Summons to Attend

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 **MONDAY, 22ND FEBRUARY, 2016 at** 7.30 pm HRS, to transact the following business:

AGENDA

1. FILMING AT MEETINGS

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

Haringey LONDON

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

2. TO RECEIVE APOLOGIES FOR ABSENCE

3. 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

4. DECLARATIONS OF INTEREST

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

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

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

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

5. 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.

6. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 23 NOVEMBER 2015 (PAGES 1 - 14)

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

8. TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE

9. TO RECEIVE THE REPORT OF THE ASSISTANT DIRECTOR CORPORATE GOVERNANCE & MONITORING OFFICER (PAGES 15 - 40)

Report from the Monitoring Officer on Amendments to the Constitution taken under the Monitoring Officer Delegated Authority

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

11. TO RECEIVE REPORTS FROM THE FOLLOWING BODIES (PAGES 41 - 74)

a) The Corporate Committee

12. FINANCIAL PLANNING 2016/17 (PAGES 75 - 196)

Nick Walkley
Chief Executive
River Park House
225 High Road
Wood Green
London N22 8HQ

Friday, 12 February 2016

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MINUTES OF THE MEETING OF THE FULL COUNCIL HELD ON Monday, 23rd November, 2015, **Times** Not Specified

PRESENT:

Councillors: Charles Wright, Eugene Ayisi, Patrick Berryman, Barbara Blake, Mark Blake, Clare Bull, Clive Carter, Pippa Connor, Natan Doron, Sarah Elliott, Tim Gallagher, Makbule Gunes, Kirsten Hearn, Peray Ahmet, Adam Jogee, Jennifer Mann (Mayor), Liz McShane, Liz Morris, Peter Morton, Felicia Opoku, Ali Gul Ozbek, James Patterson, Viv Ross, James Ryan, Raj Sahota, Elin Weston, Gina Adamou, Kaushika Amin, Dhiren Basu, David Beacham, John Bevan, Joanna Christophides, Ali Demirci, Isidoros Diakides, Gail Engert, Joe Goldberg, Eddie Griffith, Bob Hare, Claire Kober, Toni Mallett, Martin Newton, Sheila Peacock, Lorna Reith, Reg Rice, Anne Stennett, Alan Strickland, Bernice Vanier, Ann Waters, Emine Ibrahim, Jason Arthur, Vincent Carroll, Stephen Mann and Peter Mitchell

117. FILMING AT MEETINGS

The Mayor referred to the details as shown on the summons in relation to filming at meetings.

NOTED

118. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Adje, Ejiofor, and McNamara, and for lateness and possible non-attendance from Councillor G Bull, and lateness from Councillor from Stennett.

NOTED

119. 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

Item 10 – Reports of Committees

The Chief Executive advised that the reports from the two Committees – Cabinet, and Regulatory Committee were late for consideration and could not be forwarded to Full Council until the content of each the reports was finalised, which was after the agenda publication date .

<u>Item 18 – Questions and Written Answers</u>

The Chief Executive advised that notice of questions was not requested until 8 clear days before the meeting, following which the matters raised had to be researched and replies prepared to be given at the meeting.

The Mayor advised that it was her intention to vary the order of business as follows:

to take 10 after item 11 as the matters contained in item 10 relate to the subsequent items 12, 13, 14, and 15, and then Item 19 – Motion C, before Item 17- Haringey Debate.

The variation was agreed nemine contradicente.

NOTED

120. DECLARATIONS OF INTEREST

Cllr Mitchell declared a personal interest in respect of item 19, motion C, as he was employed as a full time trade union official.

Cllr S Mann declared a personal interest in respect of item 19, motion c, as he was employed as a trade union official for Communications Workers Union.

Cllr Ahmet declared a personal interest in respect of item 19, motion C, as she was employed as a full time trade union branch secretary in Merton.

Cllr Ibrahim declared a personal interest in respect of item 19, motion C, as she was on full release in London Borough of Redbridge as a full time branch secretary for Unison.

Cllr Ross declared a personal interest in respect of item 14, as he worked in the gambling industry.

NOTED

121. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETINGS OF THE COUNCIL HELD ON 20 JULY 2015, AND 8 OCTOBER 2015 (EXTRAORDINARY)

RESOLVED:

That the minutes of the meeting of the Full Council held on 20 July 2015 (ordinary) and 8 October 2015 (extraordinary) be signed as a true record.

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

The Mayor referred to the tabled sheet which highlighted a large number of activities that she had undertaken since July 2015.

The Mayor advised that whilst she continued with a very full diary of events across the borough, November was a month of reflection and contemplation.

The Mayor highlighted:

On Friday 6th November her attendance at a multi faith/belief remembrance at City Hall.

On Sunday 8th November whilst remembrances took place in Tottenham and Hornsey, the Mayor laid on behalf of the Council a wreath at the Council's service of remembrance at Wood Green War Memorial. The Mayor attended later that day the St Andrews remembrance in Alexandra Ward. On Armistice Day, Wednesday 11th November**,** the Mayor attended remembrance at the War Memorial in Tottenham Cemetery.

The Mayor attended a remembrance for those killed on roads at a central London church on Sunday 15th November. This was contemplative and thought provoking and was reinforced by the 'Save Drive Stay Alive' presentation the Smarter Travel Team staged the previous week targeting teenage school children and college students.

On Saturday 14th November 2015 the Mayor attended and spoke at the Annual Civic Service at Tetherdown Synagogue. This service also gave an opportunity to reflect on the Paris atrocities. On Friday November 13th as all present were aware, at least 129 people were killed as terrorists struck at the heart of Paris.

The Mayor reported that from early that day – 23 November – the French National Flag – Le Tricolor had been flown at half mast from the Civic Centre, continuing to show Haringey's solidarity. The Mayor commented that there were few words that could adequately reflect the Council's sense of shock and disbelief at the atrocities in Paris and the senseless loss of innocent lives.

The Mayor referred to her letter which conveyed our deepest sympathies to the Mayor of our sister town in Paris, Livry-Gargan.

In Haringey all were united with our friends in Paris and Haringey stood tall as a community that would never accept or be intimidated by those who sought to spread intolerance and hatred.

The Mayor also advised that sadly, this evening, the Council was also remembering the passing of three Former Councillors:

Denise Marshall who was a former Labour Councillor for Noel Park Ward from 2014–2015. She died on 21 August 2015.

Jean Brown who was a former Labour Councillor for White Hart Lane Ward from 1994–2002. She died on 1st October 2015.

Judy Bax who was a former Labour Councillor for Archway (1996-2002) and Hornsey (2002-2006). She died on Tuesday 18th August 2015.

Cllrs Ahmet, Ibrahim, S Mann, Gunes, and Hearn spoke in memory of former Cllr Denise Marshall.

Cllr Peacock spoke in memory of former Cllr Jean Brown.

Cllr Jogee, and Doron spoke in memory of former Cllr Judy Bax.

The Mayor asked and the Council stood for a 1 minute silence in memory of Councillors Denise Marshall, Judy Bax and Jean Brown, and those who lost their lives in Paris.

ANY OTHER BUSINESS

The Mayor advised that in terms of support to her at and prior to Council meetings, and also in terms of governance and managing the whole process of decision making of the Council, and in particular Full Council , there was a person who was to the Mayor a real friend – that being the Democratic Services Manager – Clifford Hart. The mayor advised that sadly for Haringey this was Clifford's last meeting as he was leaving the Council's service in the early part of 2016. The Mayor advised the meeting that Clifford had worked in Local Government continually for over 36 years and it would be hard to quantify the number of meetings he had attended and the amount of advice he had given to elected members during that time. On behalf of the Council the Mayor placed on record her thanks to Clifford for all of his efforts in managing the Democratic process of the Local Authority , and the Democratic Services Team. The Council gave a resounding round of applause.

The Mayor also advised that a Civic Service was planned for 24th April 2016. There would be other Mayoral events to be notified on the Mayor's website.

123. TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE

There were no matters to report.

124. TO RECEIVE THE REPORT OF THE ASSISTANT DIRECTOR CORPORATE GOVERNANCE & MONITORING OFFICER

There were no matters to report.

125. TO MAKE APPOINTMENTS TO OUTSIDE BODIES

There were no matters to report.

At this point in the proceedings the Mayor reminded the meeting of the variation of the order of business to next consider Item 11 - deputations &, then followed by Items, 10, 12, 13, 14, 15,16, 19 then Item 17.

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

The Chief Executive advised the meeting that there were two deputation requests for tonight's meeting, and one petition – the petition required debate by Full Council as it exceeded 2200 signatures. The meeting would firstly hear from the two deputations. The first deputation request was from Haringey Defend Council Housing. The speaker addressing the meeting was Mr Paul Burnham, and Mr Burnham was accompanied by Jacob Secker, and Keith Dunn. The second deputation wais from Steven Brice on behalf of The Pinkham Way Alliance. Mr Brice was accompanied by Susie Holden, and Paul Scott.

The Chief Executive advised that a petition had been submitted in relation to the future of Hornsey Town Hall, and the Lead petitioner was present – Miriam Levin. Ms Levin was accompanied by Mark Afford, Chris Currer, and Amanda Carrara,.

The Chief Executive advised that the Mayor would ask Ms Levin to address full Council for 5 minutes followed by a 15 minutes debate, participated by Members only – and at the end of the debate the Cabinet Member for Housing and Regeneration – Cllr Strickland would respond.

The Mayor welcomed both the deputees and the petitioner to the meeting.

The Mayor asked the first deputation representative to address the meeting.

The first deputation was received from Mr Paul Burnham - Haringey Defend Council Housing,.

Members asked questions of the deputation and received responses thereto.

The Cabinet Member for Planning – Cllr Demirci responded to the deputation.

The second deputation was received from Mr Steven Brice on behalf of The Pinkham Way Alliance.

Members asked questions of the deputation and received responses thereto.

The Cabinet Member for Housing & Regeneration – Cllr Strickland responded to the deputation.

The Mayor then advised that there had been a petition submitted in relation to the future of Hornsey Town Hall, and the Lead petitioner was present – Miriam Levin. The Mayor asked that Ms Levin address the meeting for 5 minutes.

Ms Levin addressed the meeting and Members asked questions of the petitioners and received responses thereto.

In accordance with the procedure rules Members then undertook a 15 minute debate in respect of the submitted petition.

At the conclusion of the debate the Cabinet Member for Housing and Regeneration – Cllr Strickland responded .

The Mayor thanked the two deputations, and the petitioner lead for their attendance.

NOTED

127. TO RECEIVE REPORTS FROM THE FOLLOWING BODIES

a. Cabinet – Report No. 1 – 2015/16

Councillor Kober moved the report and recommendations contained therein relating to the following items on the Council agenda:

Item 12 – Council Tax Reduction Scheme 2016/17

Item 13 - Haringey's Local Plan

Item 14 – Gambling Policy

RESOLVED

That the Cabinet report No 1 2015/16 be received.

b. Regulatory Committee – Report No. 1 – 2015/16

Councillor Ahmet moved the report and recommendations contained therein relating to the following items on the Council agenda :

Item 13 - Haringey's Local Plan .

Item 14 - Gambling Policy

Item 15 - Statement of Licensing Policy

RESOLVED

That Regulatory Committee report No 1 2015/16 be received.

128. APPROVAL OF THE COUNCIL TAX REDUCTION SCHEME FOR 2016/17

The Chief Whip MOVED the recommendations in the report.

RESOLVED

i. That having taken into account the Equalities Impact Assessment as detailed in Appendix B of the report, that the Council Tax Reduction Scheme agreed for 2015/16, be not revised for 2016/17;

ii. That the Scheme as summarised in Appendix A and set out in full in Appendix C of the report be continued to be implemented for 2016/17 with the principles being :

a. That pensioners remain protected from any increase in the amount of Council Tax which they are liable to pay following the abolition of Council Tax Benefit (as prescribed by Central Government). Pensioners will continue to receive the same level of support for the payment of Council Tax as compared with 2012/13 and the original Council Tax benefit;.

b. That those in receipt of certain disability benefits are protected from any increase in the amount of Council Tax which they are liable to pay following the abolition of Council Tax Benefit. Those in receipt of certain disability benefits will continue to receive the same level of support for the payment of Council Tax as compared with 2012/13 and the original Council Tax benefit;

c. That for all remaining working age claimants, not covered by (b) above the extent of Council Tax Support available will continue to be capped at 80.2% of Council Tax liability. In other words, working age claimants will continue to receive the same level of Council Tax Support as 2015/16, this amount representing a 19.8% reduction in the level of Council Tax Support available; and

iii. That authority to be given to the Chief Operating Officer and Head of Shared Services to take all appropriate steps to implement and administer the Scheme.

129. HARINGEY'S LOCAL PLAN

The Mayor asked the Cabinet Member for Planning to introduce the report.

Following a brief introduction of the report before Council by the Cabinet member for Planning – Cllr Demirci – on a MOTION by the Chief Whip it was:

RESOLVED

i. That the comments of the Regulatory Committee at paragraphs 6.7-6.9, and Cabinet at paragraphs 6.10-6.11 of the report be noted;

ii. that the comments received to consultation on the preferred option draft Local Plan documents (the draft Schedule of Alterations to the Strategic Policies DPD; the draft Development Management Policies DPD; the draft Site Allocations DPD; and the draft Tottenham Area Action Plan DPD) and the Council's proposed response to these as set out in the Consultation Statements at Appendices B, D, F and H respectively of the report be noted; and

iii. That approval be given to (I – V) below, and to publication and submission to the Secretary of State for independent Examination in Public (subject only to 'desktop publishing' formatting for presentational purposes):

I. The Schedule of Alterations to Haringey's Local Plan: Strategic Policies: Pre-submission version;
II. The draft Development Management DPD: Pre-submission version;
III. The draft Site Allocations DPD: Pre-submission version;
IV. The draft Tottenham Area Action Plan: Pre-submission version; and
V. The Sustainability Appraisal, including Equalities Impact Assessment, Habitats Assessment and Health Impact Assessment of the four draft Development Plan Documents: Pre-submission versions.

130. ADOPTION OF THE UPDATED STATEMENT OF GAMBLING POLICY

The Mayor asked the Leader of the Council, in the absence of the Cabinet Member for Environment to introduce the report.

Following a brief introduction of the report before Council by the Leader of the Council on a MOTION by the Chief Whip it was:

RESOLVED

That approval be given to the adoption of Draft Gambling Policy 2016-2019, as set out at appendix 1 of the circulated report, noting and taking account of the EQIA detailed at appendix 2 of the report.

131. ADOPTION OF HARINGEY STATEMENT OF LICENSING POLICY 2016 - 2021

The Mayor asked the Leader of the Council, in the absence of the Cabinet Member for Environment to introduce the report.

Following a brief introduction of the report before Council by the Leader of the Council on a MOTION by the Chief Whip it was:

RESOLVED

That approval be given to the adoption of the revised Statement of Licensing Policy 2016-2021 , as set out at appendix 1 of the circulated report, noting and taking account of the EQIA detailed at appendix 2 of the report.

132. 5TH ANNUAL CARBON REPORT 2015

Following a brief introduction of the circulated report by Councillor Goldberg – Cabinet Member for Economic Development, Social Inclusion, and Sustainability, a response from Councillor Hare, Minority Group spokesperson for environmental matter, and a brief contribution from Cllr C Bull, and a concluding summary from Councillor Goldberg, it was:

RESOLVED

i. that the Annual Report be made publically available, to engage residents in the Haringey 40:20 initiative;

ii. that Members engage with the initiative and lead action in their community, promoting the importance of reducing carbon emissions whilst increasing prosperity;

iii. That future projects outlined at pages 43 to 45 of the report be implemented and further opportunities be identified, subject to the availability of external funding and grants; and

iv. The LB Haringey continue to report annually on our progress to reduce emissions 40% by 2020, and increase prosperity.

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

The Mayor advised that MOTION C would be considered.

MOTION C - 2014/15

Councillor Arthur MOVED the following MOTION C:

This Council notes:

- In July 2015 the Government announced its Trade Union Bill - a wide-ranging set of proposals which, taken as a package, will undermine the basic right to strike and make it harder for workers to organise effectively in trade unions.
- The proposals include ending the ban on employers bringing in agency workers to cover for permanent staff during industrial action which fundamentally undermines the right to strike.
- The proposals will also bring in new restrictions on pickets and protests during strikes. Unions will have to give the details of a lead picketer on every picket line to the police and employers - and the government have even floated the idea of making all picketers give their details to the police. They may even be required to submit a campaign plan to the police and employers two weeks in advance - setting out what they intend to do, whether they will use a loudspeaker or carry a banner and even what strikers intend to put on social media, such as Facebook or twitter.
- The Government have also proposed new thresholds for turnout in strike ballots, plus additional thresholds for those working in "important public services".
- The Government want to grant Ministers the power to unilaterally cut so-called "facilities time" in the public sector. This is paid time-off mutually

agreed between employers and unions for union reps to represent their members and negotiate with their employer.

- The Government also proposes to prohibit public sector employers assisting unions to collect their membership subscriptions through payrolls - even though this is used for a variety of other staff benefits such as cycle-to-work schemes and childcare vouchers, and even though unions often meet the costs of this.

This Council further notes:

- The human rights organisations Liberty, Amnesty International and the British Institute of Human Rights have said that the Government's proposals “would hamper people’s basic rights to protest and shift even more power from the employee to the employer".
- The Government refuses to allow trade unions to ballot their members electronically, which could help increase engagement.
- Trade unions take industrial action for a wide range of reasons including defending wages and pensions, conditions at work and safety.
- Strikes in the UK are at historically low levels.

This Council believes:

- No worker ever wants to go on strike but it is a crucial last resort for workers when their employer refuses to listen to their views, negotiate with them or compromise.
- The right to strike and protest are fundamental rights which should be valued and respected in a free and democratic society.
- Without the right to strike, workers will be unable to defend their jobs or pay, stand up for decent services and achieve fairness and safety at work.
- The Government's proposals will undermine constructive employment relations in Haringey. We believe harmonious industrial relations are achieved by meaningful engagement with trade unions and their members.
- That, in the spirit of localism, councils should be free to build positive industrial relations that work for their communities without central government interference.

This Council resolves:

- To support the TUC’s [and other relevant local unions'] campaign to protect the right to strike.
- To write to the Secretary of State for Business, Innovation and Skills stating the council’s opposition to the government's proposals on trade unions.
- To write to the Secretary of State for Communities and Local Government and the Minister for London, stating the opposition to the interference of central government in local industrial relations as it is against the spirit of localism.

- To write to both MPs in Haringey informing them of our position and encouraging them to oppose the Trade Union Bill.
- To continue to value the importance of meaningful workforce engagement and representation through trade unions in Haringey.
- That, in the event that the Government's proposals become law and in so far as is lawful for the Council as an employer to;
  - continue to allow recognised trade unions to use subscriptions through payroll, or otherwise support trade unions' efforts to move members onto direct debit subscriptions, through allowing access to workers and as much notice as possible of any changed arrangements.
  - maintain current arrangements on "facility time" for trade union reps to represent their members.
  - commit not to use agency workers to break strikes.

Councillor Wright seconded the MOTION.

The Mayor then MOVED the MOTION as stated.

On a vote there being 44 for, nil against, and 9 abstentions, it was:

RESOLVED

This Council notes:

- In July 2015 the Government announced its Trade Union Bill - a wide-ranging set of proposals which, taken as a package, will undermine the basic right to strike and make it harder for workers to organise effectively in trade unions.
- The proposals include ending the ban on employers bringing in agency workers to cover for permanent staff during industrial action which fundamentally undermines the right to strike.
- The proposals will also bring in new restrictions on pickets and protests during strikes. Unions will have to give the details of a lead picketer on every picket line to the police and employers - and the government have even floated the idea of making all picketers give their details to the police. They may even be required to submit a campaign plan to the police and employers two weeks in advance - setting out what they intend to do, whether they will use a loudspeaker or carry a banner and even what strikers intend to put on social media, such as Facebook or twitter.
- The Government have also proposed new thresholds for turnout in strike ballots, plus additional thresholds for those working in "important public services".
- The Government want to grant Ministers the power to unilaterally cut so-called "facilities time" in the public sector. This is paid time-off mutually agreed between employers and unions for union reps to represent their members and negotiate with their employer.

- The Government also proposes to prohibit public sector employers assisting unions to collect their membership subscriptions through payrolls - even though this is used for a variety of other staff benefits such as cycle-to-work schemes and childcare vouchers, and even though unions often meet the costs of this.

This Council further notes:

- The human rights organisations Liberty, Amnesty International and the British Institute of Human Rights have said that the Government's proposals “would hamper people’s basic rights to protest and shift even more power from the employee to the employer".
- The Government refuses to allow trade unions to ballot their members electronically, which could help increase engagement.
- Trade unions take industrial action for a wide range of reasons including defending wages and pensions, conditions at work and safety.
- Strikes in the UK are at historically low levels.

This Council believes:

- No worker ever wants to go on strike but it is a crucial last resort for workers when their employer refuses to listen to their views, negotiate with them or compromise.
- The right to strike and protest are fundamental rights which should be valued and respected in a free and democratic society.
- Without the right to strike, workers will be unable to defend their jobs or pay, stand up for decent services and achieve fairness and safety at work.
- The Government's proposals will undermine constructive employment relations in Haringey. We believe harmonious industrial relations are achieved by meaningful engagement with trade unions and their members.
- That, in the spirit of localism, councils should be free to build positive industrial relations that work for their communities without central government interference.

This Council resolves:

- To support the TUC’s [and other relevant local unions'] campaign to protect the right to strike.
- To write to the Secretary of State for Business, Innovation and Skills stating the council’s opposition to the government's proposals on trade unions.
- To write to the Secretary of State for Communities and Local Government and the Minister for London, stating the opposition to the interference of central government in local industrial relations as it is against the spirit of localism.

- To write to both MPs in Haringey informing them of our position and encouraging them to oppose the Trade Union Bill.
- To continue to value the importance of meaningful workforce engagement and representation through trade unions in Haringey.
- That, in the event that the Government's proposals become law and in so far as is lawful for the Council as an employer to;
    - continue to allow recognised trade unions to use subscriptions through payroll, or otherwise support trade unions' efforts to move members onto direct debit subscriptions, through allowing access to workers and as much notice as possible of any changed arrangements.
    - maintain current arrangements on "facility time" for trade union reps to represent their members.
    - commit not to use agency workers to break strikes.

134. HARINGEY DEBATE - 'THE HOUSING AND PLANNING BILL, INCLUDING THE EXTENSION OF RIGHT-TO-BUY: WHAT IMPACT WILL THE BILL HAVE ON HOUSING IN HARINGEY?'

The Chief Executive outlined the format for the debate as follows ;

The Leader of the Opposition – Cllr Engert would give a 5 minute introduction on the purpose and objectives of the debate, to be followed by a presentation by Ben Rogers - External speaker – from the 'Centre for London' .The external speaker would be given 10 minutes to address the meeting. Following this there would be a 45 minute debate time slot with a maximum of 3 minutes speaking time for each speaker. At the conclusion the Lead Opposition Member, and cabinet Member would give a brief response.

The Mayor welcomed Ben Rogers to the Council meeting.

The Mayor asked Cllr Engert to, and Cllr Engert gave a brief introduction to the debate topic 'THE IMPACT OF THE HOUSING BILL ON HARINGEY'S RESIDENTS AND HOUSING STOCK'*.*

The Mayor asked Ben Rogers address the meeting for up to 10 minutes. Following the address the Mayor advised that there would now be a debate for 45 minutes, and that members were asked to speak for no more than 3 minutes each.

A debate then ensued.

At the end of the debate the Mayor asked Cllr Engert to sum up, followed by Cllr Strickland – Cabinet Member for Housing & Regeneration in response to the debate.

At the conclusion of the debate the Mayor thanked all members for their participation.

135. TO ANSWER QUESTIONS, IF ANY, IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NOS. 9 & 10

Due to the late hour Oral Questions were not considered, and answers to answers to oral questions would be circulated in written form.

NOTED

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

Due to the late hour the Mayor advised that MOTION D would not be considered.

NOTED

There being no further business to consider the meeting closed at 22.07hrs.

Report for: Full Council on 22nd February 2016

Item number: **9**

Title: Amendments to the Constitution under the Monitoring Officer Delegated Authority

Report authorised by: Bernie Ryan, Monitoring Officer and Assistant Director, Corporate Governance

Lead Officer: Stephen Lawrence-Orumwense, Assistant Head of Legal Services, Social Care and Contracts

Ward(s) affected: All

Report for Key/ Non Key Decision: N/A

1. Describe the issue under consideration

1.1 Under Article 14.03 of the Constitution, the Monitoring Officer has delegated authority to make required changes to the Constitution as a result of legislative changes.

1.2 The purpose of this report is to inform Full Council of the changes to the Contract Procedure Rules in Part 4 Section J of the Constitution following the enactment of the new Public Contracts Regulations 2015.

2. Cabinet Member Introduction

2.1 N/A

3. Recommendations

3.1 To note the changes to Part 4 Section J Contract Procedure Rules in the Constitution and which is attached as Appendix 1. The changes are shown as tracked changes to the current contract standing orders.

4. Reasons for decision

4.1 In 2015, the legislation which governs the procurement rules for public sector procurement was updated and enacted into UK legislation in the form of the Public Contracts Regulations 2015. This legislation replaces the Public Contracts Regulations 2006 (as Amended). The Council, as a public sector organisation is bound by this legislation and therefore, the internal Contract Procedure Rules of the Council need to be updated accordingly.

5. Alternative options considered

5.1 The Council must amend its Contract Procedure Rules in the Constitution to ensure it is in line with the legislation. The do nothing option is not applicable.

6. Background information

6.1 The European Union amended its procurement Directives (Directive 2014/24/EU, Directive 2014/23/EU and Directive 2014/25/EU) in 2014. The Directives came into force at EU level on 17 April 2014. The UK Government declared that it would be an early adopter of the new Directives. Directive 2014/24/EU (Public Sector) was enshrined into UK law in 2015, in the form of the Public Contracts Regulations 2015.

6.2 As a consequence of the change to the legislation, it is necessary to update the Council's internal Contracts Procedure Rules to ensure that officers, when referring to the rules, are getting up to date and accurate guidance.

6.3 There have been a number of changes introduced by the new Regulation. Some of the highlights, although not an exhaustive list, are set out below:

a) The mandatory use of electronic communication for tenders (Regulations 22 & 53). This requires local authorities to make procurement documents electronically available without restriction. Regulation 53 requires all contracting authorities to offer full and unrestricted access to all the procurement documents from the date that a contract (OJEU) notice is published in the OJEU.

b) Introduction of a new procedure entitled Competitive Procedure with Negotiation (Regulation 29). This new procedure is an alternative to the Competitive Dialogue procedure and can be used where a contracting authority knows what it needs but requires negotiation with the market to develop a solution.

c) Introduction of a new procedure entitled Innovation Partnership (Regulation 31).This is a new procedure which is to be used primarily for research and development.

d) Abnormally low tenders - Regulation 69 requires contracting authorities to demand an explanation where a tender appears to abnormally low, and states that bids may only be rejected where this explanation is unsatisfactory.

e) Introduction of light touch regime (Regulations 74-76) to replace the distinction between Part A and Part B Services. Under the Public Contracts Regulations 2006, contracts for so-called Part B Services were exempt from the full application of the rules (particularly, there was no requirement to advertise in the OJEU). Under the PCR 2015, the distinction between Part A and Part B Services has been removed and replaced by what is becoming known as the “Light Touch” regime. Details of this regime are at Regulation 74 to 76 of the PCR 2015. A services contract will fall within the scope of the Light Touch regime if it is for the certain types of health, social and other services listed at Schedule 3 of the PCR 2015. For these Light Touch regime contracts, a higher threshold than that for ordinary service contracts will apply, before the Light Touch regime is applicable. This threshold is set out at Article 4(d) of the Directive and at the time of writing is EUR 750,000. While the Light Touch regime is not prescriptive as to how contracting authorities design their procurement process for Light Touch regime services contracts, it does for the first time require that services contracts that fall within the Light Touch regime are advertised in the Official Journal of the European Union (OJEU).

f) Reserved contracts for mutually-owned entities and sheltered workshops. The PCR 2015 contains new opportunities for contracting authorities to further social and community policies by reserving contract opportunities to certain types of supplier. Regulation 77 allows contracting authorities to reserve contracts for certain health, social and cultural services to employee mutuals without having to subject the contract to the application of the PCR 2015 in full. Detailed provisions are contained in Regulation 77 as to what organisations qualify.

g) Publication of notices on Contracts Finder (Regulations 106 and 108). These provisions require that where a contracting authority advertises a contract opportunity above the relevant threshold (currently £25,000) it must also publish the opportunity on Contracts Finder. This puts onto a statutory footing the obligation to publish on Contracts Finder.

6.4 Some of these provisions are reflected in the revised Contract Procedure Rules attached as Appendix 1. The Contract Procedure Rules is not an exhaustive list of all the requirement of the Regulations. However, the revision made serves to ensure that the Council’s rules are in line with the Regulations.

7. Contribution to strategic outcomes

7.1 N/A

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

8.1. **Finance**

This report confirms revision to the Contract Procedure Rules as a result the Public Contracts Regulations 2015. There are no financial implications arising from the required revision of the contract rules.

8.2 **Procurement**

Procurement has been fully consulted in respect of the proposed amendments to the Contract Standing Orders and is supportive of this report and the recommendations contained herein.

8.3 **Legal**

The Assistant Director of Corporate Governance confirms the changes to the Contract Procedure Rules are required to ensure compliance with the Public Contracts Regulations 2015.

9. Use of Appendices

9.1 Appendix 1: Amended Contract Procedure Rules

10. Local Government (Access to Information) Act 1995

Part Four, Section J
Contract Procedure Rules

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0. Statement of Principles

0.1 The Contract Standing Orders provide the framework rules for the Council's procurement of works, goods and services. Following them will ensure value for money, propriety and the proper spending of public money.

0.2 The Procurement Code of Practice provides more detail and shall govern Council tendering and contract procedures. The Head of Procurement shall maintain and issue the Procurement Code of Practice. Any procurement activity shall proceed in accordance with the Contract Standing Orders and the Procurement Code of Practice and all such other guidance issued by the Head of Procurement.

0.3 The Head of Procurement shall make the latest version of the Contract Standing Orders and the Procurement Code of Practice available to every Director, Member and officer of the Council. Directors, or officers acting on their behalf, shall apply the requirements of the Contract Standing Orders and the Procurement Code of Practice when engaging in any procurement activity.

0.4 The purpose of procurement activity shall be to achieve Best Value in accordance with the Council's statutory or approved objectives. This should include an innovative approach to building partnerships with the private and not-for-profit sectors and collaborating with other public sector bodies within a robust contractual framework. Officers with responsibility for procurement shall ensure that they are able to demonstrate achievement of Best Value with regards the optimal combination of economy, efficiency and effectiveness.

0.5 Every contract or official order for works, goods or services made by the Council shall be for the purpose of achieving the Council's statutory or approved objectives and shall conform to all relevant English and European Union law.

0.6. Directors shall ensure that the Cabinet or appropriate Member of the Cabinet is consulted on any procurement activity prior to its publication in the Council's Forward Plan.

0.7 Directors must ensure that audit trails are in place for all procurement activity in accordance with the Procurement Code of Practice.

0.8. No Member of the Council shall enter into any contract on the Council's behalf.

0.9. No Member of the Council shall be permitted to become security under any agreement between the Council and a contractor employed by it.

CONTRACT STANDING ORDERS

1. Introduction

1.01. Procurement decisions are among the most important decisions a manager will make because the money involved is public money and the Council is required to ensure that Best Value works, goods and services are provided. Efficient use of resources in order to achieve best value is therefore an imperative. The Council's reputation is equally important and should be safeguarded from any imputation of dishonesty or corruption.

1.02. For these reasons it is a disciplinary offence to fail to comply with Contract Standing Orders and the Procurement Code of Practice when letting contracts and raising orders with suppliers. Employees have a duty to report breaches of Contract Standing Orders to an appropriate senior manager and the Head of Audit & Risk Management.

1.03. Reference should be made to the Procurement Code of Practice for more detailed procurement procedures.

2. Definitions and Interpretation

2.01. These Contract Standing Orders are made pursuant to section 135 of the Local Government Act 1972 and shall come into force with this Constitution.

2.02. Unless the context otherwise requires, in these Contract Standing Orders the terms below shall have the meanings ascribed to them.

a) **"Director"** means an employee of the Council (including Alexandra Palace and Park Charitable Trust) holding a post designated as:
- The Chief Executive
- Members of the Strategic Leadership Team
- All Directors and Assistant Directors
- The General Manager of Alexandra Palace & Park (as appropriate)

b) **"EU"** means European Union.

c) "Public Contract Regulations" or "Regulations" means the Public Contracts Regulations 2015, as amended from time to time.

d) "Bids" shall mean Tenders and Quotations

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2.03. In the event of any conflict between EU law, English law and Council policy, the requirements of EU law shall prevail over English law and the requirements of English law shall prevail over Council policy.

2.04. In the event of any doubt as to the interpretation of these Contract Standing Orders or the Procurement Code of Practice, or as to the proper procedure to be followed, clarification should be sought from the Head of Procurement.

3. Roles & Responsibilities

3.01 **The Cabinet (and Pensions Committee where relevant) will:**

a) hold Directors accountable for any decisions they make under their delegated authority or under these Contract Standing Orders

b) approve awards of contract valued at £500,000 (five hundred thousand pounds) or more.

c) approve any variations or extensions valued at £500,000 (five hundred thousand pounds) or more, whether or not such variation or extension was included in the original award in b) above;

d) ensure that the award of any contract and any extension or variation valued at £500,000 (five hundred thousand) or more is a 'key decision' and as such must be in the Council's Forward Plan and comply with the other procedures in that regard set out in the Constitution.

3.02 **Directors**

The Director has responsibility for all contracts let under his/her control. He/she is accountable to the Cabinet for the performance of their duties in relation to contract letting and management, which are:

a) to ensure compliance with English and EU law and Council Policy;

b) to ensure value for money in all procurement matters;

c) to ensure compliance with Contract Standing Orders and the Procurement Code of Practice;

d) to maintain a departmental scheme of delegation;

e) to ensure that all relevant officers are familiar with the provisions of Contract Standing Orders and the Procurement Code of Practice and that they receive adequate training on their operation;

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f) to ensure compliance with any guidelines issued in respect of these Contract Standing Orders;

g) to take immediate action in the event of a breach of Contract Standing Orders or the Procurement Code of Practice within his or her area;

h) to keep: (i) copies of all concluded contracts as required by Regulation 83 of the Regulations, and (ii) proper records of procurement procedures sufficient to justify decisions taken at all stages of the procurement procedure for a period of at least three years from the date of award of the contract, as required by Regulation 84 of the Regulations;

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i) to keep records of waivers of any provision of these Contract Standing Orders;

j) to make appropriate arrangements for the opening of bids and their secure retention so as to protect the integrity of the procurement process;

k) to ensure that the Council's seal is affixed to any document required to be executed as a deed and that where a document is not expressed to be under seal, it is signed by two people as provided for in these Contract Standing Orders;

l) to ensure original sealed contract documents are held by the Assistant Director of Corporate Governance for safekeeping;

m) to record all contracts valued at £5,000 or more in the Contracts Register;

n) to ensure effective management of all contracts under his/her control and to a level deemed appropriate in regard to risk or value of each contract.

o) no contract shall be let unless the expenditure involved has been fully considered and approved beforehand and sufficient money has been allocated in the relevant budget.

3.03 **Pensions Committee**

The Pensions Committee shall have the same powers and duties of the Cabinet specified in these Contract Standing Orders but limited to

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procurement decisions and award of contracts relating to the Pension Fund.

4. Scope of Contract Standing Orders

4.01. These Contract Standing Orders shall apply to all contracts for the procurement by the Council of works, goods and services (including concessions) unless otherwise expressly stated or these requirements are waived in accordance with CSO10.

4.02. Where the Council:

(a) secures funding from an external funding body, or

(b) intends to assign grant funding to an external body;

CSO17 and the forming of necessary agreements shall apply.

4.03. These Contract Standing Orders shall **not apply** to contracts falling within Regulation 10 of the Regulations. For the avoidance of doubt, this exclusion applies to (amongst other things) contracts of employment, certain contracts for legal services, certain financial services and debt finance and agreements for the sale of land.

4.04 These Contract Standing Orders shall **not apply** to the seeking of offers in relation to financial services in connection with the issue, purchase, sale or transfer of securities or other financial instruments in particular transactions by the Council to raise money or capital.

5. EU Public Procurement Directives

5.01 Where the value of a works, goods or services contract is equal to, or exceeds, the applicable threshold in relation to the Regulations, the provisions of those Regulations shall govern the tendering process and shall take precedence over the provisions of these Contract Standing Orders in the event of any conflict.

6. Contract Value and Aggregation

6.01. Directors must ensure that a pre-tender estimate of the total contract value is prepared and recorded in writing and in order to determine whether the thresholds under the Regulations apply.

6.02. Unless otherwise specifically provided, reference to total contract value or an estimated total contract value in these Contract Standing Orders

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a) all bidders must be notified in writing of a tender selection decision by the Council at least 10 (ten) calendar days prior to the proposed contract award date, provided notification is by facsimile or electronic means. Where the last day of this ten-day notice period falls on a non-working day, the period must be extended to include the next working day. Where notification is not by facsimile or electronic means, the notice period shall be 15 days which must also end on a working day. ¶

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means the aggregate value payable in pounds sterling exclusive of Value Added Tax over the entire contract period, including any extension periods as anticipated in the proposed contract.

6.03. Contracts value must not be artificially under or over estimated or divided into two or more separate contracts with the intention of avoiding the application of Contract Standing Orders or the Regulations.

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6.04 In the case of service concessions where "contracts" may have a nil value, decisions to award must be made on the basis of most economically advantageous tender, including anticipated income over the life of the concession.

7. Framework and Consortia Arrangements

7.01. Subject to the provision of CSO 7.02, these Contract Standing Orders shall **not apply** where the Council procures particular works, goods and/or services:

a) as part of a group of public sector bodies contracting with one or more contractors (consortium arrangement), provided the contract standing orders of one of the public sector bodies constituting the group and/ or where applicable the Regulations have been followed, or

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b) by selecting one or more contractors from a Framework or similar arrangement (including approved lists), established by a public sector body in accordance with the contract standing orders of that public sector body and/ or where applicable the Regulations; or

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c) by selecting one or more contractors from ConstructionLine in accordance with the criteria applicable to the project.

7.02. The Council's decision to enter into a contract with the recommended contractor must be made in accordance with CSO 9.07.

7.03. The Council shall observe these Contract Standing Orders where it procures works, goods and/or services for the benefit, or on behalf of, other public bodies.

8. Procedure for Contracts under £100,000

8.01. Where a contract for works, goods and/or services has an estimated value of less than £5,000 (five thousand pounds), the relevant Director should act in the manner most expedient to the efficient management of the service, having kept a record for so doing.

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8.02 Where a contract for works or related consultancy services has an estimated value (or fees) of £5,000 (five thousand pounds) or more, but less than £25,000 (twenty five thousand pounds), at least three competitive quotations should be obtained; and for values of £25,000 or more, a competitive tender process should be followed.

8.03. Where a contract for goods or services has an estimated value of £5,000 (five thousand pounds) or more, but less than £100,000 (one hundred thousand pounds), at least three competitive quotations should be obtained from chosen contractors without the need for an advertisement or the tender procedure followed.

8.04. The quotation procedure shall replicate CSO 9.02-9.04 and be managed by the:

a) Director where the estimated value of the contract is £5,000 (five thousand pounds) or more but less than £50,000 (fifty thousand pounds).

b) Head of Procurement where the estimated value of the contract is £50,000 (fifty thousand pounds) or more but less than £100,000 (one hundred thousand pounds).

8.05. Where a pre-qualified Framework arrangement (including approved lists) exists in respect of the subject matter and prices have yet to be determined then CSO 9.01f applies.

8.06. The Head of Procurement may decide that processes in CSO 8 are not appropriate in order to secure value for money for the Council and to ensure general EU procurement law principles are complied with. If that is the case, he/she may determine another process of selecting a contractor which will meet best value criteria. The decision and process must be properly documented.

8.07 Where a contract with an estimated value of £25,000 (twenty five thousand pounds) or more is advertised, the contract opportunity will be published on Contracts Finder within 24 hours of the first advertisement. The Contracts Finder publication will comply with Reg. 110 of the Regulations.

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9. Procedure for Contracts valued at £100,000 or more

9.01. Except as otherwise provided, contracts for works, goods and/or services with an estimated value of £100,000 (one hundred thousand

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pounds) or more must be let following publication of an appropriate (tender) advertisement.

Where tenders are to be invited the procedure to be followed shall be determined prior to advertising and shall be one of the following:

a) open tender procedure (all interested contractors submit a tender in response to an advertisement);

b) restricted procedure, 2 (or more) stage process involving expressions of interest from contractors in response to an advertisement, with a selection of those contractors subsequently being invited to submit a tender;

c) competitive procedure with negotiation, 2 (or more) stage process involving expressions of interest from contractors in response to an advertisement, with a selection of those contractors being invited to negotiate;

d) competitive dialogue procedure, 2 (or more) stage process involving expressions of interest from contractors in response to an advertisement, followed by dialogue with a selection of those contractors to identify a solution (or solutions) which meets the Council's requirements, and an invitation to the selected contractors to submit tenders based on the solution/s resulting from the dialogue;

e) innovation partnership procedure 2 (or more) stage process involving expressions of interest from contractors in response to an advertisement, followed by a competitive award procedure aimed at the development, and subsequent purchase, of an innovative product, service or works;

f) Where it is proposed to award a specific contract based on a framework agreement in which all the terms of the proposed contract are not laid down, a mini-competition shall be held in which tenders shall be invited from all members of the framework agreement that are capable of carrying out the requirements of the specific contract;

g) Negotiated procedure without prior publication of an advertisement where the requirements of Regulation 32 of the Regulations are made out. The Chief Finance Officer must first be consulted before this procedure is used.

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competitive procedure with negotiation (process involving initial tenders from contractors in response to an advertisement, followed by either:¶
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9.02 Electronic communications, procurement documents, division into lots and receipt and opening of bids

9.02.1. Subject to the terms of Regulation 22 of the Regulations, all communication and information exchange in relation to procurement shall be performed using electronic means of communication.

9.02.2. Subject to the terms of Regulation 53 of the Regulations, the Council will provide unrestricted and full electronic direct access free of charge to the procurement documents from the date of publication of the advertisement, or the date on which an invitation to confirm interest was sent.

9.02.3. The Council may award a contract in the form of separate lots and may determine the size and subject-matter of such lots. Where a contract is subject to the Regulations, if the Council determines that it should not be subdivided into lots then in compliance with Regulation 46(2) of the Regulations it shall provide and retain an indication of the main reasons for its decision.

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9.02.4 Due to the nature of works documentation, if bids cannot be submitted electronically, contractors must be informed that their bids will only be considered if they are:

a) sent in a plain envelope or parcel with a label on which is printed either with the word "Tender" or "Quotation" followed by the subject of the contract; and

b) contained in a sealed envelope or parcel which does not show the identity of the contractor in any way; and

c) delivered to the place and by the date and time stated in the invitation.

9.02.5 Bids must be kept safe until the date and time for their opening by the officers given this duty by the Director responsible for the process.

9.02.6 Non-electronic bids must be opened at the same time in the presence of two officers, one of whom has had no involvement in the process. These officers shall be responsible for properly recording the price, duration of any works and all other relevant details of each opened bid.

9.02.7 Electronic bids received securely may be opened at the appointed date and time by one officer or appointed consultant.

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9.02.8. The Head of Procurement must approve the training and seniority of all officers employed to open bids and also the arrangements for ensuring the independence of such officers from the teams involved in the competitive process.

9.03 Abnormally Low, Late or Non Compliant Bids

9.03.1. In respect of any contract that is subject to the Regulations, if the Council determines that a bid is abnormally low then it shall ask the bidder to explain the prices or costs proposed in its bid.

9.03.2. Records of any non-compliant bids and of the date and time of receipt of any late tenders must be kept by officers.

9.03.3. Bids received late may only be considered if the other bids have not yet been opened and:

a) failure to comply is the Council's fault; or

b) it is clear that the bid was sent in such a way that in the normal course of events it would have arrived on time.

9.04 E-Auctions

In appropriate cases, the submission of prices for a bid may be conducted by e-auction in accordance with Regulation 35 of the Regulations, with the prior approval of, and in accordance with a procedure specified by, the Head of Procurement.

9.05 Post Tender Clarifications/Confirmations

9.05.1. Except where the negotiated procedure referred to in CSO 9.01c applies, negotiation after receipt of formal bids and before the award of contract is only permitted:

a) in circumstances which do not put other contractors at a disadvantage, distort competition or adversely affect trust in the competitive process, and

b) if the prior authority of the Head of Procurement has been obtained.

9.05.2. There may be circumstances where an officer authorised by the Director may contact a contractor in order to clarify an ambiguous bid. This does not constitute post tender negotiations.

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9.05.3. All communication with contractors under this Contract Standing Order must be in writing or recorded in writing.

9.06 Bid Acceptance and Contract Award

9.06.1. Bids are to be accepted on the basis of either:

a) if the contract value is above the applicable threshold pursuant to the Regulations, the most economically advantageous tender as determined by the application of the published award criteria (“MEAT”); or

b) if the contract value is below the applicable threshold pursuant to the Regulations, either (i) MEAT, or (ii) lowest cost.

c) A Director may award, assign, or novate contracts valued up to £500,000 (five hundred thousand pounds).

d) All contracts valued at £500,000 (five hundred thousand pounds) or more at the time of award may only be awarded, assigned, or novated by the Cabinet.

e) The award of any contract valued £500,000 (five hundred thousand pounds) or more is a 'key decision' and as such must be in the Council's Forward Plan and comply with the other procedures in that regard set out in the Constitution.

f) In accordance with Part 5 Section C of the Constitution, the award of spot contracts for care packages and contracts for the supply of energy to the Council are not “key decisions”.

9.07. Conditions applying to all contracts:

9.07.1. The tender documents in respect of every contract to which the Public Contract Regulations apply shall include: (a) a requirement that the successful contractor must enter into a collateral contract in a form approved by the Assistant Director of Corporate Governance which provides for the allocation of risks between the parties where the contract has been declared ineffective by a court, and (b) provide for the contract to include provisions enabling the Council to terminate the contract in each of the circumstances set out in Regulation 73 of the Regulations.

9.07.1A The tender documents in respect of every contract to which the Regulations apply shall include a requirement that the successful contractor must enter into a collateral contract in a form approved by the

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Assistant Director of Corporate Governance which provides for the allocation of risks between the parties where the contract has been declared ineffective by a court.

Valued £5,000 or more:

9.07.2. Except as provided in CSO 9.07.4, all contracts valued at £5,000 (five thousand pounds) or more in value must be in writing by way of a document prepared, or on a basis approved, by the Assistant Director of Corporate Governance.

9.07.3. Where the works, goods or services to be provided under a contract are required to commence prior to the issuance and execution of a formal contract, a Director, if satisfied that it is in the Council's best interest in the particular circumstances, may approve issuance of a Letter of Intent pending the issuance and execution of a formal contract. However, the maximum cover afforded by any Letter of Intent shall not exceed 10% of the contract price in respect of works or services contracts, or £50,000 in respect of supplies contracts.

9.07.4. Every contract valued at £50,000 (fifty thousand) or more shall specify:

a) the works, goods or services to be provided or executed;

b) the price to be paid or the precise method of its ascertainment and a statement of any discounts or other deductions; and

c) as appropriate, the start and finish dates, or delivery dates, and any maintenance or defects liability period.

d) compliance with the Council's insurance requirements. The requirement to comply with the Councils standard insurance requirements may only be waived with the Chief Finance Officer's approval.

e) compliance with the Council's equality policy.

f) compliance with regards the protection of personal data.

9.07.5. All contracts for the provision of services which may potentially involve either direct contact with children and vulnerable adults or access to their personal records shall contain a provision requiring the service provider (including agents and assigns) to undertake a Criminal Records Bureau check on relevant employees prior to provision of the services under the contract and at appropriate intervals thereafter.

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9.07.6. All computer software contracts shall contain a clause to the effect that use of the software by the Council's contractors shall not amount to use by a third party for which an additional software licence might otherwise be required.

Valued £50,000 or more:

9.07.7. Every contract with a value of £50,000 (fifty thousand pounds) or more must unless the Assistant Director of Corporate Governance and Chief Finance Officer agree to the contrary contain clauses to cover the following:

a) compliance with all applicable legislation;

b) a prohibition on assignment and/or subletting without the written consent of the Director;

c) a provision allowing the Council to cancel the contract and recover any resulting loss from the contractor if the contractor does anything which is contrary to the Bribery Act 2010 or incites breach of Section 117 (2) of the Local Government Act 1972;

d) a provision to ensure the Council is protected against the contractor's defective performance by default provisions which are appropriate to the contract;

e) if the contractor is in breach of contract the Council can do any or all of the following:

   i. determine all or part of the contract or determine the contractor's appointment;
   ii. itself perform the contract in whole or in part;
   iii. recover from the contractor any additional cost resulting from the completion or cancellation of the contract.

f) If the contractor has obtained or received by whatever means any information which gives or is intended or likely to give the contractor any unfair advantage over any other tenderer (including the Council's own workforce) in relation to the tendering for, and award of, any works/services contract, that the Council shall be entitled to terminate that contract;

g) It shall be a condition of any contract between the Council and any person (not being an Officer of the Council) who is required to manage a contract on the Council's behalf that, in relation to such

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contract, he/she shall comply in all respects with the requirements of these Contract Standing Orders as if he/she were an employee of the Council.

9.07.8. A contract valued at less than £250,000 (two hundred and fifty thousand pounds) does not require sealing and should be signed on behalf of the Council, by both the relevant Director and by the Head of the relevant business unit. However, if the nature of the works, goods or services is such as to pose a high risk of significant latent defects, then the Head of Procurement may decide to have the contract executed under seal as a deed.

Valued £250,000 or more:

9.07.9. A contract valued at £250,000 (two hundred and fifty thousand pounds) or more must be executed on behalf of the Council under seal as a deed.

9.07.10. Every contract valued at £250,000 (two hundred and fifty thousand pounds) or more must contain clauses to cover the following:

a) if it is a contract for works, that the Council may require the contractor to provide security for completing the contract in the form of a bond;

b) that where the contractor is a subsidiary or group company, the contractor may be required to provide a parent or group company guarantee.

9.07.11. The decision as to whether or not a bond or parent company guarantee will be required in respect of a contract valued at £250,000 or more will ultimately be made by the Chief Finance Officer or an officer acting under his/her delegated authority.

10. Waivers, Variations, Extensions and Novations

10.01 Waivers

10.01.1. Contract Standing Orders other than CSO 5 (which relates to the Public Contract Regulations) may be waived on the basis set out in CSO 10.01.2 by:

a) the Cabinet where the contract value is £250,000 (two hundred and fifty thousand pounds) or more;

b) a Director where the contract value is less than £250,000 (two hundred and fifty thousand pounds) (save that the Director shall not have authority to waive CSO 9.07)

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10.01.2. A waiver may be agreed after considering a written report that demonstrates:

a) the contract is one entered into between entities within the public sector in circumstances permitted by Regulation 12 of the Regulations; or

b) the contract is one that the Council is permitted to reserve for certain economic operators in circumstances permitted by Regulation 77 of the Regulations; or

c) the circumstances of the proposed contract award are covered by a relevant legislative exemption (whether under EU or English law); or

d) the value of the contract is below the applicable threshold pursuant to the Regulations and: (i) the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is such that a departure from the requirements of Contract Standing Orders is justifiable, (ii) it is in the Council's overall interest, or (iii) there are other circumstances which are genuinely exceptional.

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10.01.3. Waiver requests must be approved before any related contract awards, variations or extensions.

10.01.4. A record of the decision approving a waiver and the reasons for it must be kept and an entry made in a central register maintained and monitored by the Head of Procurement.

10.01.5. Where a waiver of Contract Standing Orders is sought for the second time in relation to the same individual contract, this must be agreed by the Cabinet.

10.02 Variations and Extension

10.02.1. Subject to the provisions of CSO 3.01; the Public Contract Regulations restrictions and compliance with Financial Regulations, a Director may (subject to satisfactory outcomes of contract monitoring) authorise the following:

a) any extension provided for within the terms of a contract and previously included in an award of contract decision taken by

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Cabinet provided the value of the extension is less than £500,000 (five hundred thousand pounds);

b) any variation or any extension not included in the original contract award and which has a value less than £500,000 (five hundred and thousand pounds);

c) a single extension by up to twelve months of the contract not provided for within the original contract award decision;

d) any variation, and if relevant a consequent change in price, determined in accordance with the contract terms.

10.02.2. In any other circumstances where the value is £500,000 (five hundred thousand pounds) or more the Cabinet may vary or extend a contract providing that to do so is consistent with the Public Contract Regulations and the Council's Financial Regulations.

10.02.3. All variations and extensions must be recorded in writing.

10.03 Novations (Transfers)

In circumstances permitted in Regulation 72 of the Regulations or where the value of a contract is below the applicable threshold pursuant to the Regulations the Council may agree to the novation or assignment of a contract.

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11. Contract Termination

11.01. In the event of a supplier being declared bankrupt, going into administration, receivership or liquidation then a Director may terminate any associated contract(s) and initiate alternative arrangements as may be required taking into account CSO 10.03 in cases of novation or CSO 4.01 in cases that warrant the re-letting of the contract(s).

11.02. The decision to terminate a contract early in all other circumstances must be approved by a Director.

11.03. In all cases of contract termination for whatever reason where the awarded contract value was £500,000 (five hundred thousand pounds) or more a report must be presented at the earliest opportunity to Cabinet.

12. Schools

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In accordance with the requirements of the Council's Scheme for Financing Schools, and the Financial Regulations for Schools, where a school acts as an agent for the Council, these Contract Standing Orders apply to all schools within the London Borough of Haringey with the exception of Academy and Trust Schools. A school's governing body shall have the powers and duties of the Cabinet specified in these Contract Standing Orders, except in relation to waivers (CSO 10.01).

13. Care Contracts for Individuals

Adults & Housing Services and the Children & Young People's Service care contracts may be 'block' contracts (where a number of beds, places or services are provided by the contractor at pre-agreed pricing schedules, to which the Council may refer users over the contract period) or 'spot' contracts (one-off contracts meeting an individual user's needs, or contracts where a number of beds, places or services are provided by the contractor without pre-agreed prices, such prices to be agreed upon each referral of a user over the contract period). The Directors of the Adult & Housing Services and the Children & Young People's Service will seek to optimise overall best value for the Council. The following provisions shall apply to the Adult & Housing Services and the Children & Young People's Service care contracts:

a) All Contract Standing Orders apply to block contracts;

b) CSO 8.03 (in relation to quotation procedures) shall **not apply** to spot contracts;

c) The Directors of the Adult & Housing Services and the Children & Young People's Service may award all spot contracts, which shall be reviewed at least annually as part of the review of whether the service provided continues to demonstrate value for money and meet the needs of the service user;

14. Alexandra Palace and Park

These Contract Standing Orders apply to the procurement of works, goods and services by or on behalf of Alexandra Palace and Park Charitable Trust on the following basis:

a) The Chief Executive of APPCT shall have the powers and duties of a Director specified in Contract Standing Orders;

b) The Alexandra Palace and Park Board and Panel shall have the powers and duties of the Cabinet and a Cabinet Member specified in these Contract Standing Orders;

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c) In the event of any conflict, the requirements of the Charities Act 1993, any regulations made under that Act or charity law in general shall prevail over the provisions of Contract Standing Orders.

15. Disposal of assets

15.01. Where Council assets (other than land & buildings) are to be disposed of because they are surplus to requirements, damaged or obsolete, reasonable endeavours must be undertaken to realise the residual value of the assets.

15.02. Assets having little or no realisable value may be disposed of as waste with the approval of the relevant Head of Business Unit, provided the disposal shall be in favour of recycling wherever possible.

15.03. In respect of assets to be disposed of having an estimated value of less than £5,000 (five thousand), the Director concerned should act in the manner most expedient to the efficient management of the service, having kept a record for so doing.

15.04. Assets recommended for disposal with an estimated value of £5,000 (five thousand pounds) or more , shall be disposed of in such a manner as to secure best value.

15.05. Disposal of assets valued at £250,000 (two hundred and fifty thousand pounds) or more must be reported to the Cabinet.

15.06. Under no circumstances shall disposal of Council assets be made to employees or Members of the Council without the prior approval of the Director.

16. Urgent Decisions/Decisions Required in-between Cabinet Meetings

16.01. These provisions apply where action needs to be taken between meetings of the Cabinet or in cases of urgency and that action would be outside the powers given to a Director under these Contract Standing Orders.

16.02. Decisions reserved to members under these Contract Standing Orders will ordinarily be taken at the Cabinet meeting. Notwithstanding this, the Leader may take any such decision between meetings of the Cabinet, including decisions that have become urgent and the Leader may also allocate any such decision whether urgent or not to the Cabinet Member having the relevant portfolio responsibilities, or to a Committee of the Cabinet.

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16.03 The provisions of the Access to Information Procedure Rules at Part 4 of this Constitution will apply. All key decisions should be listed on the forward plan accordingly. Where a decision is 'urgent', rules 16 and 17 within the Access to Information Procedure Rules will apply.

17. Application of CSOs to Grants

Approval for Receipt of Grants to the Council from External Bodies

17.1 Where the Council receives a grant from an external body, the process for approving that grant shall be the same as that set out in CSO 9.06 (i.e the Director may approve receipt of a grant valued less than £500,000. For approval of receipt of grants valued at £500,000 or more, a Cabinet decision is required).

17.2 The Council's requirements in respect of execution of contracts as deeds (CSO 9.07.9) shall not apply in respect of grants which the Council receives, and subject to the requirements of the funder, they may be signed by the relevant Director and Head of the Business Unit.

Approval for Payment of Grants from the Council to External Bodies

17.3 Where the Council awards a grant to an external body, the process for approving that grant shall be the same as that set out in CSO 9.07 (i.e. the Director may approve awards of grants valued less than £500,000. For approval of award of grants valued at £500,000 or more, a Cabinet decision is required.)

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REPORT OF THE CORPORATE COMMITTEE No. 2, 2015/16
COUNCIL 22 FEBRUARY 2016

Chair:	Deputy Chair:
Councillor Barbara Blake	Councillor Eddie Griffith

INTRODUCTION

1.1 This report to Full Council arises from the report on the Treasury Management Strategy Statement 2016/17 – 2018/19, considered by the Corporate Committee at their meeting on the 8 February 2016.

SUMMARY

Treasury Management Strategy Statement 2016/17 – 2018/19

2.1 We considered the report on the Treasury Management Strategy Statement (TMSS), introduced by George Bruce, Head of Finance – Treasury and Pensions. The report set out the draft TMSS, which outlined the strategy for Council borrowing and investment over the coming three years. Responsibility for formulating the strategy lay with the Corporate Committee under its terms of reference. However, the strategy was also reviewed by the Overview and Scrutiny Committee and needs to be formally approved by Full Council.

2.2 We noted that the Capital Programme was the primary driver of the Council's borrowing strategy and that the figures in the TMSS would therefore be kept under review until such time as the Capital Programme was finalised. In formulating the TMSS, we noted that the Committee's role was not to look at the Capital Programme itself but to ensure that the borrowing required in order to deliver the programme was affordable. We noted that a continuation of very low short term interest rates compared to medium and long term rates was expected to continue for 2016/17 and that it was therefore proposed to continue with the previous year's strategy of keeping cash balances low and invested short term and to use local authority borrowing to cover temporary liquidity requirement. In respect of the ratio of financing costs to new revenue stream as set out on page 5 of the TMSS, we noted that the projected increase in the percentage for 2017/18 and 2018/19 was largely a reflection of the reduction in the Council's revenue rather than an increase in the cost of borrowing.

2.3 We noted that the Overview and Scrutiny Committee had highlighted the issue of risks associated with a strategy of short term borrowing. However, we felt that, compared with the uncertainty in respect of the Council's borrowing needs in the long term and the likelihood that interest rates would not rise significantly in the short term, this was the most appropriate strategy for the Council.

2.4 We noted the lending list of counterparties for investments, as set out in appendix 5 to the TMSS, which included those banks with the strongest credit ratings from the countries with the highest credit ratings. We noted that the number of banks on list of counterparties had been increased, and the maximum investment in any single bank had decreased, and that this should help to ensure a diversified portfolio, and reduce the overall level of risk.

2.5 We noted that the number of non UK banks as set out on page 22 of the TMSS should be amended to read seven, and not six as currently drafted.

2.6 We asked about pension funds as a source of short term borrowing and what impact new arrangements such as the London Collective Investment Vehicle (CIV) might have in this respect. Mr Bruce advised that in future the CIV may be used to borrow from other local authority pension funds, but not Haringey's own pension fund. In response to a question regarding linking advance borrowing to specific projects, it was clarified that borrowing needs were considered as an aggregate and there was no requirement to link borrowing directly to a specific project, although we noted that there may be certain circumstances where the Council might decide to do this.

WE RECOMMEND

That Full Council approve the Treasury Management Strategy Statement for 2016/17 to 2018/19 as attached at appendix 4 of the 2016/17 Budget report to Full Council.

Report for: Corporate Committee

Item number:

Title: Treasury Management Strategy Statement 2016/17 – 2018/19

Report authorised by: Tracie Evans, Chief Operating Officer (CFO)

Lead Officer: George Bruce, Head of Finance - Treasury & pensions
George.bruce@haringey.gov.uk 02084893726

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1 To present the Treasury Management Strategy Statement and Prudential Indicators for 2016/17 to 2018/19 to this Committee for review prior to seeking approval from Full Council. The TMSS was considered by Overview and Scrutiny on 25th January and comments raised are discussed in the report.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the proposed Treasury Management Strategy Statement for 2016/17 to 2018/19 is agreed and recommended to Full Council for final approval.

4. Reasons for decision

4.1 The CIPFA Treasury Management Code of Practice requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the financial year. The strategy should incorporate the setting of the Council's prudential indicators for the three forthcoming financial years.

5. Alternative Options Considered

5.1 Alternative options are discussed in section 10 of the strategy.

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6. Background information

6.1 The CIPFA Treasury Management Code of Practice requires that the Treasury Management Strategy Statement is formulated by the Committee responsible for the monitoring of treasury management, is then subject to scrutiny before being approved by full Council. Corporate Committee is responsible for formulating the Treasury Management Strategy Statement for recommendation to Full Council.

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

6.3 The summary set out in Appendix 1 is to bring to members' attention the key elements of the proposed strategy being considered.

Proposed Treasury Management Strategy Statement

6.4 In 2016/17 a continuation of very low short term interest rates compared to medium and long term rates is expected throughout the year. This means that there will be an on-going "cost of carry" if funds are borrowed in advance of capital expenditure being incurred. Therefore the Council plans to continue to run a strategy of keeping cash balances low and invested short term using local authority borrowing to cover temporary liquidity requirements.

6.5 There are £12.6 million of loans due to mature during 2016/17 and projected debt financed capital expenditure of £44.1 million. As the Council has already maximised its internal borrowing position, new borrowing will be required should the projected capital plans proceed. Short term borrowing rates remain extraordinary low starting at 0.5% making funding via short term debt attractive. Longer rates are close to all time lows but expected to increase gradually (but slowly) over the next three years remaining well below pre 2008 levels suggesting that locking in longer term debt may have a short term carry cost but overall benefit.

6.6 Discussions with Arlingclose, the Council's treasury management advisers, have indicated that it may be possible to continue to utilise short term debt for the next three years but lock in today's longer term rates by forward dealing thereby protecting against rate increases.

6.7 The Local Government Association has established the Municipal Bonds Agency in collaboration with local authorities. The MBA, which aims to offer debt at costs below the PWLB, has been included as a borrowing counterparty.

6.8 For the investment strategy, the main consideration has been the continued weakness of banks credit ratings. The ability of governments to require non protected deposit holders, such as local authorities, to convert deposits into capital, has increased the anticipated loss should a default occur.

6.9 The appropriate response is to minimise the use of deposit facilities with weaker rated clients and rely on more secure investments e.g. covered deposits, tradable instruments and high quality overseas banks and to increase diversification within the portfolio.

6.10 The counterparty list (annex 5) includes twelve highly rated overseas banks that are active in accepting sterling deposits. Higher quality investments such as covered bonds (deposits backed by collateral) and Supra National Banks are also included. Arlingclose advises on the maximum maturity of banks deposits. With banks recovering from the financial crisis Arlingclose have extended the maximum maturities for some of the higher rated banks from 6 to 13 months. The Council will follow this guidance. The prior year strategy had no allowance for deposits in excess of 12 months. This year a maximum of £10 million invested between 12- 24 months is permitted to reflect core cash balances and the addition yield available for longer dated deposits.

6.11 Although the minimum criterion for the Council's lending list is set with reference to credit ratings, the Council will review a range of information in addition to credit ratings when determining credit worthiness. Within the strategy statement, the proposed limits for time and amounts are maximum limits, and the list of counterparties is the broadest range which can be used. However, operationally the limits applied and counterparties used are reviewed regularly and where necessary restricted in response to any concerns about creditworthiness to ensure security of investments remains the priority for the Council. In particular, maximum maturities recommended by Arlingclose will be followed.

Comments from Overview & Scrutiny Committee

6.12 The TMSS was considered by Overview & Scrutiny Committee. They requested that Corporate Committee consider the refinancing risks relating to using short term borrowing to finance the capital programme, in particular that with interest rates expected to increase using short term debt may lead to higher debt costs in the long term.

7. Contributions to Strategic Outcomes

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

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

Finance and Procurement

8.1 The approval of a Treasury Management Strategy Statement and prudential indicators are requirements of the CIPFA Treasury Management Code of Practice and CIPFA Prudential Code. The proposed strategy of minimising borrowing and continuing to make use of internal balances not only minimises costs, but also reduces the credit risk associated with investments, as the amount being invested is low.

8.2 New borrowing is projected during 2016/17 due to planned maturities and capital expenditure and it is proposed that the cost of refinancing be minimised by borrowing short term from local authorities to maintain liquidity and taking opportunities to fix borrowing rates should favourable opportunities arise.

Legal

8.3 The Council must make arrangements for the proper administration of its financial affairs and its power of borrowing is set out in legislations. In addition further changes were introduced to the way the Housing Revenue Account is dealt with as a result of the Localism Act 2011. The level of HRA Capital Financing Requirement must remain within the debt cap set by the Department of Communities and Local Government.

8.4 The Council is required to determine and keep under review its borrowing and in complying with this requirement it must have regard to the code of practice entitled the "Prudential Code for Capital Finance in Local Authorities" as published by CIPFA from time to time. In addition, the Council adopted the CIPFA Treasury Management Code of Practice in May 2002.

8.5 As mentioned in this report the Code of Practice requires the Council to agree a Treasury Management Strategy Statement (TMSS) (including an Investment Strategy). In considering the report Members must take into account the expert financial advice available within it and any further oral advice given at the meeting of the Committee. In particular, members should note the need for short term borrowing.

Equalities

8.6 There are no equalities issues arising from this report.

9. Use of Appendices

9.1 Appendix 1: Summary of Treasury Management Strategy Statement
9.2 Appendix 2: Draft Treasury Management Strategy Statement

2016/17 – 2018/19.

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

Appendix 1

Summary of Treasury Management Strategy Statement

The CIPFA Treasury Management Code of Practice requires all local authorities to agree a Treasury Management Strategy Statement and Prudential Indicators annually in advance of the financial year. The key areas of the strategy are how much borrowing the Council needs to do, where should temporary surplus cash be invested and the Prudential Indicators.

Borrowing

The Council borrows to fund capital expenditure. As part of the financial planning process, it is determined how much capital expenditure should be funded through borrowing. The Council has an existing borrowing portfolio and the amount it is proposed to borrow is calculated by reference to capital expenditure to be funded through borrowing and the loans maturing in the year. The expected amount of borrowing is set out in tables 1a & 1b for General Fund and HRA respectively. The strategy also sets out the sources of borrowing the Council could use.

Investments

The Council invests temporary cash surpluses on a daily basis. When considering where to invest, the Council considers security first – will the money be returned, then liquidity – how quickly will it be returned and then finally yield – what rate of interest will be earned.

The Council is required to agree a framework within which officers can make investments. This consists of a lending list of institutions with monetary and time limits (set out in Annexes 4 & 5 of the strategy) and officers cannot lend the Council's monies to any institution not on this list. The second part of the framework is the setting of a minimum credit rating - this means that if any institution on the lending list falls below the minimum, then investments would cease and if possible monies would be withdrawn immediately.

Prudential Indicators

The Council is required to approve prudential indicators on an annual basis. There are two types – capital indicators and treasury management limits. They are shown throughout the report and summarised in Annex 2. The capital indicators are designed to indicate to members the impact of borrowing to fund capital and are set as best estimates. The treasury management limits are different – they are limits which cannot be breached and are designed to put in a level of control over treasury management activities. Corporate Committee receive quarterly monitoring reports on the indicators and limits and Council receive a mid year and year end report on them.

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London Borough of Haringey

Treasury Management Strategy Statement 2016/17 to 2018/19

Introduction

1.1 In February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

1.3 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

1.4 The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

1.5 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."

1.6 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.

1.7 The strategy takes into account the impact of the Council's proposed 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. Subsequent changes to the revenue budget and capital programme will require adjustments to the TMSS and Prudential Indicators.

1.8 The purpose of this report is to propose:

- Treasury Management Strategy - Borrowing in Section 4, Investments in Section 5
- Prudential Indicators – these are detailed throughout the report and summarised in Annex 2
- MRP Statement – Section 7

1.9 The strategy has been developed in consideration of economic and interest rate forecasts detailed in annex 3.

2. External Context

Economic background: Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in November. Wages are growing at 3% a year, the unemployment rate has dropped to 5.4% and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015 The MPC held policy rates at 0.5% for the 82nd consecutive month at its meeting in December 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The markets reacted calmly when the Federal Reserve finally raised policy rates by 0.25% at its December meeting, indicating that future increased will be gradual. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

Interest rate forecast: The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex 3.

For the purpose of setting the budget for 2016-17, it has been assumed that new investments will be made at an average rate of 0.75%, and that new long-term loans will be borrowed at an average rate of 2.1%.

3. Balance Sheet and Treasury Position

3.1 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 for each pool, based on the current proposed Revenue Budget and Capital Programmes, are:

Table 1a: Treasury Position – General Fund

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Projected £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
General Fund CFR	278,291	297,121	271,742	290,670	285,388	296,388
Less: Share of existing external debt and other long term liabilities	147,684	139,960	141,749	133,661	125,213	117,283
Less: 2016 / 17 cash balance reduction				20,000	20,000	20,000
Internal Borrowing	130,607	131,318	129,993	124,993	119,993	114,993
Cumulative Net Borrowing Requirement	0	25,843	0	12,016	20,182	44,112

Table 1b: Treasury Position – HRA

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Projected £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
HRA CFR	271,096	292,666	278,548	293,002	295,943	297,624
Less: Share of Existing External Debt & Other Long Term Liabilities	197,981	191,454	190,813	182,483	173,705	166,016
Internal Borrowing	73,115	69,780	87,735	82,735	77,735	72,735
Cumulative Net Borrowing Requirement	0	31,432	0	27,784	44,503	58,873

3.2 The tables above show how the Council's capital requirement is funded currently and how it is expected to be funded in the coming years. Due to the differential between short and long term interest rates (discussed in more detail in section 4), the Council has maximised the amount of internal borrowing that can be done. As short term interest rates are forecast to remain below 2% for the next three years, it is anticipated that a significant level of internal borrowing will continue, with the only reduction expected reflecting the planned movement in reserves.

3.3 Ensuring that gross external debt does not exceed the CFR over the medium term is a key indicator of prudence. There has been no difficulty meeting this requirement in 2015-16 nor are there any difficulties envisaged for future years, as the levels of internal borrowing in tables 1a and 1b above demonstrate.

3.4 It is a requirement for the HRA CFR to remain with the limit of indebtedness or "debt cap" set by the DCLG at the time of the implementation of self-financing. The table below shows the current expected level of the HRA CFR and the debt cap. Any decision by the Council to undertake new borrowing for housing will cause the future years' debt predictions for the HRA debt pool to increase.

Table 2: HRA Debt Cap

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Estimate £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
HRA CFR	271,096	292,666	278,548	293,002	295,943	297,624
HRA Debt cap	327,538	327,538	327,538	327,538	327,538	327,538
Headroom	56,442	34,872	48,990	34,536	31,595	29,914

3.5 Table 3 below shows proposed capital expenditure over the coming three financial years. 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 housing rent.

Table 3: Capital Expenditure

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General	64,049	54,568	44,571	50,682	52,410	50,000
HRA	40,997	92,074	96,436	64,307	51,121	50,000
Total	105,046	146,642	141,007	114,989	103,531	100,000

3.6 Capital expenditure is expected to be financed or funded as follows.

Table 4: Capital Financing

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Capital receipts	20,113	25,798	9,275	3,200	33,650	12,000
Other grants & contributions	22,568	28,953	30,309	17,806	14,441	17,000
Government Grants	40,799	16,612	8,904	4,000	3,000	3,000
Reserves / Revenue contributions	10,939	28,260	80,702	45,853	44,180	44,319
Total Financing	94,419	99,623	129,190	70,859	95,271	76,319
Borrowing	10,627	47,019	11,817	44,130	8,260	23,681
Total	105,046	146,642	141,007	114,989	103,531	100,000

3.7 As an indicator of affordability the table below shows the incremental 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 (based on the interest cost of capital receipts and borrowing applied to capital expenditure) with the number of homes paying council tax (GF) and the number of rented properties (HRA). The General Fund and HRA ratios are below projections this year as no external borrowing has been required. Foe 2016-17 the ratio is impacted by expectations of significant additional borrowing.

Table5: Incremental Impact of Capital Investment Decisions

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Increase in Band D Council Tax	16.02	34.03	5.02	32.04	14.26	31.74
Increase in Average Weekly Housing Rents	0.17	2.27	0.81	1.51	1.00	1.00

3.8 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 debt costs less investment income.

3.9 The ratio for the General Fund is deteriorating over the period. This is due mainly to reduced Council revenues, including reclassification of Better Care funding. The effect of net new borrowing is mitigated by the lower coupon compared with maturing debt. HRA derives greater benefit from the repayment of high coupon debt.

Table 6: Ratio of Financing Costs to Net Revenue Stream

	2014/15 Actual %	2015/16 Approved %	2015/16 Projected Out-turn %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	1.89	1.90	1.89	1.93	2.01	2.25
HRA	10.01	9.28	9.06	8.88	9.02	8.98

4 Borrowing Strategy

4.1 A breakdown of the Council's current and expected external 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. Debt (excluding leases) is projected at £283.2 million at the year end, a decrease of £10.8 million during the year. No new borrowing, including temporary borrowing, has been required this year. It is anticipated that new borrowing of £40 million, including £13 million of maturities will be required next year, allowing for a £20 million reduction in cash balances.

Objectives

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

Strategy:

4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The level of reserves and working capital that enable internal borrowing will be monitored and projected changes will be used to determine the timing and level of new debt. The Council's treasury advisor will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.5 Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This will enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. These arrangements will only be considered where there is certainty as to borrowing needs and timing and where predictability of interest costs is beneficial to the capital programme.

4.6 The Council will adopt a flexible approach to this borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source.

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

- Public Works Loan Board (PWLB) and any successor body
- Other local authorities
- Institutions such as the European Investment Bank and directly from Commercial Banks
- UK public and private sector pension funds (except Haringey Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other entities created to enable local authority bond issues

- Leasing

4.7 The Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages. The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

4.8 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Corporate Committee that contains explicit legal advice.

Lender's Option Borrower's Option Loans

4.9 The Authority holds £125 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2016/17, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. No further LOBO loans will be considered without discussion with Corporate Committee.

Short-term and Variable Rate loans

4.10 These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below. At present they do offer significant savings compared with long term debt.

Debt Rescheduling

4.11 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5. Investment Strategy 2016-17

5.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £9.6 million and £95.1 million. It is anticipated that balances will be lower next year as debt is repaid. The impact on the value of cash balances from capital expenditure and the timing of any associated debt financing are uncertain.

Objectives

5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Strategy

5.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, bank CDs and money market funds. These investments are exposed to bank bail in risk. To reduce the exposure to unsecured bank deposits, the counterparty policy has been expanded to include quasi government institutions; Supranational banks. Covered bonds are now identified separately from unsecured bank deposits as these deposits are of lower risk being both secured on collateral and possessing a bank issuer guarantee. During 2015 the Council commenced using treasury bills and certificates of deposits (CDs). The latter provides access to a greater range of counterparties who do not take fixed terms deposits e.g. overseas banks. This diversification has enabled the limit per counterparty for individual banks to be reduced from £20 million to £10 million. Similarly for local authority deposits the maximum exposure is halved to £15 million. These changes also reflect the anticipation that cash balances will remain at or below recent levels as part of the policy to minimise new long term borrowing.

Specified and Non-specified Investments

5.4 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, which also explains the meaning of these terms. The list of proposed counterparties is shown in Annex 5. In keeping with the strategy of maintaining high quality counterparties, at least 50% of all investments will be specified investments.

5.5 Although cash balances will be low at certain times, there tends to remain a core balance that is capable of being invested for more than twelve months. On occasions investments with a maturity of slightly in excess of 12 months can offer exceptional good value. For this reason, the strategy allows a maximum of £10 million to be invested for over 12 months but less than 24 months. The Chief Financial Officer, 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 Corporate Committee as part of the quarterly reports.

Risk Assessment and Credit Ratings

5.6 Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

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

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

5.8 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then no new investments will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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

5.10 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Liquidity Management

5.11 The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments.

6 Treasury Management Indicators

6.1 Exposures to treasury management risks are measured and managed using the following indicators.

Authorised Limits for external Debt

6.2 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). The Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

Table 7: Authorised Limit

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	294,065	441,211	283,233	468,174	489,794	506,475
Other Long-term Liabilities	48,218	62,321	49,329	60,057	54,829	49,549
Total	342,283	503,532	332,562	528,231	544,623	556,024

Operational Boundary for External Debt

6.3 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. The Operational Boundary and Authorised Limit apply at the total level. The limits compare with existing gross debt of £333 million and projected three year debt financed capital expenditure of £76 million and provides scope for variations in capital expenditure, funding sources and reserves.

Table 8: Operational Boundary

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	294,065	391,211	283,233	418,174	439,794	456,475
Other Long-term Liabilities	48,218	56,656	49,329	54,598	49,844	45,044
Total	342,283	447,867	332,562	472,772	489,638	501,519

6.4 The Chief Financial Officer 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 Corporate Committee.

Fixed and Variable Interest Rate Exposure

6.5 The Council's existing level of fixed interest rate exposure is 98% and variable rate exposure is 2%, however it is recommended that the limits in place for 2015/16 are maintained in future to retain flexibility. At present variable rates from the PWLB compare unfavourably with short term loans from local authorities due to the additional margin charged over gilts. If LOBO loans are treated as variable, the current variable allocation is 48%.

Table 9: Fixed and variable

	2015/16 Approved %	2015/16 Actual %	2016/17 Upper Limit %	2017/18 Upper Limit %	2018/19 Upper Limit %
Upper Limit for Fixed Interest Rate Exposure	100	98	100	100	100
Upper Limit for Variable Interest Rate Exposure	40	2	40	40	40

Maturity Profile

6.6 The Council is required to set limits on the percentage of the portfolio maturing in each of the periods set out in the table below. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt. The limits have been set to reflect the current debt portfolio, and to allow enough flexibility to enable new borrowing to be taken for the optimum period. The limits apply to the combined General Fund and HRA debt pools.

6.7 The maturity range has been applied to LOBO loans (see 4.8 above) based on their contractual maturity date. The column on the right hand side represents the maturity structure based on the next date that the lender is able to reset interest rates.

Table 10: Maturity Profile

	Lower Limit	Upper Limit	31-Mar-16	31-Mar-16
	%	%	%	LOBO adjusted %
under 12 months	0%	40%	4%	48%
12 months & within 24 months	0%	35%	4%	4%
24 months & within 5 years	0%	35%	9%	9%
5 years & within 10 years	0%	35%	13%	13%
10 years & within 20 years	0%	35%	4%	4%
20 years & within 30 years	0%	35%	4%	0%
30 years & within 40 years	0%	35%	26%	12%
40 years & within 50 years	0%	50%	10%	10%
50 years & above	0%	50%	26%	0%

Average Credit Scoring

6.8 Arlingclose, the Council's treasury management advisers, has a way of scoring the level of credit risk the Council is taking. This measure scores credit risk on a scale of 0 to 10 on both a value weighted and a time weighted basis and the table below demonstrates how to interpret the scores:

Above target	AAA to AA+	Score 0 - 2
Target score	AA to A+	Score 3 - 5
Below target	Below A+	Score over 5

6.9 The quarterly scores during 2015-16 have been within the range 2.70 to 5.63, which is partially outside of the target score following the reduction in Barclay's credit rating. Action was taken during October to return to within the target. For the next three years the target will remain 3 to 5.

Principal Sums Invested for Periods Longer than 364 days

6.10 The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2016/17	**2017/18**	**2018/19**
Limit on principal invested beyond year end	£10m	£10m	£10m

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 2016/17: The guidance states Options 1 and 2 may be used only for capital expenditure originally incurred when government support was available. Methods of making prudent provision for self financed expenditure include Options 3 and 4. There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

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 continue to apply Option 1 (charge 4% per annum over 25 years) in respect of capital expenditure originally incurred when government support was available and

Option 3 (charge over the life of the asset) in respect of all other capital expenditure funded through borrowing. MRP in respect of leases and PFI (Private Finance Initiative) schemes brought onto the Balance Sheet under the IFRS (International Financial Reporting Standards) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

8. Capital Expenditure

8.1 The evaluation of capital expenditure projects incorporates the cost of financing. This comprises two elements (a) the recovery of purchase costs through MRP and (b) interest. Where capital expenditure is low and no specific borrowing is required the interest cost allocated to the project will be the average cost of the Council's debt portfolio. This method will be used even if no borrowing takes place in the year as capital expenditure reduces the ability to repay debt.

8.2 For projects incurring a high initial cost for which specific debt financing is arranged, then the interest cost used will be the average rate on the specific debt.

9 Other Items

9.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

<u>Policy on Use of Financial Derivatives</u>

9.2 The Authority has previously made use of financial derivatives embedded into loans to reduce costs e.g. LOBO loans. The Authority will <u>not</u> use standalone financial derivatives (such as swaps, forwards, futures and options). Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

<u>Policy on Apportioning Interest to the HRA</u>

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

<u>Investment Training</u>

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

9.5 Given the significant amounts of money involved, it is crucial members have the necessary knowledge to take treasury management decisions. Regular training sessions are arranged for members to keep their knowledge up to date.

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

Investment Advisers

9.7 The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is reviewed by the Authority's treasury management staff.

Investment of Money Borrowed in Advance of Need

9.8 The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

9.9 The total amount borrowed in 2016-17 will not exceed the authorised borrowing limit of £528 million. The maximum period between borrowing and expenditure is expected to be one year, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

9.10 The budget for investment income in 2016/17 is £170,000 million, based on an average investment portfolio of £23 million at an interest rate of 0.75%%. The budget for debt interest paid in 2016/17 is £14.9 million, based on an average debt portfolio of £310 million at an average interest rate of 4.8%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different. Interest paid and earned is apportioned between the General Fund and HRA. The average interest rate on existing debt will decline in 2016-17 from 5.30% to 5.19% with interest costs falling by £1.0 million to £14 million. New debt is projected to cost an average 2.1%.

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

Monitoring & Reporting

9.12 Corporate Committee will receive quarterly reports on treasury management activity and performance. This will include monitoring of the prudential indicators.

9.13 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 Corporate Committee, shared with the Cabinet member for Resource & Culture and then reported to full Council. Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

9.14 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.

10. Other Options Considered

10.1 The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Operating Financial Officer (CFO), having consulted Corporate Committee, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Annex 1

Details of Treasury Position

A: General Fund Pool

	31-Mar-16 Projected £'000	31-Mar-17 Estimate £'000	31-Mar-18 Estimate £'000	31-Mar-19 Estimate £'000
Existing External Borrowing commitments:				
PWLB	50,139	45,882	41,395	37,465
Market loans	42,281	42,281	42,281	42,281
Cash reduction	0	20,000	20,000	20,000
Total External Borrowing	92,420	108,163	103,676	99,746
Long Term Liabilities	49,329	45,498	41,537	37,537
Total Gross External Debt	141,749	153,661	145,213	137,283
CFR	271,742	290,670	285,388	296,388
Internal Borrowing	129,993	124,993	119,993	114,993
Cumulative Borrowing requirement	0	12,016	20,182	44,112

B: HRA Pool

	31-Mar-16 Projected £'000	31-Mar-17 Estimate £'000	31-Mar-18 Estimate £'000	31-Mar-19 Estimate £'000
Existing External Borrowing commitments:				
PWLB	108,094	99,764	90,986	83,297
Market loans	82,719	82,719	82,719	82,719
Local Authorities	0	0	0	0
Total External Borrowing	190,813	182,483	173,705	166,016
CFR	278,548	293,002	295,943	297,624
Internal Borrowing	87,735	82,735	77,735	72,735
Cumulative Borrowing requirement	0	27,784	44,503	58,873

C: Security Measure

		2016-17	2017-18	2018-19
Above target	AAA to AA+	Score 0 - 2	Score 0 - 2	Score 0 - 2
Target score	AA to A+	Score 3 - 5	Score 3 - 5	Score 3 - 5
Below target	Below A+	Score over 5	Score over 5	Score over 5

Annex 2

Summary of Prudential Indicators

No.	**Prudential Indicator**	**2016/17**	**2017/18**	**2018/19**
CAPITAL INDICATORS				
1	Capital Expenditure	£'000	£'000	£'000
	General Fund	50,682	52,410	50,000
	HRA	64,307	51,121	50,000
	TOTAL	114,989	103,531	100,000

No.	**Prudential Indicator**	**2016/17**	**2017/18**	**2018/19**
2	Ratio of financing costs to net revenue stream	%	%	%
	General Fund	1.93	2.01	2.25
	HRA	8.88	9.02	8.98

No.	**Prudential Indicator**	**2016/17**	**2017/18**	**2018/19**
3	Capital Financing Requirement	£'000	£'000	£'000
	General Fund	290,670	285,388	296,388
	HRA	293,002	295,943	297,624
	TOTAL	583,672	581,331	594,012

No.	**Prudential Indicator**	**2016/17**	**2017/18**	**2018/19**
4	Incremental impact of capital investment decisions	£	£	£
	Band D Council Tax	32.04	14.26	31.74
	Weekly Housing rents	1.51	1.00	1.00

No.	Prudential Indicator	2016/17	2017/18	2018/19
TREASURY MANAGEMENT LIMITS				
5	Borrowing limits	£'000	£'000	£'000
	Authorised Limit	528,231	544,623	556,024
	Operational Boundary	472,772	489,638	501,519

No.	Prudential Indicator	2016/17	2017/18	2018/19
6	HRA Debt Cap	£'000	£'000	£'000
	Headroom	34,536	31,595	29,914

No.	Prudential Indicator	2016/17	2017/18	2018/19
7	Upper limit – fixed rate exposure	100%	100%	100%
	Upper limit – variable rate exposure	40%	40%	40%

No.	Prudential Indicator	2016/17		2017/18		2018/19	
8	Maturity structure of borrowing						
	(U: upper, L: lower)	L	U	L	U	L	U
	under 12 months	0%	40%	0%	40%	0%	40%
	12 months & within 2	0%	35%	0%	35%	0%	35%
	2yrs & within 5 yrs	0%	35%	0%	35%	0%	35%
	5 yrs & within 10 yrs	0%	35%	0%	35%	0%	35%
	10 yrs & within 20 yrs	0%	35%	0%	35%	0%	35%
	20 yrs & within 30 yrs	0%	35%	0%	35%	0%	35%
	30 yrs & within 40 yrs	0%	35%	0%	35%	0%	35%
	40 yrs & within 50 yrs	0%	50%	0%	50%	0%	50%
	50 yrs & above	0%	50%	0%	50%	0%	50%

No.	Prudential Indicator	2016/17	2017/18	2018/19
9	Sums invested for more than 364 days	10	10	10

No.	Prudential Indicator	2016/17	2017/18	2018/19
10	Adoption of CIPFA Treasury Management Code of Practice	√	√	√

Annex 3

Arlingclose Economic & Interest Rate Forecast November 2015

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.

- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.

- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Average
Official Bank Rate														
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.31
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.12
Downside risk				-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-0.73
3-month LIBID rate														
Upside risk	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.36
Arlingclose Central Case	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.50	1.60	1.65	1.70	1.75	1.24
Downside risk		-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20	-1.20	-0.83
1-yr LIBID rate														
Upside risk	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.41
Arlingclose Central Case	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15	2.15	1.82
Downside risk	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25	-1.25	-0.88
5-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.30	1.38	1.45	1.53	1.60	1.68	1.75	1.83	1.90	1.98	2.05	2.13	2.20	1.75
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
10-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45	2.50	2.20
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
20-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.53	2.55	2.58	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.65
Downside risk	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20	-1.20	-0.89
50-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.55	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.83	2.85	2.69
Downside risk	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15	-1.15	-0.84

Annex 4

Counterparty Policy

The investment instruments identified for use in 2015-16 are listed in the table. Each investment type is classified as either 'Specified' or 'Non – Specified' investment categories. Specified investments are considered low risk and relate to funds invested for up to one year. Only those investments with a credit rating of at least AA- are considered as specified. Non-specified investments normally offer the prospect of higher returns but carry higher risk and may have a maturity beyond one year. At least 50% of investments held will be specified. All investments are sterling denominated.

As discussed in the borrowing strategy the plan during 2016-17 is to rely on short term debt and minimise cash balances. This will lead to a high proportion short dated and tradable instruments e.g. money market funds, T-bills, CDs and DMO within the cash portfolio to cover liquidity needs.

Investments do not include capital expenditure as defined 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).

Minimum Credit Quality & diversification Limits

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

Long-term minimum: A- (Fitch); A3 (Moody's); A- (S&P)

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

The limits stated in the table below will apply across the total portfolio operated by the Council and so incorporate both Council and Pension Fund specific investments. 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. Operationally a limit will be applied to the amount invested in any MMF of no more than 2.0% of the Money Market Fund's total assets.

Non UK Banks

The use of non-UK banks was suspended pre April 2015. Six countries retain AAA ratings from all three rating agencies – Australia, Canada, Denmark, Germany, Singapore, Sweden and Switzerland. Within these countries twelve banks meet the AA- or better criteria mentioned above and these have been included as eligible counterparties (annex 5). Using the highest quality overseas banks will both improve the overall security of the investment portfolio and enable greater diversification.

Maturities Guidance

At present maturities have been kept to less than 12 months reflecting the expectation that cash balances will be maintained at low levels. However, there remains a core cash balance that persists over time. Longer maturities attract higher returns at present to compensate for illiquidity and the prospect of increased base rates in future. The strategy has been revised to permit a maximum of £10 million to be invested between 12 – 24 months.

Institution Type	Minimum Credit Rating	Maximum Counterparty Limit	Maximum Period of Investment	Specified / Unspecified
Debt Management Office	UK Government	No limit	364 days	specified
Gilts, Treasury Bill & Repos	UK Government	No limit £10 million	364 days 24 months	Specified non-specified
Supra-national Banks & European Agency	AA-	£10 million £5 million	364 days 24 months	specified non-specified
Covered Bonds issued by UK Banks	Bond AA+ / counterparty A- Bond AA+ / Counterparty BBB+ Bond AA+ / counterparty A-	£5 million per bond, £20 million aggregate £5 million per bond, £10 million aggregate £5 million per bond, £10 million aggregate	364 days 364 days 24 months	Specified Non-specified non-Specified
UK Local Authority Deposits	n/a	£15 million per counterparty £5 million per counterparty	364 days 24 months	specified non-specified
UK & AAA country Banks - term deposits, CDs and call accounts	AA- AA- A-	£10 million per bank or banking group £5 million per bank or banking group £5 million per bank or banking group	364 days 24 months 364 days	specified non-specified non-specified
Constant Net Asset Value Money Market Funds (MMFs), UK / Ireland / Luxembourg domiciled Variable NAV Enhanced Cash Funds, UK/Ireland/Luxembourg domiciled	AAA AAA	£10 million per MMF. Aggregate £50 million. £5m per ECF. Group limit £15m	daily liquidity Minimum Weekly Redemption	specified non-specified

<u>Additional Details on Types of Investments</u>

Banks and Building Society Deposits, Call Accounts and Certificates of Deposit: These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Covered Bonds: These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Money Market and Enhanced Cash Funds: Shares in diversified investment vehicles consisting of time deposits, call accounts, CDs etc with banks and financial institutions. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while Enhanced Cash Funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

ANNEX 5

Lending List of counterparties for investments

This is the proposed list of bank counterparties which the Council can lend to, providing the counterparties meet the requirements set out in Annex 4 at the time of investment. The list will be kept under constant review and counterparties removed if the process described in the investment strategy raises any concerns about their credit worthiness. In addition to the counterparties listed below, UK government, local authorities, money market funds and enhanced cash funds are included in annex 4.

Instrument		Country/ Domicile	Counterparty	Arlingclose Suggested max maturity
Supranational Banks			European Bank for Reconstruction and Development	24 months
			European Investment Bank	24 months
			Inter-American Development Bank	24 months
			International Bank for Reconstruction & Development	24 months
UK Banks and Building Societies- Term Deposits, Call Accounts & CDs		UK	HSBC Bank Plc	13 months
		UK	Standard Chartered Bank	6 months
		UK	Barclays Bank Plc	100 days
		UK	Lloyds Banking Group including Bank of Scotland	13 months
		UK	Santander UK	6 months
		UK	Nationwide Building Society	6 months
		UK	Coventry Building Society	6 months
Non-UK Banks - Term Deposits, Call Accounts and CDs		Australia	Australia & New Zealand Banking Group	6 months
		Australia	National Australian Bank	6 months
		Australia	Commonwealth Bank of Australia	6 months
	new	Australia	Westpac Banking Group	6 months
	new	Canada	Bank of Montreal	13 months
	new	Canada	Royal Bank of Canada	13 months
	new	Canada	Toronto-Dominion Bank	13 months
	new	Singapore	DBS Bank	13 months
	new	Singapore	Overseas-Chinese Banking Corp	13 months
	new	Singapore	United Overseas Bank	13 months
		Sweden	Nordea Bank	13 months
		Sweden	Svenska Handelsbanken	13 months
Covered Bonds issued by UK Banks & Building Soc		UK	UK Banks and Buildings societies listed above.	24 months
			Royal Bank of Scotland	24 months

NB: max maturity capped at 24 months.

Compared with last year, no counterparties have been deleted and no UK banks added. The four supranational banks are new additions. All are AAA rated by the three rating agencies. These banks raise funds via CDs. The Arlingclose support maximum maturities of up to 5 years for AAA rated supranational banks.

Eight overseas banks have been added to the counterparty list. All are rated AA- or better by all three rating agencies. These banks rarely take deposits in the UK but can be accessed through CDs. There are currently no overseas banks in the portfolio. In addition to the limits set out in annex 4, a limit of £5 million per bank and £10 million per Non-UK country will be applied.

Investments in covered bonds are limited to UK banks and building societies. In addition to those banks and building societies eligible for unsecured deposits, Royal Bank of Scotland has been added for covered deposits. Covered deposits offer additional default protection due to the provision of collateral as security.

The counterparty list excludes MMF and ECF’s as the name of the fund reflects the fund manager not the quality of the underlying holdings. Selection of MMFs and ECFs will be based on the criteria set of in Annex 4. The limit for any single MMF is £20 million and each ECF is £5 million.

Should Arlingclose reduce the maximum recommended maturity guidance for any bank, this will be reflected in the portfolio.

Report for: Council 22nd February 2016

Item number: **12**

Title: 2016/17 Budget

Report authorised by: Tracie Evans – Chief Operating Officer

Lead Officer: Neville Murton – Lead Finance Officer.

Ward(s) affected: ALL

Report for Key/ Non Key Decision: Key.

1. Describe the issue under consideration

1.1. Cabinet considered the 2016/17 budget report at their meeting held on 9th February 2016 and resolved to propose that report, unchanged, for consideration and approval of the final budget and Council tax for 2016/17 by Full Council in accordance with the Council's constitution.

2. Cabinet Member Introduction

2.1. My comments can be found in the Cabinet report attached as Annex 1. I am pleased that the outcome from the final settlement means that Council are now able to consider unchanged the budget proposals set out in that report and I commend those proposals to the Council.

3. Recommendations

3.1. Council are asked:

(a) to note the proposed Budget package agreed by Cabinet on 9th February 2016, including the outcomes from the budget consultation processes, which is attached as Annex 1.

(b) to note the Budget Scrutiny recommendations made by the Overview and Scrutiny Committee and the response of the Cabinet set out in Appendix 6 to the Cabinet budget report (Annex 1)

(c) to approve the increase in the Haringey Council tax of 2% relating to the Adult Social Care precept;

(d) to approve the Cash Limits 2016/17 as set out in Annex 2;

(e) to approve the General Fund budget requirement for 2016/17 of £255.627m, net of Dedicated Schools Grant, as set out in Appendix 1 to the Cabinet budget report (Annex 1);

(f) to approve the 2016/17 General Fund capital programme set out in Appendix 3 to the Cabinet budget report (Annex 1);

(g) to approve the Housing Revenue Account Budget 2016/17 as set out in Appendix 2 to the Cabinet budget report (Annex 1);

(h) to approve the 2016/17 Housing Revenue Account (HRA) capital programme set out in Appendix 4 to the Cabinet budget report (Annex 1);

(i) to note the Greater London Authority (GLA) proposed precept (para. 7.8);

(j) to delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Resources and Culture, to reflect any final changes to the level of the GLA precept in the Council's Council tax billing information set out in Annex 5;

(k) to approve the reserves policy including the Chief Finance Officer's (CFO) assessment of risk and her assessment of the adequacy of current and projected reserves, as set out in Annex 3 (a – c);

(l) to approve the estimated level of un-earmarked General Fund reserves over the medium term financial planning period (2015 – 2018) and the specific and other reserves as set out in Annex 3b;

(m) to note the report of the Chief Finance Officer under Section 25 of the Local Government Act 2003 on the robustness of the estimates and the adequacy of proposed reserves set out in section 9;

(n) to approve the Treasury Management Strategy Statement 2016/17 set out in Annex 4; and

(o) to pass the budget resolution including the level of Council tax, in the specified format and to determine that the Council's relevant basic amount of Council tax for the year is not excessive as set out in Annex 5.

4. Reasons for decision

4.1. In February 2015, and following extensive consultation, the Council approved its Corporate Plan and Medium Term Financial Strategy (MTFS) covering the period 2015 - 18. The Corporate Plan set out the Council's priorities, the MTFS outlined the overall financial strategy and the Workforce Plan outlined the workforce strategy for achieving those priorities.

4.2. As a result of the significant reductions to the Council's funding from central government grants, the MTFS required around £70m of approved saving proposals to deliver a balanced budget position in each of the three years' covered by the MTFS (2015 – 18).

4.3. Following the publication, on 17th December 2015, of the Provisional Local Government Finance settlement, Cabinet reviewed the impact of the settlement on the 2016/17 budget set out in the approved MTFS. A further report to the Cabinet on 9th February 2016 provided the Cabinet with the opportunity to finalise the budget proposals set out in this report taking into account the feedback from consultation and the views of the Overview and Scrutiny Committee.

4.4. The report and recommendations from the cabinet meeting on 9th February 2016, which were agreed in full un-amended, are attached as Annex 1.

4.5. On 8th February 2016 the government published the final Local Government Finance Settlement which was referred to orally at the Cabinet meeting held on 9th February 2016; however, in respect of Haringey's position the final settlement did not materially change the information previously considered by the Cabinet and no consequent amendments were required as a result.

4.6. Taking all relevant factors into account, including in particular the outcomes from statutory consultation with business rate payers, further public consultation and the recommendations from the Overview and Scrutiny committee meeting held on 25th January 2016 this report sets out Cabinet's final budget proposals including their proposals for the level of Council tax for the Council to consider and approve.

5. Alternative options considered

5.1. In accordance with legislation and the Council's constitution, this report recommends that the Council should note the proposed budget package agreed by Cabinet on 9th February 2016, approve the 2016/17 budget and approve the Council tax for 2016/17. Accordingly no other options have been considered.

6. Background information

6.1. On 9th February 2016 Cabinet agreed a proposed Budget package for submission to this meeting of the Council, including a revenue budget for 2016/17 of £255.627m, with an additional indicative budget of £242.685m in respect of the Dedicated Schools Grant and approved the 2016/17Capital Programmes for both the General Fund and Housing Revenue Account (HRA). This was subject to the final Local Government Finance Settlement and the decisions of levying and precepting authorities.

6.2. The Cabinet report of 9th February 2016 (attached as Annex 1 to this report), and the proposed budget package recommended to Full Council by Cabinet, are the subjects of debate at this meeting.

6.3. This report addresses:

- The Final Local Government Finance Settlement 2016/17;
- The decisions of levying bodies and precepting authorities;
- Considerations in setting the Council tax;
- The robustness of the Council's budget process;
- The adequacy of the Council's reserves; and,

- The Treasury Management Strategy Statement 2016/17.

6.4. The report concludes by presenting the budget resolution to set the Council tax for 2016/17.

7. Key Developments

Final Local Government Finance Settlement 2016/17 and other changes

7.1. Details of the final Local Government Finance settlement 2016/17 were announced on 8th February 2016, too late to be included in the report for the Cabinet meeting of 9th February 2016.

7.2. However, the final settlement made no changes to the Council's funding position other than a very small (£8k) adjustment to the Council's New Homes Bonus estimated funding.

7.3. There have been no other funding announcements or the provision of other information by the government that would change the key assumptions underpinning Cabinet's proposals to Council regarding the 2016/17 budget, the HRA, the DSB, and the Capital Programme(s).

7.4. Any such changes that do occur following Council's approval of the 2016/17 Budget will be reported to Cabinet as part of the normal budget monitoring and financial planning processes.

Levying bodies

7.5. The Board of the North London Waste Authority (NLWA) met on 11th February 2016 and agreed an overall levy of £46.6m for 2016/17; which is a minor (0.42%) increase over the 2015/16 position. Of this overall sum, £6.864m is the levy to this Council.

7.6. The levy reflects a change to a menu pricing approach which means that the previously separate income due to the Council from the Commingled Income Payments Scheme (CIPS) is no longer a separate feature; the main levy has therefore fallen, in comparison to the 2015/16 levy, as it now includes a separate (lower) charge rate for 'recyclables' and the CIPS income is no longer received.

7.7. Taken together these items are broadly neutral in budget terms and had already been reflected in the budget report to the February Cabinet meeting; no additional changes are now being proposed as a result.

The Greater London Authority Precept

7.8. The Mayor's final draft budget proposals for the 2016/17 consolidated budget were scheduled to be published on Friday 12th February and will be considered by the London Assembly on Monday 22nd February. The current draft proposals indicate a proposed reduction of £19.00 (-6.4%) to £276.00 (Band D) however, it is possible that this may change before the final budget is approved – including the possibility of a change at the meeting on the 22nd February.

7.9. It is possible, therefore, that the amounts shown in respect of the GLA precept in Annex 5 – the formal Budget resolution, may change. The Council as a billing authority is required to reflect the level of any relevant precept notified to it and so it is not a decision of the Council as to whether the level of the GLA precept should be approved or not. It is however, imperative that the information produced by the Council as the Billing Authority reflects the final decision taken by the GLA.

7.10. In order to accommodate the possibility that the final GLA precept varies from that currently advised, the recommendation to the Council is that it approves the budget resolution as currently presented at Annex 5 which reflects the current position and gives delegated authority to the Council's Chief Finance Officer (CFO) in consultation with the Lead Member for Resources and Culture to implement the final GLA Council tax precept in the Council's billing information.

7.11. In the very unlikely event that the GLA finally resolve a Council tax precept at a level requiring them to undertake a referendum (i.e. a greater than 2% increase which in monetary terms, based on an analysis of the benchmark Band D property, would equate to an increase in the GLA precept of £5.90 per annum) a further report considering the implications of this on the Council would need to be considered.

8. Considerations in setting the Council tax

8.1. The Localism Act 2011 gave electors the right to veto excessive Council tax rises. Councils that set 'excessive' tax increases above a ceiling approved by Parliament each year would automatically trigger a referendum in their area.

8.2. The Government has announced that those authorities with Adult Social Care functions can implement an Adult Social Care precept up to a maximum of 2%, providing that the sums raised are allocated entirely towards Adults Social care costs; the Chief Finance Officer must make a declaration to the Secretary of State to the effect that this has been achieved and specific information must also be made available on the face of the Council tax bill highlighting this to taxpayers.

8.3. It has been confirmed by the Government that for 2016/17 an increase is excessive if the authority's relevant basic amount of Council tax for 2016/17 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure) or more than 4% greater than its relevant basic amount of Council tax for 2015/16.

8.4. In total therefore the Council could approve an increase in its relevant basic amount of Council tax of up to, but not including, 4% without triggering a referendum.

8.5. Accordingly the basis of the Cabinet's budget proposals to only implement the Adult Social Care precept gives rise to an increase of 2% in the relevant basic amount of Council tax and is, in terms of the legislation, deemed as not being excessive. Council is, therefore, recommended to resolve the relevant basic amount as not excessive at paragraph 6 of the Formal Budget Resolution (Annex 5).

8.6. In considering the level of its Council tax for 2016/17 the Council should have regard to:

- The level of non-Council tax funding resources that will be available;
- The on-going demand for services;
- The views of residents, businesses and other interested parties;
- The level of efficiency savings and service reductions that can realistically be delivered;
- The criteria for a Council tax referendum determined by the government;
- The general economic climate and the additional financial burden any increase would have on Council tax payers.

8.7. The projected income from Council tax in 2016/17 is £87.187m based on 72,175 Band D equivalent properties (the Tax Base) a collection rate of 95%, and the proposed Band D Council tax rate of £1,208.01. The 2015/16Tax Base was 70,810 Band D equivalent properties.

8.8. These proposals result in total available funding (the 'Budget Requirement') for 2016/17 of £255.627m, as set out in recommendation 3.1(e), above.

9. Robustness of the budget process

9.1. The Council's Chief Financial Officer is required by Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made for the purposes of the final budget calculations.

9.2. The government continues its programme of public spending reductions, originally set out in its Spending Review (SR) of 2010 but continued through SR 2015 and intervening Autumn Statement and Budget Statement announcements which have set out significant funding reductions for local authorities. In addition the government has embarked on a range of far-reaching changes across the public sector such as the transfer of Public Health responsibilities to Councils and the implementation of a range of welfare reforms.

9.3. The Business Rate Retention Scheme was implemented in April 2013 and this allows Councils to retain a proportion (30%) of net growth in the Business

Rates in its area. As such there has also been significant risk and uncertainty transferred from central to local government.

9.4. To meet the unprecedented scale of this financial challenge, the Council set out a robust three year Medium term Financial Strategy in 2015 covering the period 2015 – 2018 and the 2016/17 proposed budget is consistent with the underlying assumptions on funding reductions set out in the MTFS. The Council plans to continue its approach to delivering services by prioritising front line and key service areas.

9.5. As in previous years, the budget proposals for 2016/17 include a designated £2m contingency sum.

9.6. The budget proposals have been subject to detailed scrutiny and the Cabinet has also undertaken consultation with residents and businesses.

9.7. The recommendations agreed by the Overview and Scrutiny Committee at its meeting on 25th January 2016, together with the responses of the Cabinet, are set out in Appendix 6 to the Cabinet report of 9th February 2016 (attached as Annex 1 to this report).

9.8. The budget process is complemented by a regular cycle of Budget Management and Performance Reviews. This involves detailed evaluation of budget, performance and workforce information at both Cabinet Member and senior officer levels. The Council's Risk Management process also underpins all of these activities.

9.9. The 2015/16 budget management position identifies significant budget pressures and the need to draw further on the Council's reserves in order to maintain a balanced budget; reserves can only be used once and it is important that those savings proposals, where there has been slippage, are progressed effectively in 2016/17.

9.10. Accordingly, the Chief Financial Officer is satisfied the arrangements set out above constitute a robust process for the budget calculations underpinning the Cabinet's proposals for the 2016/17 Budget.

9.11. It is, however, imperative that the Cabinet and Council continue to pursue the identification, and subsequent delivery, of those savings that have not been fully delivered in 2015/16 together with the additional savings required from 2016/17 onwards as set out in this report, including consideration of options for reducing the identified need for the additional support from the Council's reserves required to balance the three year programme.

Adequacy of Reserves

9.12. Section 25 of the Local Government Act 2003 also requires the Chief Finance Officer to report on the adequacy of the proposed level of financial reserves. The Council's Reserves Policy is set out at Annex 3a, which the Council should formally review each year.

9.13. It is projected that the Council will have an un-earmarked General Fund Reserve of c£19.6m as at 31st March 2016. The final position will be dependent however on the Council's financial outturn 2015/16 to be reported to Cabinet in June 2016.

9.14. The level of earmarked reserves will be subject to the approval of the Council and will be set at the level commensurate with their identified need.

9.15. The Council holds a number of reserves which are detailed in Annex 3b and can be categorised as follows:

Non-earmarked (general) Reserves - These are held to cover the net impact of risks, opportunities and unforeseen emergencies;
Earmarked (specific) Reserves - These are held to cover specific known or predicted financial liabilities;
Other Reserves - These relate to ring-fenced accounts which cannot be used for General Fund purposes e.g. the Housing Revenue Account and schools' accumulated balances.

Annex 3c also shows the projected movement on the reserves over the financial planning period 2016 - 2018. All reserves have been reviewed and their level judged to be adequate and the continued need for them appropriate.

9.16. It is imperative the un-earmarked general reserves and contingencies are adequate to meet the net financial impact of the risks facing the Council. These risks have been assessed as £20m, as set out in Annex 3c. Accordingly the proposed levels of general reserves set out above, together with the contingency provision in the Council's base budget are judged to be adequate within the meaning of the 2003 Act.

9.17. No change to the Council's Reserves Policy is recommended at this time.

10. Treasury Management

10.1. The Treasury Management Strategy Statement (TMSS) for 2016/17 set out in Annex 4 sets out the proposed strategy with regard to borrowing and investment of cash balances and the associated monitoring arrangements. It was considered by Corporate Committee on 8th February 2016 and recommended it for approval by full Council; the report from that Committee is included elsewhere on this agenda.

10.2. The Council's Overview and Scrutiny Committee also considered the TMSS on 25th January 2016 as part of the budget scrutiny process and in accordance with the CIPFA Treasury Management Code of Practice; neither committee had any proposed changes or comments to make on the TMSS to Council.

10.3. The proposed prudential indicators are based on the proposed Capital Programme as reported to Cabinet on 9th February 2016. Any future decision by the Council to undertake further debt financed capital expenditure, including in particular any changes associated with the Capital Strategy will require a review of the prudential indicators and further approval by full Council.

11. Summary and Conclusions

11.1. This report finalises the Budget process and proposes that the Council tax is increased in respect of a 2% Adult Social Care precept.

11.2. The level of financial reserves is also reported and those levels are considered to be adequate.

11.3. The Council is required to determine whether its increase in Council tax for 2016/17 is 'excessive' and, if so, would trigger a referendum.

11.4. The recommendations of the Cabinet are reflected in the formal Council tax Resolution in Annex 5.

11.5. The Medium Term Financial Strategy 2015-18 recognises the key drivers and risks arising from the government's continued funding reductions and increases in demands for council services, but it remains essential the Cabinet and Council keep the key assumptions under close review, identify and deliver the requisite level of savings, maintain financial discipline and control, focus on their highest priorities and strive to improve further the value for money the Council secures from its diminishing resources.

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

12.1. As the report is primarily financial in its nature, comments of the Chief Finance Officer are contained throughout the report.

Assistant Director of Corporate Governance Comments and legal implications

12.2. In accordance with section 67 of the Local Government Finance Act 1992 (the '1992 Act'), the functions of agreeing the budget and the calculation of Council tax are to be discharged by the Full Council.

12.3. The Local Authorities (Standing Orders) (England) (Regulations) 2001 set out the process of approving the budget and provide that the adoption of the budget and calculation of the Council tax by Full Council is to be on the recommendation of the Cabinet.

12.4. Under section 25 Local Government Act 2003, in considering decisions on the budget, and the level of Council tax, the Council must take into account this report from the Council's Chief Finance Officer, as the Section 151 Officer, who has a statutory duty to report on the robustness of the estimates and the adequacy of the proposals for reserves.

12.5. The Council may take decisions which are at variance with this advice provided there are reasonable grounds so to do. However Members must take into consideration their exposure to personal risk if they disregard clearly expressed advice.

12.6. The Council has a legal duty to set a lawfully balanced budget and adoption of the recommendations in this report would fulfil the statutory obligations in this regard.

12.7. In accordance with section 31A of the 1992 Act, the Council is required to calculate the Council tax chargeable by way of a Council tax requirement. The Council must calculate its expected outgoings and income for the year. Where the expected outgoings exceed the expected income the difference is the Council's Council tax requirement for the year. The relevant basic amount of Council tax for the year is calculated by dividing the Council tax requirement after the deduction of levies by the Council tax base.

12.8. Under section 52ZB of the 1992 Act the Council is required to determine whether its proposed relevant basic amount of Council tax is excessive on the basis of criteria set by the Secretary of State. It has been confirmed by the Referendums Relating to Council tax Increases (Principles) (England) Report 2016/2017 that for 2016/17 an increase is excessive if the authority's relevant basic amount of Council tax for 2016-17 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of Council tax for 2015-16. In such circumstances such an increase would be regarded as excessive and automatically trigger a referendum in the borough. The 'relevant basic amount' of Council tax was redefined by section 41 of the Local Audit and Accountability Act 2014, and accordingly section 52ZX of the 1992 Act has been updated. Essentially an authority's relevant basic amount of Council tax is the authority's own level of Band D Council tax. With the current proposals of a less than 4% increase the Council is entitled to conclude in accordance with the Direction issued by the Secretary of State, that the relevant basic amount of Council tax is not excessive.

12.9. In accordance with section 30 of the 1992 Act, the Council is required to set the Council tax for the next financial year on or before 11 March. Under section 106 of the 1992 Act, any Member who is in arrears of two months or more Council tax must declare it at the meeting and abstain from voting upon this report.

Equalities and Community Cohesion Comments

12.10. Equality comments are included in the report to Cabinet dated 9th February, attached as Annex 1and there are no additional comments to make on the basis of this covering report.

13. Use of Appendices

Annex 1 – Cabinet report of 9th February 2016 including Appendices 1 - 9.

Annex 2 – Cash Limits analysed by Assistant Director

Annex 3 – Reserves
- 3a: Reserves Policy
- 3b: Reserves and their adequacy
- 3c: Risk evaluation

Annex 4 – The Treasury Management Strategy Statement

Annex 5– The Formal Budget Resolution

14. Local Government (Access to Information) Act 1985

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

- Final Local Government Finance Settlement 2016/17.
- NLWA Budget Proposals report published 3rd February (for 11th February meeting)
- GLA Budget proposals report published 12th February (for 22nd February meeting)

For access to the background papers or any further information please contact Neville Murton Lead Finance Officer on 0208 489 3176.

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Annex 1

Report for:	Cabinet 9th February 2016
Item number:	**9**
Title:	2016/17 Budget
Report authorised by:	Tracie Evans – Chief Operating Officer
Lead Officer:	Neville Murton – Lead Finance Officer.
Ward(s) affected:	ALL
Report for Key/ Non Key Decision:	Key.

1. Describe the issue under consideration

1.1. In accordance with the Local Government Finance Act (LGFA) 1992, the Full Council must approve the budget for the forthcoming year and agree the Council tax for that year, by the statutory deadline of 11th March

1.2. The government published the Provisional Local Government Finance Settlement on 17th December 2015 and the Cabinet meeting held on 19th January considered the implications of that announcement.

1.3. This report sets out the latest position in respect of the Council's finances with the aim of finalising the budget proposals from Cabinet for the year 2016/17 for consideration and approval by the Council on 22nd February 2016. The report covers proposals in respect of the General Fund revenue account, the Housing Revenue Account (HRA), The Dedicated Schools Budget (DSB) and the Capital Programmes for both the General Fund and the HRA.

1.4. The report incorporates the results from the council's budget consultation, the views of the Overview and Scrutiny Committee and the latest financial information. It also reflects the detailed work undertaken by the Haringey Schools Forum whom have considered and proposed changes to the Formula for Financing Schools.

2. Cabinet Member Introduction

2.1. The proposals set out in this report are based on our approved Medium Term Financial Strategy for 2015 -2018 that we agreed in February 2015. In planning over the medium term, we have tried to give some certainty about our priorities and how we would finance them. However, even at this stage of the process and despite our best endeavours, there remain uncertainties due to the failure of the Government to plan in a similar way.

2.2. For example, although we understand that the Government will continue with its proposals to mandate a 1% rent reduction for our tenants, the legislation has not been enacted; and only in the last week of January did we hear about new proposals to exempt those in Sheltered or Supported Accommodation. We are having to make assumptions that reflect what we believe will happen, as to do otherwise would be disruptive for tenants and present an unnecessary risk to the Council's finances.

2.3. It is unacceptable that we have to work with these major uncertainties. However, this administration is determined to do everything within our power to set a realistic and robust budget for 2016/17. We know that this is an essential component to managing the risks facing the Council in light of continued funding reductions and I believe that the position set out in this report represents appropriate proposals for consideration at Full Council.

2.4. The budget monitoring report I presented to Cabinet last month highlighted the significant pressures we face to provide adult social care in Haringey. Like other London Boroughs, an ageing population is causing an increase in the demand for such services. As a result, in January, we consulted with residents on proposals to levy the Chancellor's 2% Adult Social Care precept, which would raise £1.7m and add £23.64 to a Band D council tax bill.

2.5. Although these additional funds are welcome, the Chancellor's precept comes nowhere near addressing the challenges we face in providing adult care. In my view, the Government is failing to properly fun adult social care and is seemingly pushing the problem down to local authorities. £1.7 million is a very small amount compared to the budget pressures we face – indeed we are already spending around £13 million more on adult social care this year than originally estimated. The scale of the cuts by the Government means that our services will have to change fundamentally. However, we will use the additional funds to further protect care packages and to support the outcomes that emerge from the co-production process to design a new model for social care in Haringey.

2.6. The proposals within the proposed budget have been rigorously scrutinised and I welcome the recommendations of Overview and Scrutiny, which will help to support efficient and effective management of the council's budget.

2.7. What is clear is that in 2016/17, the Council and our borough will continue to face challenging times. However, despite the failure of the Government to recognise the important role local authorities play in building strong communities, in Haringey we will continue to use the resources at our disposal to support economic growth and tackle inequality. This budget will see the seventh consecutive freeze of the council tax base rate; investment in each of Haringey's nine libraries, investment in our roads and pavements; and continued support for regeneration schemes that will draw in £1billion worth of external investment.

3. Recommendations

3.1. Cabinet are asked:

3.1.1 to approve, subject to any agreed amendments, the proposals set out in this report at appendix 1, including the 2% precept on Council Tax towards funding Adult Social Care pressures and submit them for consideration by the full Council at their meeting on 22nd February 2016 as Cabinet's 2016/17 budget proposals;

3.1.2 to propose approval to the Council of the 2016/17 General Fund revenue budget as set out in Appendix 1, including specifically a General Fund budget requirement of £255.627m but subject to the final decisions of the levying and precepting bodies and the final local government finance settlement;

3.1.3 to propose approval to the Council of the 2016/17 Housing Revenue Account budget as set out in Appendix 2;

3.1.4 to confirm and propose approval to the Council of the 2016/17 General Fund capital programme detailed in Appendix 3;

3.1.5 to confirm and propose approval to the Council of the 2016/17 Housing Revenue Account (HRA) capital programme detailed in Appendix 4;

3.1.6 to approve the changes to the rent levels for General Needs Homes for Haringey tenants reflecting the expected regulations requiring a 1% rent reduction in 2016/17 and subsequent years'. This will reduce the average weekly rent from £106.62 to £105.55 as set out in paragraph 9.4 and Table 2;

3.1.7 to approve the changes to the rent levels for Sheltered/ Supported Housing tenants reflecting the expected, 1 year only, exemption from the government's rent reduction policy. This will increase the average weekly rent from £94.49 to £95.34 as set out in paragraph 9.8 and Table 3;

3.1.8 to approve the changes to service charges for leaseholders set out in Table 4;

3.1.9 To approve that rents for decanted properties are set at the appropriate Local Housing Allowance rate as set out in paragraph 9.14 and 9.15

3.1.10 to note the recommendation of the Chief Operating Officer (S151 officer) that any additional resources , including those generated from the improved taxbase identified in this report, should be initially held in a risk reserve to support the statutory review of the adequacy of reserves in the context of the 2015/16 overspend position;

3.1.11 to propose to the Council the indicative Dedicated Schools Budget (DSB) for 2016/17 of £242.685m as set out in Appendix 5;

3.1.12 to approve the proposed changes to the Haringey Formula for Financing Schools as recommended by the Haringey Schools Forum and set out in paragraphs 8.13 – 8.14 for the secondary lump sum factor and, for the deprivation factor, option 2 set out in paragraph 8.19;

3.1.13 to approve the responses made to the Overview and Scrutiny Committee recommendations following their consideration of the draft budget proposals and as set out in Appendix 6;

3.1.14 to note that this report will be considered by the Council at its meeting on 22nd February 2016 to inform their decisions on the 2016/17 budget and the associated Council Tax for that year; and

3.1.15 to delegate to the S151 officer, in consultation with the Cabinet Member for Resources and Culture, the power to make further changes to the 2016/17 budget proposals consequent on the publication of the final local government finance settlement or other subsequent changes up to a maximum limit of £1.0m.

4. Reasons for decision

4.1. In February 2015, and following extensive consultation, the Council approved its Corporate Plan and Medium Term Financial Strategy (MTFS) covering the period 2015 - 18. The Corporate Plan set out the Council's priorities, the MTFS outlined the overall financial strategy and the Workforce Plan outlined the workforce strategy for achieving those priorities.

4.2. As a result of the significant reductions to the Council's funding from central government grants, the MTFS required around £70m of approved saving proposals to deliver a balanced budget position in each of the three years' covered by the MTFS (2015 – 18).

4.3. Following the publication, on 17th December 2015, of the Provisional Local Government Finance settlement, Cabinet reviewed the impact of the settlement on the 2016/17 budget set out in the approved MTFS.

Annex 1

4.4. Taking all relevant factors into account, including in particular the outcomes from statutory consultation with business rate payers, further public consultation, the recommendations from the Overview and Scrutiny committee meeting held on 25th January 2016 and any other subsequent changes, this report sets out Cabinet's final budget proposals which, if approved, will be sent for consideration at the Full Council budget setting meeting scheduled for 22nd February 2016.

4.5. The final budget report to the Council on 22nd February will also additionally include a number of requirements consequent on the proposals set out in this report and in particular:

- The formal Budget Resolution required in accordance with the LGFA 1992 as amended by the Localism Act 2011, which sets the Council tax for the forthcoming financial year;
- The Precept of the Greater London Authority (GLA) for 2016/17 in accordance with S40 of the LGFA 1992 which must be added to the Haringey Council element of the Council tax to give a total Council tax for each category (band) of dwelling in the Council's area;
- The formal assessment of the relevant basic amount of Council tax against the principles established by the Secretary of State for the purpose of determining whether any Council tax increase is 'excessive' and therefore is subject to referendum.
- Approval of the Cash Limits for 2016/17;
- The S151 Officers evaluation of the adequacy of the Council's reserves and the robustness of the estimates including the council's reserves policy;
- Approval of the Treasury Management Strategy Statement (TMSS) which has been formulated by the Corporate Committee and subject to the scrutiny review process

5. Alternative options considered

5.1. The Cabinet has considered or are asked to consider the following alternative options:

(i) The Overview and Scrutiny committee met on 25th January 2016 and the formal recommendations from that meeting have been reviewed by the Cabinet Member for Resources. Cabinet are asked to further consider the recommendations and approve the proposed responses set out in Appendix 6.

(ii) The outcomes from all of the consultation activities and our consideration of all of the comments are summarised in this report.

(iii) The Cabinet have considered the extent to which further resources could be generated from an increase in the Council tax above the proposed 2% precept for Adult Social Care and, taking into account the impact on Council tax payers, the Cabinet is not proposing any further increase above the Adult Social Care precept of 2% set out in this report.

6. Background information

6.1. In January the Cabinet considered a number of proposed changes to the 2016/17 budget, which was initially set out in the 2015 – 2018 Medium Term Financial Strategy. These changes reflected an overall increase in government grant resources amounting to around £2.5m and a further increase in resources based on the proposal to apply the 2% Adult Social Care precept. This will be used to meet demographic and other pressures as set out below.

6.2. The Provisional Local Government Finance Settlement also raised the option for Council's to request a 'guaranteed' four year settlement subject to the production of an efficiency plan. The exact details of this offer are unclear; for example what the efficiency plan would include, who is authorised to request the offer, whether a request can be subsequently rescinded and the extent to which the financial allocations might need to be reviewed to take account of variables such as the Uniform Business Rate multiplier.

6.3. Consequently, we are intending to explore in detail the offer as it is developed with the intention to achieve as much financial planning certainty as possible from the government as this approach is consistent with that adopted by the Council in setting its MTFS for 2015 -2018 and its future intentions for strategic longer term financial planning.

6.4. It is also apparent that the whole approach to financing Local Authorities is changing; over the next Four years implementation of the proposals for Council's to retain 100% of Business Rates and the cessation of the existing Revenue Support Grant mechanism are likely to have profound effects for the way that Council's finances are set and this settlement is therefore likely to be the final one transacted under the existing arrangements.

6.5. The revised budget for 2015/16 was £266.4m. Table 1 below summarises the Council's 2016/17 budget position following the January 2016 report approved by the Cabinet.

Annex 1

Table 1 – Revised 2016/17 Budget Position at January 2016

	2016/17 Revised £000
Funding	
Core Grants	33,586
New Homes Bonus (NHB)	5,878
Revenue Support Grant	50,988
NHB returned funding - top slice	1,027
Council Tax	85,976
Retained Business Rates	19,404
Top up Business Rates	55,220
Contribution from/(to) Reserves	3,116
Total Funding Available	**255,195**

6.6. On a like for like basis this reflects additional resources of £4.179m over the level of resources assumed in the 2016/17 budget set out in the Councils approved MTFS.

6.7. Since that report was approved by Cabinet, the Chief Operating Officer (S151 Officer) has further approved, in consultation with the Lead Member for Resources and Culture, the Council taxbase for 2016/17 and, in accordance with the statutory requirements, notified that taxbase to the relevant bodies

6.8. The government's final settlement is expected to be announced in February which may make further changes to the provisional settlement. Changes arising from the publication of the final local government finance settlement should reflect minor technical adjustments and are not expected to have a material effect on the proposals made in this report.

6.9. In order to finalise the budget proposals in time for the scheduled Full Council meeting, the Cabinet is asked to delegate authority to the Chief Operating Officer (S151 officer) to agree any changes up to a level of £1.0m consequent on the final settlement or any further notified changes to government grants.

6.10. This will allow the Council meeting scheduled for the 22nd February to agree a full set of budget proposals reflecting all relevant financial information.

Annex 1

7. The Council's taxbase

7.1. Each year the council as Billing Authority is required to calculate the tax base for the Borough in order for it to calculate its own council tax but is also required to notify this figure by 31st January each year to any major precepting authority (the GLA) as well as any levying body (Environment Agency, Lee Valley Regional Park Authority, North London Waste Authority, London Pension Fund Authority) in order for them to calculate and set their own budgets and determine the level of precept / levy to be made to Haringey.

7.2. The calculation of the council tax base is prescribed by regulations. Put simply, it is the aggregate of the estimated number of properties in each valuation band each year, subsequently adjusted to take account of the estimated number of discounts, disregards and exemptions which are likely to apply and any estimated increase / decrease in the list for the forthcoming year.

7.3. The Chief Operating Officer, in consultation with the Cabinet Member for Resources and Culture, considered and approved a report setting out that the Council's taxbase for 2016/17 would be 72,175 (from 70,810 in 2015/16). The taxbase has increased over 2015/16 due to the combined effect of an increase in dwellings and a reduction in estimated numbers to be applied under the Council Tax Reduction Scheme (CTRS) which was approved by the Cabinet in December 2015.

7.4. A small increase in taxbase was already projected in the 2015 -2018 MTFS, based on the proposed level of Council tax for 2016/17, excluding the levying of the Adult Social Care Precept, the increase in the taxbase results in additional resources of £1.2m. This report proposes to place this additional yield into a Risk Reserve (see section 11 below)

7.5. Similarly the latest position in respect of anticipated Business Rates (NNDR) income has been reviewed and now reflects a c£0.4m increase in the anticipated yield which has been added to the overall funding position.

8. Schools

Dedicated Schools Budget (DSB).

8.1. The DSB is made up of the Dedicated Schools Grant (DSG), post 16 funding provided by the Education Funding Agency (EFA) and the Pupil Premium. As the post 16 funding is calculated by the EFA and paid directly or passported to schools and academies the Cabinet is not required to make any decision on this funding.

Annex 1

8.2. The Local Authority is required to consult with the Schools Forum on the Dedicated Schools Budget. Reports on the proposed strategy for the year were presented to the Forum on 3rd December and 14th January. A further report is planned for the Forum meeting on 25th February. The following paragraphs set out in overview the proposals relevant to the DSB most of which are subject to Forum approval. However, the changes, set out in paragraphs 8.11 – 8.21, and which reflect proposals to amend the Haringey Formula for Funding Schools are made by the Forum for approval by the Cabinet.

8.3. A summary of the indicative DSB resources is included in Appendix 5

Pupil Premium.

8.4. The current rates for the Pupil Premium are £1,320 per eligible primary age pupil, £935 per eligible secondary age pupil, £1,900 for Looked After Children (LAC) and children adopted from care and £300 for children of service personnel. We have not been notified of any changes to these rates for 2016-17 and the Pupil Premium receivable in 2015-16 for schools in Haringey is therefore:

- Academies and free schools £3.794m
- Maintained Mainstream £11.347m
- Special Schools £0.249
- LAC £0.781m
- Alternative Provision and other £0.110m

Total £16.281m

8.5. For the first time in April 2015 three and four year olds in nursery provision were eligible for the Pupil Premium. This was paid at the rate of £0.53 per hour per eligible child and it is estimated that this will generate a total of £317k for Haringey children.

Dedicated Schools Grant (DSG).

8.6. The DSG is a ring-fenced government grant covering pupils aged 2 to 15 that can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The DSG is calculated in three blocks: The Schools Block (SB), the Early Years Block (EYB) and the High Needs Block (HNB), which are considered separately. Funding may be moved between blocks with the agreement of the Schools Forum.

8.7. The indicative DSG settlement was received at the time of the Provisional Local Government Finance Settlement in December.

Schools Block.

8.8. The Schools Block covers the cost of all funding delegated to schools and academies as determined by the local funding formula. It is calculated using pupil numbers recorded in the census for mainstream settings in October 2015.

8.9. There has been a technical change at the National level to the calculation of the Schools Block in that funding for all academies and free schools was included in the grant as a lump sum in 2015-16. In 2016-17 the funding was built into the main allocation.

8.10. Overall there will be an increase of £2.901m in the Schools Block (SB) attributable to increasing pupil numbers and a slight increase in per pupil funding for the technical change mentioned above.

Haringey Schools Funding Formula.

8.11. Local Authorities (LAs) are required to keep their funding formula under review and following significant changes in 2013-14 and 2014-15 no material alteration was made for 2015-16. Schools Forum on 8th July 2015 appointed a sub-group to review the formula for 2016-17.

8.12. The group took account of a number of factors including The Department for Education's (DfE) expressed intention to introduce a national schools funding formula. The Government's Spending Review on 25 November announced that consultation on a national funding formula will begin in 2016 with the intention of introducing one for 2017-18.

8.13. Its deliberations concluded that there should be no general change to the 2016-17 funding formula; however, a proposal was made to remove the secondary lump sum (£74k) and retain this within the High Needs Block (HNB). The reason for the proposed change was the disproportionately high number of pupils with high needs taken by some secondary schools, with the resulting additional pressure on their delegated budget share, and a disproportionately low number taken by others.

8.14. To support the effect of this imbalance the proposal was to create a fund in the HNB to support schools taking high needs pupils above a threshold. The methodology would be different in the first year of operation.

a. In Year 1 (2016-17) the funding would be released to secondary schools proportionate to the numbers of Haringey children with statements/EH&CPs to the school roll (Years 7 to 11 only).
b. Subsequently, the funding will be released to secondary schools in the same way but only taking account of the numbers of year 7 students with statement/plans proportionate to the year group.

8.15. This phased approach will allow schools to redress the balance of their intake over time and recognise the efforts of schools that positively support children with additional needs.

8.16. The proposal was consulted on with all schools with the majority of replies coming from secondary schools. Secondary school responses by the deadline were evenly divided for and against the proposal, a late response was in favour. A particularly strong response against was received from Greig City Academy and a representative from the school spoke against the proposal at Schools Forum.

8.17. Schools Forum on the 3rd December considered the proposal and the responses to consultation and resolved to recommend the change to the Cabinet (18 in favour with 2 abstentions).

8.18. The data set for the 2016-17 funding allocation was released in mid-December. There were significant changes to the Income Deprivation Affecting Children Index (IDACI) with no Haringey child being in the most deprived band and a far higher proportion now in the lower bands. To retain the same factor value as in 2015-16 would have reduced the funding through deprivation factors from 12.4% to 9.2% and introduced unplanned turbulence between years in the lead up to the introduction on a national schools funding formula in April 2017.

8.19. Modelling was undertaken to minimise the year on year changes and two options were consulted on. Option 1 up-rated all factor values to allocate the resources released from IDACI whereas Option 2 first up-rated the IDACI value to allocate the 2015-16 IDACI quantum and then up-rate all factors to allocate remaining headroom.

8.20. Consultation with schools produced 36 responses which were considered by the Forum on 14th January. Of these 27 supported Option 2 and nine Option 1. Forum agreed to recommend Option 2 to Cabinet.

8.21. The Minimum Funding Guarantee (MFG) remains at the same level as last year (98.5%) and this will serve to act as a further control against any excessive turbulence in an individual school's budget as a result of the proposed formula changes.

High Needs Block (HNB)

8.22. The HNB is not driven by census data and is therefore not as buoyant as the other two. The resources available in the HNB have increased by £0.447m.

8.23. The HNB covers all funding for pupils with Special Educational Needs (SEN) other than that included in delegated mainstream school budgets. It includes funding for special schools, special units and alternative providers, funding for pupils placed in other local authority or private provision and centrally provided services. It also incorporates funding for the extended duty of providing for students in FE establishments with SEN up to the age of 25. A significant concern is the uncertainty around the costs of the new responsibilities for students up to the age of 25 with SEN which began in September 2013.

8.24. A sub-committee of the Schools Forum meets to look at this area in detail and a report will be presented to Forum on 25th February looking at the pressures within the HNB and the plans for 2016-17 budgets and for containing expenditure within the resources available.

Early Years Block (EYB).

8.25. The EYB funds in Haringey:

a. The universal early years free educational entitlement for three and four year olds in nursery classes, nursery schools and the Private Voluntary and Independent sector. This includes the agreed number of full-time places.
b. The targeted funding for the two year old entitlement.
c. The childcare subsidy.
d. A contribution to the cost of the Early Years Team and centrally retained budgets that have been delegated in the Schools Budget.

8.26. Forum will be considering proposals for the allocation of the 2016-17 EYB (indicative at this stage) at its meeting on 25th February.

Longer Term Dedicated Schools Budget Strategy.

8.27. The 2015 Spending Review announced consultation in early 2016 on the introduction of a national funding formula for schools, early years and high needs costs from April 2017. This may either take the form of a specific allocation per school using the national formula or the aggregate of these sums allocated to local authorities with the final distribution being determined by schools forums. It is expected that this will affect the distribution of funds between local authorities and between schools.

8.28. The Spending Review highlighted the increase to 30 hours of childcare for 3 and 4 year olds with working parents. Upper and lower limits on earnings and hours will be applied to eligibility for the additional 15 hours. A headline announcement on investing over £1bn a year more in childcare for 2, 3 and 4 year old by 2019-20, was also made. The government plans to invest at least £50m capital funding to create additional nursery places and over £300m a year to increase hourly rates.

8.29. Funding for education budgets outside of the DSB will be cut nationally by £600m. As a result the role of LAs in working with schools will be reduced and a number of statutory duties removed.

9. Homes for Haringey and the HRA

Housing Rents

9.1. Since the introduction of Self Financing in April 2012, the main income to the Housing Revenue Account (HRA) has been the rent and service charges of tenants. Rents in the past four years have been set in line with the Government's guideline rent increase. However, there has been a change of policy on the part of the Government. In July 2015, as part of the summer budget, the Government stated their intention to reduce social housing rents by 1% from whatever the rent actually was on 8th July 2015.

9.2. This is the first time in recent years that the Government has taken direct control of rents, and therefore there are no realistic options for the Council to consider, when setting rents for existing general needs housing tenants. The legislation has not yet received Royal Assent, but it is considered too complex not to implement the anticipated legislation. If the Council were to ignore the impending legislation, and only apply it once fully approved, it will probably have a rent reduction to apply retrospectively, including refunding overpaid rents.

9.3. The Council has adopted a current policy of putting rents up to target rents on empty properties, and it is proposed that this should continue (although these rents will also be subject to the 1% rent reduction).

9.4. The average rent for general needs housing, after application of the 1% rent reduction will fall from £106.62 per week to £105.55 per week (with effect from Monday 4th April 2016) and this will mean that there will be a rent loss of £2.681m from the anticipated budget for 2016/17. Table 2 below sets out the average weekly rents for 2016/17 by property size.

Table 2 – 2016/17 Average Weekly Rents (General Needs Housing)

Number of Bedrooms	Number of Properties	Current average rent 2015/16	Provisional average rent 2016/17	Proposed average rent decrease
Bedsit	131	£85.73	£84.87	-£0.86
1	4,228	£89.18	£88.29	-£0.89
2	5,242	£105.81	£104.75	-£1.06
3	3,819	£121.27	£120.06	-£1.21
4	594	£137.79	£136.41	-£1.38
5	100	£159.42	£157.82	-£1.59
6	12	£166.78	£165.11	-£1.67
7	2	£159.18	£157.59	-£1.59
8	1	£180.20	£178.40	-£1.80
Total	**14,129**	**£106.62**	**£105.55**	**-£1.07**

Sheltered/ Supported Housing

9.5. However, whilst the new approach on rent reduction applies to general needs housing, the Government announced on 27th January that it will put in place a year-long exception for all supported accommodation from the 1% rent reduction in the social rented sector.

9.6. The impact of this government exemption is to allow a rise in the rent for Sheltered/ Supported Housing in line with existing government guidelines of inflation (measured by the September Consumer Price Index (CPI) + 1%) which the Council has previously followed. Given that in September 2015 the CPI was in fact -0.1% the proposed rise in rents for these houses is actually 0.9%.

9.7. This has been done to give the Government time to study the findings of an evidence review that was commissioned by the Department for Work and Pensions (DWP) and the Department for Communities and local Government (DCLG) into the various forms and definitions of supported accommodation. The exemption follows sustained efforts by a wide range of bodies including housing providers and Local Authorities to highlight the negative effect that the 1% rent cut would have on supported accommodation due to the increased costs that this type of provision attracts.

9.8. Therefore, Sheltered/ Supported housing rents would increase by £0.85 per week (0.9%) from an average of £94.49 per week to £95.34 per week as set out in Table 3 below. These units provide accommodation that is specially designed for older and disabled people who need support on a day to day basis.

9.9. More than 98% of existing residents in Sheltered / Supported housing already receive support to pay their rent in the form of Housing Benefit, the Council will work with the small number (less than 30) of residents where this is not the case to provide financial advice and support with budgeting to ensure that the impact is mitigated.

Table 3 – Sheltered/ Supported Rents 2016/17.

Number of Bedrooms	Number of Properties	Current average rent 2015/16	Provisional average rent 2016/17	Proposed average rent decrease
Bedsit	8	£83.71	£84.47	£0.75
1	1,271	£94.28	£95.13	£0.85
2	39	£103.11	£104.04	£0.93
3	2	£105.08	£106.02	£0.95
Total	**1,320**	**£94.49**	**£95.34**	**£0.85**

9.10. The Council agreed a 3 year budget for the Housing Revenue Account (HRA) in February 2015. However, given the Government's decision to impose a 1% rent reduction for the next 4 years and the forced sale of Council houses to fund the extension of Right to Buy, this budget has become unsustainable, as the available funding is now expected to reduce by around 15% from the position assumed when the budget was set in 2015 over a 4 year period.

9.11. The Council is very limited in its options to stop a sharp fall in HRA income which means that to continue to deliver a balanced budget we will need to reduce expenditure on Housing. All HRA expenditure will be reviewed and challenged over the next 12 months. However, the rent loss in 2016/17 can be met in the first year of this new policy, by a reduction in the provision for bad debt (0.5m), and through a reduction in the HRA Capital Programme (£2.1m).

9.12. This will in turn allow the Council time to more fully explore the other options to balance the budget as part of the Business Planning process and hence return to setting a longer term budget during 2016-17.

Service Charges

9.13. In addition to rent, tenants also pay service charges. Tenants' Service charges are cost neutral. The charges must be set at a level that recovers the costs of the service, and no more than this. The proposed service charges for 2016/17 are set out in Table 4.

Table 4 – 2016/17 Service Charges

Tenants' service charges	Current Weekly Charge 2015/16	Proposed Weekly Charge 2016/17	Proposed increase	Projected Annual Income
Concierge	£15.29	£15.66	£0.37	£1,595,800
Grounds maintenance	£3.01	£3.16	£0.15	£1,291,100
Caretaking	£4.25	£4.29	£0.04	£1,664,500
Street sweeping (Waste collection)	£3.63	£3.56	-£0.07	£1,451,300
Light and power (Communal lighting)	£2.15	£2.19	£0.04	£1,015,500
Heating (average charge)	£10.15	£10.20	£0.04	£311,600
Integrated reception service (Digital TV)	£0.77	£0.77	£0.00	£353,200
Estates road maintenance	£0.49	£0.50	£0.01	£235,400
Bin and chute cleaning	£0.16	£0.16	£0.00	£64,300
Proposed tenants' service charge income 2016/17				**£7,982,700**
*Projected income is based on the number of tenants x weekly charge x 52 weeks x *99% (*Income recovery rate with 1% rent loss due to empty properties)*				

Rents for our own stock, when used as temporary accommodation

9.14. There is a significant decant programme underway, to support the current and future regeneration projects on housing estates. There is usually a long gap between the time when tenants move out, and the blocks are demolished. It is proposed to use these properties as temporary accommodation for people towards whom the Council has a duty to provide, when they are homeless. Such properties are occupied under licence, and excluded from becoming secure tenancies under the Housing Act 1985 Schedule 1 (4).

9.15. Rents are for licences and non secure tenancies are not restricted under the rent restructuring rules. The local authority can set appropriate rents, and it is proposed that rents in these properties are set at the appropriate Local Housing Allowance (LHA) rate.

9.16. The revised HRA budget for 2016/17 taking into account all of the above changes to rents and service charges is set out in Appendix 2.

10. General Fund and Housing Revenue Account (HRA) capital programmes

10.1. Multi-year capital programmes were approved for both the General Fund and the Housing Revenue Account (HRA) in February 2015. Currently the only proposed change is to the HRA programme – Decent Homes successor project, where the impact from the fall in housing rents has been reflected. Further changes to the council's capital programme(s) and associated funding are pending the exercise to review capital expenditure in the context of the Council's new Capital Strategy.

10.2. Appendix 3 and 4 sets out the 2016/17 capital programmes for the General Fund and HRA respectively. To the extent that additional schemes need to be approved in advance of a revised programme, Cabinet will be asked as part of the scheme approval to add them, together with the associated funding requirement, into the relevant capital programme.

11. Reserves and Risk.

11.1. The Council's MTFS 2015 – 2018 relied on contributions from reserves in 2015/16 and 2016/17 of £4.220m and £3.116m respectively. A replenishment of reserves amounting to an estimated £3.047m was set out for the 2017/18 financial year meaning that, in total reserves would, all other things being equal, be around £4.289m lower at the end of 2017/18 than they were in 2015/16.

11.2. In the event the improved 2014/15 outturn position allowed the creation of a £2.2m risk reserve going into 2015/16. However during 2015/16 it has been necessary to utilise both the Risk Reserve of £2.2m in addition to the further application of some £5m of reserves approved by the Cabinet in December 2015.

11.3. The latest financial monitoring report considered by Cabinet and based on the P8 (November) position identified that, even after the application of the Risk and other reserves referred to above, there remains budget pressure of around £6m. The Cabinet Member for Resources and Culture has made it clear to officers that he expects them to take action to improve this position; however, it is probable that a further call on the Council's reserves will be necessary to balance the 2015/16 budget.

11.4. The Chief Operating Officer (COO) has a statutory duty to report on the adequacy of the Council's reserves when the Council sets its budget in February and, in doing so, account will be taken of the 2015/16 estimated outturn position. However, given the clear pressure on the Council's reserves the COO is strongly recommending at this stage that any additional resources that are generated for 2016/17 are held in a Risk Reserve to offset the significant financial pressures.

11.5. When taken together, the net draw down of reserves over the MTFS period of £4.289m offset by the £2.2m Risk Reserve from 2014/15 and the improved yield from the Council tax as a result of the higher taxbase (£1.2m as set out in para.7.4) would mean that reserves would be expected to be around £0.8m lower in 2017/18 than in 2015/16.

11.6. Given the extent of the projected overspend in 2015/16, and the additional need to utilise reserves as a strategy for managing those short term pressures, the COO is strongly of the view that this action is necessary in order to confirm the adequacy of the reserves when the budget is set.

12. Consultation – Summary of Responses Received

12.1. Statutory consultation took place with business rate payers during the week commencing 11th January 2016; a presentation was made to representatives of the business community summarising the council's budget proposals. Attendees represented business groups such as: Tottenham and Green Lanes Traders Associations; Haringey Business Alliance and the Federation of Small Businesses. In addition there were individual representatives of a range of local businesses from property developers to individual traders. In general, business rate payers welcomed the Council's approach to growth and were positive about changes the Council's policy on business rates. Business rate payers also recognised the need to fund social care appropriately but were neutral on the matter of a Social Care precept.

12.2. A consultation questionnaire seeking Council tax payer's views specifically on the proposed 2% Council tax precept for Adults Social Care together with the opportunity to reflect more generally on the Council's 2016/17 budget proposals was made available on-line following publication of the January Cabinet report. A total of 315 responses were received by the closing date.

12.3. In addition 5 further responses were received through a dedicated budget proposals email address.

12.4. The responses reflect a wide range of views from local residents. The outcomes from these consultation activities in relation to the 2% ASC precept are summarised below:

- When asked about whether residents agreed with the Council's proposal to raise the 2% Adult Social Care precept, 165 (52.4%) either strongly agreed or agreed.
- 121 (38.4%) either strongly disagreed or disagreed
- The remainder were either unsure (22) or did not respond (7)
- Overall therefore, 44 or 14% more responses were considered to be positive for a 2% precept for Adult Social Care than negative

12.5. Free text comments were also sought in respect of any more general observations on the budget. Overall there were 278 comments received reflecting a wide range of perspectives. These comments have also been analysed according to whether they were supportive of the proposal to raise a council tax precept of 2%, whether they were neutral unclear or whether they were against the proposal.

- Nearly half of the comments (123 or 44%) were broadly supportive of the proposal to raise council tax. Many of these respondents commented on the pressures on adult social care and recognised the funding shortfall facing the sector.
- 74 of the comments (27%) were against the proposed increase for a variety of reasons. Most of those who expressed a negative position indicated that they were strongly against it.
- Around 81 of the respondents either did not comment explicitly on the proposed council tax change or their comments did not make it clear whether they were in favour.
- It should be noted that around 75 respondents (27%) made it clear that they would prefer that the additional money raised was used differently. Most of these respondents suggested that the money should be used to keep open some or all of the day centres. A few wished for the money to be spent outside of Adult Social Care – in children's centres or parks.
- Of the 5 responses received via email 1 was received from SASH and 2 further submissions were in support of the SASH position.. The remaining 2 were specifically supportive of the proposals to precept the Council tax but both gave the view that they wanted other existing provision maintained rather than the additional resources being used more generally in support of the Adult Social Care budget.
- In particular the extensive SASH response expressed concern that the funding would be spent on meeting the needs of the elderly and not on other vulnerable groups in the population such as those with learning disabilities.

12.6. The main themes of all the consultation responses can be summarised as:

- More people who responded were in favour of raising a council tax precept for Social Care than not.

- There was significant support for the continuation of funding for day centres.

- There were a number of comments made suggesting that the Council should either make more efficiency savings or make other changes rather than increasing taxes..

12.7. The consultation responses have been analysed and can be found attached as appendices 7 (analysis of comments on-line), appendix 8 (SASH response) and appendix 9 (other emailed responses).

The Council's Response

12.8. As set out in the Corporate Plan the Council is committed to enabling all adults to live long, healthy and fulfilling lives. This includes meeting the needs of the most vulnerable while helping them to participate more fully in the community and remain as independent as possible.

12.9. However there are growing pressures on the Adult Social Care Sector arising from a range of factors including demographic changes, an increasing complexity of need and growing costs of providing care. The commonly used tools for assessing demographic pressures in Health and Social Care are: POPPI (projecting older people population information) and PANSI (Projecting Adults Needs and Services Information) – tools produced by Oxford Brookes University and the Institute of Public Care. These suggest a rising need for care across the population – not just among the very elderly. These tools suggest the following:

- A rise in the over 65 population of just under 5% increase and 3.2% increase in the working age population.
- A rise of around 3.98% in numbers of older people requiring some assistance with self care
- The number of people with some Mental Health problems will rise by 3.3%
- The number of people with severe Learning Disabilities will rise by 3.2%
- The number of people with Physical Disabilities such that they will require personal care will rise by around 300 or 4.2%

12.10. These models confirm that the pressures in expenditure we are seeing reflect the levels of need in the population. Specifically we are experiencing significant pressures in both Older People and Learning Disabilities services. The level of pressure is such that the comparatively small increase in funding provided by the 2% precept will not resolve the whole of the pressures in the system which means that the Council needs to continue with its ambitious transformation plans in order to ensure that there is a sustainable service over the medium and longer term.

12.11. However the Council does accept that the focus in the original proposal for consultation may have been too narrow. It will therefore be proposed that the funding should be used for care packages for Older People and Younger Adults with complex needs and learning disabilities.

12.12. A significant proportion of the consultation responses focused on day centre provision and a number of respondents wish to see those day centres, which are planned to close following the decision of Cabinet in November 2015, stay open as a result of the charging of the 2% precept. However the Council's position remains that this is not the best use of this funding as it would only meet the needs of existing service users and does not acknowledge or address the increase in numbers of vulnerable adults needing services.

12.13. The proposals agreed by Cabinet in November 2015 for the future of day services will enable more people to be supported within the community within the same budget envelope and allows for a move away from segregated building based day opportunities and a chance to develop further access to mainstream activities in the community including local leisure, educational and employment opportunities with the Ermine Road Day Centre being retained and expanded to act as a physical hub for both the organisation and direct provision of day opportunities for all people with eligible needs. All individuals, following assessment of needs, will be allocated a personal budget (which in the case of new users may be funded from the 2% precept) and support will be on offer to manage personal budgets. Such a model is both more cost effective and more responsive to individual needs.

12.14. The funding of care packages rather than specific services moreover will provide more flexibility, choice and control for individuals and better meets our over-riding objectives of enabling adults to lead healthy and fulfilling lives.

12.15. For these reasons it is recommended that the Council uses the money raised by the 2% precept to fund care packages for Older People and adults with Learning Disabilities as set out in section 14 below.

13. Overview and Scrutiny

13.1. In addition the council's Overview and Scrutiny Committee met on the 25th January 2016 to scrutinise the council's budget proposals as set out in the 19th January 2016 Cabinet report. The committee raised a number of recommendations which have been considered and those recommendations together with a formal response from the Lead Member for Resources and Culture to those recommendations is included at Appendix 6.

14. Summary of Proposals for Council

a. The Council's approved MTFS for the period 2015 – 2018 set out a balanced budget for 2016/17 including the delivery of £24.746m of approved savings proposals (summarised in Appendix B of the 19th January 2016 Cabinet report) together with support of £3.116m from the Council's General Reserve. Those proposals remain the basis of the recommendations now being made for consideration and approval by the Council on 22nd February 2016.

b. The net additional resources of £2.5m arising from the government's Provisional Local Government Finance Settlement are proposed to be added to the Council's revenue budget in the following way:

- £1.3m to be added to the Adult Social Care budget in recognition of the additional Care Act responsibilities placed upon that service;
- £1.2m to be added to the centrally retained inflation provision to be allocated to services in support of the identified pressures arising from the government's single tier pension proposals and the increased costs from the most recent pension fund revaluation.

c. It is further proposed that the 2% Adult Social Care precept be implemented. The additional yield of £1.7m from the proposed 2% Adult Social Care precept would be added to the Adult Social Care budget as required under the terms of the government's precept regulations and applied taking into account the need to meet the Council's statutory obligations to vulnerable adults in the most cost effective way.

d. This additional funding will be used to fund care packages to meet the needs of individuals. The money will be allocated in line with the budget pressures currently being experienced by the service. £600k will be allocated to care for Older People including those with complex needs (including learning disabilities) and will be used to fund a range of support in the community including the development of alternatives to residential care.

e. The remaining £1.1m will be allocated to younger adults with complex needs – primarily young people in transition (turning eighteen or leaving education) and people aged 18-64 with Learning Disabilities.

f. The additional yield of £1.2m from the increased Council taxbase to be placed into a Risk Reserve in order to provide cover against budget pressures in 2016/17.

g. The proposed changes to the Haringey Schools Funding Formula be implemented from 2016/17.

h. The HRA Rent be reduced by 1% from the July 2015 level in accordance with the expected government legislation except for the council's sheltered/ supported housing unit which are anticipated to be formally exempted from the government's proposed rent reduction policy.

i. The previously agreed Capital Programmes for the General Fund and the HRA be confirmed taking into account the amendments to the HRA programme required as a result of the reduction in rental income.

15. Statutory Officers comments

Annex 1

Comments of the Chief Finance Officer and financial implications:

a. This report is primarily financial in nature and no additional comments from the Chief Finance Officer are necessary at this stage.

16. Comments of the Assistant Director of Governance and legal implications:

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

b. The Cabinet will need to ensure that where necessary, consultation is carried out and equalities impact assessments are undertaken and the outcomes of these exercises inform any final decisions.

17. Equality comments

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

17.2 Ensuring a fair and equal borough is a priority for the Council and this is reflected in the objectives and performance targets set out in the 2015-18 Corporate Plan. Equality Impact Assessments (EQIAs) were developed and published in February 2015 against each of the five priorities in the Corporate Plan and linked explicitly to budget allocations.

17.3 Further EQIA's have been developed as new operating models, service and policy changes have been considered, consulted on and implemented during the first year of our three year Medium Term Financial Strategy, Corporate Plan and Workforce Plan. These are consulted on and published as each decision is taken or change implemented.

17.4 As more work is completed against Corporate Plan priorities which include new models of working, further EQIA's will be completed.

18. Use of Appendices

Appendix 1 –.2016/17 General Fund Budget summary by Priority

Appendix 2 – 2016/17 HRA Revenue Budget summary.

Appendix 3 –.2016/17 General Fund Capital Programme.

Appendix 4 – 2016/17 HRA Capital Programme.

Appendix 5 – 2016/17 Indicative DSG.

Appendix 6 – Overview and Scrutiny Committee recommendations and proposed response.

Appendix 7 – Summary of Consultation Responses.

Appendix 8 – Consultation submission from SASH.

Appendix 9 – Additional responses to the Consultation by email

19. Local Government (Access to Information) Act 1985

a. For access to the background papers or any further information please contact Neville Murton – Lead Finance Officer.

Appendix 1

HARINGEY COUNCIL BUDGET PLAN TO MARCH 2017

	2015/16 £000	Pre-agreed Growth £000	Unavoidable Growth £000	Pre-agreed Savings £000	Pre-agreed Investment £000	New Investment £000	MTRR & Other fund adj. £000	Slippage from prev yrs £000	2016/17 £000
Expenditure									
Priority 1	**55,244**		775	(7,025)					**48,995**
Priority 2	**85,867**			(8,189)		2,910			**80,588**
Priority 3	**27,096**			(4,225)					**22,871**
Priority 4	**8,106**		(700)	(50)	(100)				**7,256**
Priority 5	**14,967**			(1,550)	200				**13,617**
Enabling	**75,117**	(250)	8,300	(3,707)	750	1,702	1,328	(940)	**82,300**
Total Funding Requirement	**266,397**	**(250)**	**8,375**	**(24,746)**	**850**	**4,612**	**1,328**	**(940)**	**255,627**
Funding									
Core Grants	**36,025**						(2,439)	-	**33,586**
New Homes Bonus	**4,256**						1,622	-	**5,878**
Revenue Support Grant	**64,061**						(13,073)	-	**50,988**
NHB returned funding - top slice	**243**						784	-	**1,027**
Council Tax	**83,862**						3,325	-	**87,187**
Retained Business Rates	**18,968**						860	-	**19,828**
Top up Business Rates	**54,763**						457	-	**55,220**
Surplus/(Deficit) on Collection Fund	**-**						-	-	**-**
Contribution from/(to) Reserves	**4,219**						(2,306)	-	**1,913**
Total Funding Available	**266,397**	**-**	**-**	**-**	**-**	**-**	**(10,770)**	**-**	**255,627**

Priority 1 – Enable every child and young person to have the best start in life, with high quality education

Priority 2 – Empower all adults to live healthy, long and fulfilling lives

Priority 3 – A clean and safe borough where people are proud to live

Priority 4 – Drive growth and employment from which everyone can benefit

Priority 5 – Create homes and communities where people choose to live and are able to thrive

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Appendix 2

HRA Summary	2015/16	Original from last Year 2016/17		Revised 2016/17	
	Budget £000s	Increase / (Decrease) £000s	Budget £000s	Increase / (Decrease) £000s	Revised
Rental Income	(84,134)	(1,397)	(85,531)	2,681	(82,850)
Non Dwelling Rents	(2,705)	(292)	(2,997)	0	(2,997)
Leasehold Service Charge Income	(7,141)	40	(7,101)	0	(7,101)
Tenant Service Charge Income	(9,978)	0	(9,978)	0	(9,978)
Miscellaneous Income	(6,486)	(126)	(6,612)	0	(6,612)
Housing Management Costs & NNDR	6,260	113	6,373	0	6,373
Supported Housing	350	16	366	0	366
Repairs & Maintenance	4,540	0	4,540	0	4,540
Bad Debt Provision	1,667	(145)	1,522	(500)	1,022
Service Charge Costs	7,304	146	7,450	0	7,450
Total Managed Accounts	**(90,323)**	**(1,645)**	**(91,968)**	**2,181**	**(89,787)**
Temporary Accommodation	(1,240)	(28)	(1,268)	0	(1,268)
Community Alarm & Supported Housing	141	(6)	135	0	135
Other Property Costs	2,084	(26)	2,058	0	2,058
Regeneration Team Recharge	805	0	805	0	805
New Build	2,200	0	2,200	0	2,200
Environmental Services Recharges	1,111	0	1,111	0	1,111
Housing GF & CDC Recharge	3,019	21	3,040	0	3,040
Adults Recharges	254	0	254	0	254
Capital	30,291	810	31,101	0	31,101
Management Fee	35,344	(925)	34,419	0	34,419
Total Retained Accounts	**74,009**	**(154)**	**73,855**	**0**	**73,855**
TOTAL HOUSING REVENUE ACCOUNT	**(16,314)**	**(1,799)**	**(18,113)**	**2,181**	**(15,932)**
Planned Opening HRA Balance	**(25,510)**		**(32,883)**		**(32,883)**
In Year Surplus	(16,314)		(18,113)		(15,932)
Capital Programme	8,941		26,534		24,353
Planned Closing Balance	**(32,883)**		**(24,462)**		**(24,462)**

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Appendix 3

General Fund Capital Budget - Proposed 2016/17

Capital Programme	Original 2015/16	Revised 2015/16	Original 2016/17
	£'000	£'000	£'000
Adult Client Group Schemes	-	181	-
Housing Aids & Adaptations	949	2,149	949
Adults Capital Programme	**949**	**2,330**	**949**
Information Technology	1,150	1,611	150
Customer Services and Libraries F2F	4,400	5,104	2,951
IT Evergreening	-	487	-
Electoral Registration Transformation	-	5	-
Business improvement/Shared Service Centre	3,000	3,000	-
Alexandra Palace	900	966	4,300
Corporate Management of Property	800	1,139	750
Recreation projects	385	569	365
Leisure External Capital Works	229	229	-
Parking Plan	300	300	300
Parking CCTV Camera	234	234	-
Street Lighting CMS & LED	3,000	3,000	-
Street Lighting	400	400	400
Section 278 Highways Act 1980 works	-	49	-
Road Safety Improvement	150	150	150
Front Line Services S106 Schemes	-	472	-
BorRds, H'ways Resurfacing & Street Furniture	3,000	3,136	3,000
Sustainable Transport - Drainage	200	200	200
TFL - Corridors/Neighbourhoods	4,569	4,569	-
Chief Operating Officer Capital Programme	**22,717**	**25,620**	**12,566**
Devolved Schools Capital	550	534	550
PFI Costs	570	1,643	-
Repairs & Maintenance	1,000	1,082	1,000
Programme Contingency	1,000	1,540	1,000
Social Care Grants	100	50	-
Primary Capital Programme	1,400	1,995	800
Match Funded Projects	200	419	-
Electrical and ICT Infrastructure	250	50	250
School Expansion - Temporary	1,500	500	-
School Expansion - Permanent	1,380	2,035	8,680
Capital for 2 year old provision	200	527	-
Schools - roof works	1,000	1,351	500
St James' Projects	-	100	-
Youth & Young Adults	-	200	-
Childrens & Young People Capital	**9,150**	**12,026**	**12,780**
Compulsory Purchase Orders	500	500	500
Housing Combined with New Work	-	433	-
Housing GF Capital Programme	**500**	**933**	**500**
Energy Efficiency Programmes	-	925	-
Accommodation Strategy Phase 2	270	810	-
Hornsey Town Hall Redevelopment	300	561	-
Bruce Castle HLF	-	-	1,000
Ashley Road/Marsh Lane	600	600	-
Technopark	500	623	500
Keston Centre	200	200	-
Tottenham Regeneration	900	1,290	4,722
Green Lanes (OLF)	-	277	-
Alexandra Palace Landscaping	-	117	-
NPD Highways & Parking	1,193	1,193	685
GHR High Steet Landmarks	300	625	-
Opportunity Investment Fund	1,604	1,604	1,470
West Green Road Tropical Park	-	70	-
Wood Green Regeneration	275	275	-
Tottenham Heritage Buildings	110	110	510
StrategicAcquisitions	15,000	15,000	15,000
Low Carbon Zones Plan	-	243	-
Regeneration,Planning & Development	**21,252**	**24,523**	**23,887**
Total General Fund	**54,568**	**65,432**	**50,682**
Affordable Housing Projects	36,807	41,567	2,143
Housing Revenue Account (Council Dwellings)	55,267	59,196	49,853
Total Capital Programme	**146,642**	**166,195**	**102,678**

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Appendix 4

HRA Proposed Capital Programme 2016/17			
	2015/16	Original 2016/17	Revised 2016/17
Programme	£'000	£'000	£'000
Mechanical & Electrical	3,000	3,000	3,000
Asbestos Removal	160	160	160
Boiler Replacements	5,000	5,000	5,000
Lift Improvements	1,000	1,000	1,000
Structural Works	200	200	200
Capitalised Repairs and Minor Works	420	420	420
Extensive Void Works	300	500	500
Professional Fees	2,000	2,000	2,000
Decent Homes Works	32,938	0	0
Successor Programme	0	28,000	25,819
Estate Improvements	1,000	1,000	1,000
Energy Conservation	100	100	100
Planned Preventative Maint	3,269	2,673	2,673
Supported Living	750	750	750
Extensions & conversions	600	600	600
Fire Safety	3,000	3,000	3,000
Disabled Adaptations	1,200	1,200	1,200
Stock Survey	80	0	0
Aids and Adaptations (decent homes)	250	250	250
Total Bids for Mainstream Programme	**55,267**	**49,853**	**47,672**
Funding for Mainstream Programme			
HRA surplus	8,941	26,534	24,353
Decent Homes Grant	11,270	0	0
MRA	19,319	19,319	19,319
Leaseholder Contributions	2,000	2,000	2,000
RTB Receipts	2,439	2,000	2,000
Assumed C/fwd from PPM	1,500	0	0
Assumed C/fwd from Decent Homes	2,000	0	0
Usable Leaseholder Balances	7,798	0	0
	55,267	**49,853**	**47,672**

Project Programme			
Infill/small sites Ph 1 and Purchase Programme *	28,327	0	0
High Road West - Leaseholder Purchases	6,000	2,143	2,143
High Road West - Homeloss / Disturbance payments	2,480	0	0
ProjectsSub Total	**36,807**	**2,143**	**2,143**
Funding			
GLA Grant / Right to Buy Receipts	3,327	0	0
Capital Receipts	11,910	0	0
Borrowing (within Headroom)	21,570	2,143	2,143
	36,807	**2,143**	**2,143**
Borrowing Headroom			
Headroom remaining	**34,465**	**32,322**	**30,179**

* Expenditure on Small sites & Infill Programme is provisional at this stage.
Awaiting final cost information from Contractors'

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Appendix 5

Dedicated Schools Grant 2015-16 and Indicative 2016-17 (Excludes 2 Year Old Funding).

	2015-16	2016-17	Change
Schools Block			
Pupil Numbers	31,156	33,059	1,903
Unit of Funding	£5,870.93	£5,913.42	£42.49
	£m	**£m**	**£m**
Formula allocation	182.914	195.492	12.578
Addition for Free Schools and Non Recoupment Academies	9.677		-9.677
Removal of Carbon Reduction Commitments			0.000
Addition for Newly Qualified Teachers	0.047	0.048	0.001
Schools Block DSG	192.638	195.540	2.902
Transfers to High Needs Block			
Capital Expenditure from Revenue Account	-0.489	-0.489	0
Contribution to top-ups for pupils with statements	-0.289	-0.289	0
In Year Fair Access	-0.338	-0.338	0
LAC Placements	-0.200	-0.200	0
Balance of CRC	-0.053	-0.053	0
Schools Forum 3 December 2015		-0.962	-0.962
Total Inter-block transfers	-1.369	-2.331	-0.962
Revised Schools Block Total	**191.269**	**193.209**	**1.940**

High Needs Block	**£m**	**£m**	**£m**
High Needs Block DSG	31.796	31.690	-0.106
Transfer from Schools Block (see Schools Block for details)	1.369	2.331	0.962
Adjustment with Early Years Block	-0.014	-0.014	
Revised High Needs Block Total	**33.151**	**34.007**	**0.856**

Indicative Early Years Block (to be updated by DfE with Jan data)

Three and Four Year Old Funding			
3 and 4 Year Old Pupil Number to be updated after January Census (FTE)	2,450	2,450	0
Unit of Funding	£5,345.46	£5,345.46	0

Two Year Old Funding

2 Year Old Pupil Number to be updated after January Census (FTE)	407	407	0
Unit of Funding	£5,016.00	£5,016.00	0
	£m	**£m**	**£m**
Indicative 3 and 4 year old allocation.	13.096	13.096	0
Indicative 2 year old allocation.	2.042	2.042	0
Indicative Pupil Premium	0.317	0.317	0
Adjustment with Early Years Block	0.014	0.014	
Early Years Block Indicative Total	**15.469**	**15.469**	**0**
Indicative DSG	**239.889**	**242.685**	**2.796**

Note:

1. The reported increase of £0.477m in the HNB resource is made up of a reduction of £0.505m in recoupment a reduction of £0.048m in top-up requirement and a reduction of £0.106m in the HNB allocation.
2. The DSG figure is before ‘recoupment’ for non-maintained settings.

Appendix 6

Overview & Scrutiny Committee Budget Recommendations

Recommendation	For Cabinet response / or Information request status
That Cabinet should ensure sufficient flexibility in adult care budgets to support where possible the outcomes of co-production exercises.	Agreed – this approach will be key to ensuring that the council continues to meet its statutory obligations to vulnerable adults in the most cost effective way.
That Cabinet should ensure a comprehensive financial risk register is maintained and updated, and considered at Cabinet on a quarterly basis.	Agreed – the format and the appropriate level of detail will be agreed with the S151 Officer.
That as part of financial risk management, Cabinet should consider and confirm a strategy to ensure adequate levels of reserves across the MTFS period.	Agreed – the S151 Officer will report formally on the adequacy of the council's reserves as part of the statutory budget setting report to Council on 22nd February. This review will be extended to cover the period of the MTFS when it is reviewed from May 2016 onwards.
That Cabinet should confirm arrangements for reviews of savings plans in 2016/17 (para 5.1.i) and ensure that OSC is consulted on the outcome of those reviews and any proposals made.	Agreed – Priority Boards will continue to exercise oversight of saving delivery plans and the outcomes from these arrangements will be set out in the regular quarterly budget monitoring reports that are considered by Cabinet and reviewed by the Overview and Scrutiny Committee.
That Cabinet should consider further sources of income for the Council, and opportunities to maximise income from all sources, report and update OSC and Scrutiny Panels on income maximisation as appropriate.	Agreed – officers will be asked to consider the range of opportunities across the council and report their findings to the Cabinet. O&S Committee may additionally choose to incorporate reviews across individual areas into their work planning for 2016/17.
That individual Scrutiny Panels should monitor budgets in the priority areas they oversee through 2016/17, and report formally to OSC after Q2; and that OSC should formally consider overall budget performance after Q2 and make recommendations as appropriate.	Agreed – this can again be incorporated into the O&S Committee and scrutiny panel work planning for 2016/17 and I welcome this more focussed approach.

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Appendix 7 – Consultation Responses to 2% increase for Adult social Care

		Positive/Neutral/Negative Comments		
No	**Consultation Response**	**Pos**	**Neut**	**Neg**
1	Although, it will not bring in sufficient funds to cover for the impact of the cuts , it at least gives some form of evidence to suggest that the LA cares for its most vulnerable section of the community. It may also give an opportunity if used effectively to enable the LA to think creatively about service delivery in this area.	X		
2	Social Care is in crisis and demand is rising.		X	
3	I have been appalled by Haringey Council's proposals to cut much needed services for vulnerable adults, including the closure of day centres for people who are highly dependent and have reduced mental capacity. I expect Haringey to take advantage of the chance to increase council tax by 2% in order to ameliorate the effects of this policy by halting closures.	X		
4	Not happy about the increase as pay is frozen and everything else goes up.			X
5	Adult social care services in Haringey are facing crisis and funding is essential	X		
6	Adult Social care services must not be cut or reduce		X	
7	In case you had not noticed most people in Tottenham are poor. I know that in Muswell Hill where you live there is load of money and your houses are worth millions; but we don't all live in your world.			X
8	Happy with an additional tax provided I know where the money is going and approve of that service!	X		
9	I think it is really important that vulnerable adults and the elderly are supported.	X		
10	I do not see that the case for an increase is made and with some years working in local government, I would want a stronger focus on seeing what savings can be made.			X
11	Like everything else this will start at 2% and before we know it care costs will rise and in future we will find ourselves paying over the odds as we do for every scheme initiated by both the government and the council. Rates are a prime example we used to pay a minimal amount now we pay1600 a year council tax. I am against paying anything else I pay my taxes to the government and the elderly have paid in taxes many for 50-60 years it is not our fault the government has mismanaged peoples taxes and funds. They find billions of pounds to spend on arms for war but are unable to find monies for the elderly and vulnerable people. I am against paying the 2% because I know that care costs will rise and we will be paying 10 - 15% if not more before we know it. We are already struggling to ,pay our mortgage and bills, the Bank of England is saying mortgage			X

	rates are set to rise this will be another bill where we have to find extra funds as well as the rising costs of utilities - we have to live.			
12	In the absence of central funding this option is one of the few open to the council, and therefore has to be utilised.	X		
13	Adult services is underfunded - we should be increasing revenue as much as we can to support the most vulnerable	X		
14	The people who benefit from these services are in great need. Those of us who can afford to pay a bit more, should do so. One day it could be us who needs them.	X		
15	It's a small increase for each household but it would improve the care services for older people in the borough if properly managed.	X		
16	I am concerned that Haringey is still not making sufficient efficiency savings without cutting back services. Telling people that the authority has been up against government cuts is misleading as most London authorities have been in the same boat. Haringey SHOULD be improving Adult Social Care but MUST work more SMART. The fact remains that when you look at the table of Council Tax costs for 2015/16 across all London Boroughs from the London Councils website, Haringey continues to charge one of the highest amounts despite escalating revenue from a big surge in population in areas such as Tottenham Hale. Haringey is the fifth most expensive band D authority in the whole of London. The Council MUST work much harder to improve this.			X
17	The government cuts are so severe as to put vulnerable people at risk. We need assessments and support for day care centres that face closure.		X	
18	Essential to maintain services in this area in the face of central government vandalism.		X	
19	Seems reasonable to increase funding in this area	X		
20	Vital for many people, to let them live with a modicum of dignity & prevent unnecessary hospital admissions.		X	
21	Many people at risk (vulnerable) will suffer more from the short term cuts. In the long term this will entail much more cost to repair the damage caused by the short term cuts proposed. What provision has been made for the day care centre services, including basic foot care, lunches and social engagement, being made available elsewhere? For example Abyssinia Court is now self managed. Can this idea be extended to cover other day care centres under threat of closure?		X	
22	Adequate funding for adult social care is important in itself but also to free up scarce hospital beds.		X	
23	Vulnerable adults need this support. What sort of society are we if people with dementia, sensory disabilities etc. have	X		

	minimal support. The precept would not be a large amount; I am sure most people would be happy to pay it.			
24	Elderly people are increasing in numbers in the borough and the more preventative social facilities that can be provided the better to keep them independent and therefore less of a state burden in the long run.. Keeping the Haven Centre is vital to reduce isolation amongst the users and to continue its base for the Foot care service vital to keep elderly on their feet.		X	
25	Any chance of some extra cash in the budget for social care is welcome as so much is now at stake for the most vulnerable people of the borough with the intended cutbacks	X		
26	The council tax is already quite expensive and I feel this will just encourage further increases each year. It was also a promise in the election that council tax wouldn't increase so I don't understand how this has now changed, should you not have an understanding of the borough you are trying to manage before making promises you cant keep?			X
27	Essential to keep these services running		X	
28	There is no alternative to the rich people's government policies.		X	
29	The council tax is too much already			X
30	Many people are finding it financially difficult now. Wages, particularly in the public sector have falling in real terms.			X
31	It is a travesty what central government has done to the welfare state, including social care services. If we can assist those who need it by paying an additional 2% on council tax then I am willing to do so.	X		
32	I am not a fan of council tax and feel there could be fairer system. That being said, I do feel that cuts council funding by central government do present a special set of circumstances. The council should clearly communicate, post the money being spent, the effect/value it has had - something all councils should be better at in general. In the longer term, I am in favour of the council expanding its revenue base through development.	X		
33	The council tax has been frozen for 6 years and this is a long time. I understand people do not want to see costs increase but we need to protect Adult Social Care and if we choose not to, what does this say about our society in Haringey. For me it would say we do not care and are totally selfish and I do believe that the majority of people do care. We simply have to agree to this increase to protect some of the most vulnerable in our society. I will be most disappointed, if the decision is not to agree to the increase.	X		
34	These services are vital to support people who are often without other sources.		X	
35	The Council wastes enough money as it is			X
36	Use the inflated amounts the council raise from penalising motorists			X
37	I believe that the extra funds raised should go towards keeping day centres for elderly people open.	X		

38	The council tax if expensive enough			X
39	Keep the centres open by preference.		X	
40	Spending cuts should be made right across the board.			X
41	It should be used to save the centres that the Council is currently considering closing. Not for any other purpose.	X		
42	Council tax is already to high and there is waste every where. If you want to spend more in one area you will have to get the money from somewhere else than my wallet. Your recent <strange logo> "Haringey" campaign was a colossal waste of money. If you have cash for that type of thing, then don't come after my money.			X
43	Desperately needed, may need some of it for hardship fund for households on lower incomes to bear the additional cost of council tax rise,	XX		
44	I FEEL THAT CARE OF THE ELDERLY OR SOCIALLY VULNERABLE SHULD BE FUNDED BY THE GOVERNMENT, BUT IF THIS PLAN IS TRULY THE ONLY VIABLE OPTION, THEN PERHAPS IT SHOULD BE IMPLEMENTED.	X		
45	Adult social care is vital in modern society, and helps keep people from using the overloaded NHS.		X	
46	Vulnerable people need as much help as possible	X		
47	Obviously any increase in funding to any area of social care is a good thing but I have no idea if Adult Social Care Services are the more worthy.	X		
48	My understanding was that the residents of Haringey have voted overwhelmingly for local day care centres for the elderly and vulnerable to be saved and not closed as the Council continues to propose. I therefore think the money raised through the council tax precept should be used to save as many of the centres as possible and not simply added into the existing care package budget (currently £62m).	XX		
49	I work in research and policy for an older people's charity, so am hugely aware of the funding gap faced by social care. Although I strongly disagree with the 'social care precept' as a government policy and do not believe it is the best or most sustainable way to fund social care in the long-term, the need for additional funding is so acute that I am fully behind Haringey using the powers they have been given. I would, however, be keen to see more information from the Council on exactly what they plan to spend the precept money on (commissioning new services, increasing capacity from existing providers, increasing the fees paid to providers, improving quality of care, etc.).	X		
50	I would like to know why the facility for over ^% years old been remove at the new river sport centre?		X	
51	I would need to know precisely how the money is to be spent and a guarantee that the money will be spent in the way specified	X		
52	I think the money should be used to support and keep open, local day care centres.	XX		

53	I would prefer the 2% precept to be spent on saving local day centres for the elderly and the vulnerable which under current Council plans are due to be closed. I do not want the money to be absorbed into provision for adult care services	XX		
54	I think that the Centres should not be closed as they provide a way for people with adult care needs to continue to connect with the community, reducing social isolation.	XX		
55	It's the right thing to do.	X		
56	Obviously no one wants an increase that's been driven by central Government cutting the grant to local councils forcing them to raise the Council Tax or cut services. Adult Social care is a vital service and the Centres should be saved rather than disbanded and a new ad-hoc system put in place.			X
57	The council tax is already too high and the council need to learn to budget for these services.			X
58	People need to plan for their own care and should not be down to the council tax payer. Why are people not making provision in old age?			X
59	These services should be and are funded by other taxes. Council tax should be used for service that benefit all that live in the borough, not for a minority which the government should be focusing more on.			X
60	I'd like to see evidence that the money is only being used for this purpose.	X		
61	Council tax is already so high and i think council should manage it well to us it for the adult care too!! I actually think council tax should be reduced.			X
62	With ageing population, the demand for care is increasing		X	
63	Adult social care has been overlooked these last year's and might be severely cut, which is appalling.		X	
64	In the current circumstances, it appears to be the only way to provide such essential services.	X		
65	To be used to continue adult social care.	X		
66	Money is also needed for child care	XX		
67	The elderly are living longer in increasing numbers hence care of the elderly is a growing need!		X	
68	Council tax is already too high - should find a way of paying for this out of existing budget.			X
69	Social care is a priority		X	
70	I believe it is crucial that day services for all vulnerable adults remain open and do not believe closing them will be cost effective. As well as offering social and developmental support to the users they also provide some respite to the carers of these people at risk. This is often the only break these carers wil have. If closed the pressure on these carers will increase and put an extra burden on other support services ie Health and mental health. Ultimately these pressures could lead to a real breakdown in their support and put more pressure on care homes and hospitals.	XX		

71	I agree with the proposed rise Council Tax (CT) of 2% in principle to cover the ever increasing cost of Social Care. My issues with this CT rise is to do with effect that this 2% increase would have on those residents currently on benefits and whom contribute albeit at a reduced rate, and whose benefits have been savaged in line with central governments revolution of the benefits system AND whether it is possible to claw more blood from those on benefits without compounding to the misery of those on benefits which has propensity to see an increase in those able to manage their Council tax, which doubtless will see an increase in Council tax arrears and an increase in enforcement administrative and Court fees, not least the impact on peoples health, all of which have also to be paid for by the Council Budget. I see no issue with the increase in Council Tax of 2% provided that it is intended for those that can afford to pay.	X		
72	Adult Social care already have £62m, while extra money is always needed, while everywhere else has to tighten their belts and indeed Care for the elderly has been consistently reduced, I believe it is criminal use any money raised that could save such valuable and needed service to be used elsewhere. If I am asked to pay more I should have a say where, we are supposed to be in a democracy		X	
73	This has to be paid for somehow		X	
74	The adult day centres provide a lifeline to those with severe needs and particularly their carers, who otherwise face a life of drudgery. Home visits do NOT provide the same level of support as they do not allow the carer significant time away from the home.		X	
75	KEEP THE DAY CARE CENTRES OPEN INSTEAD		XX	
76	Additional money raised was meant to save elderly centres so is misleading to then spend on something else! I'm sure you can make cuts elsewhere to support adult social care such as not squandering on a new logo and marketing!	XX		
77	Am already struggling under burden of taxes and rates. If rates were to increase I think there are higher priorities than this eg education.			X
78	Why close the day centres when then they waste money making wide pavements in Wood Green High Road which was not necessary.		XX	
79	Do not close care centres!		XX	
80	An increase to an existing budget would be in danger of becoming swallowed up and used inefficiently. Much better to use the money to save services which have been earmarked for closure, such as day centres. In these you will know existing running costs and can plan more effectively.	XX		
81	I believe the 2% needs to go to local day care centres for the elderly and vulnerable to be saved and not closed, as the Council committed to before this new suggestion of it supporting Adult Social Care. I believe that Adult Social Care	XX		

	should be reviewed and funded nationwide by Central Government in tandem with an urgent review of National Health Service funding. A specially targeted increase in Income Tax should then be implemented to bring these services to an acceptable level to make them fit for purpose. Current lack of funding is often causing considerable misery for all concerned.			
82	Our current taxes are sufficient compared with other boroughs			X
83	Not clear where the extra funds would actually be spent. As a relatively small extra fund compared with the overall budget, this extra money should be earmarked for a specific activity, where it will make a real difference. Suggest using this 2% specifically to support adult care day centres.	XX		
84	among many others I'd prefer the money to be used to keep open the local day care centres for the elderly and vulnerable.	XX		
85	Do not think any increases would be applied to Adult Social Care services.			X
86	Money should be found through savings within the administration of the council and curtailing expenses which are not vital for the running of the various Adult Social care services.			X
87	I agree that the money should be used to provide social care to as many people as possible. If the current money isn't enough to expand care beyond those who already receive it then I think this money should be used to fund new people.	X		
88	We need to be putting more money into care services, as our elders live longer, they'll require more help. They've paid their taxes for their entire lives and deserve to be looked after in their later years.	X		
89	I am unable to increase my income. So why should you keep increasing the council tax. keep within your budget. I have to.			X
90	Adult Social Care is underfunded and demand will rise with the abolition of the ILF. Haringey has a reputation for being one of the worst boroughs to live in if you are disabled. Not only are disabled people inadequately supported, live in care workers are paid well below the minimum wage for a very important job. Both groups of people deserve better.		X	
91	We have other issue that need resolving before this one.			X
92	ONLY if it is used to protect Day Care Centres	XX		
93	many elderly people look at this social care service as a life line		X	
94	People will suffer if there is no support		X	
95	I would like to see the extra money used to secure the future of local day care centres for the elderly and vulnerable.	XX		
96	Because you are not saving the care centres. I don't believe in just adding this money into care packages is a good use of the money. I probably would not have as much problem with this (as it boils down to a difference of opinion) if I saw evidence of general good spending. For example, every few weeks I need to call Veolia as my waste has not been collected, it is astonishing the way our money has been wasted on the waste of money		X	

	spent on a re-branding project, and the number of paving stones which are damaged.			
97	Adult care centres should not be closed - contrary to the Council's proposal. Payments of care fees to private companies of around £700 per person per week is throwing money into a bottomless pit. Everything should be done to enable adults to remain at home.		X	
98	I think the money should be spent on day care centres not adult social care services	XX		
99	The Council need to be more efficient and find this money themselves. It is unfair to increase household outgoings by statute. I am unable to recover the monies by the same means from my employer.			X
100	I want local day care centres for the elderly and vulnerable to be saved and not closed.		XX	
101	The priority for any additional spending should be local day care centres for the elderly and vulnerable, which I understand are under threat.	XX		
102	Are you kidding me???? My boyfriend in Battersea pays £29 a month for 2 people (in a 3 bedroom house I'd like to add). And their services actually WORK. I pay £45 on my own, on a low income in a glorified bedsit. I don't know what you're doing with the funds you have but definitely you're doing it wrong somewhere!!!			X
103	It depends what support means. The council has been keen to close social care support centres. If this reverses that then I'm happy to pay more. If it means continuing the cuts and spending the money on expanding other social care services, that would be irresponsible and I would not support it	XX		
104	The money should be spent on care for the elderly, not enough is being done for them. Pick ups for the elderly so that they can attend coffee mornings, carers to visit the elderly once a week, they deserve more services like this.	X		
105	I agree money should be raised but to save day care centres not simply add it to the care packages budget	XX		
106	We already pay one of the highest tax in the country for poor services and it has been so for very many years. Maybe Haringey should put its house in order first and would find the money it needs through better management and less waste of taxpayers money!			X
107	This money should be used to ensure that existing centres are funded. This would better help working families and communities.	XX		
108	Save local day care centres for vulnerable adults, including the elderly. If we don't save them now , it will cost more in the future to make proper provision for these people.		XX	
109	I am not a pensioner with a massive income, but since I do not claim pension credit, I have to pay council tax. Slightly fed up			X

	with paying for those who put nothing into the system. My income is approx £12k and I only have a reasonable lifestyle because I don't pay rent.			
110	Haringey council tax is already too high to justify services offered. Council should seek savings (cut PR campaigns, rebranding, council magazine) and not increase taxes			X
111	Think it will just get lost in the system with no obvious benefit			X
112	I don’t know enough about the services provided to give an informed answer		X	
113	Because Adult Social Care Service needs our support.	X		
114	I believe it is essential to provide support for Adult Social Care services and and willing to pay for this.	X		
115	Use efficiency to save money e.g no further road humps, no more silly initiatives like 20 mph road signs			X
116	But I would like it to go towards keeping centres open.	XX		
117	Spending has to adjust to the broad profile of the boroughs residents		X	
118	It should be used to keep existing Day Centres for the elderly and vulnerable open. it should not be added into Care Packages where it will just get lost and eaten up by suppliers.	XX		
119	Should be used to prevent closure of existing essential day care facilities for the vulnerable.	XX		
120	I do not think the council tax should be raised to finance social care without more information on how it is to be spent. I have in mind that the council intends to take away, or at least reduce in real terms, the financing of existing care homes, which seems to me a very bad decision. The council has a very bad record on social care and I think that more could be done to cut costs elsewhere in order to finance social care.		X	
121	Although the increase might adversely affect less well off council tax payers, it has to be recognised that there is a crisis in social care and that it is something we all might need at some point in our lives. This is not an ideal solution as it results from the drastic cuts Tories have made to council budgets and from austerity in general which penalises the wrong people.	X		
122	We already pay a very high level of Council Tax....this should only be considered when we are at or below the average council Tax for London.			X
123	Social care is woefully underfunded as it stands and gov cuts have created a social care crisis.		X	
124	I want local day care centres for the elderly and vulnerable to be saved and not closed,		XX	
125	I understand that the social care budget needs to be increased but would prefer the local authority to fund it by making savings elsewhere.			X
126	It's essential that any community takes care of it's elderly vulnerable adults, or those costs will increase in other forms e.g. hospitals, relatives having to give up work and claim benefits, which is likely to increase the number of adults needing social care, creating ever increasing circles of need and		X	

	cost on many levels.			
127	We need to look after our at risk adults. We need to keep existing facilities open and also increase the support		XX	
128	This is essential to mitigate some of the cuts to adult social care already made.	X		
129	I believe any increased funds should be divided between adult social care services and keeping open local day care centres for elderly and vulnerable people, rather than closing them, as support for both is equally important.	XX		
130	The elderly and disabled need support		X	
131	You can cut the CEO's package and all the other parasite advisers that operate outside of this banana republic council with the highest council tax in London for the worst services provided...			X
132	Money should be spent on day care centres for elderly and vulnerable people		XX	
133	Any increase of the Adult Social Care should be done by reducing existing waste and unnecessary expenses in other sectors of the budget.			X
134	Local residents overwhelmingly want local day care centres for the elderly and vulnerable to be saved, and not closed		XX	
135	I've worked in the NHS in neighbouring boroughs and realise the importance of Adult Social Care services in providing safe and stimulating and learning environments for vulnerable people and also in providing much needed support for their families/carers.		X	
136	I feel that the Council Tax is already too high.			X
137	Council taxes are already too high			X
138	Until such time as the Council stops wasting money on self-publicity,such as the Haringey People, and the redesign of the logo and wasteful projects like the recent introduction of the 20mph zone which was not want wanted by the majority of residents and won't be enforced the council should receive no further funds.			X
139	I agree only if this money is used specifically to keep open Adult Day Care Centres, particularly for the Elderly.	XX		
140	You could make savings in other areas, such as sacking so many of your useless employees.			X
141	The alternative doesn't bear thinking about. The care would go into private companies whose main motif is profit.		X	
142	The extra money should be used to keep those centre's due to be closed OPEN.	XX		
143	This area of care is possibly neglected versus other areas		X	
144	With an aging population and continuing social deprivation, it is important that society spends time and money on looking after the more vulnerable people in the area.		X	
145	Our elderly are isolated and lonely as it is and we need to tackle this problem better and keep day centres open so they have a		X	

	place to meet and socialise. Loneliness contributes to mental and physical ill health they need company and centres to go to!			
146	This is a short term solution. The better path would be to get rid of this dreadful conservative government and restore the central government grant so that Local Authorities can be more adequately funded. It is the responsibility of LA's to meet local needs and these will vary with there being, in many cases, greater need in the North and West of the country than in the South. Nevertheless there are vulnerable communities locally that need to be better provided for: the elderly poor, those with physical disabilities, learning disabilities and complex needs and the young unemployed and under-employed. From each according to their ability to each according to their need. Why be ashamed of that! An increase in a general, progressive tax like income tax would be a start. And perhaps those who are elderly, like me, and who are relatively well off should make an appropriate contribution - eg: pay £100 pa for their 65+ Freedom Pass and no longer receive the free winter fuel subsidy. We need a fair means test to ensure that those who need are appropriately subsidised and those who do not, are not.		X	
147	It's hard enough living and working a 56 hour week every day of my life to pay rent as I can't afford to buy, plus now you want to raise council tax as well? How am I supposed to afford it? I'm on an above average wage, and yet live hand to mouth each week and can't afford to buy my own place at 33 years old! YOU should THINK about LOWERING COUNCIL TAX NOT RAISING IT!!			X
148	Any extra funds raised by an increase in council tax should be used to maintain existing care services for the elderly in Haringey	X		
149	You should use the money to keep the existing local day care centres open and not close them as you have planned to. This would keep a lot more people happy and in the community to which they want to belong. You should not be closing them.	XX		
150	Adult Care Services should be funded in the same way as all other services and should not be used as the thin end of the wedge to increase the Council Tax			X
151	Council tax in Haringey is already one of the highest in the country. I don't want to see Adult Social Care services suffer but I feel the money could be raised in other ways. Can the council justify spending £86,000 on a rubbish logo re-brand? Or £20,000 on a film promoting the borough's strengths?! Why have councillors had their special allowances hiked by 6.6%? A ridiculous waste of money in these times.			X
152	I don't want to see adult social care service suffer, but Haringey's council tax is already ridiculously high. I would have more sympathy for you when you say money is tight if the council hadn't spent £86,000 on a pointless rebrand; £20,000 on a promotional film; or increased councillors' special allowances by 6.6%. Complete waste of money			X

153	Only agree if money if spent on adult care. Trouble with money going to council is that after 1st year money goes elsewhere!	X		
154	Haringey already receives enough for these services and should use the monies carefully.			X
155	This increase would be very thinly spread and not make a substantial difference to Adult Social Services, whereas keeping the facilities open for the elderly and vulnerable would have very clear benefits	XX		
156	The council tax is high enough.			X
157	Provided this increase is absolutely used to provide care for the elderly in Haringey I consider this a just and rightly deserved decision.	X		
158	I would rather agree to a small increase to keep the borough clean. There has been a marked deterioration in cleanliness of the streets in South Tottenham. I collect each and every day tins and plastic bottles in front of my house and along Philip Lane. I cannot find many old and poor people in the part where I live. If somebody moves to this area, it is young families and they would suffer by paying more council tax.	XX		
159	It is needed, but should be spent largely on local day care centres.	XX		
160	I believe that these services should be already under the local authority's payment umbrella without having to ask the populous whether an increase is the correct way to go. I agree that these services need to be paid for, just unhappy that the Council Tax I pay has to be increased to cover it. Maybe the top levels of management at Haringey could consider a pay cut?			X
161	These services help protect some of the most vulnerable in our society and need to be protected for persons now and in the future.		X	
162	There is a great need for better care for the elderly, and those with mental health problems, so any money raised should be used to improve these services		X	
163	Contradicts the will of parliament in making cuts. If parliament had intended that budgets were maintained by increasing taxation it could have done so.			X
164	No entirely sure how this increase in Council Tax would have a direct impact on provision.		X	
165	It is totally unnecessary as Haringey is one of the richest boroughs in the country. Under the Freedom for Information Act shown in The Times newspaper, Haringey was 4th in the whole country in the amount of millions it had stored in Icelandic banks. Over £26 million some years ago. Therefore, it is ridiculous to propose increasing council tax being such a rich borough. They also pay their staff top wages, as was stated in the press recently - having numerous staff on over £100,000 per year with massive pensions. The chief executive was the 2nd highest earner in London, 2nd only to the chief executive of Westminster in London. So how they have the audacity to put council tax up with all these funds is unacceptable. Their waste in the borough is so transparent and they have never been held			X

	to account for their diabolical over spending in so many areas of the borough that are totally unnecessary.			
166	The additional money raised should be used specifically to keep the day care centres for the elderly open, and not included in the general Adult Social Care services.	XX		
167	Provided it is guaranteed the money will be spent on adult social care	X		
168	Existing funds could be spent more intelligently			X
169	I am a pensioner, too many increases everywhere. Haringey has a very bad history of giving out bonuses and overinflated redundancy payments, plus Haringey does not take responsibility for it excess spending. I suggest the council tax remains unchanged until the country is a better financial position.			X
170	The council doesn't provide value for money now and the council tax is the highest monthly bill for most households. It should review how it's using its existing funds. There is so much waste			X
171	To keep day care centres open	XX		
172	I feel,that the money should be used for the day care centres for the elderly	XX		
173	Finance for these services must be found, one way or another.	X		
174	I don't get much in the way of services. Why should I subsidize other people.			X
175	Solidarity with my fellow pensioners.		X	
176	Provided the increased tax is used to retain adult day centres and improve other services rather than be used to pay for additional users	XX		
177	Please save the adult care day centres, and the day care centres for autistic and other special needs people		XX	
178	I think that anything that provides help to Adult Care services is a good thing	X		
179	Whilst I appreciate the need to raise adult social care funds, at a time when public sector workers are getting less than 1% pay rises, this seems unreasonable to raise council tax by 2%. Perhaps you could reconsider in line with public sector pay rises?			X
180	the Day Care Centres are a lifeline for many families.		XX	
181	My elderly, bed-ridden neighbour relies on adult social care services so I have seen first-hand the issues here		X	
182	I think central government cuts to councils are terrible but you have to try to prevent older residents of Haringey suffering.		X	

183	The decision to spend £86000 or whatever it is on a new logo (and rolling the entirely inappropriate result out will only cost more) underlines the fact that this administration is not fit for purpose. THAT money should have gone on Adult Social Care Services. If the Council was spending money wisely, I would feel more positive about 2%. But what I see is disaffected, disillusioned staff who seem to spend a disproportionate amount of time on office politics, sick leave or planning how to leave their employment whilst retaining maximum pension benefits; underfunding in some areas, poor administration and a startling lack of competence in others; wasteful policies driven by political ends; and incomprehensible decisions about how to spend money, never highlighted more clearly than by this farcical rebranding exercise. The services only deteriorate. I don't see any point in giving more money to this administration. They should first cut marketing, PR and consultancy spend and have a spending review driven by common sense.			X
184	Any money raised by increasing council tax by 2% should spent on keeping open local day care centres for the elderly and vulnerable rather than adding the money into the already large budget for care packages where it will be swallowed up, often by privately run companies.. Loneliness is the one of the very worst sides of modern day life and so many people have no family or friends to turn to for company. These centres can give them something to live for, rather than trapping them in their homes with nothing but the TV for company.	XX		
185	Won't you use the increase to ensure that adult care centres are kept open? Surely this is the priority! I am very confused by the way. Everything gets 'dressed up' so we don't really know what's going on.	XX		
186	A civilized society should be providing for its vulnerable citizens, especially the elderly		X	
187	There are plans to close the Day Care Centres. The money raised from this additional taxation should be used to keep them open. Other OAP funding amounts to £62m, so the amount raised from the additional 2% levy wouldn't significantly add to that - indeed it may give Central Government the excuse they want to reduce their contribution by a similar amount!	XX		
188	The tories are trying to force cuts in services beyond the point of reason		X	
189	Money should be used to redevelop day opportunities for adults with disabilities	XX		
190	People need to be cared for.		X	
191	The new money raised should be spent on keeping open day centres especially those for dementia care. My mother attended one and it was a godsend for her and me	XX		
192	Spend the money on day centres not social care packages	XX		
193	Agree, but wish it could affect higher bands more than lower.	X		
194	I don't think any increase should be spent solely on adult social	X		

	care			
195	I think it is an important and worthwhile investment of funds that will save Haringey money in the long run (i.e. reduce hospital admissions and pressure on emergency services).	X		
196	ASC desperately in need of more money to provide a proper service	X		
197	There are other areas that such a sum could be raised			X
198	Something is really wrong with the tax system in UK! Council tax should be paid by the rich house owner, but not by the poor tenants, who are burly surviving to pay very high rent on the properties in London, like no where in the World. Think about it			X
199	Adult Social Care should be funded by the Government and not by increasing our council tax. Any increase in council tax should be used to continue to provide local services for children and families, such as youth centres, keeping libraries open etc	X		
200	The precept should be ringfenced for adult care centres, which are essential to the quality of life of those they serve and their families.	XX		
201	Concerns that some residents are not getting adequate health and social care so if the increase will help to provide those services then I am willing to pay the 2 percent Council Tax increase next financial year.	X		
202	The existing centres should be supported adequately	XX		
203	Although I agree with the strong need for additional help in adult social care, the brunt always lies with the tax payer. I believe the root problem lies not with how much resources that are available but the management of these resources. If better managed, and in likely cases 'less corruption', council tax does not need to be raised. Unfortunately if the tax is increased, next year or the subsequent years we will be told that there it STILL not enough money for desperate departments and taxes will need to be increased. Throwing (tax payers) money into a bucket with a hole in is never the answer.			X
204	Agree with increasing the Council tax and also supporting adult social care services but not convinced by the manner in which the Council intend to utilise the funding to best effect.	X		
205	The cuts have fallen disproportionately on adults and older people. I think that the Council should increase council tax by the full legal amount ie up to 4% to compensate for the lost services to some extent.		X	
206	Council already too high			X
207	Central government cuts have impacted on local authority resulting in less finances for social care. However demand increases and us more complex. Need to raise revenue	X		
208	The increase should be available to help to keep much needed day services open.	XX		
209	I disagree with the proposed allocation of this money. I want the money used to be spent of local day care centres for the elderly and vulnerable- these are essential to our community and need to be kept open for these people	XX		

210	It's about 2 weeks food for my wife and I. It starts to be significant.			X
211	The council should seek other resolution to generate money In order to save centres; increasing council tax means more expenses for low income families			X
212	Haringey has an stinging population who contribute towards paying council tax they should have some benefit in return		X	
213	Think it is very important to keep the day care centres open		XX	
214	I would like to support this increase in money but it should go towards maintaining centres which support the elderly and vulnerable. These centres enable these people to leave their own homes and enjoy the company of others. They can also provide a welcome break for their carers.	XX		
215	Adult care services need proper funding because of an increase in the number of aged and retired people		X	
216	With a growing need for elderly support it is essential that a Labour Haringey provide as much support for this group as possible. Having a dedicated fund to ensure that no facilities are lost to the Tory budget constraints is a good way of demonstrating Labour's commitment to ordinary people who cannot afford expensive private care.		X	
217	We have a duty as a society to look after all members of that society. As our elected management body we must have faith and trust that you are managing our borough, and those in it, correctly. Therefore, if you say that you require additional funds and provided you are confident that those funds are being correctly used, then you should have them.	X		
218	I agree that we should help those Adults who need extra care. It will also help those local residents who are full time carers. I hope that when I am in need of help that it will be available to me. It is a sad state of affairs when us tax payers have to pay even more money to solve a problem that the government have caused.	X		
219	The Day care centres that have been closed are vital if adults are going to be able to remain in their own homes. People with autism or dementia are particularly in need as they are very stressful for carers to look after. They themselves also have a right to a fuller life.		XX	
220	Why the increase?		X	
221	I disagree with any raise in council tax. Haringey Council needs to cut waste and use its money more efficiently. If the Council does decide go ahead with this rise the additional funds should be used to keep local day centres for elderly and vulnerable people open.	XX		
222	You should use the money raised to maintain the Day Care Centres and not close them. Local Residents have said they want these Centres saved.	XX		
223	This should be applied to keep open day centres so there is somewhere for some of the most needy in our community to go. The money should not be lost in the general adult care	XX		

	budget!			
224	The elderly are increasing in numbers and will continue to increase due to the post war 'baby bulge'. Many elderly people are alone and are extremely lonely. The day centres and facilities for the elderly are vital for their well being and, in many circumstances, their health.		X	
225	I think Haringey needs to save as many services for elderly and vulnerable people, especially the day care centres which are threatened by spending cuts.		X	
226	The vulnerable in society need our care, this is how we should all behave as members of a humane, thoughtful and caring society. But from an economic point of view, if we take all emotions out of it, it will be more expensive in the long-term when more social workers and district nurses are required to visit these vulnerable people in their own homes, or more hospital beds will be taken up with frail and elderly patients whose deterioration has not been spotted and arrested through early intervention through being at a day centre. The UK is a wealthy society, but there are many within our society who need our collective care, we must be judged by how we attend to the needs of these members of our society. Furthermore, those of us who are fortunate enough to be fit and well at present, may not always be so. Do you want to be cast adrift at your most vulnerable, or would you feel better knowing that there is provision for you at a time you need it most? Please think of the long term cost to all of society, both the financial and also the human cost, this is a short term view to save money, and will cost us all dear in the end.		X	
227	The current cuts in services are hitting the most vulnerable in our community. The small rise in council tax will at least alleviate some of the challenges faced by this group of people.	X		
228	The money would be much more effectively spent on keeping day care centres open. It could, for example, keep the Grange open so providing much needed dementia day care in the east of the |Borough	XX		
229	What else can you do? It's not a welcome precedent, and could lead the way to further increases in the future. And why should the money have to come out of local people's pockets when adult social care is clearly a concern of central government's? They are just off-loading the financial burden onto local government while at the same time trying to look good. However, the potential loss of services for vulnerable adults and their carers doesn't bear thinking about.			X
230	Myself and my husband live in a small studio flat and already pay more than 10% of the cost of our rent in council tax. While I value community spaces for social care, I do not feel making the average and less than average earner pay for such community help is fair or the responsibility of them to pay for it.			X
231	The money raised should be used to keep open the local day care centres which are already providing the services necessary	XX		

	and appropriate for area. There is no reason why any extra money raised should be swallowed up into some vague, amorphous, Labour-run Haringey Council sump!			
232	It is crucial to retain these services and if this is the only way, then so be it.	X		
233	These services are very important. Government should fund them but if they won't then I don't see what else you can do.	X		
234	The council tax is already one of the highest in the country, so I do not want to pay more. This money should come from the government.			X
235	Adult Social Care services are absolutely essential, particularly those that involve socialising. Keeping people at home and isolated is just a storage method. Making lives sociable and making people feel that someone cares - or even notices - whether they live or die is essential. This should be a priority, even if it doesn't grab headlines.		X	
236	The council needs to stick to its commitment not to raise tax before 2018. There is no reasonable basis for this decision. The council needs to cut costs and take decisions to live within its means and not assume that hard pressed tax payers support further rises. Haringey's tax is one of the highest in London due to the inability of the council to exercise restraint.			X
237	I want my tax to help my fellow residents to get the care they need.	X		
238	Use to help save closure of existing care centres	XX		
239	I have put 'unsure' as I am in favour in principle but only if Haringey council hypothocate the increased funds generated and maintain the existing day care and drop in centres for those suffering from dementia and autism. As I understand it Haringey intend, irrespective of receiving additional funds by increasing the Council Tax, to continue to close these centres ignoring all representation from members of the public. So, YES if Haringey will use the additional funds to maintain the running of these centres but a definite NO if the money is to disappear into a large black hole of the general budget to be used we know not how.		X	
240	The electorate was not asked to vote for swinging reductions in local government funding and reductions in non-legally required services as part of any party's manifesto at the General election. This dedicated precept would appear to be the only way to preserve these services	X		
241	We pay too much council tax already. Find the money elsewhere please if that is your priority.			X
242	As someone who can afford an extra 2%, I am more than happy to contribute to social care services. I am concerned about the rise being imposed on those without as much disposable income - but have decided it is overall more progressive to implement the raise than do nothing at all - which will affect a larger proportion of vulnerable adults in need of care.	X		
243	The Council tax is high enough, no need to increase it any further			X

244	I would like this money to fund local day care centres for the elderly and vulnerable.	XX		
245	I specifically want it used to protect day care centres from closure. I have a relative who is both old and disabled. I want transparency so I know the funds are not diverted. I want this to be a ring-fenced budget not to be spent elsewhere. On no account must there be any increase in expense payments to any councillors.	XX		
246	Those who are vulnerable in society should be looked after by the rest of society - and particularly by the Council that is supposed to exist to co-ordinate services for residents in the borough. I am horrified that the Council has stripped away so many vital services and I think they should be reinstated. I think Councillors should start making decisions on the basis of putting themselves in the shoes of the most vulnerable in society and what they need to have a decent life.		X	
247	I agree with the proposal to increase the Haringey element of the council tax by 2% in order to provide support for Adult Social Care services, BUT with the added commitment by the Council that funds to maintain adult Day Centres plus the Day Centres for the Elderly are GUARANTEED TO BE PAID FOR BY THE NEWLY RAISED MONEY. I totally disagree with the shortsighted plan to abolish these Day Centres which provide an invaluable back up to work you fund for care of the Elderly and vulnerable Residents of Haringey. You must recognise that by providing these amenities up till now the Council has a real responsibility to maintain what you have earlier promised. You are reneging on Haringey Residents who have paid their rates and local taxes over the past years, and should not to have to depend on the outrage of other Residents such as myself to persuade you to recognise your responsibilities. I say emphatically, DO NOT divert the proposed council tax increases into the overall Care of the Elderly monies at the expense of destroying the Day Centres. Signed by	XX		
248	I know that councils are stretched - and that keeping sensual services to the vulnerable. the elderly, education and waste removal is important. And guest, I see the council wasting precious taxpayers money on the redesign of the logo and charging exorbitant parking charges - and business rates. I have no confidence that any extra money gained through rates will be spent wisely		X	
249	Essential service that saves lots of money and resource in other areas if functioning effectively & efficiently. However, extra money will be wasted if implementation is not carefully planned in partnership with NHS Trusts.		X	

250	We welcome and agree the Council's proposal to accept the Government's 2% social care precept. The largest share of the savings agreed by the Council in November 2015 was from adult social care services with damaging impacts on users and their carers and families. The precept has the potential to be used to reduce some of the most damaging impacts. However we do not agree that the precept funds are spent on care packages as proposed. These new funds would be much more effectively spent on keeping day care centres open. We strongly believe that the day centres support users to stay healthier longer in the community, delay the need for much costlier services, delay residential or nursing care and avoid unnecessary hospital admissions. In the long term, as the Council try to plan, they are very cost effective, notwithstanding the wellbeing benefits to users. We therefore propose that the funds from the precept are used to keep the day care services for people with dementia, that is they should be used to keep the Grange Day Care Centre open providing much needed dementia day care in the east of the Borough. Dementia is a national area of priority, and locally services supporting people with dementia should also be made a priority. We would also support the use of the precept funds to keep as many of the other day centres *as possible open.*	**XX**		
251	I think it is essential that the increase should be spent on ALL those reliant on the Council's Adult Social Care Services - particularly the most VULNERABLE, those with LEARNING DISABILITIES, AUTISM and THE ELDERLY - should benefit from the support provided by this increase in Council tax.	**X**		
252	money should be spent to save local day care centres for the elderly and vulnerable.	**XX**		
253	The money could be spent on keeping day care services for vulnerable and elderly open	**XX**		
254	Adult social care services are extremely important, especially for people with dementia or learning disabilities. I would be happy to contribute an additional 2% of tax to ensure these services can be provided in Haringey. I just want to stress that the council needs to carefully consider how the additional money is spent, ensuring that it capitalises on the existing infrastructure and services already available in Haringey to allow for effective use of these additional resources.	**XX**		
255	We already pay one of the highest rates in the country.			**X**
256	Happy to pay a little more to keep open day centres for the elderly and vulnerable. Not happy that it should go into the general care package pool.	**XX**		
257	What in Adult Social Care is the money going to. From experience the service only go to office staff wages.			**X**

	there is enough money it is just mismanaged			
258	Council tax is already very high and i'm finding it hard to survive on a low salary as it is and keep on top of my bills, I can't take any more financial hits.			X
259	There has not been an increase in Council Tax for some time now, and if this is the only way to pay for Adult Social Care services, then so be it.	X		
260	Please use the funds for keeping the specialist dementia Grange Day Care centre open and retaining the current staff at the Haynes Day care centre. My mother attends the Haynes Day Care centre which is a massive part of her life. I feel if the current structure of the Haynes is changed it will be incredibly damaging to my mothers compromised quality of life. Someone that suffers with Alzheimers needs consistency, stability, kindness and love, all of which the current staff at the Haynes provide.	XX		
261	My council tax is already high, people are struggling to find jobs.			X
262	The government should be helping more.		X	
263	Support for these services is crucial so we need to do our bit to help	X		
264	Haringey council has been profligate with council taxes for too long to be trusted with a rise, at a time when many in this poor borough are the working poor. The expensive non essential rebranding of the logo exercise proved that Haringey Council's priorities are at odds with common sense in such a stricken economic climate.			X
265	I would like the Grange Day Centre in White Hart Lane to stay open as my Dad whose 87 years of age goes there and there are only two specialist day centres in the whole Haringey Borough that deals with dementia. The Grange Daycentre provides my Dad with a respectful good quality of life and as his carer I don't know how we will cope without it. The staff there are excellent and provide good quality care to people like my Dad.		XX	
266	It is important to support the most vulnerable people, but it should be on a voluntary basis		X	

267	I agree as things stand at the moment, but think that adult social care should be centrally funded.		X	
268	Social care has been underfunded in Haringey for several years. This is chance to partially remedy this.	X		
269	The council made a commitment in February 2014 not to raise council tax until March 2018. Now only two years later and having imposed only one freeze it is proposing to break its promise. The council has no obligation to impose a 2% rise using the voluntary social care precept. The council could and should have taken more action to curb its budget and honour its commitment. Shame on it for failing to do so. Another example of politicians never having the integrity and decency to stand behind commitments that they have made.			X
270	Self-evident. Vulnerable people can depend on social care and closing the centres/service to save 2% on council tax, looks callous to me. Don't understand why this Labour Council considers improving their advertising (pretty new website and posters in gym) more important than basic human need. Thought the Labour Party was set up to help people rather than property but of course I could be "wrong"....	X		
271	Adult social care is something extra to other services which needs this money.		X	
272	I have felt for some time that Haringey needs to take a much stronger stand against government cut backs, and I have believed that the Council Tax should be increased each year.	X		
273	Firstly, I have only heard of this through the Liberal Democrats communication. I have not had anything from Haringey Council and so the "Consultation" is not really as such! Secondly, Labour do not plan on using the money to save the centres that are already open. This is in contrast to what the community have said they want. I would like to have full information on this and a proper consultation before any increase is applied. Thanks Javeria		X	
274	It will raise enough money to cover services.		X	
275	It is suggested that this increase may provide interim support whilst services are redesigned. How can we be assured that the redesign will be properly managed and costed? I have little faith in the Council's ability to manage this exercise in the best interests of Haringey residents. Especially as sever thousands of		X	

	pounds were spent on a totally unnecessary rebranding exercise. This money would have been better invested in local services. Does the council plan to engage consultants to undertake the redesign? Will they be engaged at hugely exhorbitant daily rates that which will substantially reduce the money raised by the precept.			
276	Yes, provided that the money is used to keep day centres open rather than going into the general fund. It is vital that vulnerable people should have an opportunity to socialise safely. Their wellbeing is greatly improved by doing so.	**XX**		
277	This is a complete absurd! I don't believe institution in charge of spending this money will do this accordingly to my expectations! Why don't you make this increase as choice for taxpayers so whoever wants to participate can pay more. I'm not interested and know better way to waste my money!			**X**
278	I am happy to see the rise in council tax, but think that this is not the best way to spend it. Protecting the day care centres for the elderly & vulnerable would be a much better use of the money.	**XX**		

Number of Positive (X)	62	22%	
Number of Positive (XX)	61	22%	
Number of Neutral (X)	67	24%	
Number of Neutral (XX)	14	5%	
Number of Negative	74	27%	

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Appendix 8

Haringey Council 2016-17 Budget and Social Precept Consultation

SUBMISSION FROM SAVE AUTISM SERVICES HARINGEY

DEMOGRAPHIC PRESSURES ON SOCIAL CARE? EVIDENCE PLEASE

SAVE AUTISM SERVICES HARINGEY (SASH) is a group of parents and carers of adults with autism in Haringey (including some with learning disabilities, mental health problems, epilepsy and other complex needs). Some of us have professional experience of health and social care; some are involved in voluntary organisations active in this field; all of us have personal experience of the difficulties of securing appropriate care and support for people with autism in Haringey. We have close links with Haringey Autism, the local branch of the National Autistic Society, with Haringey People First, which represents people with learning disabilities in the borough, the Haringey Carers Forum and the Social Care Alliance of Haringey.

http://saveautismservicesharingey.co.uk/

- **The council is consulting on proposals to raise a new social care tax and spend the revenue on the elderly and not on other vulnerable groups such as adults under 65 with learning disability, physical disability and mental illness**

- **The Council justifies this because demographic pressures are causing the numbers of elderly with high needs to increase, costing the Council an extra £3m a year**

- **Despite the additional money, the Council will not spend it on saving the daycentres it plans to close. Some of these centres are for autism and learning disability**

- **In the Council's summer consultation, residents overwhelmingly opposed the closure of daycare for vulnerable adults**

- **The Council has provided no evidence to show that demographic pressures are the most important factor shaping the needs of Haringey's elderly service users**

- **Trends in the use of adult services are not caused by demographic pressures alone or in the main. They are caused by several different factors**

- **For example, homecare use among the elderly in Haringey has increase since 2010. But so has homecare use among adults with learning disability**

Haringey LONDON

- **Daycare use in the same period has fallen among the elderly but risen dramatically among adults with learning disability**

- **Focusing additional social care revenue entirely on the elderly because of demographic pressures is not supported by evidence.**

- **The Council's revised three year budget, that forms part of the present consultation, provides sufficient funds to save the daycentres schedules for closure**

Haringey Council has agreed to consult residents regarding a proposal to raise council tax by an additional 2% - the social care precept - to provide funds for threatened social care services. Unfortunately, it is proposing to allocate these funds entirely to defray costs arising from 'demographic pressures' resulting from an ageing population. The Council intends to continue its programme of closures of day centres and other services for people with autism and learning disabilities, as well as those with dementia and mental health problems.

Officers have a legal duty to provide Councillors with sufficient information to make informed policy decisions. But senior Council officers have failed to provide evidence-based information on the demographic basis of the new budget plans – or details of alternative provisions for vulnerable service users and their families and carers once daycentres are closed.

Demographic pressures

In his Report to the Cabinet on 19 January, the Lead Finance Officer asserts that 'demographic change means people are living longer and often therefore requiring more support in their later years' and also recognises that there 'continues to be a small increase in the numbers of people with very complex needs who require significant amounts of support'. But this Report provides no further detail of the numbers involved and no analysis of the relative cost implications of meeting the needs of these increasing populations.

An examination of the Council's annual returns to the Department of Health provides some information about the demand for homecare and daycare, two services that are affeted by the current closure plans.

- *Homecare*: between 2010-11 and 2013-14, the number of clients over 65 receiving services increased by 40%, whilst the number of LD clients rose by 25%.
- *Daycare:* over the same period, the number of elderly clients fell by 25% (215 to 190), while the number of LD clients increased by 125% (155 to 280). (Data taken from *Personal Social Services: Expenditure and Unit Costs, England, Final Release: Activity Data by CASSR* for years 2010-11, 2011-2012, 2012-13, 2013-14).

The apparent divergence between the demands of different groups for home and day care services confirms the complexity of the relationship between levels of need and demographic changes. However these figures confirm a growing level of need among the LD population for day care services – and contradict frequent claims by Council officers that there has been no increase in demand for daycentres from adults with LD in recent years.

Despite the Council's claim that demographic trends are likely to result in increased demands for services from the elderly, this is not supported by reports on *adult service assessments* carried out between 2010/11 and 2013/14:

- 'Over 65s': completed assessments *fell* from 1220 to 1055 (25%)
- 'Other assessed needs': assessments *fell* from 685 to 545 (20%) (see *Personal Social Services* data above)

Again, these figures confirm the complexity of the relationship between demographic factors and demand for services – but the Council makes no attempt to quantify or analyse these complexities. (It is unfortunate that the DH no longer collects data in a way that provides some transparency in this area; there is, however, nothing to suggest that the trends of the previous four years have not continued over the past 12 months.)

Ignoring the needs of people with learning disabilities

The Report asserts that needs can be met by 'early help, independent living and community-based support'. For clients with severe LD and complex needs, who may present challenging behaviour – only individuals with 'severe' or 'critical' needs are currently eligible for social care services – 'preventive' or simple 'supportive' measures are very unlikely to be relevant. If it is to be effective, 'early intervention' is likely to involve additional expertise and higher expense.

The Council plans to exclude people with learning disabilities who are currently in residential care from attending residual day care services at Ermine Road. This will inevitably result in a dramatic increase in workload for residential staff, without providing additional resources or training.

Councillor Peter Morton, Cabinet member for health and wellbeing, has rejected suggestions that the Council take advantage of funding provided under the *Building the Right Support* programme (set up in response to the Winterbourne View scandal) to avert day-centre closures. Disparaging day centres as 'institutional settings' he proposes non-existent 'community provisions' as a suitable alternative. Yet day centres may provide a key link in a network of community support that can prevent the sort of crisis that is still leading to admission to Winterbourne View-type institutions (while the lack of such provisions is delaying discharge from such institutions).

A call to re-examine the new social care funds

In addition to reconsidering the use of the council tax precept, Haringey should also take advantage of the Better Care Fund to support the needs of those with autism and learning disabilities as well as the elderly. For example, Richmond Council and the local clinical commissioning group are using BCF money to support two clubs for autistic adults (*Think Autism: case studies,* LGA, 2015, p.8)

Appendix A to the Report calculates improved BCF spending for the three year starting in 2017 as £0.4m, £3.8m and culminating in £6.7m in 2019-20 (discussed further in para 6.44).

Given the degree of budgetary slippage planned for 2015-16 and 2016-17 (5.1(i)), the use of reserves within the medium-term budget, and the use of incrementally increasing BCF money starting in 2017, the restructuring of the planned and additional money to save some of the daycentres is a viable and humane alternative to the current programme of closures – see below.

The Council should be aware of the two active legal challenges from service users threatened by day centre closures. If the Council continues with its current plans, it should be prepared for further challenges, with all the damaging publicity and costs that such actions inevitably entail, whatever the outcome.

Comparison of budgets

P2 New opportunities for LD budget compared with additional social care funds on Appendix A of the Report, showing sufficient money to cover P2 savings plus surplus.

	£000s		
Priority 2	**2015-16**	**2016-17**	**2017-18**
13. New opportunities for LD: reduce use of building based daycare some centres (up to 3) closed More community based opportunities	950	1330	-

	£000s				
Additional social care funds	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
social care precept		1.8	3.8	6.2	9
improved BCF			0.4	3.8	6.7
BCF from CCG budget (indicative)*		0.5	0.5	0.5	0.5
total		**2.3**	**4.7**	**10.5**	**16.2**

*Assumption that small portion of CCG's BCF budget (£0.5m) allocated to LD needs

29 January 2016

APPENDIX NINE – ADDITIONAL EMAIL RESPONSES TO THE CONSULTATION

To whom it may concern I am writing to you regarding the proposal to raise additional funds of £1.7 to cover the short fall of funding for Adult Social Services caused by horrendous cuts imposed by central government. As you are aware, these cuts are already seriously affecting services for the elderly and those with autism and learning disablities, and other vulnerable adults in our community. While this will be an additional burden on households, it is important that vulnerable Haringey residents are properly supported and cared for. I urge you to request that the money raised should go towards supporting their day Centres. Day centres like the Grange serves dementia patients and the Haven has a lunch club, situated close to Age UK Haringey. It gives support to people from all over Haringey including Highgate and Stroud Green; it should not be lost. The Haynes Dementia Centre at Hornsey Central will not close but would be the only one in Haringey. There are also day centre closures planned for those with autism and learning disabilities. Most of the adults attending these services have done so for many years and have established firm relationships and friendships as well as accessing developmental and social activities from which they benefit. I urge you to reconsider these closures and to use this additional funding to support the most vulnerable in our community
Dear Sir/Madam I welcome the idea of a 2% addition to council tax to ameliorate the cuts in social care. But I think it is wrong to devote this extra 2% entirely to the elderly. Use of day care centres by autistic people and those with learning disabilities has increased recently and they need services just as badly. I do think that the Council needs to work hard to save at least some of the day care facilities being cut. There is a possibility that some of these could be re-provided in under-utilised community buildings, in particular Winkfield Road and Wolves Lane, and that this would help to make more community centres viable for other sections of the population. The Council needs to map provision of existing lunch clubs, exercise classes, gardening opportunities etc which are suitable for vulnerable adults and see how choices and integration with 'ordinary' people could be offered in ways that enhance the availability of community facilities for everyone. But for severely autistic people there is no substitute for continuity and familiarity and it would be tragic, as well as very expensive, if some people ended up in residential care because they and their carers cannot cope with change and uncertainty.
. Dear sir/madam

I would like to submit the following submission about the above consultation

I agree with SASHs submission which I attach This for me counters the Councils reasoning over how they would spend this precept . These are the main facts with full arguments in the attached document :

- **The council is consulting on proposals to raise a new social care tax and spend the revenue on the elderly and not on other vulnerable groups such as adults under 65 with learning disability, physical disability and mental illness**

- **The Council justifies this because demographic pressures are causing the numbers of elderly with high needs to increase, costing the Council an extra £3m a year**

- **Despite the additional money, the Council will not spend it on saving the daycentres it plans to close. Some of these centres are for autism and learning disability**

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- **Daycare use in the same period has fallen among the elderly but risen dramatically among adults with learning disability**

Focusing additional social care revenue entirely on the elderly because of demographic pressures is not supported by evidence.

The Council's revised three year budget, that forms part of the present consultation, provides sufficient funds to save the day centres schedules for closure

The Council appears to be doing this for idealogical reasons and because they have already made their decision about closing day centres. p

I would add that this consultation has hardly been advertised and intentions over Budget spend are not clearly stated .

I stogly urge the Council reconsider its decisions and put money towards

these invaluable day centres
To: Haringey Council I write in support of a 2% precept on the Council Tax to fund Adult Social Care. I support, in entirety, the submission from Save Autism Services, (Haringey) who make a full and cogent argument for funding to be made available for adult daycare services . The SASH paper states that ‘Councillor Peter Morton, Cabinet member for health and wellbeing, has rejected suggestions that the Council take advantage of funding provided under the *Building the Right Support* programme (set up in response to the Winterbourne View scandal) to avert day-centre closures. Disparaging day centres as ‘institutional settings’ he proposes non-existent ‘community provisions’ as a suitable alternative. Yet day centres may provide a key link in a network of community support that can prevent the sort of crisis that is still leading to admission to Winterbourne View-type institutions (while the lack of such provisions is delaying discharge from such institutions).’ This is extremely concerning both from the point of view of seeking funding and from the rigid position taken regarding the value of daycare settings for people with learning disabilities or dementia. Could it be that this has more to do with an ideological position where the Council ceases to provide direct services? As a resident and taxpayer, my view is that funds raised through the precept should be applied to daycare services and that all funding sources and government grants must be pursued. Not to do so would be a gross dereliction of public responsibility to our most vulnerable residents. I have also heard the argument put forward that the £1.7m raised is not significant enough to plug the gap. That may be true, but hat doesn’t mean yo shouldn’t do it. Other local authorities are raising the Council Tax by 3.99% because of the crisis in adult social care.

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Annex 2

Cash Limits

	2016/17
	Cash Limit
	£000
Chief Executive	480
Assistant Dir of Corporate Governance	1,501
Head Of Office	1,091
Leader and Chief Executive Office	**3,072**
Chief Operating Officer	1,066
Assistant Director for Finance	1,743
Assistant Director for Customer Service	7,317
Assistant Director of Human Resources	10,576
Assistant Dir for Env Serv & Com Safety	27,176
Assistant Dir Housing & CE for HfH	3,722
Assistant Dir Corp Prog & Chief Info Officer	7,576
Chief Operating Officer	**59,176**
Assistant Director for Commissioning	7,870
Director Of Children Services	38,404
Director for Adult Social Services	64,480
Director for Public Health	18,526
Assistant Director for Schools&Learning	2,664
Assistant Dir for Communication	1,334
Deputy Chief Executive	209
Deputy Chief Executive	**133,487**
Dir of Regen Planning and Devleopment	208
Assistant Director for Planning	1,398
Assistant Director for Regeneration	10,892
Assistant Director for Corp Property & Major Projects	455
Programme Director Tottenham	2,648
Director of Regenation,Planning & Development	**15,601**
Non Service Revenue	**44,291**
TOTAL FUNDING REQUIREMENT	**255,627**

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Annex 3a

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 and LAAP Bulletin 99 (Local Authority Reserves and Provisions). 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 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.
6. Additionally the Council is required to maintain ***unusable*** reserves to comply with accounting requirements although, as the term suggests, these reserves are not available to fund expenditure.

General fund general reserve

7. 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.

8. 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. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context).

<u>HRA general reserve</u>

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

<u>Earmarked reserves</u>

10. 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 or permitted.
11. The Council will maintain the following earmarked reserves:

    i. Services reserve: includes the net unspent balance of service and other budgets where the Cabinet has agreed that such sums could be carried-forward for use in subsequent years;
    ii. Insurance reserve: funds set aside to meet internally-insured liabilities where the creation of a provision is not required or permitted;
    iii. PFI Lifecycle reserve: funds set aside from specific PFI grant given by the government to meet payments to be made to service the debt relating to the Council's secondary schools PFI project; this reserve will be required to manage lifecycle funds during the suspended services period;
    iv. Council infrastructure reserve (formerly infrastructure reserve): specific funds set aside for the planned maintenance and renewal of the Council's infrastructure including for IT and Property programmes;
    v. Transformation reserve: will be used to fund investment needs identified through the Medium Term Financial Planning process. It will also be used to fund redundancy and decommissioning costs and the investment necessary to deliver longer term efficiencies and change;
    vi. Financing reserve: a reserve to enable multiple-year medium-term financial strategies in the context of the annual budgeting and accounting cycle;

Annex 3a

vii. Debt repayment / capital reserve: this reserve is 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;

viii. 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;

ix. Schools' reserve: the net unspent balance of delegated funds managed by schools;

x. Community Infrastructure and Growth reserve – the council will need to grow its revenue base as government funding reduces, this will be achieved by increasing the Council Tax and Business Rate base. Resources are likely to be needed to support the community, infrastructure and growth in housing and business;

xi. Urban Renewal reserve: it would be beneficial for the council to support local businesses so they can share the benefits of the growth, this could include supporting town centres and business investment districts, and maintaining retail business.

xii. Labour Market Growth and Resilience – this will be used to support initiatives which assist people with returning to and remaining in work.

xiii. Collection Fund Equalisation Reserve – this reserve deals with the volatility around the collection of Council Tax and Business Rates leading to annual surpluses and deficits in the Collection Fund. This reserve is designed to equalise these fluctuations.

xiv. Public Health Reserve – the Council assumed responsibility for certain Public Health functions from April 2013 supported through a new Public Health grant; this reserve will be used to manage any over or underspends against this grant which is restricted to Public health expenditure.

xv. Unspent Grants Reserve – where revenue grants have no conditions or where the conditions are met and expenditure has yet to take place it is recommended practice to hold these sums in an earmarked reserve to meet the future expenditure.

xvi. Smoothing Reserve (HRA) – this is used to accumulate changes in asset values within the HRA that must, under accounting rules, be charged against the revenue costs of the HRA. The reserve will assist the impact of volatile movements from one year to another.

Management and control

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

Reporting and review

15. 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 Corporate Committee will consider actual reserves when approving the statement of accounts each year.
16. The Council will review the reserves policy on an annual basis.

Annex 3b

RESERVES AND THEIR ADEQUACY

1. **General Fund General Reserve**

1.1. 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.

1.2. The calculation of the potential financial impact of these assessed risks has been undertaken and in the light of this, it is considered that the level of the General Fund un-earmarked balance which ranges from £17m at the end of 2016/17 to £20m at the end of 2017/18 is appropriate over the financial planning period.

1.3. The risks set out in Appendix 3c assess a potential financial impact at £20m for 2016/17; the Chief Finance Officer (CFO) regards the range set out above as being sufficient to cover the potential risks. However it is clear that there is only a very small margin for error and the CFO is therefore specifically highlighting the need for robust budget management in 2016/17 including the efficient delivery of agreed savings.

1.4. The 2016/17 figure for general balances (£17.7m) represents 7% of the Council's net budget requirement for 2016/17.

2. **Services Reserve**

2.1. 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 either be carried forward to the following financial year or retained.

3. **Insurance Reserve**

3.1. 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 Chief Finance Officer is satisfied that the reserve constitutes adequate protection in respect of the self-insured risk.

4. **PFI Reserve**

4.1. The PFI reserve reflects the agreed arrangements following the suspension of services within the PFI contract. The reserve will be used to manage the lifecycle fund requirements for secondary schools covered by the PFI scheme.

5. **Council Infrastructure Reserve**

5.1. The Council infrastructure reserve is a key financing resource for the programmes of renewal of assets for the Council, including 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 IT and Property are transferred to this reserve for future use.

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

6. Transformation Reserve

6.1. The Transformation Reserve will be used to fund redundancy and decommissioning costs and any investment necessary to deliver longer term efficiencies and transformational change.

7. Financing Reserve

7.1. 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 reserve includes an amount set aside for the Sustainable Investment Fund (SIF) which supports invest-to-save projects designed to reduce the Council's CO_2 emissions and reduce energy costs.

8. Debt Repayment / Capital Reserve

8.1. This reserve is 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 is also available to support generally the capital programme.

9. Schools Reserve

9.1. 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 overall balance is likely to reduce as we move towards a national funding formula.

9.2. A schools loan scheme is in place (with the agreement of the Schools 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.

10. Community Infrastructure and Growth Reserve

10.1. The Council will need to grow its revenue base as government funding continues to reduce, this will be achieved by increasing the Council Tax and Business Rate base. Resources are likely to be needed to support the community infrastructure and growth in housing and business.

11. Urban Renewal Reserve

11.1. It will be beneficial for the council to support local businesses so they can share the benefits of growth, this could include supporting town centres and business investment districts, and maintaining retail business.

12. Labour Market Growth and Resilience Reserve

12.1. It is beneficial for the Council to support people into work and this reserve will support activities which achieve that aim.

13. Collection Fund Equalisation Reserve

13.1. This reserve deals with the volatility around the collection of Council Tax and Business Rates leading to annual surpluses and deficits in the Collection Fund; this reserve is designed to equalise these fluctuations.

14. Public Health Reserve

14.1. This reserve will be used to manage any over or underspends against the Council's Public Health Grant which is ring-fenced for Public health expenditure purposes. Given the in-year funding reductions in 201/16 and the continued reduction of funding in this area it is not envisaged that there will be other than minor reserves held.

15. Unspent Grants Reserve

15.1. Where revenue grants have no conditions or where the conditions are met and expenditure has yet to take place it is recommended practice to hold these sums in an earmarked reserve to meet the future expenditure.

16. HRA reserve

16.1. 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 risk evaluation has taken into account the impact of the change in the governments rent policy which has reduced the resources available to meet future expenditure needs..

16.2. The HRA will need to generate additional and substantial contributions to the reserve to fund Housing capital expenditure in the future. The Chief Finance Officer considers the plans set out in the HRA MTFP for the next three years financial planning period to be at a prudent level.

17. HRA Major Repairs Reserve

17.1. The balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used for future housing capital spend.

18. HRA Smoothing Reserve

18.1. This reserve is used to accumulate and manage changes in asset values within the HRA that must, under accounting rules, be charged against the revenue costs of the HRA.

19. Overall

19.1. The estimates of the reserves position, including earmarked and un-earmarked reserves for the General Fund, Schools and the HRA are detailed in the following table. It should be noted however, that by the nature of these reserves, the timing of when draw down may be required is uncertain and thus unless specific timeframes have been identified no draw down is assumed.

Annex 3 b

Reserves Summary

	Actuals at 31.3.2015 £million	Forecast to 31.3.2016 £million	Forecast to 31.3.2017 £million	Forecast to 31.3.2018 £million
Non-earmarked				
General Fund Balance	25.8	19.6	17.7	20.7
Total Non-earmarked Reserves	**25.8**	**19.6**	**17.7**	**20.7**
Earmarked				
Services Reserve	10.5	5.8	4.0	2.0
Insurance Reserve	10.2	10.0	9.7	9.5
PFI Lifecycle Reserve	10.1	9.6	7.8	9.0
IT Infrastructure Reserve	1.0	1.0	1.0	1.0
Accommodation Strategy Reserve	0.4	0.4	0.4	0.4
Transformation Reserve	4.9	2.0	0.5	0.3
Financing Reserve	14.7	5.8	5.8	5.8
Debt Repayment Reserve	6.0	5.3	5.3	5.3
Community Infrastructure Reserve	3.0	3.0	1.5	1.0
Urban Renewal Reserve	2.5	2.0	1.0	1.0
Public Health Reserve	0.4	-	-	-
Unspent Grants Reserve	4.3	3.8	2.0	2.0
Collection Fund Equalisation Reserve	0.3	-	-	-
Labour Market Growth Resilience Reserve	1.9	1.9	1.9	1.9
Risk Reserve	2.2	-	1.3	1.3
Total Earmarked Reserves	**72.4**	**50.6**	**42.2**	**40.5**
Other Reserves				
HRA Balance	38.6	45.9	37.9	32.9
HRA Smoothing Reserve	3.5	3.5	3.5	3.5
Major Repairs (HRA)	2.7	2.7	2.7	2.7
Schools Reserve	11.7	10.5	9.0	7.5
Total Other Reserves	**56.5**	**62.6**	**53.1**	**46.6**
Total	**154.7**	**132.7**	**112.9**	**107.8**

Annex 3c

Adequacy of Reserves - Risk Assessment 2016/17

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 in the corporate risk register.

	Gross Budget Exposure £m	Risk %	Residual Impact £m
1. Budget Process			
Priority 1 - Children's	50	A High level risk assessment (10%) has been applied to the budget amount potentially at risk	
Priority 2 - Adults	81		
Priority 5 - Temp. Accomm.	30		16.1
2. Savings Proposals			
- Delivery Programme	24	High risk (10%) on savings proposals for 2016/17	2.4
- Transformation costs (e.g. redundancies)	5	Medium risk (5%) of financial impact	0.3
3.Corporate Risk Register	10	Low risk (2.5%) assessment on variety of risks within the corporate risk register	0.3
4. Unidentified Risks			1.0
Total Risks			**20.0**
Less contingency sums held in Revenue Budget			2.0
Less un-earmarked (General) reserves for the above			19.6
Available after risks			**1.6**

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Annex 4

London Borough of Haringey

Treasury Management Strategy Statement 2016/17 to 2018/19

Introduction

1.1 In February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

1.3 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

1.4 The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

1.5 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."

1.6 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.

1.7 The strategy takes into account the impact of the Council's proposed 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. Subsequent changes to the revenue budget and capital programme will require adjustments to the TMSS and Prudential Indicators.

1.8 The purpose of this report is to propose:

- Treasury Management Strategy - Borrowing in Section 4, Investments in Section 5
- Prudential Indicators – these are detailed throughout the report and summarised in Annex 2
- MRP Statement – Section 7

1.9 The strategy has been developed in consideration of economic and interest rate forecasts detailed in annex 3.

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2. External Context

Economic background: Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in November. Wages are growing at 3% a year, the unemployment rate has dropped to 5.4% and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015 The MPC held policy rates at 0.5% for the 82nd consecutive month at its meeting in December 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The markets reacted calmly when the Federal Reserve finally raised policy rates by 0.25% at its December meeting, indicating that future increased will be gradual. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

Interest rate forecast: The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex 3.

For the purpose of setting the budget for 2016-17, it has been assumed that new investments will be made at an average rate of 0.75%, and that new long-term loans will be borrowed at an average rate of 2.1%.

3. Balance Sheet and Treasury Position

3.1 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 for each pool, based on the current proposed Revenue Budget and Capital Programmes, are:

Table 1a: Treasury Position – General Fund

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Projected £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
General Fund CFR	278,291	297,121	271,742	290,670	285,388	296,388
Less: Share of existing external debt and other long term liabilities	147,684	139,960	141,749	133,661	125,213	117,283
Less: 2016 / 17 cash balance reduction				20,000	20,000	20,000
Internal Borrowing	130,607	131,318	129,993	124,993	119,993	114,993
Cumulative Net Borrowing Requirement	0	25,843	0	12,016	20,182	44,112

Table 1b: Treasury Position – HRA

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Projected £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
HRA CFR	271,096	292,666	278,548	293,002	295,943	297,624
Less: Share of Existing External Debt & Other Long Term Liabilities	197,981	191,454	190,813	182,483	173,705	166,016
Internal Borrowing	73,115	69,780	87,735	82,735	77,735	72,735
Cumulative Net Borrowing Requirement	0	31,432	0	27,784	44,503	58,873

3.2 The tables above show how the Council's capital requirement is funded currently and how it is expected to be funded in the coming years. Due to the differential between short and long term interest rates (discussed in more detail in section 4), the Council has maximised the amount of internal borrowing that can be done. As short term interest rates are forecast to remain below 2% for the next three years, it is anticipated that a significant level of internal borrowing will continue, with the only reduction expected reflecting the planned movement in reserves.

3.3 Ensuring that gross external debt does not exceed the CFR over the medium term is a key indicator of prudence. There has been no difficulty meeting this requirement in 2015-16 nor are there any difficulties envisaged for future years, as the levels of internal borrowing in tables 1a and 1b above demonstrate.

3.4 It is a requirement for the HRA CFR to remain with the limit of indebtedness or "debt cap" set by the DCLG at the time of the implementation of self-financing. The table below shows the current expected level of the HRA CFR and the debt cap. Any decision by the Council to undertake new borrowing for housing will cause the future years' debt predictions for the HRA debt pool to increase.

Table 2: HRA Debt Cap

	31/03/2015 Actual £'000	31/03/2016 Approved £'000	31/03/2016 Estimate £'000	31/03/2017 Estimate £'000	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000
HRA CFR	271,096	292,666	278,548	293,002	295,943	297,624
HRA Debt cap	327,538	327,538	327,538	327,538	327,538	327,538
Headroom	56,442	34,872	48,990	34,536	31,595	29,914

3.5 Table 3 below shows proposed capital expenditure over the coming three financial years. 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 housing rent.

Table 3: Capital Expenditure

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General	64,049	54,568	44,571	50,682	52,410	50,000
HRA	40,997	92,074	96,436	64,307	51,121	50,000
Total	105,046	146,642	141,007	114,989	103,531	100,000

3.6 Capital expenditure is expected to be financed or funded as follows.

Table 4: Capital Financing

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Capital receipts	20,113	25,798	9,275	3,200	33,650	12,000
Other grants & contributions	22,568	28,953	30,309	17,806	14,441	17,000
Government Grants	40,799	16,612	8,904	4,000	3,000	3,000
Reserves / Revenue contributions	10,939	28,260	80,702	45,853	44,180	44,319
Total Financing	94,419	99,623	129,190	70,859	95,271	76,319
Borrowing	10,627	47,019	11,817	44,130	8,260	23,681
Total	105,046	146,642	141,007	114,989	103,531	100,000

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3.7 As an indicator of affordability the table below shows the incremental 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 (based on the interest cost of capital receipts and borrowing applied to capital expenditure) with the number of homes paying council tax (GF) and the number of rented properties (HRA). The General Fund and HRA ratios are below projections this year as no external borrowing has been required. Foe 2016-17 the ratio is impacted by expectations of significant additional borrowing.

Table5: Incremental Impact of Capital Investment Decisions

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Increase in Band D Council Tax	16.02	34.03	5.02	32.04	14.26	31.74
Increase in Average Weekly Housing Rents	0.17	2.27	0.81	1.51	1.00	1.00

3.8 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 debt costs less investment income.

3.9 The ratio for the General Fund is deteriorating over the period. This is due mainly to reduced Council revenues, including reclassification of Better Care funding. The effect of net new borrowing is mitigated by the lower coupon compared with maturing debt. HRA derives greater benefit from the repayment of high coupon debt.

Table 6: Ratio of Financing Costs to Net Revenue Stream

	2014/15 Actual %	2015/16 Approved %	2015/16 Projected Out-turn %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	1.89	1.90	1.89	1.93	2.01	2.25
HRA	10.01	9.28	9.06	8.88	9.02	8.98

4 Borrowing Strategy

4.1 A breakdown of the Council's current and expected external 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. Debt (excluding leases) is projected at £283.2 million at the year end, a decrease of £10.8 million during the year. No new borrowing, including temporary borrowing, has been required this year. It is anticipated that new borrowing

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of £40 million, including £13 million of maturities will be required next year, allowing for a £20 million reduction in cash balances.

Objectives

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

Strategy:

4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The level of reserves and working capital that enable internal borrowing will be monitored and projected changes will be used to determine the timing and level of new debt. The Council's treasury advisor will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.5 Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This will enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. These arrangements will only be considered where there is certainty as to borrowing needs and timing and where predictability of interest costs is beneficial to the capital programme.

4.6 The Council will adopt a flexible approach to this borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source.

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

- Public Works Loan Board (PWLB) and any successor body
- Other local authorities
- Institutions such as the European Investment Bank and directly from Commercial Banks
- UK public and private sector pension funds (except Haringey Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other entities created to enable local authority bond issues

- Leasing

4.7 The Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages. The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

4.8 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Corporate Committee that contains explicit legal advice.

Lender's Option Borrower's Option Loans

4.9 The Authority holds £125 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2016/17, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. No further LOBO loans will be considered without discussion with Corporate Committee.

Short-term and Variable Rate loans

4.10 These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below. At present they do offer significant savings compared with long term debt.

Debt Rescheduling

4.11 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5. Investment Strategy 2016-17

5.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £9.6 million and £95.1 million. It is anticipated that balances will be lower next year as debt is repaid. The impact on the value of cash balances from capital expenditure and the timing of any associated debt financing are uncertain.

Objectives

5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Strategy

5.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, bank CDs and money market funds. These investments are exposed to bank bail in risk. To reduce the exposure to unsecured bank deposits, the counterparty policy has been expanded to include quasi government institutions; Supranational banks. Covered bonds are now identified separately from unsecured bank deposits as these deposits are of lower risk being both secured on collateral and possessing a bank issuer guarantee. During 2015 the Council commenced using treasury bills and certificates of deposits (CDs). The latter provides access to a greater range of counterparties who do not take fixed terms deposits e.g. overseas banks. This diversification has enabled the limit per counterparty for individual banks to be reduced from £20 million to £10 million. Similarly for local authority deposits the maximum exposure is halved to £15 million. These changes also reflect the anticipation that cash balances will remain at or below recent levels as part of the policy to minimise new long term borrowing.

Specified and Non-specified Investments

5.4 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, which also explains the meaning of these terms. The list of proposed counterparties is shown in Annex 5. In keeping with the strategy of maintaining high quality counterparties, at least 50% of all investments will be specified investments.

5.5 Although cash balances will be low at certain times, there tends to remain a core balance that is capable of being invested for more than twelve months. On occasions investments with a maturity of slightly in excess of 12 months can offer exceptional good value. For this reason, the strategy allows a maximum of £10 million to be invested for over 12 months but less than 24 months. The Chief Financial Officer, 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 Corporate Committee as part of the quarterly reports.

Risk Assessment and Credit Ratings

5.6 Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

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

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

5.8 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then no new investments will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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

5.10 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Liquidity Management

5.11 The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments.

6 Treasury Management Indicators

6.1 Exposures to treasury management risks are measured and managed using the following indicators.

Authorised Limits for external Debt

6.2 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). The Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

Table 7: Authorised Limit

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	294,065	441,211	283,233	468,174	489,794	506,475
Other Long-term Liabilities	48,218	62,321	49,329	60,057	54,829	49,549
Total	342,283	503,532	332,562	528,231	544,623	556,024

Operational Boundary for External Debt

6.3 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. The Operational Boundary and Authorised Limit apply at the total level. The limits compare with existing gross debt of £333 million and projected three year debt financed capital expenditure of £76 million and provides scope for variations in capital expenditure, funding sources and reserves.

Table 8: Operational Boundary

	2014/15 Actual £'000	2015/16 Approved £'000	2015/16 Projected Out-turn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	294,065	391,211	283,233	418,174	439,794	456,475
Other Long-term Liabilities	48,218	56,656	49,329	54,598	49,844	45,044
Total	342,283	447,867	332,562	472,772	489,638	501,519

6.4 The Chief Financial Officer 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 Corporate Committee.

Fixed and Variable Interest Rate Exposure

6.5 The Council's existing level of fixed interest rate exposure is 98% and variable rate exposure is 2%, however it is recommended that the limits in place for 2015/16 are maintained in future to retain flexibility. At present variable rates from the PWLB compare unfavourably with short term loans from local authorities due to the additional margin charged over gilts. If LOBO loans are treated as variable, the current variable allocation is 48%.

Table 9: Fixed and variable

	2015/16 Approved %	2015/16 Actual %	2016/17 Upper Limit %	2017/18 Upper Limit %	2018/19 Upper Limit %
Upper Limit for Fixed Interest Rate Exposure	100	98	100	100	100
Upper Limit for Variable Interest Rate Exposure	40	2	40	40	40

Maturity Profile

6.6 The Council is required to set limits on the percentage of the portfolio maturing in each of the periods set out in the table below. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt. The limits have been set to reflect the current debt portfolio, and to allow enough flexibility to enable new borrowing to be taken for the optimum period. The limits apply to the combined General Fund and HRA debt pools.

6.7 The maturity range has been applied to LOBO loans (see 4.8 above) based on their contractual maturity date. The column on the right hand side represents the maturity structure based on the next date that the lender is able to reset interest rates.

Table 10: Maturity Profile

	Lower Limit	Upper Limit	31-Mar-16	31-Mar-16
	%	%	%	LOBO adjusted %
under 12 months	0%	40%	4%	48%
12 months & within 24 months	0%	35%	4%	4%
24 months & within 5 years	0%	35%	9%	9%
5 years & within 10 years	0%	35%	13%	13%
10 years & within 20 years	0%	35%	4%	4%
20 years & within 30 years	0%	35%	4%	0%
30 years & within 40 years	0%	35%	26%	12%
40 years & within 50 years	0%	50%	10%	10%
50 years & above	0%	50%	26%	0%

Average Credit Scoring

6.8 Arlingclose, the Council's treasury management advisers, has a way of scoring the level of credit risk the Council is taking. This measure scores credit risk on a scale of 0 to 10 on both a value weighted and a time weighted basis and the table below demonstrates how to interpret the scores:

Above target	AAA to AA+	Score 0 - 2
Target score	AA to A+	Score 3 - 5
Below target	Below A+	Score over 5

6.9 The quarterly scores during 2015-16 have been within the range 2.70 to 5.63, which is partially outside of the target score following the reduction in Barclay's credit rating. Action was taken during October to return to within the target. For the next three years the target will remain 3 to 5.

Principal Sums Invested for Periods Longer than 364 days

6.10 The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£10m	£10m	£10m

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 2016/17: The guidance states Options 1 and 2 may be used only for capital expenditure originally incurred when government support was available. Methods of making prudent provision for self financed expenditure include Options 3 and 4. There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

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 continue to apply Option 1 (charge 4% per annum over 25 years) in respect of capital expenditure originally incurred when government support was available and

Option 3 (charge over the life of the asset) in respect of all other capital expenditure funded through borrowing. MRP in respect of leases and PFI (Private Finance Initiative) schemes brought onto the Balance Sheet under the IFRS (International Financial Reporting Standards) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

8. Capital Expenditure

8.1 The evaluation of capital expenditure projects incorporates the cost of financing. This comprises two elements (a) the recovery of purchase costs through MRP and (b) interest. Where capital expenditure is low and no specific borrowing is required the interest cost allocated to the project will be the average cost of the Council's debt portfolio. This method will be used even if no borrowing takes place in the year as capital expenditure reduces the ability to repay debt.

8.2 For projects incurring a high initial cost for which specific debt financing is arranged, then the interest cost used will be the average rate on the specific debt.

9 Other Items

9.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on Use of Financial Derivatives

9.2 The Authority has previously made use of financial derivatives embedded into loans to reduce costs e.g. LOBO loans. The Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Policy on Apportioning Interest to the HRA

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

Investment Training

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

9.5 Given the significant amounts of money involved, it is crucial members have the necessary knowledge to take treasury management decisions. Regular training sessions are arranged for members to keep their knowledge up to date.

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

Investment Advisers

9.7 The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is reviewed by the Authority's treasury management staff.

Investment of Money Borrowed in Advance of Need

9.8 The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

9.9 The total amount borrowed in 2016-17 will not exceed the authorised borrowing limit of £528 million. The maximum period between borrowing and expenditure is expected to be one year, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

9.10 The budget for investment income in 2016/17 is £170,000 million, based on an average investment portfolio of £23 million at an interest rate of 0.75%%. The budget for debt interest paid in 2016/17 is £14.9 million, based on an average debt portfolio of £310 million at an average interest rate of 4.8%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different. Interest paid and earned is apportioned between the General Fund and HRA. The average interest rate on existing debt will decline in 2016-17 from 5.30% to 5.19% with interest costs falling by £1.0 million to £14 million. New debt is projected to cost an average 2.1%.

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

Monitoring & Reporting

9.12 Corporate Committee will receive quarterly reports on treasury management activity and performance. This will include monitoring of the prudential indicators.

9.13 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 Corporate Committee, shared with the Cabinet member for Resource & Culture and then reported to full Council. Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

9.14 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.

10. Other Options Considered

10.1 The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Operating Financial Officer (CFO), having consulted Corporate Committee, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Annex 1

Details of Treasury Position

A: General Fund Pool

	31-Mar-16 Projected £'000	31-Mar-17 Estimate £'000	31-Mar-18 Estimate £'000	31-Mar-19 Estimate £'000
Existing External Borrowing commitments:				
PWLB	50,139	45,882	41,395	37,465
Market loans	42,281	42,281	42,281	42,281
Cash reduction	0	20,000	20,000	20,000
Total External Borrowing	92,420	108,163	103,676	99,746
Long Term Liabilities	49,329	45,498	41,537	37,537
Total Gross External Debt	141,749	153,661	145,213	137,283
CFR	271,742	290,670	285,388	296,388
Internal Borrowing	129,993	124,993	119,993	114,993
Cumulative Borrowing requirement	0	12,016	20,182	44,112

B: HRA Pool

	31-Mar-16 Projected £'000	31-Mar-17 Estimate £'000	31-Mar-18 Estimate £'000	31-Mar-19 Estimate £'000
Existing External Borrowing commitments:				
PWLB	108,094	99,764	90,986	83,297
Market loans	82,719	82,719	82,719	82,719
Local Authorities	0	0	0	0
Total External Borrowing	190,813	182,483	173,705	166,016
CFR	278,548	293,002	295,943	297,624
Internal Borrowing	87,735	82,735	77,735	72,735
Cumulative Borrowing requirement	0	27,784	44,503	58,873

C: Security Measure

		2016-17	2017-18	2018-19
Above target	AAA to AA+	Score 0 - 2	Score 0 - 2	Score 0 - 2
Target score	AA to A+	Score 3 - 5	Score 3 - 5	Score 3 - 5
Below target	Below A+	Score over 5	Score over 5	Score over 5

Annex 2

Summary of Prudential Indicators

No.	Prudential Indicator	2016/17	2017/18	2018/19
CAPITAL INDICATORS				
1	Capital Expenditure	£'000	£'000	£'000
	General Fund	50,682	52,410	50,000
	HRA	64,307	51,121	50,000
	TOTAL	114,989	103,531	100,000

No.	Prudential Indicator	2016/17	2017/18	2018/19
2	Ratio of financing costs to net revenue stream	%	%	%
	General Fund	1.93	2.01	2.25
	HRA	8.88	9.02	8.98

No.	Prudential Indicator	2016/17	2017/18	2018/19
3	Capital Financing Requirement	£'000	£'000	£'000
	General Fund	290,670	285,388	296,388
	HRA	293,002	295,943	297,624
	TOTAL	583,672	581,331	594,012

No.	Prudential Indicator	2016/17	2017/18	2018/19
4	Incremental impact of capital investment decisions	£	£	£
	Band D Council Tax	32.04	14.26	31.74
	Weekly Housing rents	1.51	1.00	1.00

No.	Prudential Indicator	2016/17	2017/18	2018/19
TREASURY MANAGEMENT LIMITS				
5	Borrowing limits	£'000	£'000	£'000
	Authorised Limit	528,231	544,623	556,024
	Operational Boundary	472,772	489,638	501,519

No.	Prudential Indicator	2016/17	2017/18	2018/19
6	HRA Debt Cap	£'000	£'000	£'000
	Headroom	34,536	31,595	29,914

No.	Prudential Indicator	2016/17	2017/18	2018/19
7	Upper limit – fixed rate exposure	100%	100%	100%
	Upper limit – variable rate exposure	40%	40%	40%

No.	Prudential Indicator	2016/17		2017/18		2018/19	
8	Maturity structure of borrowing						
	(U: upper, L: lower)	L	U	L	U	L	U
	under 12 months	0%	40%	0%	40%	0%	40%
	12 months & within 2	0%	35%	0%	35%	0%	35%
	2yrs & within 5 yrs	0%	35%	0%	35%	0%	35%
	5 yrs & within 10 yrs	0%	35%	0%	35%	0%	35%
	10 yrs & within 20 yrs	0%	35%	0%	35%	0%	35%
	20 yrs & within 30 yrs	0%	35%	0%	35%	0%	35%
	30 yrs & within 40 yrs	0%	35%	0%	35%	0%	35%
	40 yrs & within 50 yrs	0%	50%	0%	50%	0%	50%
	50 yrs & above	0%	50%	0%	50%	0%	50%

No.	Prudential Indicator	2016/17	2017/18	2018/19
9	Sums invested for more than 364 days	10	10	10

No.	Prudential Indicator	2016/17	2017/18	2018/19
10	Adoption of CIPFA Treasury Management Code of Practice	√	√	√

Annex 3

Arlingclose Economic & Interest Rate Forecast November 2015

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.

- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.

- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Average
Official Bank Rate														
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.31
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.12
Downside risk				-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-0.73
3-month LIBID rate														
Upside risk	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.36
Arlingclose Central Case	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.50	1.60	1.65	1.70	1.75	1.24
Downside risk		-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20	-1.20	-0.83
1-yr LIBID rate														
Upside risk	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.41
Arlingclose Central Case	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15	2.15	1.82
Downside risk	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25	-1.25	-0.88
5-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.30	1.38	1.45	1.53	1.60	1.68	1.75	1.83	1.90	1.98	2.05	2.13	2.20	1.75
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
10-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45	2.50	2.20
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
20-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.53	2.55	2.58	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.65
Downside risk	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20	-1.20	-0.89
50-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.55	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.83	2.85	2.69
Downside risk	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15	-1.15	-0.84

Counterparty Policy

The investment instruments identified for use in 2015-16 are listed in the table. Each investment type is classified as either 'Specified' or 'Non – Specified' investment categories. Specified investments are considered low risk and relate to funds invested for up to one year. Only those investments with a credit rating of at least AA- are considered as specified. Non-specified investments normally offer the prospect of higher returns but carry higher risk and may have a maturity beyond one year. At least 50% of investments held will be specified. All investments are sterling denominated.

As discussed in the borrowing strategy the plan during 2016-17 is to rely on short term debt and minimise cash balances. This will lead to a high proportion short dated and tradable instruments e.g. money market funds, T-bills, CDs and DMO within the cash portfolio to cover liquidity needs.

Investments do not include capital expenditure as defined 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).

Minimum Credit Quality & diversification Limits

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

Long-term minimum: A- (Fitch); A3 (Moody's); A- (S&P)

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

The limits stated in the table below will apply across the total portfolio operated by the Council and so incorporate both Council and Pension Fund specific investments. 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. Operationally a limit will be applied to the amount invested in any MMF of no more than 2.0% of the Money Market Fund's total assets.

Non UK Banks

The use of non-UK banks was suspended pre April 2015. Nine countries retain AAA ratings from all three rating agencies – Australia, Canada, Denmark, Germany, Netherlands, Norway, Singapore, Sweden and Switzerland. Within these countries twelve banks meet the AA- or better criteria mentioned above and these have been included as eligible counterparties (annex 5). Using the highest quality overseas banks will both improve the overall security of the investment portfolio and enable greater diversification.

Maturities Guidance

At present maturities have been kept to less than 12 months reflecting the expectation that cash balances will be maintained at low levels. However, there remains a core cash balance that persists over time. Longer maturities attract higher returns at present to compensate for illiquidity and the prospect of increased base rates in future. The strategy has been revised to permit a maximum of £10 million to be invested between 12 – 24 months.

Institution Type	Minimum Credit Rating	Maximum Counterparty Limit	Maximum Period of Investment	Specified / Unspecified
Debt Management Office	UK Government	No limit	364 days	specified
Gilts, Treasury Bill & Repos	UK Government	No limit £10 million	364 days 24 months	Specified non-specified
Supra-national Banks & European Agency	AA-	£10 million £5 million	364 days 24 months	specified non-specified
Covered Bonds issued by UK Banks	Bond AA+ / counterparty A- Bond AA+ / Counterparty BBB+ Bond AA+ / counterparty A-	£5 million per bond, £20 million aggregate £5 million per bond, £10 million aggregate £5 million per bond, £10 million aggregate	364 days 364 days 24 months	Specified Non-specified non-Specified
UK Local Authority Deposits	n/a	£15 million per counterparty £5 million per counterparty	364 days 24 months	specified non-specified
UK & AAA country Banks - term deposits, CDs and call accounts	AA- AA- A-	£10 million per bank or banking group £5 million per bank or banking group £5 million per bank or banking group	364 days 24 months 364 days	specified non-specified non-specified
Constant Net Asset Value Money Market Funds (MMFs), UK / Ireland / Luxembourg domiciled Variable NAV Enhanced Cash Funds, UK/Ireland/Luxembourg domiciled	AAA AAA	£10 million per MMF. Aggregate £50 million. £5m per ECF. Group limit £15m	daily liquidity Minimum Weekly Redemption	specified non-specified

Additional Details on Types of Investments

Banks and Building Society Deposits, Call Accounts and Certificates of Deposit: These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Covered Bonds: These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Money Market and Enhanced Cash Funds: Shares in diversified investment vehicles consisting of time deposits, call accounts, CDs etc with banks and financial institutions. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while Enhanced Cash Funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

ANNEX 5

Lending List of counterparties for investments

This is the proposed list of bank counterparties which the Council can lend to, providing the counterparties meet the requirements set out in Annex 4 at the time of investment. The list will be kept under constant review and counterparties removed if the process described in the investment strategy raises any concerns about their credit worthiness. In addition to the counterparties listed below, UK government, local authorities, money market funds and enhanced cash funds are included in annex 4.

Instrument		Country/ Domicile	Counterparty	Arlingclose Suggested max maturity
Supranational Banks			European Bank for Reconstruction and Development	24 months
			European Investment Bank	24 months
			Inter-American Development Bank	24 months
			International Bank for Reconstruction & Development	24 months
UK Banks and Building Societies- Term Deposits, Call Accounts & CDs		UK	HSBC Bank Plc	13 months
		UK	Standard Chartered Bank	6 months
		UK	Barclays Bank Plc	100 days
		UK	Lloyds Banking Group including Bank of Scotland	13 months
		UK	Santander UK	6 months
		UK	Nationwide Building Society	6 months
		UK	Coventry Building Society	6 months
Non-UK Banks - Term Deposits, Call Accounts and CDs		Australia	Australia & New Zealand Banking Group	6 months
		Australia	National Australian Bank	6 months
		Australia	Commonwealth Bank of Australia	6 months
	new	Australia	Westpac Banking Group	6 months
	new	Canada	Bank of Montreal	13 months
	new	Canada	Royal Bank of Canada	13 months
	new	Canada	Toronto-Dominion Bank	13 months
	new	Singapore	DBS Bank	13 months
	new	Singapore	Overseas-Chinese Banking Corp	13 months
	new	Singapore	United Overseas Bank	13 months
		Sweden	Nordea Bank	13 months
		Sweden	Svenska Handelsbanken	13 months
Covered Bonds issued by UK Banks & Building Soc		UK	UK Banks and Buildings societies listed above.	24 months
			Royal Bank of Scotland	24 months

NB: max maturity capped at 24 months.

Haringey LONDON

Compared with last year, no counterparties have been deleted and no UK banks added. The four supranational banks are new additions. All are AAA rated by the three rating agencies. These banks raise funds via CDs. The Arlingclose support maximum maturities of up to 5 years for AAA rated supranational banks.

Eight overseas banks have been added to the counterparty list. All are rated AA- or better by all three rating agencies. These banks rarely take deposits in the UK but can be accessed through CDs. There are currently no overseas banks in the portfolio. In addition to the limits set out in annex 4, a limit of £5 million per bank and £10 million per Non-UK country will be applied.

Investments in covered bonds are limited to UK banks and building societies. In addition to those banks and building societies eligible for unsecured deposits, Royal Bank of Scotland has been added for covered deposits. Covered deposits offer additional default protection due to the provision of collateral as security.

The counterparty list excludes MMF and ECF's as the name of the fund reflects the fund manager not the quality of the underlying holdings. Selection of MMFs and ECFs will be based on the criteria set of in Annex 4. The limit for any single MMF is £20 million and each ECF is £5 million.

Should Arlingclose reduce the maximum recommended maturity guidance for any bank, this will be reflected in the portfolio.

Annex 5

The Formal Budget Resolution

The Council is recommended to resolve, in accordance with the Local Government Finance Act 1992 (the 'Act'), as amended by the Localism Act 2011, as follows:

1. It be noted that on 27th January 2016 the Chief Financial Officer, after consultation with the Cabinet Member for Resources and Culture, calculated the Council Tax Base 2016/17 for the whole Council area as **72,175**.

2. The Council Tax Requirement for the Council's own purposes for 2016/17 be calculated as **£87,188,121.75**

3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:

   a) £881,513,906.00
   being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;

   b) £794,325,784.25
   being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;

   c) £87,188,121.75
   being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year;

   d) £1,208.01
   being the Council Tax Requirement at 3(c) above, divided by the Council Tax Base at 1, above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;

4. To note that the Greater London Authority has issued a precept to the Council in accordance with Section 40 of the Act for each category of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

Valuation Bands

LONDON BOROUGH OF HARINGEY

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
805.35	939.56	1,073.78	1,208.01	1,476.34	1,744.91	2,013.35	2,416.02

GREATER LONDON AUTHORITY

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

AGGREGATE OF COUNCIL TAX REQUIREMENTS

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
989.35	1,154.23	1,319.11	1,484.01	1,813.67	2,143.58	2,473.35	2,968.02

6. Pursuant to Section 52ZB of the Act and the principles determined by the Secretary of State to apply to local authorities in England in 2016/17 as set out in The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17 it is determined that the Council’s relevant basic amount of Council Tax for the year is not excessive.