councillors' and is of the view that, generally, councillors are well supported.
9	Communications – Council Wide – reduce translation	The Committee recommends that ethnic minority community centres be invited to	Not agreed – this is considered to be inappropriate for, say, child safeguarding given this is a high risk service for

OVERVIEW & SCRUTINY COMMITTEE – JANUARY 2011
BUDGET SCRUTINY RECOMMENDATIONS

Appendix 12

	budget	tender for the provision of translation and interpretation services. It was felt that this might reduce cost to the Council as well as providing our partner organisations with an income stream.	the Council.
26	B< & Customer Services – Closure of Hornsey CSC	The Committee recommends that suitable alternative provision in the locality is identified prior to closure.	Not agreed.
27	B< & Customer Services – Closure of North Tottenham CSC	The Committee recommends that, in view of the lack of potential alternative provision in the locality, closure of the North Tottenham Customer Service Centre be deferred until such facilities are in place. In addition, it recommends that discussions take place with the DWP on the feasibility of shared premises.	Not agreed.
		The Committee also urged that discussions on sharing premises with the Department for Working and Pensions be accelerated.	The Council is looking at ways of managing the demand in fewer premises.
31	B< & Customer Services – reduce hours of Call Centre from 8-6 to 9-5	The Committee recommends that the reduction in opening hours be phased-in, thus allowing the 5-6pm slot to continue for several extra months.	Not agreed.
35	Customer Contact - shift to online transactions	Please see (a) below	
37	Recreation Services – Review of resourcing of	The Committee is concerned about the potential impact on crime and the work	ABG funding has been withdrawn by the Government and this Council can no longer afford to support the activity.

	Parkforce Activities – and related support – British Trust for Conservation Volunteers and Metropolitan Police Managed activity	undertaken by Police and volunteers and therefore cannot support this proposal.	
39	Recreation Services – White Hart Lane Community Sports Centre	The Committee is of the view that it was unacceptable for the Centre to continually operate at a deficit of £500,000. It recommends that any initiatives for the Centre should be robust and deliverable and consideration should be given to inviting tenders from the private sector.	Agreed
42	Recreation Services – Franchise Leisure Catering at Park Road and Tottenham Green	The Committee recommends that the rental amounts be revisited to reflect current local market conditions.	Not agreed – as these services are franchised it is considered that the competitive tender process will ensure the Council achieves best value in this area.
47	Safeguarding & Strategy Services – Financial Assessment Team	The Committee is concerned that the accelerated implementation of personalised budgets might be slowed down by staff reductions in this area and seeks assurances that this will be taken into account when planning cost reductions elsewhere.	This will in no way slow down the implementation of personalised care. The newly formed service finding team will incorporate some existing finance staff specifically placed in the team to expedite personal budgets.
55	Culture, Learning & Libraries – Staffing and Book Fund reductions	The Committee recommends no further reductions from this fund and notes the Leader's assurance that there will be no cuts to libraries opening hours.	The Leader has confirmed there are no proposals to close libraries.
56	Cross Directorate – Non statutory services – funded	The Committee notes that the services will be provided within the formula grant	Not agreed - there are no longer specific grants and, as such, the Council has the flexibility to apply grants in the

	from the former ABG (Area based Grant)	and recommends that the Open-Door services for 18-24 year olds be retained.	optimum way. Given the severe grant reductions from 2011/12 the Council can no longer afford to provide everything it would wish to.
57	Safeguarding & Strategic Services – Supporting People Programme Reduction	The Committee is concerned about the disproportionate impact and the deliverability of the proposed reduction of £5 million in the Supporting People budget. It is of the view that insufficient information has been provided so far to assess the full impact.	Noted.
58	Recreation Services - Further Parks staffing efficiencies and leisure development	The Committee was concerned at the impact of such a reduction in staffing on the condition of the parks especially as this is in addition to the proposal at ref 40 (Appendix 6., 1) and ask for this to be looked at again.	Not agreed.
59	Children's Network – After School Childcare	The Committee recommends that it be ensured that any new providers of this service are not burdened with additional costs (such as hourly rent) by schools.	This is a matter for school governing bodies.
60	Children's Network – Youth Service	The Committee is concerned at the significant cuts to a valuable service which could potentially cause long term social and financial problems for the borough. It recommends that the cut be reduced in conjunction with the previously mentioned (items 43-48) levy of 0.5% on all other services.	Not agreed. As stated above, however, the proposal for a 0.5% levy will, in effect, already be in place given the Cabinet's prudent decision to constrain the general inflation allocation across the Council. This initiative has assisted in meeting the significant funding gap the Council has had to face in setting the budget.
62	School Standards and	The Committee requests to see these	The committee can have sight of the proposals; however

	Inclusion	proposals before they are considered by the Cabinet so that it can make recommendations.	they have already been approved by Cabinet.
63	Children's Network – integration of behaviour, attendance and welfare service	The Committee is concerned that ethnic minority children will be disproportionately affected and that equalities impact assessments had not been conducted yet.	Equalities Impact Assessments (EQIAs) will be carried out on all savings proposals set out in the Medium Term Financial Plan (MTFP). Final decisions on the savings proposals will take account of the relevant completed EQIAs and consultation.
70	Planning, Regeneration & Economy – restructure	The Committee recommends that an equalities impact assessment be conducted to establish the effects of the cuts and changes. It also asked that proposed new service threshold levels are shared with the Cabinet before a final decision is taken.	Equalities Impact Assessments (EQIAs) will be carried out on all savings proposals set out in the Medium Term Financial Plan (MTFP). Final decisions on the savings proposals will take account of the relevant completed EQIAs and consultation. The full and final detailed proposals will be considered by General Purposes (GP) Committee. GP has already considered the PRE proposed basic re-structure at its October 2010 Meeting. Since then the proposed restructure will change in the following way:- - the addition of planning enforcement and capital programmes to better integrate planning and project services - the development of a shared economic development service with Waltham Forest to make efficiencies and maintain focus on key employment, training and business development aims - the creation of a carbon management and sustainability service to make efficiencies and better

			integrate work on the LDF, Transport and Housing Strategies, Major Projects and the Low Carbon Framework, Adaptation Plan and support of the 40:20 commitment.
71	Planning, Regeneration & Economy – increased Section 106 drawdown	The Committee seeks assurances that the Council is maximising the amount of money obtained through Section 106 Agreements and recommends that tighter controls are established to ensure S106 agreements are complied with.	Agreed and the Cabinet so assures.
75	Safer, Stronger Communities	The Committee does not wish to see the good work done so far in Neighbourhood Management to be wasted with the decommissioning of this service and urges the Cabinet to ensure that this does not happen.	Agreed – the Cabinet will ensure that the good practice is shared and not wasted.
78, 79 & 80	Safer, Stronger Communities – cessation of funding (various)	The Committee recommends that an alternative plans is developed to continue these valuable services.	Not agreed.
(a)	General – Customer Service Centres/ online transactions	The Committee seeks assurances that standards in the remaining customer services centres will not slip and recommends that alternative provision such as in libraries be made available for people requiring face-to-face contact such as people with learning disabilities or without access to computers.	The Cabinet will continue to ensure high standards in its CSCs. A new queuing system has been implemented and this will help.
		The Committee recommends	

		consideration be given to older people who were not able to stand in queues for very long periods and that a system established for older people to sit down without losing a place in the queue.	Agreed.
(b)	General – Shared Services	The Committee advocates the sharing of services with other boroughs, partners and agencies but is concerned that discussions seem to be at very early stages (knowledge of the impending cuts had been available since autumn 2009, and Haringey's response to the Total Place agenda was poorly advanced). It recommends that every effort be made to accelerate discussions, with specific reference to concerns about the severity of cuts in legal costs in children's services and enforcement.	The Council is already well advanced in its sharing of service plans with other Boroughs. The Chief Executive chairs a group involving senior staff and members of both Haringey and Waltham Forest Councils who are actively pursuing partnership arrangements. A Memo of Understanding has already been agreed. Work will continue in this important initiative at a pace.
(c)	General – Older People's Services and Youth Services	The Committee recommends that a levy of 0.5% on other departments' budgets be put towards day care provision for adults and youth services.	Not agreed - the proposal for a 0.5% levy will, in effect, already be in place given the Cabinet's prudent decision to constrain the general inflation allocation across the Council. This initiative has assisted in meeting the significant funding gap the Council has had to face in setting the budget.
(d)	General	The Committee expresses disappointment that where proposals are deemed to have "no impact" these cuts were not implemented sooner.	The Cabinet regrets the use of the phrase 'no impact'. The message could have been better described as a budget reduction with limited risk.
(e)	General – Trade- Union	The Committee suggests that it would	The proposals have already been considered by General

	Expenditure	have been useful to have received the information it previously requested on Trade Unions during these budget considerations although recognises that this time of change might not have been the best time to review Trade union facility time.	Purposes Committee.
(f)	Energy Consumption	The Committee recommends that all directorates set targets for the reduction of energy consumption the next year or two as done by Recreational Services.	Not agreed - Target reductions on a directorate by directorate basis are difficult to enforce and monitor as, unlike Recreational Services, many directorates co-habit buildings and share resources (e.g. pool cars). There is also substantial cost and time associated with installing monitoring equipment to evaluate each Directorate's impact. Haringey Council already operates a Carbon Management Programme, supported by the Sustainable Investment Fund (SIF), through which carbon reduction targets are already set and projects identified to achieve them. Directorates are engaged on a prioritised basis, where the installation of energy efficiency equipment will yield the greatest returns.

REPORT OF THE GENERAL PURPOSES COMMITTEE No. 03/2011
COUNCIL 24 February 2011

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Reg Rice

INTRODUCTION

- 1.1 This report to Full Council arises from the Treasury management - 3rd Quarterly Review Report and the Treasury Management Strategy Statement considered by the General Purposes Committee at their meeting on the 11th January 2011.

SUMMARY

- 2.1 Treasury Management 2010/2011 – 3rd Quarter Review /Treasury Management Strategy Statement
(Appendix A)¹

- 2.1.1 We considered the Council's Treasury Management activity and performance during the third quarter of 2010/11 which showed compliance against the Prudential Indicators and the Treasury Management Strategy Statement. We noted that during this quarter £40m of long term borrowing had matured and was repaid to the PWLB (Public Works Loan Board). This had resulted in a reduction in cash balances, which had been invested short term only in money market funds, and an instant access call account. We were advised that money market funds operated with a wide diversification of investments and therefore were a good vehicle for investing money in. They also allowed instant access to funds when needed.
- 2.1.2 We were further informed that the Council were operating 3 money market fund accounts and further, to a detailed selection exercise involving the Lead Finance Officer, Head of Finance, treasury & pensions(supported by Arlingclose Ltd the Council's treasury management advisers) , four further money market funds were recommended for investment in. We sought clarification on whether any alternative money market funds had been researched, other than those set out in the report, and were advised that the list of funds enclosed were provided initially on the recommendation of treasury advisors.
- 2.1.3 We further considered the proposed Treasury Management Strategy for financial years 2011/12 to 2013/14 in accordance with the CIPFA Treasury Management Code of Practice. The Strategy was in draft form pending approval of the budget. It progressed to Cabinet on 25th January 2011 and also progressed to Audit committee on the 3rd February 2011. The draft included current estimates of the current capital programme and therefore, following this meeting, was subject to change. The version at Appendix 6 of the Medium Term Financial Planning report incorporates the updated version.

¹ Treasury Management 2010/11 3rd Quarter review and 2011/12 Treasury management Statement can be found on the following link <http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=141&MId=4524&Ver=4>

We noted that short term interest rates were expected to remain at low figures, and this meant that there would be a “cost of carry” if funds were borrowed in advance of capital expenditure being incurred. We were advised that the Council’s strategy was to keep cash balances low, and invested short term, and only borrow when required.

We noted the following key changes to the statement:

- Addition of Nat West and Standard Chartered to the list of UK banks available to invest with(Nat West was the Council’s banker).
- UK Treasury Bills issued by the Debt Management Office.
- Deposits with non UK Banks - Rabobank (Netherlands), Nordea bank (Finland), BNP Paribas (France), Credit Agricole CIB (France), Credit Agricole SA (France), Svenska Handelsbanken (Sweden), Deutsche bank (Germany), Credit Suisse (Switzerland), Societe Generale (France), ING Bank (Netherlands).

We were advised that the banks listed above were all at least A+ rated. Investments would be under constant review and swift action could always be taken should the creditworthiness of the banks invested in become questionable. Proposals to add deposits to non UK banks had been looked at carefully with only banks in triple A rated countries chosen. It was clarified that these would be sterling deposits to be deposited via the London offices of these non UK banks. The creditworthiness and past performance of these non UK banks had been scrutinised and would continue to be monitored and reviewed following deposits of funds.

We also agreed:

- i. The Treasury Management activity undertaken during the third quarter of 2010/11 and the performance achieved be noted
- ii. The following selection of additional Money Market Funds, for the lending list.
 - J.P Morgan Asset Management Sterling Liquidity Fund - £20m limit
 - Invesco Short Term Investments Company Sterling Liquidity Portfolio - £5m limit
 - BlackRock Institutional Sterling Liquidity Fund – £20m limit
 - BlackRock Institutional Government Sterling Liquidity Fund - £12m limit
- iii. The key changes as detailed above.

WE RECOMMEND

That Council approve the Treasury Management Statement for 2011/12.(Cabinet concur with this recommendation) The version at appendix 6 of the Medium Term Financial Planning report incorporates the updated version.

**REPORT OF THE GENERAL PURPOSES COMMITTEE No.04/2010-11
COUNCIL 25 JANUARY 2011**

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Reg Rice

1. INTRODUCTION

- 1.1 This report details the deliberations of the General Purposes Committee in accordance with the requirement of the Council's constitution in respect of the Chief Executive's report 'Rethinking Haringey'.

2. SUMMARY

- 2.1 The report before our Committee detailed 'Rethinking Haringey' and set out the current challenges facing our Council, the plans for transforming its approach to delivering services, and proposing the adoptions of the plans to meet the changing needs of residents, and targeting services to those who needed them most.
- 2.2 We were advised of the process of consultation that would now commence with staff. In terms of the involvement of our Committee, we were informed of our role and function in respect of our proposed Appointments panels, and the 5 options for each individual post namely, a. deletion, b. assimilation, c. closed ring-fence, d. open ring fence, and e. Internal/external advert, . Regarding our role as the appointments panel this would be either where there was a straightforward assimilation affecting one individual, or when there was competition for particular jobs. Given the urgent need to progress the restructure our Panel would consider appointments on the basis of recommendations of our Chief Executive, and only in cases where it was necessary would an appointments panel meet to interview.
- 2.3 We were informed that in terms of overall reduction of management posts the estimated reduction at 2nd and 3rd tier would be by approx 1/3, and an overall reduction of the workforce by a ¼. The Full Council would consider and adopt this report on 24 February 2011, and any significant changes to this report would then be brought back to our Committee to sign off. Our Committee would consider information at its next meeting in terms of the changes to 2nd and 3rd tier posts, as those concerned were to be notified the week commencing 31 January 2011. The implementation of the changes would be in the latter part of March to early April 2011.
- 2.4 In being advised that the report before us received both legal and financial comments, the report set out the thinking, outcomes and principles of redesigning services, the development of the new Council structure. There would be two phasing proposals with Phase 1 from April 2011 to March 2012, and Phase 2 from 2012 onwards. The

reductions in costs by approx £42 million in 2011/12 (Phase 1) would largely be contained with the existing organisational shape with a smaller workforce, as detailed in Appendix 2 attached to the report. Phase 2 of the process from 2012 onwards was shown in appendix 3 attached to the report.

- 2.5 We were further advised that in terms of customer focus and what people in Haringey had indicated what they want from Council services, and with the phased development of community hubs there would be a better spread of services on offer and in time transform how residents use services. The reshaping report before us recognised the complexity and enormity of the current situation. It was now the case that the detail of the scale of the budget reductions was now known publicly and the proposals to reduce the budget by approx £42 million and run services accordingly was in outline, and that we would appreciate this complexity, with there being room for discussion on the proposals.
- 2.6 We undertook a wide ranging discussion on the reshaping proposals – the main points being:
- concerns at some encountered negativity of employees affected by the reshaping and this affecting outcomes of projects or service delivery, and also concerns regarding demoralisation of the work force in light of the budget reductions and how this would be handled effectively, and confirmation that thus far officers professionalism had stood out in the vast majority of cases, and that in areas where there were projects proceeding, there would be a clear line of who would be responsibility for function. Also the review of our HR Service would not commence until the Autumn of 2011 in order for support and advice to be given to the workforce during the coming months;
 - comments on the detail of the redundancy packages on offer and whether there were individual enhanced severance packages involving 'added years' and confirmation that the redundancy package was a transparent one with a published formulae for calculation, being dependent only on length of service and age, and that unlike previous severance packages there were no additional added benefits;
 - the likely reduction in 2nd and 3rd tier posts and what this actually meant in real terms, and being advised that it meant an approx 1/3 of the current work force at 2nd and 3rd tier. There was currently finalisation of how each post at 2nd and 3rd tier would be affected, and this could be circulated to Members of the Committee for comment., Following further discussion it was agreed that this detail be reported to our next Special General Purposes Committee on 7 February 2011 as an exempt item;
 - Comments in relation to details of manager responsibility of staff at 2nd and 3rd tier shown as a 1:8 to a 1:5 ratio, and in the case of Director a management reporting ratio of 1:2, and in response to our perceived in-balance, were advised this figure was arrived at following

assessment of a range of existing and proposed reporting lines, and of the practices in other London Boroughs;

- Clarification was sought, and given, of role of the appointments panel where either it was a straightforward assimilation affecting one individual, or when there was competition for particular jobs, and in accordance with the urgent need to progress the restructure the Panel would be considering appointments on the basis of recommendations of our Chief Executive, and only in cases of disagreement/concern where it was necessary our appointments panel would meet to interview;
- Comments raised and responded to in relation to the pyramid management effect, that as such the pyramid management effect was a common one allowing for a strategic and operational mix as was the case in service areas such as Children Services and the need for getting the correct balance of strategic leadership and operational management wherever possible;
- Reference to the newly created Public Health Structure in light of changes to the current PCT arrangements, and points clarified regarding the impending transfer of services from the NHS subject to confirmation of transfer funding from the NHS, ring fenced budgets until 2013, and also the reporting lines and set up of the new service, with assurances that further reports would be required detailing the outcome of the funding situation and possible revisions to proposed service delivery and structures;
- Comments in relation to the 'naming' of new positions i.e. the position of Director of Adults and Housing Services, and the positioning of certain services within one Directorate as opposed to another, and assurances that some services had been inadvertently placed, e.g. ASBAT, but the placing of Emergency Planning within the Public Health Structure would be likely to remain;

2.7 We noted comments of Staff side and we advised that the views should be noted and taken account of in terms of:-

- commissioning services rather than providing them directly, and the proposed structure for Place and Sustainability and posts of Head of Parks and Head of Commissioning but no Head of Leisure, and staff side concern that a decision in principle may already have been taken to outsource the Leisure Service
- staff side comments that it was always preferable to retain service provision in the public sector and that private suppliers would always seek to maximise their return from providing a service rather than giving priority to quality of service delivery to the public, together with there being democratic accountability involved in direct provision that would disappear once an Authority was bound into a contract for a prolonged period.
- that all proposals for alternative models of service delivery were fully negotiated with the trade unions at all stages and that there was full transparency about such proposals.

3. WE RESOLVED:

- i. to note the proposed restructure of the top three tiers of Council staff as detailed in appendix 1 of the report;
- ii. to note that the process as detailed in para 7.7 to 7.12 of the report in respect of the appointment of Chief and Deputy Chief Officers in accordance with Part K4 of the Council's Constitution, together with our comments during discussions of the appointment panel process;
- iii. to agree that following current finalisation of how each post at 2nd and 3rd tier was to be affected, the details would be reported to our next Special General Purposes Committee on 7 February 2011;
- iv. to approve the timescale for implementation including the receipt of any references back following endorsement by Full Council, and once consultation was complete; and
- v. to note the comments of Staff-side as outlined and to take account of these during the reshaping of services as detailed.



Agenda item:

[No.]

Full Council

On 24 February 2011

Report Title: **Medium Term Financial Planning 2011-12 to 2013-14**

Report of: **Director of Corporate Resources**

Signed :

Contact Officer : **Kevin Bartle, Lead Finance Officer**

Telephone: 020 8489 5972

Wards(s) affected: **ALL**

Report for: **KEY**

1. Purpose of the report (That is, the decision required)

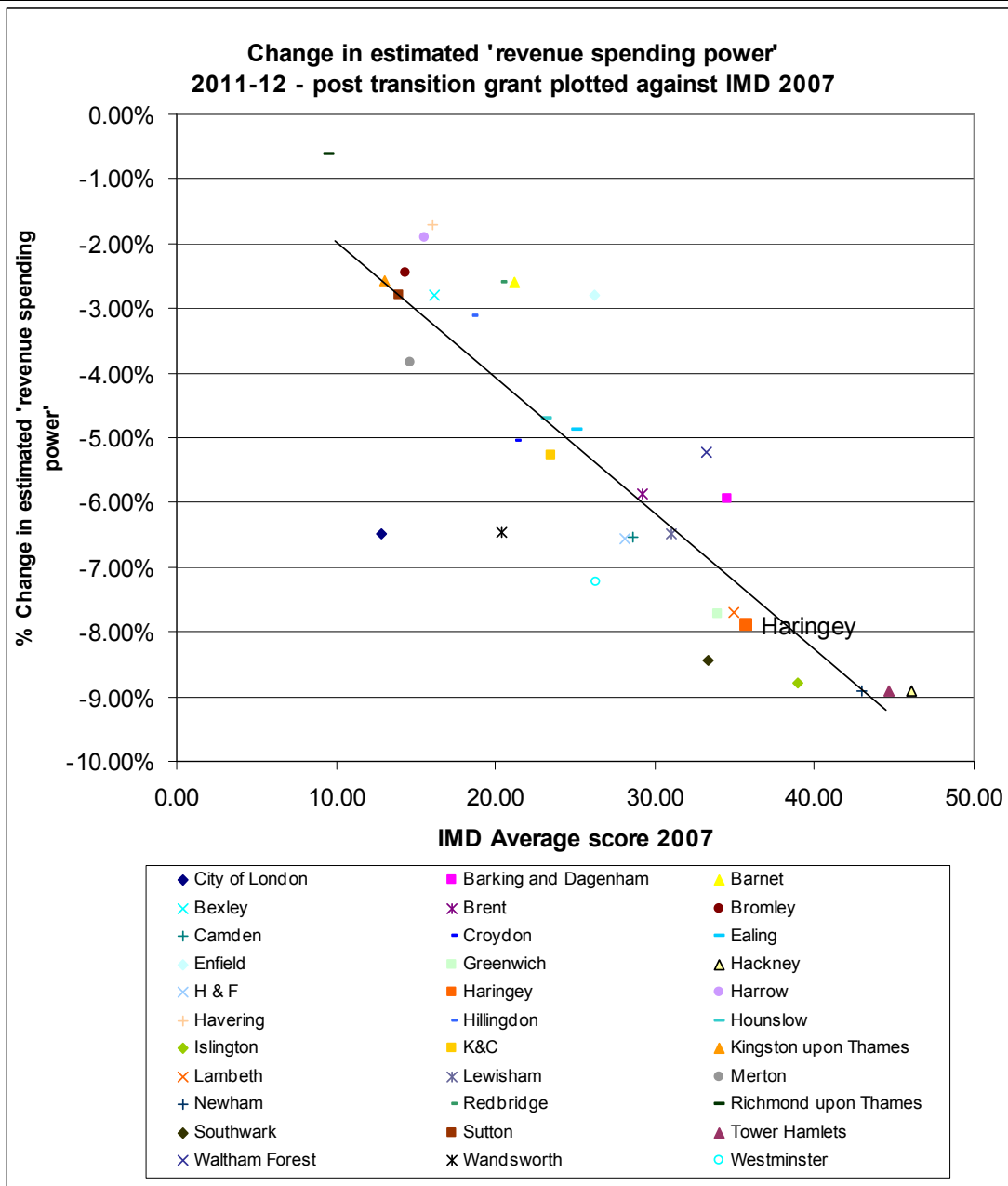
- 1.1. To approve the final budget and council tax for 2011-12. The housing rent increase is also recommended for approval from 1 April 2011.

2. Introduction by Cabinet Member

- 2.1. It feels worth repeating, that the scale of these Government cuts mean that Haringey will face the largest cuts since its inception. We stand opposed to the depth and speed of cuts, not just to ourselves but to the public sector. We reject the notion that the level of these cuts are either necessary, prudent, or without harm. To give an idea of the scale of these cuts, we will see the level of public spending as a proportion of GDP reduced to levels lower than were even witnessed during the era of Thatcher's premiership. In fact these cuts are amongst the highest of any G20 country, and higher than those demanded of Ireland and Greece, which are in a much more economically perilous situation than that of the UK, as measured by the differential price in the bond markets.
- 2.2. I feel it necessary to highlight this, because we believe that the cuts are not only too fast and too deep for the Council, but we believe they will be damaging to the economy as a whole, both locally and nationally. In particular I am deeply concerned

about the last quarter's GDP figures and the impact this is likely to have in Haringey, which is already suffering from among the highest levels of unemployment in London.

- 2.3. We believe these cuts deny the opportunity for growth and with it the opportunity to close the deficits through the increased revenues the Treasury receive as economic activity increases. We endorse the view from a wide number of institutions that the Government needs to develop a Plan B and reverse these cuts, and remain disappointed by the lack of vision of how we are going to drive growth in our economy, and dismayed that there is still to date no Growth White Paper as promised.
- 2.4. The most extreme impacts of this directly impact on our financial plan with a need to ensure we meet our statutory obligations to service the increased demand on services from the most vulnerable in families. For example the IFS says that the government budgets will see the first rise in child poverty in 15 years, with the number of people entering absolute poverty in the next three years of 900,000. Given this, any claim that the Spending Review represents an agenda of fairness requires us to adopt a definition of that word that we simply don't recognise.
- 2.5. We had hoped that the government would phase the cuts in a manner which would enable us to transition the Council's services more smoothly and with minimum harm to services, but the front loading of cuts now means that we are required to find almost a half of our savings next year alone, in addition to the unprecedented in-year cuts which have required us to deal with lost monies of £17m.
- 2.6. The settlement will require Haringey Council to save £41m next year alone and a total shortfall of £84m over the next three years. This essentially means that for every £10 we had, we will only have £6.50, which would be painful on any household budget, let alone the Council's. The notion that these levels of savings can be found easily and without detriment to vital services and to the good people of our borough is to deny fact. Already I have been moved by some of the submissions I have received from residents across the borough during the consultation, and they stand as a testament against the notion that the public sector can do no good, that they represent poor value for money, and that they make no difference to people's lives.
- 2.7. Given my responsibilities on sustainability the changes to the carbon reduction commitment to a carbon reduction tax cannot pass without comment. This feels like an extremely disappointing and regressive measure. Given the need to reduce carbon emissions in the public sector it is hoped revenues derived should be ring fenced for re-investment for initiatives to deliver greener public services.



2.8. Perhaps most shocking of all is the fact that the government has decided to essentially redistribute resources from councils with high levels of deprivation to other areas. This report highlights the governments own figures on this, where the impact on Haringey's spending power is over 3000% higher than for example Dorset County Council. This creates the real double whammy of the spending review, which has ultimately created more pressure on and removed more resources from populations that serve more deprived and more vulnerable communities. In particular the brutal fact is that the government have in all handed the deepest cuts to those boroughs suffering from the deepest levels of deprivation.

- 2.9. I feel that as well as the severe reductions to our services, I also feel compelled to highlight the significant reductions in capital funding which will deny us much needed investment in our borough. In particular we expect this to dramatically impact on our regeneration and housing programmes. The 75% reduction to the decent homes programme nationally is yet another example of an economically and socially backward policy that will hurt the most vulnerable and undermine the fragile construction sector which provides jobs for many in our borough.
- 2.10. We stand opposed to these cuts. The speed and depth have left the Council with very little room for manoeuvre, and very few choices. The extremely late disclosure of our settlement, and the lack of information that has been forthcoming from the Department of the Communities and Local Government have been extremely unhelpful to our ability to identify all the savings at this stage of the budget process. Given the scale of cuts we wanted to ensure residents the maximum opportunity to shape the future of our borough and to ensure we identified the services and activities of most value to residents. The large bulk of the savings will force us to make a fundamental restructuring of our organisation, which will see a high level of job losses which have already been announced. If it is the shared ambition of the Coalition Government to ‘unleash “chaotic” effects across local communities’ as suggested recently by Nicholas Boles MP, they have certainly succeeded.
- 2.11. The Medium Term Financial Plan sets out how we intend to remove the £41m from our budgets. We have as a Council prioritised cuts to our back office in order to protect as much as possible our frontline services. We have where possible, sought to join up services, to deliver them smarter, and we are also pursuing shared services to drive efficiency savings in partnership with some of our neighbouring boroughs. However, too much store is being placed on such measures and to suggest that these are a panacea for dealing with this savagery ignores the sheer scale of the cuts being inflicted on both Haringey’s budget and those of the sector as a whole.
- 2.12. Sadly, these cuts, and in particular the frontloading of them, mean reductions to services are simply unavoidable, and we have no doubt that that this will impact on residents, on our workforce, on the strength of the voluntary sector and other third party providers, and on our local economy. Coupled with cuts to the police, schools and the NHS, we are committed to making sure we face into the challenges in Haringey, with our partners.
- 2.13. To this end, I am dismayed by those who continue to talk about ‘soft cuts’ without being able to give this term clear definition. We don’t recognise this term, and I believe it is offensive to the people who work hard to deliver these services, and more importantly those people who value receiving it.
- 2.14. The Coalition Government continue to demand of local councils that we behave more like businesses, and in doing so they completely ignore the role of local government, and our public sector partners in our purest economic terms –

namely, the risk-takers of last resort – providing and/or guaranteeing key services the private sector cannot. In doing so they create a false trichotomy between the public, voluntary and private sectors.

- 2.15. Even so, if the government requires us to behave more like a business, they need to get serious about giving us the same sort of flexibilities the private sector enjoys. In particular, the refusal by the government to allow us to capitalise the restructuring and redundancy cost associated with reducing our budget to the required level makes this a high risk budget which will severely deplete our reserves, and make it extremely difficult to deliver further savings unless the government change their position on this. In short this has meant that it will cost us in excess of £5 for every £10 we cut over the coming year.
- 2.16. We have listened to the residents of this Borough, and are warmed by both the quantity and tone of response. In shaping our response we are determined to honour our belief and our commitment to One Borough, One Future.
- 2.17. Specifically, Haringey stands as the most unequal Borough, in what is the most unequal city in the developed world, with levels of inequality not seen in the UK since the 1920's (not coincidentally in our view – just before the Great Depression), and not seen in London for 200 years. We believe the impacts of these are not just felt by the most vulnerable, we believe it undermines community trust, and most of all it undermines the sustainability of our economy – making it more difficult for us to consume that which we produce, driving down economic growth.
- 2.18. We are proud of some of the achievements we have made over the last 13 years – a rise in education standards and performance, reduction in poverty and child poverty, and a rise in employment. But we still have much to do – which is why we have set out our determination to tackle inequality head on – because we believe it will create a more prosperous, thriving, borough for all of us to work, live and enjoy. We have no doubt that this will be made more challenging within the current settlement, and under current measures that will see the first rise in absolute poverty in 15 years, but we are undeterred and committed to our role as an activist Council, working hard for its residents, with an ambition to work with our partners to create that better future for Haringey.

3. Recommendations

- 3.1. To note the earlier debate on the 'state of the borough' and the proposed budget package agreed by Cabinet on 8th February 2011.
- 3.2. To approve the Medium Term Financial Plan to March 2014 as attached in Appendices 1 and 2.
- 3.3. To note the final housing rent subsidy determination and approve the proposed Housing Revenue Account budget and average rent increase of £5.36 per week

(6.5%). 3.4. To note the Greater London Authority precept. 3.5. To approve the reserves policy attached as Appendix 3. 3.6. To approve the level of un-earmarked general fund reserves of £10.5 million and specific and other reserves as set out in Appendix 4.1. 3.7. To note the Budget Scrutiny Recommendations made by the Overview and Scrutiny Committee and the response of Cabinet set out in Appendix 12 to the Cabinet Report of 8 February 2011. 3.8. To pass the budget resolution in the specified format as set out in Appendix 5 and the consequent freeze in council tax. 3.9. To approve the revised Treasury Management Strategy Statement attached as Appendix 6.	4. Executive Summary 4.1. This report finalises the Council's Medium Term Financial Plan for the period 2011-2014 and proposes a council tax freeze for 2011-12. The Housing Revenue Account budget is finalised with a recommended average rent increase of £5.36 per week (6.5%). The report also seeks approval for the Reserves Policy and the revised Treasury Management Strategy Statement.
5. Reasons for any change in policy or for new policy development 5.1. The budget is designed to deliver the Council's existing policy framework.	6. Local Government (Access to Information) Act 1985 6.1. The following background papers were used in the preparation of this report: • Report of the Director of Corporate Resources to Cabinet on 8 February 2011 on the proposed Medium Term Financial Plan. • The report of the Director of Corporate Resources to General Purposes Committee on 11th January, Cabinet on 25th January and Audit Committee on 3 February 2011 on the proposed Treasury Management Strategy. • The Local Government Finance Settlement for 2011-12 (Final) and 2012-13 (Provisional) The final local authority finance settlement is accessible at: http://www.local.communities.gov.uk/finance/1112/grant.htm

7. Background

7.1. On 8 February 2011 the Cabinet proposed to the Council a Medium Term Financial Plan (MTFP) with a total budget requirement for 2011/12 of £255.721m with an additional £204.67m in Dedicated Schools Grant and an estimated £4.4m in Pupil Premium. This was subject to the decisions of levying and precepting authorities. The report highlighted the need to find £83.7m of savings over the three year planning period of which £41.1m needed to be found in 2011-12. The Cabinet report and budget package is the subject of debate at this Council meeting.

7.2. This final report considers:

- the final grant settlement, rent subsidy determination and other changes;
- decisions of levying and precepting authorities;
- the robustness of the Council's budget process;
- the adequacy of the Council's reserves, and;
- the revised Treasury Management Strategy Statement.

7.3. The report concludes by presenting the budget resolution to set the council tax for 2011/12.

7.4. The report is supported by six appendices:

- Appendix 1 – summary Medium Term Financial Plan to March 2014;
- Appendix 2 – detailed analysis of the Medium Term Financial Plan by service area;
- Appendix 3 - the Council's Reserves Policy;
- Appendix 4 – Reserves and Risk Evaluation
 - Appendix 4.1 – Reserves and their Adequacy
 - Appendix 4.2 – Risk Evaluation
- Appendix 5 - the formal budget resolution;
- Appendix 6 - the revised Treasury Management Strategy Statement.

8. Key developments

8.1 Final settlement and other changes

8.1.1 The final local government finance settlement, which was announced on 31 January, was incorporated in the report to Cabinet on 8 February 2011. There have been no funding announcements or the provision of other information that would change the key assumptions reflected in the Medium Term Financial Plan (MTFP), the Housing Revenue Account (HRA) or the Capital Programme.

- 8.1.2 Such changes that do occur after the budget has been approved will be reported to Cabinet as part of the normal budget monitoring and financial plan review processes.

8.2 Levying bodies

- 8.2.1 The Board of the North London Waste Authority met on 9 February 2011 and agreed an overall levy of £43.5m for 2011-12 of which £6.8m is the levy to this Council (£6.6m 2010-11). This represents an increase of 3.8% which is fully reflected in the MTFP.
- 8.2.2 The levy from the London Pensions Fund Authority in respect of residual employer liabilities has reduced by £30k. However, there are still significant risks around the deficit on the pensioner sub-fund and increased contributions may be required.
- 8.2.3 The other levying bodies have all reduced their charges for 2011-12 largely in response to the budget reductions being faced by local authorities. The size of the reductions varies and some organisations are phasing reductions over the next 3 years. The reductions have been factored into the budget proposals for 2011/12.

8.3 The Greater London Authority precept

- 8.3.1 The Greater London Authority (GLA) will set its precept on 23 February 2010. The band D rate proposed by the GLA is £309.82, which represents a freeze on the precept for the current year. Whilst it is anticipated that this precept will be agreed by the GLA and has been incorporated in the formal Council tax resolution attached as Appendix 5, any change to that position will be reported to the council meeting by a tabled report.

8.4 Consequential changes

- 8.4.1 The above factors have not affected the Council's total budget requirement which is £255.721m, as previously reported to Cabinet, with an additional £204.67m in expenditure on schools funded by the Dedicated Schools Grant and an estimated £4.4m from the Pupil Premium. The budget requirement represents a 7% decrease over the previous year.
- 8.4.2 The Haringey part of the Band D council tax is £1,184.32 (a freeze compared to the 2010-11 level) and the overall Band D council tax, including the GLA precept, is £1,494.14 (again an overall freeze compared to 2010-11). The Medium Term Financial Plan that supports the net budget requirement is shown in summary in Appendix 1 with a service analysis in Appendix 2.
- 8.4.3 The Council operates a medium term financial planning process and therefore considers draft budgets and council tax levels for the years 2011-12 to 2013-14. The budget for 2011-12 is shown as balanced with all savings proposals clearly identified. The latter two years include target savings of £21.3m which have yet to

be identified and reflect the expected on-going reductions in public spending, for which detailed plans for delivery will need to be worked up in the coming year.

8.5 Council Tax Capping

8.5.1 A written Ministerial Statement on Council Tax capping principles for 2011/12 advises that the Secretary of State for Communities and Local Government “will consider an authority to have set an excessive increase if:

- (a) the amount calculated by the authority as its budget requirement for 2011/12 is more than 92.5% of the authority’s Alternative Notional Amount; and
- (b) the amount calculated by the authority as its Band D council tax for 2011/12 is more than 3.5% greater than the same amount calculated for 2010/11.”

8.5.2 As the Cabinet’s proposals are for a zero percentage increase in council tax in 2011/12, the Council would not face capping on the recommendations in this report.

9 **Robustness of the budget process**

9.1 The Chief Financial Officer is required by section 25 of the Local Government Act 2003 (the 2003 Act) to report on the robustness of the estimates made for the purposes of final budget calculations.

9.2 The Council’s budget process is defined at the strategic level by the Council’s key priorities aligned to the Community Strategy. These priorities are given effect in the Council Plan through the business planning process. This is underpinned at the detailed level by business plans for the year ahead as part of the strategic service planning process.

9.3 The strategy for dealing with the considerable budget gaps from 2011-12 onwards is well advanced resulting in a balanced budget for 2011-12 with further savings to be found in the following two years of the of the medium term financial plan. There are three key strands of the budget process which have been developed through the Haringey Efficiency and Savings Programme (HESP):

- Significant ‘back office’ efficiencies will be achieved through the ‘**support functions review**’ in order to protect front line services as much as is possible;
- Services to be reduced or discontinued will be identified in the ‘**strategic service reviews**’; this will involve prioritising resources to the most vulnerable in the Borough and other changes could include reconfiguration, shared services, social enterprises, reviewing policy options and discretionary areas of spend.
- We will bring together commissioning activities by developing a ‘**strategic commissioning**’ function that will focus our resources on desired outcomes over and above delivery and process.

In addition the Council is undertaking a major organisational restructuring, which will include reducing the number of managers through de-layering and increasing spans of control.

- 9.4 These strands will need to be continued with rigour and pace to address the further savings that are required in 2012/13 and 2013/14 (£42.6m in total). The MTFP has already identified savings of £21.3m and a further £21.3m is therefore required over the period.
- 9.5 It is planned to take a more transformational approach to the savings required in 2012/13 onwards, as it will be possible to have a longer lead in period to the savings required than has been possible for the 2011/12 savings.
- 9.6 Given the scale of the organisational changes necessary to achieve over £40million of savings in one year, implementation delays alone could be £3.5m per month across the full range of savings. With this in mind it is considered appropriate to hold a designated £2m contingency in the budget in addition to general balances. However, it is recognised that the position is very challenging and it is suggested that more savings are identified for realisation in 2011-12 over and above those identified in this report. This will assist in mitigating the risks and help prepare for 2012-13. The outcome will be reported to Cabinet as part of the regular budget monitoring process.
- 9.7 It must also be recognised that there are costs associated with delivering a savings and efficiency programme of this scale. The Council will need to use its reserves to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. Paragraph 10 below considers the adequacy of the Council's reserves.
- 9.8 Indeed, the Council has already asked staff to volunteer for redundancy with the total redundancy costs of approximately 1,000 staff likely to be around £25m.
- 9.9 The transition costs will be kept under constant review and reported to Members as the position is clearer and as part of the overall budget monitoring process.
- 9.10 The budget proposals have been subject to detailed consideration in the budget scrutiny process at Overview and Scrutiny Committee and were the basis for wider consultation, including with residents, on the budget options.
- 9.11 The budget process is also complemented by the regular cycle of budget management and performance review. This involves regular detailed evaluation of budget, performance and workforce information at both officer and Cabinet Member level. The Council's risk management process also underpins, and is reflected in, all the above activities.
- 9.12 The budget process was discussed in the report to the Cabinet on 8 February 2011. That report also set out the major financial risk areas, which needed to be taken into

consideration. The Chief Financial Officer is satisfied that the above constitutes a robust process for the derivation of the calculations set out in this report.

10 Adequacy of Reserves

- 10.1 Section 25 of the 2003 Act also requires the Chief Financial Officer to report on the adequacy of proposed reserves. To ensure that resource decisions are soundly based and consistent, the reserves policy is appended for approval.
- 10.2 It is projected that the Council will have un-earmarked General Fund Reserves of £10.5million as at 31 March 2011 (the same as at 31 March 2010). This assumes that the forecast overspend in 2010/11 is reduced and a balanced position for the year is achieved. Given the scale of the savings being proposed as part of the MTFP and the significant risks identified in the covering report to Cabinet, it is proposed that reserves should not be used to fund on-going expenditure and, where possible, earmarked reserves should be maintained.
- 10.3 The Council holds a number of reserves which are detailed in Appendix 4.1 and can be categorised as follows:
 1. Un-earmarked (General) Reserves: these are held to cover the net impact of risks and opportunities and other unforeseen emergencies.
 2. Earmarked (Specific) Reserves: these are held to cover specific known or predicted financial liabilities.
 3. Other Reserves: these are reserves which relate to ring-fenced accounts which cannot be used for general fund purposes (e.g. Housing Revenue Account and Schools).The summary in Appendix 4.1 also shows the projected movement on the reserves for both the current financial year 2010/11 and additionally 2011/12.
- 10.4 It is imperative that the un-earmarked general reserves are adequate to meet the assessed net financial impact of the risks and opportunities. This assessment is set out in Appendix 4.2 and shows service related risks of around £10m.
- 10.5 Thus the un-earmarked reserves of £10.5m brought forward from 2009-10 is estimated to be adequate to meet the Council's current projected net risks and opportunities.
- 10.6 The Council is facing potential redundancy costs of an estimated £25m as a result of the staffing reductions implicit in the savings proposals in respect of 2010/11 and 2011/12. Although the Council has an earmarked transition reserve to meet these costs it will not be sufficient. Redundancy costs can be capitalised with government approval.
- 10.7 The Council has received approval for £780k for 2010/11 and is still waiting to hear if any further capitalisation for 2010/11 will be forthcoming. Approvals for 2011/12 will not be known until after the budget is set. Indications are that approvals are

substantially below the sums requested by authorities. The extent to which the Council is denied the opportunity to capitalise redundancy costs means that revenue reserves will need to be utilised. The Council only has the transition reserve and debt repayment / capital reserve available and it is proposed that these are earmarked to fund redundancy costs as set out below:-

<u>Proposed funding of Redundancy Costs</u>	
	£m
Transition Reserve	10.0
Debt Repayment / Capital Reserve	13.0
Capitalisation – approved 2010/11	0.70
Capitalisation – estimated 2011/12	1.30
Total	25.0

The use of the debt repayment / capital reserve will reduce the Council's flexibility regarding the capital programme and the refinancing of debt. It will also take away contingency sums earmarked for the risk on the recovery of Icelandic bank investments. If capitalisation approval for redundancy costs is received, the debt repayment / capital reserve will be partly or fully reinstated.

11 Treasury Management

- 11.1 The Treasury Management Strategy Statement (TMSS) for 2011/12 was recommended for approval by full council by General Purposes Committee on 11th January and subsequently by Cabinet on 25th January. Additionally, the Audit Committee on 3 February 2011, as part of the scrutiny process and in accordance with the CIPFA Treasury Management Code of Practice, considered the proposed strategy and did not make any recommendations for revision. The report set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.
- 11.2 The key factor underpinning the strategy for 2011/12 is that short term interest rates are expected to remain very low throughout the year in contrast to medium and long term rates. This means that there will be a "cost of carry" if funds are borrowed in advance of capital expenditure being incurred. Therefore the Council anticipates continuing to run a strategy of keeping cash balances low and investing short term, so only borrowing when required.
- 11.3 Some limited additions to the Council's lending list were proposed in order to provide some further investment capacity. These proposals were put forward having taken advice from the Council's treasury management advisers and were deemed prudent enough to ensure the credit rating of the Council's investment portfolio remains high.
- 11.4 The proposed prudential indicators set out in the report were based on the capital programme as detailed to Cabinet on 8 February 2011. They do not reflect the

funding of Decent Homes or any capital grants that may be forthcoming in lieu of supported borrowing. The government have not yet made clear how much will be allocated to the Council or how it will be funded. Once this is clear, the prudential indicators will need to be revisited and if necessary revised. Any revisions to the indicators will need to be approved by full Council.

- 11.5 Since the report to Cabinet in January a few minor adjustments have been made to the TMSS which are reflected in Appendix 6. The adjustments are an up dated position on the level of capital expenditure in 2010-11; a change to the proposed method of funding the capital programme in each of the next three years; a reduction in the level of unearmarked reserves as a result of the potential need to fund redundancy costs from revenue reserves rather than through capitalisation (see paragraphs 10.6 and 10.7 above); and, the level of debt reduction which is now likely to result from the government's proposed changes to the housing subsidy system ('Self Financing' Proposals).

12 Summary and conclusions

- 12.1 This report finalises the 2011/12 budget and proposes a council tax freeze. The recommended average rent increase is £5.36 per week (6.5%) in line with the government formula. The level of reserves is also reported and is considered to be adequate.
- 12.2 The Council, nevertheless, continues to face an incredibly challenging budget savings programme, representing as it does over 14% of the Council's net expenditure: and all to be achieved within a twelve month period. Savings of this magnitude will have a profound impact on the level of service provision that can be provided to residents and local businesses and the way in which those services are delivered.
- 12.3 As the MTFP indicates, the government's current spending plans will continue to put strains on the Council's available funding, notwithstanding the new 'freedoms and flexibilities' promised through the localism agenda. The current projected savings still to be identified in 2012-13 and 2013-14 total a further £42m. Recent growth figures announced for the national economy suggest that the country is still a long way from seeing an economic recovery.
- 12.4 This will mean that the level of demand for the Council's services, particularly from the most vulnerable in our society, will continue to increase the spending requirement whilst the available resources continue to be squeezed.
- 12.5 The current proposed Medium Term Financial Plan reflects those risks (and to a lesser extent opportunities) that can be realistically assessed at this point in time. However, the scale of social change that will be driven by the Government's proposals from its Spending Review will mean that the Council will need to review on at least a quarterly basis the robustness of the key planning assumptions and be prepared to adjust the plan accordingly.

13 Equalities Impact Assessment and Consultation

- 13.1 The Council must pay due regard to its public sector equality duties with regard to race, gender and disability and should also take into account the provisions of its equality scheme with regard to age, religion or belief and sexual orientation.
- 13.2 Prior to the making of any final decision the Council will assess the impact of the budget proposals by conducting Equality Impact Assessments (EqIAs), starting with an initial screening which considers whether there is a need for a full EqIA. The Council has an established EqIA corporate process, tools and guidance in place whereby relevant managers have responsibility for undertaking the impact assessment, Directorate Equality Forum Chairs ensure that EqIAs are completed and make recommendations for sign off by directors. A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.
- 13.3 Accordingly the outcomes and recommendations of EqIAs should form the Equality/ Legal comments in any report. EqIAs are published on the Council's website and where practicable, they are appended to the relevant reports. Actions arising from EqIAs are included in departmental business plans to ensure that these are implemented and progress monitored.
- 13.4 The circumstances of the proposed reduction in future funding to Third Sector organisations require the Council to consult such organisations before coming to any final decision regarding such funding. The indicative criteria to be applied by all Directorates both in the consultation concerning and in the determination of the future funding of Third Sector organisations, and other organisations where appropriate were set out in the report to Cabinet on 8 February 2011. Each Directorate will tailor these criteria to its particular needs and will apply them initially on an indicative basis for the purpose of consultation. Each Directorate will consult appropriate organisations following the application of its detailed criteria. The responses to the consultation will be taken into account in making the final determination, including any relevant comments concerning the detailed criteria themselves. Equality Impact assessments will be completed, and taken into account, where these are considered appropriate before final decisions are taken by the Council.

14 Comments of the Head of Legal Services

- 14.1 The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by a robust and

comprehensive Medium Term Financial Plan. The report indicates to Members that a process of consultation is currently underway on the HESP proposals for savings which will involve relevant groups of the community, service users and staff. The Council must have due regard to its public sector equalities duties when taking final decisions on the savings proposals and this in appropriate cases will include the carrying out of equality impact assessments and considering the results of these before taking final decisions. Members are reminded that in cases where a proposal involves a change to arrangements to meet a statutory duty, members will need to be assured before taking a final decision that the proposals for an alternative means of meeting that statutory duty are adequate.

This page is intentionally left blank

SUMMARY OF MEDIUM TERM FINANCIAL PLAN TO MARCH 2014**Appendix 1**

	2011-12 £'000	2012-13 £'000	2013-14 £'000	Totals £'000
Total Net Service Cost Brought-forward	307,829	286,169	273,939	
Changes and Variations	23,648	11,173	18,863	53,684
Prior-year Agreed Growth	(640)	(203)	(25)	(868)
Prior-year Agreed Savings	(3,614)	(283)	-	(3,897)
Total Funding Requirement before Savings	<u>327,223</u>	<u>296,856</u>	<u>292,777</u>	
Core/Specific Grants	30,448	27,718	27,718	
Formula Grant	153,221	141,221	137,721	
Council Tax	102,500	105,000	107,600	
Total Projected Available Funding	<u>286,169</u>	<u>273,939</u>	<u>273,039</u>	
Total Savings Requirement	<u>(41,054)</u>	<u>(22,917)</u>	<u>(19,738)</u>	<u>(83,709)</u>
Savings Proposals - December Cabinet	(12,564)	(10,114)	(5,675)	(28,353)
New Savings Proposals	<u>(28,490)</u>	<u>(6,014)</u>	<u>492</u>	<u>(34,012)</u>
Total HESP Savings Proposals	<u>(41,054)</u>	<u>(16,128)</u>	<u>(5,183)</u>	<u>(62,365)</u>
Budget gap in 2012/13 and 2013/14 to be bridged by savings plans over the period.				
	<u>-</u>	<u>(6,789)</u>	<u>(14,555)</u>	<u>(21,344)</u>

MEDIUM TERM FINANCIAL PLAN TO MARCH 2014

Appendix 2

Funding Requirement - General Fund

Service Areas (excluding Corporate Recharges and Capital Financing Costs)

	2010-11 Revised Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Prior Year Approved Savings £'000	New Savings £'000	2011-12 Projected Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Prior Year Approved Savings £'000	2012-13 Projected Budget £'000	Prior Year Approved Growth £'000	Changes and Variations £'000	Savings £'000	2013-14 Projected Budget £'000
Children's and Young People	73,837	-	7,362	(445)	(10,262)	70,492	-	(1,983)	-	(3,876)	64,633	-	(741)	0
Adults Culture and Community Services	95,101	1,240	4,402	(406)	(10,326)	90,011	60	2,819	-	(4,917)	87,973	(25)	2,485	(2,405)
Urban Environment	46,613	(1,308)	2,240	(1,826)	(7,508)	38,211	(149)	-	(221)	(1,092)	36,749	-	-	(216)
Sub-Total	215,551	(68)	14,004	(2,677)	(28,096)	198,714	(89)	836	(221)	(9,885)	189,355	(25)	1,744	(2,621)
188,453														
Corporate Services														
Corporate Resources	37,095	(175)	200	(686)	(6,975)	29,459	-	-	(62)	(59)	29,338	-	-	(732)
People & Organisational Development	5,756	-	-	(143)	(3,129)	2,484	-	-	-	(427)	2,057	-	-	(130)
Policy, Performance, Partnership & Communication	6,166	-	-	(107)	0	6,059	-	-	-	-	6,059	-	-	-
Chief Executive	2,979	(300)	-	(1)	-	2,678	-	-	-	2,678	-	-	-	-
Non-Service Revenue	40,283	(97)	4,144	-	(2,854)	41,476	(114)	3,337	-	(5,757)	38,942	-	9,619	(1,700)
Inflation Provision	-	-	5,300	-	-	5,300	-	7,000	-	-	12,300	-	7,500	-
19,800														
Sub-Total	92,279	(572)	9,644	(937)	(12,958)	87,456	(114)	10,337	(62)	(6,243)	91,374	-	17,119	(2,562)
105,931														
Total Funding Requirement	307,829	(640)	23,648	(3,614)	(41,054)	286,169	(203)	11,173	(283)	(16,128)	280,728	(25)	18,863	(5,183)
294,383														
Core/Specific Grants	(34,118)				3,670	(30,448)				2,730	(27,718)			(27,718)
Budget Requirement	273,711	(640)	23,648	(3,614)	(37,384)	255,721	(203)	11,173	(283)	(13,398)	253,010	(25)	18,863	(5,183)
266,665														
Formula Grant	172,741	-	-	-	(19,520)	153,221	-	-	-	(12,000)	141,221	-	-	(3,500)
Council Tax	100,970	-	-	-	1,530	102,500	-	-	-	2,500	105,000	-	-	2,600
107,600														
Total Formula Grant and Council Tax Funding	273,711	-	-	-	(17,990)	255,721	-	-	-	(9,500)	246,221	-	-	(900)
245,321														
Budget gap in 2012/13 and 2013/14 to be bridged by savings plans over the period.										6,789				21,344

Note: The Formula Grant figure of £172,741 for 2010-11 is the adjusted figure provided by CLG for comparison purposes.

Haringey Council

Reserves policy

Background

- 1 Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 2 CIPFA has issued Local Authority Accounting Panel (LAAP) Bulletin No.55, Guidance Note on Local Authority Reserves and Balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.
- 3 This note sets out the Council's policy for compliance with the statutory regime and relevant non-statutory guidance.

Overview

- 4 The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the annual Statement of Internal Control and in the future incorporated within the Annual Governance Statement. Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management, and performance management.
- 5 The Council will maintain:
 - a general fund general reserve;
 - a housing revenue account (HRA) general reserve; and
 - a number of earmarked reserves.

General fund general reserve

- 6 The purpose of the general reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority. The reserve should mitigate against immediate service reductions if there were any unforeseen financial impacts.

- 7 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. The level will be expressed as a target cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of general fund requirement (to provide an indication of financial context).

HRA general reserve

- 8 The purpose of the HRA general reserve is similar to the general fund general reserve above except applied to the HRA.

Earmarked reserves

- 9 The purpose of earmarked reserves is to enable sums to be set aside for specific purposes or in respect of potential or contingent liabilities where the creation of a provision is not required.
- 10 The Council will maintain the following earmarked reserves:
1. services reserve: the net unspent balance of service budgets where the Cabinet has agreed that such sums should be carried-forward for use in subsequent years;
 2. insurance reserve: funds set aside to meet internally-insured liabilities where the creation of a provision is not required;
 3. PFI reserve: funds set aside from specific PFI grant from the government to meet payments to be made to the Council's secondary schools PFI provider; this will be required to manage lifecycle funds during the suspended services period;
 4. infrastructure reserve: specific funds set aside for the planned maintenance and renewal of infrastructure assets for IT and Property including the transfer of revenue and capital underspends from year to year;
 5. transition reserve: funds set aside in respect of key financial risks identified through the risk management process relating to the restructuring of the Council and the savings required as part of the Medium Term Financial Plan;
 6. financing reserve: a reserve to enable multiple-year medium-term financial strategies in the context of the annual budgeting and accounting cycle;
 7. debt repayment / capital reserve: this reserve has previously been used to set aside money that the Council has for repaying

outstanding debt in the future and/or for the purposes of setting aside money earmarked for capital investment. This reserve will **now** be utilised for redundancy costs;

8. major repairs reserve (HRA): the balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used to meet housing capital expenditure in future years
9. schools reserve: the net unspent balance of delegated funds managed by schools;

Management and control

- 11 The schools reserve, the insurance reserve, and the PFI reserve are clearly defined and require no further authority for the financing of relevant expenditure.
- 12 The use of all other reserves requires budgetary approval in the normal way.
- 13 All reserves are reviewed as part of the budget preparation, financial management and closing processes.

Reporting and review

- 14 The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The General Purposes Committee will consider actual reserves when approving the statement of accounts each year.
- 15 The Council will review the reserves policy on an annual basis.

This page is intentionally left blank

Reserves and their Adequacy**1. General Fund General Reserve**

The judgement on the adequacy of the general fund general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. For this purpose identification of the key risks is done in three ways:

- identification of risks during the financial planning and budget setting process as set out in the main report;
- risk assessment of the agreed investment and savings proposals in the agreed budget package, and;
- key risks identified, monitored and managed through the Council's risk management strategy and framework.

The calculation of the potential financial impact of these assessed risks has been done and in the light of this, it is regarded that £10.5m is an appropriate target level for the general fund general reserve over the three-year financial planning period. The risks set out in Appendix 6.2 assess a potential financial impact at £10.3m; the Director of Corporate Resources therefore regards the £10.5m figure as a prudent level to set aside.

The £10.5m target for general balances represents 4% of the Council's net budget requirement for 2011/12.

2. Services Reserve

It is Council policy that service under and over spends are retained by the relevant service subject to approval by the Cabinet in the year end financial outturn report. This reserve earmarks those funds to be carried forward to the following financial year.

3. Insurance Reserve

The insurance reserve is kept under review by the Head of Audit and Risk Management with the assistance of the Council's insurance adviser. A key variable is the split between this reserve and the level of insurance provision held elsewhere in the balance sheet. The last actuarial review concluded that this reserve was at an appropriate level. The Director of Corporate Resources is satisfied that the reserve constitutes adequate protection in respect of the self-insured risk. This self-insurance reserve is in addition to the separately procured insurance with a consortium of other London boroughs.

4. PFI Reserve

The PFI reserve reflects the new arrangements following the suspension of services within the PFI contract. The opening figure reflects the remaining element after taking into account the pre-payment previously included elsewhere in the balance sheet. The reserve will be used to manage the lifecycle fund requirements for

schools in the suspended services period during the Building Schools for the Future investment programme.

5. Infrastructure Reserve

The infrastructure reserve is a key financing resource for the programmes of renewal of assets for IT and property. This assists in spreading the costs of core replacement of assets as well as managing asset improvement programmes. It is current policy that revenue and capital underspends in these services are transferred to this reserve for future use.

The infrastructure reserve will remain in place to spread the cost of future infrastructure renewal programmes.

6. Transition Reserve

The Transition Reserve is specifically earmarked for the costs associated with the Council's restructuring and savings programme.

This Reserve is to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. Given the scale of the transition programme there will be up to 1000 staff redundancies with an estimated cost of some £25m relating to the 2011-12 savings proposals. The Council is currently seeking government approval to capitalise this cost but to date has only received confirmation for £0.8m. The Director of Corporate Resources considers that all of this reserve should be earmarked for redundancy costs.

It should be noted that as a result of the Council's voluntary redundancy programme it is probable that some £5million of the reserve will have been applied by 31st March 2011 and all of the reserve will be used by 31st March 2012.

7. Financing Reserve

The financing reserve is a key tool for managing the impact of financial plans from one year to another. This reserve requires balances to be at different levels year to year depending on the demand as identified through previous and current budget plans. This includes an amount set aside for the Sustainable Investment Fund (SIF) which supports invest-to-save projects designed to reduce the Council's CO2 emissions and reduce energy costs. Subject to the approval of Cabinet through a separate report on the agenda this fund will be increased by up to £0.5m through a reallocation of funding within the Financing Reserve. The overall balance on the financing reserve at 1 April 2011 is estimated to be £4.0m.

8. Debt Repayment / Capital Reserve

This reserve has previously been used to set aside money that the Council has for repaying outstanding debt in the future and / or for the purposes of setting aside money earmarked for future capital investment. It had been considered to be used to fund the impairment from the non-recovery of deposits in Icelandic banks, however, central government have allowed this to be capitalised over twenty years so this amount remains uncommitted. It has also been available to support the

capital programme. However, given the scale of the redundancy costs the Council is to incur, this reserve will now be utilised and applied to these costs.

9. HRA reserve

The judgement on the adequacy of the HRA general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. The government reduction in funding for the decent homes programme is indicative of the risks that this reserve is intended to support. Furthermore, the government proposals to reform the existing Housing subsidy arrangements from April 2012 will require a complete review of the MTFP over the next twelve months.

In the light of this, £5m is regarded as an appropriate target level for the HRA general reserve over the three-year financial planning period. The 2011/12 budget is balanced with no planned call the reserves. However, there is a target of £3.4m of on-going revenue savings to be identified for 2011/12. The Director of Corporate Resources therefore considers this reserve target to be a prudent level. This represents approximately 5% of the HRA turnover for 2011/12, broadly the same as last year.

10. HRA Major Repairs Reserve

The balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used for future housing capital spend. This has been inflated in recent years as the government has allowed Decent Homes funding to be brought forward. However, as reported above, the structure of the HRA is likely to change from April 2012 and all HRA finances will therefore need to be reviewed over the next twelve months.

11. Schools Reserve

The amount in the schools reserve is a consequence of the funding and spending of individual schools. A proportion of it reflects earmarked funding for future schools projects. The current expected level of the reserve at £3.5m represents 1.7% of the schools core funding. The projection for 2011/12 will not be finalised until individual schools budgets are calculated, which is subject to the pupil count data. A loan scheme has been introduced with the agreement of the school's forum, which acts like the Council's own Sustainable Investment Fund (SIF) and allows schools to borrow to invest in energy and carbon reducing improvements that can be repaid back to the general schools balances.

12. Overall

The estimates of the reserves position, including earmarked and un-earmarked reserves for both the general fund and the HRA are detailed in the table below.

Reserve	Notes	Actual as at 31.03.2010 £million	Projected as at 31.03.2011 £million	Projected as at 31.03.2012 £million
Non-earmarked				
General Fund Balance	1	10.5	10.5	10.5
Total Non-earmarked Reserves		10.5	10.5	10.5
Earmarked				
Service Reserve	2	0.9	-	-
Insurance Reserve	3	8.6	8.6	8.6
PFI Reserve	4	6.0	6.0	6.0
Infrastructure Reserve	5	1.6	1.6	1.6
Transition Reserve	6	10.2	5.0	-
Financing Reserve	7	7.7	4.0	3.8
Debt Repayment/Capital Reserve	8	17.4	15.1	-
Total Earmarked Reserves		52.4	40.3	20.0
Other Reserves				
HRA	9	7.8	4.8	5.0
Major Repairs (HRA)	10	0.8	-	-
Schools	11	4.4	3.5	3.0
Total Other Reserves		13.0	8.3	8.0
Total		75.9	59.1	38.5

Appendix 4.2

Adequacy of Reserves – Risk Assessment

Three key assessment areas:

1. identification of risks during the financial planning and budget setting process as set out in the main report;
2. risk assessment of the agreed investment and savings proposals in the proposed budget package, and;
3. key risks identified, monitored and managed through the Council's risk management strategy and included in the corporate risk register.

	Budget exposure	Risk	Residual Impact
1. Budget Process	£m	%	£m
- Looked after Children	24.0	Residual impact of High to Low risks (75% to 25%) on specific areas within the overall service budgets	
- Adult Social Care	50.0		
- Temporary Accommodation	10.0		
- Capital Financing	20.0		
- Revenue Streams	50.0		
	154.0		6.5
2. Savings Proposals			
- Delivery Programme	41.0	High to Low Risk (75% to 25%) on specific savings proposals	4.8
- Transition Costs (e.g. redundancies)	25.0	Very High Risk of significant financial impact	25.0
			29.8
3. Corporate Risk Register (not already dealt with in 1 above)		Impact score (from risk register)	
- Corporate Statutory Requirements		5	
- Fraud		7	
- Capital / project delivery		7	
- Corporate IT systems		9	
			2.0
4. Unidentified risks			1.0
Less earmarked reserves and contingencies for the above			-29.0
Grand total			10.3

This page is intentionally left blank

COUNCIL TAX RESOLUTION

1. That it be noted that on 13 January 2011 the Director of Corporate Resources in consultation with the Cabinet Member for Resources agreed the amount of 86,567 as the council tax base for the year in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.
2. That the following amounts now be calculated by the Council for the year 2011/12 in accordance with the Sections 32 to 36 of the Local Government Finance Act 1992.
 - (a) £1,037,226,280 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act.
 - (b) £781,505,280 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
 - (c) £255,721,000 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with the Section 32(4) of the Act, as its budget requirement for the year.
 - (d) £153,221,233 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant, additional grant, or SSA reduction grant increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Act 1998 or reduced by the amount of sums which the Council estimates will be transferred in the year from its general fund to its collection fund in accordance with Section 97(4) of the Local Government Finance Act 1998 and increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its general fund pursuant to the Collection Fund (Community Charges) directions under Section 98(4) of the Local Government Finance Act 1998 made on 7 February 1994 or reduced by the amount of any sum which the Council estimates will be transferred from its general fund to its collection fund pursuant to the Collection Fund (Community Charges) directions under Section 98(5) of the Local Government Finance Act 1998 made on 7 February 1994.
 - (e) £1,184.32 being the amount at 2 (c) above less the amount at 2(d) above, all divided by the amount at 1 above, calculated by the Council, in accordance with Section 33(l) of the Act, as the basic amount of its council tax for the year.

(f) Valuation Bands

	£
A	789.56
B	921.14
C	1,052.73
D	1,184.32
E	1,447.39
F	1,710.70
G	1,973.87
H	2,368.65

Being the amounts given by multiplying the amount at 2(e) above the number which, in the proportion set out in Section 5(l) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number in which that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(l) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

3. That it be noted that for 2011/12 the amounts in precepts issued to the Council, in respect of the Greater London Authority and its functional bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands

	£
A	206.55
B	240.97
C	275.40
D	309.82
E	378.67
F	447.52
G	516.37
H	619.64

4. That having calculated the aggregate in each case of the amounts at 2(f) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2011/12 for each of the categories of dwellings shown below.

Valuation Bands

	£
A	996.11
B	1,162.11
C	1,328.13
D	1,494.14
E	1,826.06
F	2,158.22
G	2,490.24
H	2,988.29

**Treasury Management Strategy Statement
and Investment Strategy 2011/12 to 2013/14**

Contents

1. Background
2. Balance Sheet and Treasury Position
3. Borrowing Strategy
4. Investment Policy and Strategy
5. Outlook for Interest Rates
6. Balanced Budget Requirement
7. MRP Statement
8. Monitoring and Reporting
9. Other Issues

Annexes

1. Current and Projected Portfolio Position
2. Summary of Prudential Indicators
3. Arlingclose's Economic and Interest Rate Forecast
4. Specified and Non specified Investments
5. Lending List of counterparties for investments

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the Communities and Local Government (CLG) Department's Investment Guidance.
- 1.2 CIPFA has defined Treasury Management as:
"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral elements of treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.
- 1.4 The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates.
- 1.5 The purpose of this report is to propose:
 - Treasury Management Strategy - Borrowing in Section 3, Investments in Section 4
 - Prudential Indicators – these are detailed throughout the report and summarised in Annex 2
 - MRP Statement – Section 7
- 1.6 The Council originally adopted the CIPFA Code of Practice for Treasury Management in May 2002. At its meeting on 22nd February 2010 the Council adopted the revised CIPFA Code of Practice for Treasury Management. The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices. All treasury activity will comply with relevant statute, guidance and accounting standards. Adoption of the Code is one of the Prudential Indicators.

2. Balance Sheet and Treasury Position

- 2.1 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with Balances and Reserves, are the core drivers of Treasury Management activity. The estimates, based on the current proposed Revenue Budget and Capital Programmes, are:

Table 1: Treasury Position

	31/03/2011 Estimate £000	31/03/2012 Estimate £000	31/03/2013 Estimate £000	31/03/2014 Estimate £000
General Fund CFR	281,164	268,465	261,365	252,521
HRA CFR	488,046	488,046	488,046	488,046
Total CFR	769,210	756,511	749,411	740,567
Less: Existing Profile of Borrowing & Other Long Term Liabilities	(713,976)	(667,476)	(625,476)	(578,780)
Cumulative Maximum External Borrowing Requirement	55,234	89,035	123,935	161,787
Unearmarked Balances & Reserves	(10,500)	(10,500)	(10,500)	(10,500)
Cumulative Net Borrowing Requirement /(Investments)	44,734	78,535	113,435	151,287

- 2.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Annex 1. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.
- 2.3 Estimates of Capital Expenditure:
It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Table 2: Capital Expenditure

	2010/11 Approved £000	2010/11 Projected Out-turn £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
Non-HRA	95,956	102,167	42,671	40,000	30,426
HRA	52,642	55,033	17,526	14,843	13,543
Total	148,598	157,200	60,197	54,843	43,969

2.4 Capital expenditure is expected to be financed as follows:

Table 3: Capital Financing

	2010/11 Approved £000	2010/11 Projected Out-turn £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
Capital receipts	5,520	3,537	11,358	7,863	5,650
Other grants & contributions	4,943	10,343	7,786	12,977	14,088
Government Grants	67,160	73,291	24,724	12,008	6,966
Major Repairs Allowance	12,909	14,137	13,543	13,543	13,543
Reserves / Revenue contributions	7,757	7,391	2,486	3,114	200
Total Financing	98,289	108,699	59,897	49,505	40,447
Borrowing	50,309	48,501	300	5,338	3,522
Total	148,598	157,200	60,197	54,843	43,969

2.5 Incremental Impact of Capital Investment Decisions:

As an indicator of affordability the table overleaf shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

2.6 As reported in the treasury monitoring reports during 2010/11 the indicators set in February 2010 are actually the total of Band D council tax and housing rent, rather than the incremental impact relating to capital decisions. This is the reason the approved figures for 2010/11 are much higher than future years. The reduction between 2010/11 and 2011/12 onwards is due to the reduction in the amount of capital expenditure being funded through borrowing shown in Table 3 above.

Table 4: Incremental Impact of Capital Investment Decisions

	2010/11 Approved £	2010/11 Projected Actual £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	1,184.32	9.96	1.00	1.88	1.95
Increase in Average Weekly Housing Rents	83.20	0.01	0.02	0.00	0.00

- 2.7 Reform to the Council Housing Subsidy System: CLG consulted on proposals to reform the council housing subsidy system in July 2010. The consultation proposed a removal of the housing subsidy system by offering a one-off reallocation of debt. More detail of the new system was announced in January 2011, and it will be introduced in the Localism Bill to enable the new system to start in 2012. For the Council, this is expected to equate to a reduction in debt of £241m. CLG proposes to settle this by repaying a proportion of each of the Council's PWLB loans.
- 2.8 The estimate for interest payments in 2011/12 is £41.3m and for interest receipts is £0.28m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

Table 5: Ratio of Financing Costs to Net Revenue Stream

	2010/11 Approved %	2010/11 Projected Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Non-HRA	4.67	5.52	4.95	4.04	3.72
HRA	33.39	31.36	31.90	29.87	28.84

3. Borrowing Strategy

- 3.1 The Council's balance of actual gross borrowing plus other long-term liabilities is shown in Annex 1. This is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.
- 3.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Table 6: Authorised Limit for External Debt

	2010/11 Approved £000	2010/11 Projected Actual £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
Borrowing	860,455	663,811	861,544	857,239	851,332
Other Long-term Liabilities	39,545	50,165	85,335	80,110	74,606
Total	900,000	713,976	946,879	937,349	925,938

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

Table 7: Operational Boundary for External Debt

	2010/11 Approved £000	2010/11 Projected Actual £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
Borrowing	835,455	663,811	761,544	757,239	751,332
Other Long-term Liabilities	39,545	50,165	56,890	53,407	49,737
Total	875,000	713,976	818,434	810,646	801,069

- 3.4 The Director of Corporate Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the General Purposes Committee.
- 3.5 In conjunction with advice from its treasury management adviser, Arlingclose Ltd, the Council will keep under review the following borrowing options:
- PWLB loans
 - Borrowing from other local authorities
 - Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
 - Borrowing from the Money Markets
 - Local authority stock issues
 - Structured finance

- 3.6 The PWLB issued a new set of lending arrangements on 20th October 2010, following the Spending Review announcement, which increase the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing. Despite this, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:
- Variable rate borrowing
 - Medium-term Equal Instalments of Principal (EIP) or Annuity Loans
 - Long-term Maturity loans, where affordable.
- 3.7 Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and to maintain stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium and long term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The continued use of internal resources in lieu of borrowing is likely to remain the most cost effective means of financing capital expenditure during 2011/12.
- 3.8 PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Council's treasury management adviser and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt. The Council's existing PWLB variable rate loan borrowed prior to 20th October 2010 will be maintained on its initial terms and is not subject to the additional increased margin for new variable rate loans.
- 3.9 The Council has £125m of loans which are LOBO loans (Lender's Options Borrower's Option) of which £75m of loans are currently in or will be in their call period in 2011/12. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB. The default response will however be early repayment without penalty.
- 3.10 The rationale for considering any possible rescheduling opportunities during the year would be one or more of the following:
- Savings in interest costs with minimal risk
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers. Borrowing and rescheduling activity will be reported to General Purposes Committee as part of the quarterly monitor reports.

- 3.11 The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.
- 3.12 The Council's existing level of fixed interest rate exposure is 98.5% and variable rate exposure is 1.5%, however it is recommended that the limits in place for 2010/11 are maintained in future to retain flexibility.

Table 8: Fixed and Variable Interest Rate Exposure

	2010/11 Approved %	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	98.5	100	100	100
Upper Limit for Variable Interest Rate Exposure	40	1.5	40	40	40

- 3.13 The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

Table 9: Maturity Structure of fixed rate borrowing

	Lower Limit %	Upper Limit %
under 12 months	0	25
12 months & within 2 years	0	25
2 years & within 5 years	0	50
5 years & within 10 years	0	60
10 years & within 20 years	0	60
20 years & within 30 years	0	60
30 years & within 40 years	0	60
40 years & within 50 years	0	60
50 years & above	0	60

4. Investment Policy and Strategy

- 4.1 Guidance from the Communities and Local Government Department (CLG) on Local Government Investments in England requires that an Annual Investment Strategy be set.
- 4.2 The Council's investment priorities are, in this order:
 - security of the invested capital;
 - liquidity of the invested capital;
 - an optimum yield which is commensurate with security and liquidity.
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Instruments proposed for the Council's use within its investment strategy are contained in Annex 4 and the list of proposed counterparties is shown in Annex 5. The Director of Corporate Resources, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Investment activity will be reported to General Purposes Committee as part of the quarterly reports.
- 4.4 With all investments the Council makes there is a risk of default, so the proposed list of investments is prepared to minimise this risk by being selective about the counterparties to be used. They are then subjected to continual monitoring, in conjunction with the Council's treasury management advisers, to ensure that they continue to meet the high standard set. The range of information used to determine creditworthiness is:
 - Credit Ratings (minimum long-term A+ for counterparties; AAA for countries)
 - Credit Default Swaps (where quoted)
 - Net Debt as a Percentage of GDP for countries
 - Sovereign Support Mechanisms/potential support from a well-resourced parent institution
 - Share Prices
 - Macro-economic indicators
 - Corporate developments, news and articles, market sentiment.
- 4.5 If the monitoring reveals any concern about a counterparty's creditworthiness, it will be removed from the lending list with immediate effect. In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office – either in the Debt Management Account Deposit Facility (DMADF) or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)

- 4.6 The changes to the list of specified counterparties proposed for 2011/12 are:
- Addition of Nat West and Standard Chartered to the list of UK banks
 - Deposits with non UK banks
- There is also a proposed addition to the list of instruments which can be used:
- UK Treasury Bills issued by the Debt Management Office
- 4.7 The Council's treasury management advisers have recommended the addition of UK banks Standard Chartered and Nat West following an improvement in the ratings of the former and the confirmation of the long term future of the latter within the RBS Group. UK Treasury Bills are issued by HM Treasury's Debt Management Office and so are guaranteed by the UK government. They are proposed for inclusion as they offer a better rate of return than the DMADF, albeit with less flexibility on term, with the same level of security.
- 4.8 In order to provide a wider range of creditworthy counterparties for the Council to invest with, it is proposed to add a limited range of non-UK banks to the Council's lending list. The banks it is proposed to add are all based in AAA rated European countries and have minimum long term credit ratings of A+ and in fact many are more highly rated than the UK banks already on the list.
- 4.9 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.
- 4.10 To protect against a prolonged period of low interest rates and to provide certainty of income, 2-year deposits and longer-term secure investments may be considered within the limits proposed for Non-Specified Investments (see Annex 4). If longer-term investments are considered they would include:
- Term Deposits with counterparties rated at least A+ (or equivalent)
 - Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- 4.11 The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Table 10: Upper Limit for total principal sums invested over 364 days

	2010/11 Approved	2010/11 Projected Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
	£000	£000	£000	£000	£000
Principal	60,000	0	20,000	20,000	20,000

5. Outlook for Interest Rates

- 5.1 The economic interest rate outlook provided by the Council's treasury management adviser, Arlingclose Ltd, is attached at Annex 3. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.
- 5.2 The interest rate outlook shows that short term rates are expected to remain significantly lower than long term rates throughout 2011/12. For this reason it is anticipated that cash balances will be kept at a minimum throughout the financial year as the "cost of carry" will be significant for any borrowing taken before capital expenditure is incurred.

6. Balanced Budget Requirement

- 6.1 The Council complies with the provisions of Section 32 of the Local Government Finance Act 1992 to set a balanced budget.

7. MRP Statement

- 7.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.
- 7.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method
- 7.3 MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

- 7.4 It is a requirement for Council to approve the MRP statement before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.
- 7.5 It is proposed the Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure. This is a continuation of current practice. MRP in respect of leases brought onto the Balance Sheet under the IFRS-based Code of Practice will match the annual principal repayment for the associated deferred liability.

8. Monitoring and Reporting

- 8.1 General Purposes Committee will receive a quarterly report on treasury management activity and performance. This will include monitoring of the prudential indicators.
- 8.2 It is a requirement of the Treasury Management Code of Practice that an outturn report on treasury activity is produced after the financial year end, no later than 30th September. This will be reported to General Purposes Committee in advance of Cabinet and Council. Audit Committee will be responsible for the scrutiny of treasury management activity and practices.
- 8.3 Officers monitor counterparties on a daily basis with advice from the Council's treasury management advisers to ensure that any creditworthiness concerns are addressed as soon as they arise. Senior management hold monthly meetings with the officers undertaking treasury management to monitor activity and to ensure all policies and procedures are being followed.

9. Other Issues

- 9.1 Training
CIPFA's Treasury Management Code of Practice requires the Director of Corporate Resources to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.
- 9.2 Regular training sessions are arranged for members to keep their knowledge up to date. This included a Treasury Management Strategy training session on 11th January 2011.

9.3 Investment Consultants

The CLG's Guidance on local government investments recommends that the Investment Strategy should state:

"Whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment and how the quality of any such service is controlled."

- 9.4 The Council has appointed Arlingclose Limited to provide information and advice about the types of investment the Council should undertake and the counterparties that should be used. Quarterly service review meetings take place to monitor the service and the appointment is formally reviewed in accordance with the Council's Contract Standing Orders.

ANNEX 1

Current and Projected Portfolio Position

	Current Portfolio £000	31 Mar 11 Estimate £000	31 Mar 12 Estimate £000	31 Mar 13 Estimate £000	31 Mar 14 Estimate £000
External Borrowing:					
Fixed Rate – PWLB	460,806	490,806	529,106	530,106	527,706
Fixed Rate – Market	125,005	125,005	125,005	125,005	125,005
Variable Rate – PWLB	20,000	48,000	0	0	0
Variable Rate – Market	0	0	0	0	0
Total External Borrowing	605,811	663,811	654,111	655,111	652,711
Existing long-term liabilities	2,625	2,539	2,442	2,334	2,213
IFRS Long Term Liabilities:					
- PFI	43,026	40,929	38,957	36,884	34,705
- Operating Leases	7,351	6,697	6,010	5,288	4,530
Total Gross External Debt	658,813	713,976	701,520	699,617	694,159
Total Investments	20,000	20,000	40,000	40,000	40,000
(Net Borrowing Position)/ Net Investment position	(638,813)	(693,976)	(661,520)	(659,617)	(654,159)

ANNEX 2

Summary of Prudential Indicators

No.	Prudential Indicator	2011/12		2012/13		2013/14	
CAPITAL INDICATORS							
1	Capital Expenditure	£60,197k		£54,843k		£43,969k	
2	Ratio of financing costs to net revenue stream						
	General Fund	4.95%		4.04%		3.72%	
	HRA	31.90%		29.87%		28.84%	
3	Capital Financing Requirement	£756,511k		£749,411k		£740,567k	
4	Incremental impact of capital investment decisions						
	Band D Council Tax	£1.00		£1.88		£1.95	
	Weekly Housing rents	£0.02		£0.00		£0.00	
TREASURY MANAGEMENT LIMITS							
5	Authorised Limit	£946,879k		£937,349k		£925,938k	
	Operational Boundary	£818,434k		£810,646k		£801,069k	
6	Upper limit – fixed rate exposure	100%		100%		100%	
	Upper limit – variable rate exposure	40%		40%		40%	
7	Maturity structure of borrowing (U: upper, L: lower)	L	U	L	U	L	U
	under 12 months	0%	25%	0%	25%	0%	25%
	12 months & within 2 yrs	0%	25%	0%	25%	0%	25%
	2yrs & within 5 yrs	0%	50%	0%	50%	0%	50%
	5 yrs & within 10 yrs	0%	60%	0%	60%	0%	60%
	10 yrs & within 20 yrs	0%	60%	0%	60%	0%	60%
	20 yrs & within 30 yrs	0%	60%	0%	60%	0%	60%
	30 yrs & within 40 yrs	0%	60%	0%	60%	0%	60%
	40 yrs & within 50 yrs	0%	60%	0%	60%	0%	60%
	50 yrs & above	0%	60%	0%	60%	0%	60%
8	Sums invested for more than 364 days	£20,000k		£20,000k		£20,000k	
9	Adoption of CIPFA Treasury Management Code of Practice	√		√		√	

ANNEX 3

Arlingclose's Economic and Interest Rate Forecast

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Official Bank Rate											
Upside risk	-	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75
Downside risk	-	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
1-yr LIBID											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.50	3.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
5-yr gilt											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.00	2.25	2.75	3.25	3.50	3.75	4.00	4.00	4.00	4.00	4.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
10-yr gilt											
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central case	3.50	3.75	3.75	4.00	4.25	4.50	4.75	4.75	4.75	4.75	4.75
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
20-yr gilt											
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Central case	4.25	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
50-yr gilt											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.25	4.25	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

Arlingclose's comments and assumptions

- The recovery in growth is likely to be slow, uneven and more "Square root" than "V" shaped.
- The initial reaction to the Comprehensive Spending Review is positive but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Gilts will remain volatile as the growth versus headline inflation debate escalates.

Specified and Non Specified Investments

Specified Investments identified for use by the Council

Specified Investments are those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated.
- has a maximum maturity of 1 year.
- meets the “high credit quality” definition as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- AAA-rated Money Market Funds with a Constant Net Asset Value
- Treasury-Bills (T-Bills)
- *Certificates of deposit with banks and building societies
- *Gilts: (bonds issued by the UK government)
- *Bonds issued by multilateral development banks

** Investments in these instruments would only be undertaken on advice from the Council’s treasury management adviser.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s (where assigned).

Long-term minimum: A+ (Fitch); A1 (Moody’s); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody’s); A-1 (S&P)

The Council will also take into account the range of information on investment counterparties detailed in section 4.4.

Specified investments will be made within the limits detailed in the following table. The limits stated will apply across the total portfolio operated by the Council and so incorporate both Council and Pension Fund specific investments.

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m	Maximum period of investment*
Term Deposits	UK	Debt Management Account Deposit Facility (DMADF), Debt Management Office (DMO)	No limit	6 months
Gilts	UK	Debt Management Office (DMO)	No limit	364 days
T-Bills	UK	Debt Management Office (DMO)	No limit	6 months
Term Deposits/ Call Accounts	UK	Other UK Local Authorities	£30m per local authority	364 days
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	£20m per bank or banking group	364 days
Term Deposits/ Call Accounts/ Certificates of Deposit	Non-UK	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in European countries** with a Sovereign Rating of at least AAA from all three credit rating agencies.	£15m per bank or banking group	6 months
Bonds issued by multilateral development banks	Non-UK	Counterparties rated AAA in which the UK is a shareholder	£15m per counterparty	364 days
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	Constant Net Asset Value Money Market Funds (MMFs)	£20m per MMF***; Group limit £100m	Instant Access

* The limits for the period of investment are the maximum for the categories of counterparties. Lower operational limits will apply if recommended following a review of creditworthiness.

** Investments in any one country's banks will be limited to a maximum of 10% of the total investments at the time of investment, excluding the UK.

*** Limit per MMF to be no more than 0.5% of the Money Market Fund's total assets.

Non-Specified Investments proposed for use by the Council

Non-specified investments are those which do not meet the criteria for specified investments. The non-specified investments which it is proposed the Council will consider are investments for longer than one year with the same counterparties as specified investments. None of these will constitute capital expenditure. Non-specified investments will form a maximum of 50% of the total portfolio at any time.

	In-house use	Maximum maturity	Capital expenditure?
▪ Term Deposits with UK banks and building societies ▪ Certificates of Deposit with UK banks and building societies	✓	5 years	No
▪ Gilts ▪ Bonds issued by multilateral development banks	✓ (on advice from treasury adviser)	5 years	No

In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

ANNEX 5**Lending List of counterparties for investments**

This is the proposed list of counterparties which the Council can lend to. The list will be kept under constant review and counterparties removed if the process described in 4.4 and 4.5 raises any concerns about their credit worthiness.

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m
Gilts, Treasury Bills, Term Deposits	UK	Debt Management Office (Term deposits with Debt Management Account Deposit Facility DMADF)	No limit
Term Deposits	UK	Other Local Authorities	£30m per local authority
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Santander UK Plc (Banco Santander Group)	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Bank of Scotland (Lloyds Banking Group)	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Lloyds TSB (Lloyds Banking Group)	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Barclays Bank Plc	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Clydesdale Bank (National Australia Bank Group)	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	HSBC Bank Plc	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Nationwide Building Society	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	NatWest (RBS Group)	20

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Royal Bank of Scotland (RBS Group)	20
Term Deposits/ Call Accounts/ Certificates of Deposit	UK	Standard Chartered Bank	20
Term Deposits/ Call Accounts/ Certificates of Deposit	Finland	Nordea Bank	15
Term Deposits/ Call Accounts/ Certificates of Deposit	France	BNP Paribas	15
Term Deposits/ Call Accounts/ Certificates of Deposit	France	Credit Agricole CIB (Credit Agricole Group)	15
Term Deposits/ Call Accounts/ Certificates of Deposit	France	Credit Agricole SA (Credit Agricole Group)	15
Term Deposits/ Call Accounts/ Certificates of Deposit	France	Société Générale	15
Term Deposits/ Call Accounts/ Certificates of Deposit	Germany	Deutsche Bank AG	15
Term Deposits/ Call Accounts/ Certificates of Deposit	Netherlands	ING Bank NV	15
Term Deposits/ Call Accounts/ Certificates of Deposit	Netherlands	Rabobank	15
Term Deposits/ Call Accounts/ Certificates of Deposit	Sweden	Svenska Handelsbanken	15

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m
Term Deposits/ Call Accounts/ Certificates of Deposit	Switzerland	Credit Suisse	15
Money Market Funds	Ireland	BlackRock Institutional Sterling Liquidity Fund	20
Money Market Funds	Ireland	BlackRock Institutional Sterling Government Liquidity Fund	12
Money Market Funds	Ireland	Goldman Sachs Liquid Reserves Fund	20
Money Market Funds	Ireland	Henderson Global Investors Liquid Assets Sterling Fund (now managed by DB Advisors – a name change is likely during 2011/12)	15
Money Market Funds	Ireland	Invesco Short Term Investments Company Sterling Liquidity Portfolio	5
Money Market Funds	Luxembourg	J.P. Morgan Asset Management Sterling Liquidity Fund	20
Money Market Funds	Ireland	RBS Global Treasury Fund - Sterling	20
Bonds	European Union	European Investment Bank	15
Bonds	European Union	European Bank for Reconstruction and Development	15
Bonds	Worldwide	International Bank for Reconstruction and Development (the World Bank)	15