NOTICE OF MEETING

CABINET

Tuesday, 11th December, 2018, 6.30 pm - Civic Centre, High Road, Wood Green, N22 8LE

Members: Councillors Joseph Ejiofor (Chair), Emine Ibrahim (Vice-Chair), Charles Adje, Peray Ahmet, Patrick Berryman, Mark Blake, Zena Brabazon, Kirsten Hearn, Noah Tucker and Elin Weston

Quorum: 4

1. FILMING AT MEETINGS

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

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.

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

2. APOLOGIES

To receive any apologies for absence.

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items of Urgent Business will be considered under the agenda item where they appear. New items of Urgent Business will be dealt with under Item 16 below. New items of exempt business will be dealt with at Item 22 below).

4. DECLARATIONS OF INTEREST

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

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

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

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

5. NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

On occasions part of the Cabinet meeting will be held in private and will not be open to the public if an item is being considered that is likely to lead to the disclosure of exempt or confidential information. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.

This agenda contains exempt items as set out at **Item [***17]* **: Exclusion of the Press and Public.** No representations with regard to these have been received.

<u>This is the formal 5 clear day notice under the Regulations to confirm that this Cabinet meeting will be partly held in private for the reasons set out in this Agenda.</u>

6. MINUTES (PAGES 1 - 34)

To confirm and sign the minutes of the meeting held on 13 November 2018 as a correct record.

7. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE

8. DEPUTATIONS/PETITIONS/QUESTIONS

To consider any requests received in accordance with Standing Orders.

9. MEDIUM TERM FINANCIAL STRATEGY 2018/19-2022/23 (PAGES 35 - 92)

[Report of the Director of Finance. To be introduced by the Cabinet Member for Finance.]

The report sets out details of proposed budget for 2019/20 and MTFS to 2023/24, including savings, growth and capital proposals. The report will also set out details of provisional funding for 2019/20 and if available the remainder of the planning period and highlight areas of risk. The budget proposals will be released for public consultation and Scrutiny consideration.

10. BUDGET MONITORING - QUARTER TWO (PAGES 93 - 112)

[Report of the director for Finance. To be introduced by the Cabinet Member for Finance]

To provide Cabinet with an update on budget performance for the year to date and likely financial outturn position for 2018/19.Consideration of any proposed budget virements as at the end of quarter 2.

11. ACQUISITION OF THE WELBOURNE SITE TO MAXIMISE THE DELIVERY OF AFFORDABLE HOMES IN TOTTENHAM HALE (PAGES 113 - 122)

[Report of the Interim Director for Housing, Regeneration and Planning. To be introduced by the Leader of the Council.]

Cabinet will be asked to agree the acquisition of 131 homes and to agree that the ground floor non-residential space be constructed at the Welbourne Site and to further note a future key decision on final purchase price and the final heads of terms of the acquisition and the final contract.

12. RAPID ELECTRIC VEHICLE CHARGING POINTS (PAGES 123 - 136)

[Report of the Director for Environment and Neighbourhoods. To be introduced by the Cabinet Member for Environment.]

To award a contract to a third party operator(s) ("Concessionaires) to install and manage rapid electric vehicle charging points in the borough under Transport for London's (TfL's) Framework agreement call off contract.

13. AWARD OF CONTRACT FOR SUPPLY OF FURNITURE AND FITTINGS FOR TEMPORARY ACCOMMODATION PROPERTIES (PAGES 137 - 142)

[Report of the Director for Housing and Growth. To be introduced by the Cabinet Member for Housing and Estate Renewal.]

Recommending the award of contract for supply of furniture and fittings for Temporary Accommodation properties to preferred provider following tender process. Contract Standing Order (CSO) 9.01.1 (requirement to let contract following publication of an appropriate (tender) advertisement.

14. EXTENSION AND VARIATION OF SINGLE HOMELESS PATHWAY CONTRACTS (PAGES 143 - 152)

[Report of the Assistant Director for Commissioning. To be introduced by the Cabinet Member for Adults and Health.]

The report will Request approval for extensions of up to 24 months and variation of the number of units of accommodation for three contracts delivering supported accommodation in the Single Homeless Pathway. The extension and variations will facilitate a redesign of the pathway services, which will include consideration of bringing them back within the Portfolio of directly delivered Council services.

15. PLEVNA CRESCENT (PAGES 153 - 160)

[Report of the Director for Housing and Growth. To be introduced by the Cabinet Member for Housing and Estate Renewal.]

Acquisition of s106 units at Gate of Eden scheme, Plevna Crescent

16. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at Item 3 above.

17. EXCLUSION OF THE PRESS AND PUBLIC

<u>Note from the Acting Democratic Services & Scrutiny Manager</u>
Item 18, 19, 20, 21 and 22 allow for consideration of exempt information in relation to items 11,12,13,15 and 3 .

TO RESOLVE

That the press and public be excluded from the remainder of the meeting as the items below contain exempt information, as defined under paragraph 3 and 5, Part 1, schedule 12A of the Local Government Act.

18. ACQUISITION OF THE WELBOURNE SITE TO MAXIMISE THE DELIVERY OF AFFORDABLE HOMES IN TOTTENHAM HALE (PAGES 161 - 180)

As per item 11.

19. RAPID ELECTRIC VEHICLE CHARGING POINTS (PAGES 181 - 184)

As per item 12.

20. AWARD OF CONTRACT FOR SUPPLY OF FURNITURE AND FITTINGS FOR TEMPORARY ACCOMMODATION PROPERTIES (PAGES 185 - 186)

As per item 13.

21. PLEVNA CRESCENT (PAGES 187 - 222)

As per item 15.

22. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any items admitted at Item 3 above.

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Bernie Ryan
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Monday, 03 December 2018

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MINUTES OF THE MEETING OF THE CABINET HELD ON TUESDAY, 13TH NOVEMBER, 2018, 6.30pm

PRESENT:

Councillors: Joseph Ejiofor (Chair), Emine Ibrahim (Vice-Chair), Charles Adje, Peray Ahmet, Patrick Berryman, Mark Blake, Zena Brabazon, Kirsten Hearn, Noah Tucker and Elin Weston

Also Present: Councillors: Barnes, Gordon, Bevan, das Neves.

1. FILMING AT MEETINGS

The Leader referred to agenda item 1, as shown on the agenda in respect of filming at the meeting and Members noted this information.

2. APOLOGIES

There were no apologies for absence.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest put forward.

5. NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations received at the agenda publication stage in relation to the exempt items on the agenda.

6. MINUTES

The minutes of the Cabinet meeting held on the 9th of October 2018 were agreed as an accurate record.

7. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE

There were no Overview and Scrutiny matters for consideration by Cabinet.

8. DEPUTATIONS/PETITIONS/QUESTIONS

A deputation had been received from the Broadwater Farm Resident's Association, in relation to item 9 of the Agenda – Broadwater Farm.

Mr Jacob Secker, Secretary for the Broadwater Farm Resident's Association, was invited by the Leader to put forward his deputation to Cabinet.

Mr Secker was speaking as the representative of the Association, and Tangmere block resident with right of return, and introduced fellow deputation party members, Archbishop Frimpong who was a previous tenant at Tangmere with right of return, and Alan Goodall who was a resident at Northolt block.

Mr Secker began his representation by reiterating that the Association was demanding a ballot under Greater London Authority (GLA) rules for Tangmere and Northolt residents. He contended that this ballot should be on the question of whether the estate blocks should be strengthened or demolished and rebuilt. The Association felt that without the ballot, there could be no guarantee that the Council would abide by its commitment to re-provide the same number of Council homes at Council rent.

Mr Secker had observed in the consultation forms, a clearly stated commitment to residents of an equal number of Council homes at Council rent with more family sized accommodation for Northolt Block. However, Mr Secker argued this commitment for provision of an equal number of homes was not included in the report presented to Cabinet. The report advised at paragraph 6.61 that 'any 'Council homes demolished would be re-provided, and the deputation felt that the term 'any' could be open to interpretation and called for the report be amended. There was a need make clear that the number of homes demolished would be equally re-provided otherwise this would make the consultation null and void.

With regard to Northolt, Mr Secker claimed that residents had been informed, in the consultation documentation, that when they were moved into a new home, if they did not like it then they would be allowed to request a move to another home. This commitment was also not included in the report and Mr Secker argued that if this commitment was also not adhered to, then the consultation would be deemed invalid.

Mr Secker continued to reiterate the importance of the ballot as the deputation party felt without this process there was no guarantee for residents that promises about re-provision of homes at Council rents would not be kept to.

Mr Secker conceded that, in the context of tower block safety across London, the safety issues with the blocks at Broadwater Farm was a relatively serious safety issue. He re-iterated that GLA rules stipulated that where there were reasonable alternative solutions to demolition, then there had to be a ballot. Mr Secker noted the Council's own surveyors stated the blocks could be strengthened, demonstrating there was a reasonable alternative to demolition, in his view, cheaper than the demolition, therefore, meeting the requirements of a ballot.

Mr Secker concluded his deputation by asserting that the reason the Council were not balloting residents was because there was not the intention to stick to its promises made during consultation with residents.

Following the deputation, the Leader invited Cabinet Members to ask questions.

Cllr Adje thanked the deputation and disputed their view that the report was not clear on equal numbers of re- provided Council homes. He referred to the report which stated at paragraph 6.61 – '*The Council was committed to replacing any Council homes which were demolished with new Council homes on the estate*' .Mr Secker reiterated that the use of the word '*any'* was ambiguous and could mean any number of homes instead of the equal number of Council homes to those that were demolished.

The Cabinet Member for Housing and Estate Renewal responded to the deputation and stressed that the fundamental concern of the Council was for the safety of the residents at Tangmere and Northolt and they had always been the priority. The Cabinet Member made the following points:

- Disputed Mr Secker's claim that the safety concerns were 'relative' and advised they were serious, especially in the aftermath of Grenfell. It was not appropriate to discuss level of concern that should be attributed to the safety of the blocks but accept the seriousness and duty to safeguard tenants and leaseholders in the two blocks.

- There were current mitigations in place to ensure the tenants were safe at Tangmere and Northolt but these were not long term sustainable solutions and the Council therefore needed to make a decision about how to resolve the serious structural issues at the two blocks. Other blocks on Broadwater Farm had been assessed and were being strengthened but this was not considered a reasonable option for Tangmere or Northolt.

- In June 2018, Cabinet considered the options available to it, decided that rebuilding the blocks would be the most suitable option, and consulted tenants with this preferred option put forward. There had been a significant response from residents, with 90% of those replying from Tangmere agreeing with the proposal and 80% of those replying from Northolt agreeing with the proposal.

- The report before Cabinet at this meeting recommended agreeing to demolish the Tangmere and Northolt blocks.

- An earlier Cabinet report made clear the Council's guarantee to rebuild the same number of social rent tenancies following the demolition of the two blocks.

- The wording of the report would be changed so that *'any'* at paragraph 6.61 became '*all'* so that there was no doubt that all homes demolished, as part of this decision, would be replaced with the same number of Council rented tenancies, on the same terms. Every resident is guaranteed his or her right of return to the estate **when** the blocks were rebuilt.

- In terms of the funding, the Council had provisionally allocated part of the GLA Building Council Homes for Londoners funding allocation from the Mayor to rebuild the blocks. Due to the safety issues of the block, there was an urgent need to rehouse residents of Tangmere before the Cadent deadline. To complete a compliant ballot would have taken time, which was not available given the safety issue concerns. The Council were in discussion with the GLA for the application of an exemption and continue to work with them.

- Irrespective of any exemption granted by the GLA, and based on Council policy, there was always a commitment to holding a ballot as part of the engagement undertaken on the next phase of work, which would be developing proposals for the new homes on the estate. This ballot would be of residents across the whole Broadwater Farm estate, including those former tenants of Tangmere and Northolt who have relocated as a result of the issues discovered.

The Cabinet Member further confirmed that all of the existing social rented Council homes on the Broadwater Farm estate would be replaced.

The Leader thanked the deputation party at which point Archbishop Frimpong responded to note that he had full confidence in the Cabinet to keep their commitments. Cabinet continued to consider the Cabinet report on Broadwater Farm.

9. BROADWATER FARM

Following the deputation, the Cabinet Member for Housing and Estate Renewal formally introduced the report on Broadwater Farm. The Cabinet Member informed the meeting that once the structural issues became known, substantial work had been done across the estate to ensure the safety of residents. The nine medium rise blocks had had their individual gas supplies removed with heating and hot water provided initially by temporary oil fired boilers.

The Cabinet Member continued to outline that all these blocks would be connected to a modern district energy network by summer 2019, at a cost of £13m. In addition, strengthening and refurbishment works were being designed for the medium-rise blocks on Broadwater Farm. Kenley Tower, which passed the required safety tests, would also receive upgrade works, including new heating and hot water systems and associated works.

The Cabinet Member reminded the meeting of the purpose of the attached report, arising from the fact that two of the blocks on Broadwater Farm – Tangmere and Northolt - had failed the lower of the safety tests for buildings of their type. In June Cabinet had taken a number of difficult decisions about the future of these two blocks. At that meeting Cabinet had considered the options available to address the structural issues affecting Tangmere and Northolt. All the options would have required residents to be rehoused from the two blocks so there had been no option for the residents to remain in their homes.

The rehousing of Tangmere residents had been more urgent due to the deadline for gas to be removed from all the blocks on Broadwater Farm. The process of rehousing Northolt residents has not started as this block did not have piped gas.

At its meeting in June Cabinet assessed that the strengthening works required to make the blocks safe were prohibitively expensive and did not represent value for money when compared to the other options. Consideration was also given to the type of building in question and its likely life span even if strengthening works were carried out.

Having considered the options in June, Cabinet decided that its preferred option was to demolish Tangmere and Northolt and then to build new, high quality replacement Council homes on Broadwater Farm. Consequently, residents had been consulted on this preferred option, and the results of the consultation for both blocks was that a very clear majority of residents agreed with the Council's proposal. This was 90% of residents in Tangmere and 80% of residents in Northolt in favour of this preferred option.

The Cabinet Member further informed Cabinet of the need to approve a rehousing policy setting out its commitment to the residents of these two blocks. This included a guaranteed right to return for Tangmere and Northolt tenants to the new homes when they were built. If Cabinet agreed the recommendations in the attached report, more detailed work would start on the proposals for the new homes and this would be done in consultation with residents of the estate.

The Cabinet Member acknowledged the decision to demolish Tangmere and Northolt was not an easy decision given some residents had been living in their homes for a number of years. However, it was clear that a large majority of those residents consulted at the two blocks supported the decision.

The Cabinet Member further put forward an amendment to the Rehousing and Payments Policy to ensure the wording of the policy properly reflected the Council's aims, following feedback from tenants. This amendment was to make clear that all tenants who move out of Tangmere or Northolt under the Policy or the Tangmere Priority Rehousing Scheme will be eligible for a second transfer with Band A priority following their first move out of the block. This would be regardless of whether their first move was through choice based lettings or through a direct offer, and this second move can be made at any time until either the tenant was offered one of the new replacement homes on the estate or s/he decides s/he decides s/he does not wish to return.

The Cabinet Member sought agreement from Cabinet colleagues for an additional recommendation to delegate authority to the Director of Housing, Regeneration and planning to amend the Rehousing and Payments Policy to allow all tenants to have second moves as set out above.

Following questions from Cllrs Berryman & Brabazon, the following information was noted:

- That paragraph 6.61 would be amended by replacing the word, *'any'* with *'all'.*
- The Cabinet Member and officers had advised the BWF residents Association, a few months ago, of the Council's application to the GLA for an exemption from the requirement to ballot.

- In reference to a ballot noted at paragraph 6.62 and whether this was the same (GLA) ballot that had been mentioned by the deputation, the Cabinet Member confirmed it was a different ballot. Due to the health and safety concerns, the situation in Tangmere and Northolt was pressing and there was not enough time to work with residents to prepare a redevelopment plan, and ballot residents on it, before taking a decision about whether to demolish the blocks. When the Council had such a plan for the rebuild, it was the intention to ballot the whole estate.

Following questions from Cllr Barnes, the following was noted:

- As soon as the Cabinet became aware of the serious structural risks posed by Tangmere and Northolt, they had acted swiftly and decisively to ensure the safety of its tenants. The Cabinet Member emphasised that Cabinet were not aware of any pre-existing concerns about the structural integrity of the tower blocks from the 1970s. If it was suggested that the Council knew of these structural issues then this was a fundamentally different question to the report in consideration, and would need to be explored. The Cabinet Member had no reason to believe that the Council knew of these structural issues from the 1970’s.

- If future proposed plans were rejected in a ballot, the Cabinet Member advised that the Council would need to consider what to do next at that stage but it was clear that proposals could only be progressed when a ballot was successful.

- The remaining properties at Broadwater Farm were due to have refurbishment works and would also be connected to the new district heating network. The Cabinet Member acknowledged that it would be a challenging time for residents in the next few years. However, there was a need to make sure the work was carried out to bring the homes back up to standard. Officers further clarified that the medium-rise blocks were due to have strengthening works completed and this provided the opportunity to complete long overdue internal improvement works.

- It was further clarified that the future ballot would be a ballot of the whole estate and would entail prior conversations with residents living on the whole estate (including those who had moved out of Tangmere and Northolt because of the problems). Therefore it was not prudent, at this stage, to speculate on a potential outcome to the ballot but have full discussions with residents beforehand.

The Leader highlighted the additional recommendation put forward by the Cabinet Member for Housing & estate renewal at paragraph 9 above,

RESOLVED

1. To note and considers the outcome of the consultation carried out with Council tenants living in Tangmere pursuant to section 105 of the Housing Act 1985,

and the non-statutory consultation with the Council leaseholders of Tangmere, as summarised in section 6.20 – 6.26 of this report and set out in detail in appendix 1.

2. Having regard to the results of this consultation, to agree that Tangmere should be demolished and authorises the Director of Housing, Regeneration and Planning to serve the initial demolition notice on the secure tenants of Tangmere and to decide the timing of any final demolition notice that needs to be served.

3. To note and considers the outcome of the consultation carried out with Council tenants living in Northolt pursuant to section 105 of the Housing Act 1985, and the non-statutory consultation with the Council leaseholders of Northolt, as summarised in section 6.27 – 6.33 of this report and set out in detail in appendix 1.

4. Having regard to the results of this consultation, to agree that Northolt should be demolished and authorises the Director of Housing, Regeneration and Planning to serve the initial demolition notice on the secure tenants of Northolt and to decide the timing of any final demolition notice that needs to be served.

5. Having considered the results of the consultation on the Broadwater Farm Rehousing and Payments Policy as set out in section 6.40, to approve the final Broadwater Farm Rehousing and Payments Policy attached at appendix 2.

6. Having considered the results of the consultation on the Broadwater Farm Local Lettings Policy as set out in section 6.52, to approve the Local Lettings Policy attached at appendix 3.

7. To agree that the rehousing of tenants and leaseholders from Northolt should commence as soon as practicable, and delegates authority to the Director of Housing, Regeneration and Planning to determine the exact date that the rehousing of Northolt commences. The rehousing will be carried out under the Rehousing and Payments Policy recommended to Cabinet in 3.5 above.

8. To approve as required by Section 1 – Financial Regulations paragraph 5.23 (b) within the Housing Revenue Account a virement of £1.2m from the HRA Building Regulations Review budget to a new budget ‘Northolt Rehousing Costs’.

9. To delegate authority to the Director of Housing, Regeneration and Planning to amend the Rehousing and Payments Policy to allow all tenants who moved out of Tangmere and Northolt under the Policy or the Tangmere Priority Rehousing Scheme to be eligible for a second transfer with Band A priority following their first move out of the block. This would be regardless of whether their first move was through choice based lettings or through a direct offer, and this second move could be made at any time until either the tenant was offered one of the new replacement homes on the estate or he/she decides he/she does not wish to return.

Reason for decision

The Council has identified risks in a number of blocks on Broadwater Farm. Surveys have identified that Tangmere and Northolt have failed both the tests relating to Large Panel System (LPS) buildings, which means that there is a risk of progressive collapse caused by a force equivalent to a vehicle strike or bottled gas explosion. These risks have been mitigated through the introduction of measures set out in section six of this report, including:

- In Tangmere, which has piped gas, the replacement of gas cookers with electric cookers and the installation of gas interrupter valves, which will switch off the gas if a leak is detected. Northolt does not have piped gas.
- In both Tangmere and Northolt, a 24-hour concierge and a programme of home visits to reduce the risk that items such as bottled gas are taken into the building.

These mitigations reduce the risks, but do not remove them entirely. Further decisions are needed on how to address the structural problems identified in both blocks so that there is no risk of progressive collapse. In June Cabinet agreed, having considered the options that its preferred option was to demolish both blocks and replace them with high quality, new Council homes built on the estate. It further agreed that officers should consult residents of Tangmere and Northolt on the options for both blocks. This consultation took place between 12 September and 10 October and in the case of Council tenants was a statutory consultation under section 105 of the Housing Act 1985. The results of the consultation are set in sections 6.18 to 6.33 of this report, and show clear support for the Council has preferred option. Cabinet can therefore now make a decision on the future of both blocks in light of the results of the consultation alongside consideration of the technical and financial information presented in this report and the report to Cabinet of 26th June.

Because the Council was already aware of the requirement to rehouse residents of both Tangmere and Northolt (as all options to address the structural issues required each building to be emptied), in June Cabinet also agreed a draft Rehousing and Payments Policy for consultation. This consultation has now taken place, and a final Rehousing and Payments Policy is presented for approval. The key commitments of the policy include:

- Guaranteed rights of return to the estate for all Council tenants and resident leaseholders who need to move out of Tangmere or Northolt.
- This includes a right to return to new build homes on the estate when they are built.
- Equity loans for resident leaseholders, to enable them to buy a new home in the borough with financial assistance from the Council.

In order to give residents who move out of Tangmere and Northolt the ability to return to Broadwater Farm more quickly if they want to, it is also proposed that a Local Lettings Policy is adopted. This will prioritise future lets on Broadwater Farm to these residents. The Council consulted on this proposed policy, and found clear support.

If Cabinet agrees that one or both blocks should be demolished, then demolition notices under Sections 138A and 138B of the Housing Act 1985 will need to be served on the secure tenants in those blocks.

Alternative options considered

The alternative options for rectifying the structural defects in Tangmere and Northolt were considered in detail in the report considered by Cabinet in June, and were explained in the consultation with residents.

Doing nothing is not an option, as both blocks have failed structural tests. The risks posed by the structural defects have been mitigated, but the blocks cannot remain occupied long-term as they are.

The main alternative option considered was to carry out major strengthening works to both blocks. Retrospective strengthening works would require the joints where walls, floors and ceilings meet to be strengthened. Windows would need to be removed to allow the strengthening materials to be fitted. The cost of these works to Tangmere is estimated at £13m while the cost of these works to Northolt is estimated at £12.5m. The works cannot be done while the residents remain in occupation.

In June, Cabinet decided, having considered the technical feasibility and the cost of the strengthening work that its preferred option is to demolish both blocks and replace them with high quality, new Council homes built on the estate. The consultation shows that a clear majority of residents agree with the Council's proposals.

10. HOUSING STRATEGY

The Leader invited Mr Nicolson to put forward his deputation to the Cabinet.

Mr Nicolson was representing the TAG[Temporary Accommodation Group] Love Lane resident's group and putting forward their concerns about: the future demolition of the Love Lane estate, their rights as residents in temporary accommodation, the need for permanent housing with affordable rent and how the development of the estate was taking place around them, causing distress.

The Sedley principles were referred to and the deputation were seeking an assurance that any consultation on the 'Landlord Offer' on Love Lane estate would follow these principles and that all families in temporary accommodation on Love Lane estate would be allowed to respond to the consultation, and to vote in any related ballot and would be moved into permanent accommodation.

The TAG Love Lane group was seeking accommodation that was both permanent and affordable. The group was concerned that Councillors had not given due consideration to:

- The circumstances of the 172 homeless families whom the Council had moved into temporary accommodation in the Love Lane estate, after the permanent tenants were moved out, and who were likely to be moved on yet again before demolition. It was not felt right for one family to already have been moved three times in the past nine months or for children to be moving homes, schools and friends six or seven times throughout ten years of their education. The deputation party felt that one move into decent temporary accommodation ought to be enough. Being moved into a noisy building site only to be moved off it again was compulsory move too many.

- The damage to the health and well-being of low-income families caused by significant increased rents as these families would likely need to move out of £90 a week for two bed Council rented accommodation to take private rented permanent accommodation at a minimum of £300 a week in N17 or £400 in N6. This was being done under the threat of "intentional homelessness". The deputation asserted that the Council paying the difference to landlords for four years did not result in permanent secure affordable accommodation for a career teacher or nurse or anyone else seeking to move to a community

The deputation further contended that none of the definitions of affordable housing in Appendix C was truly affordable. It was not only the rent that mattered but consideration should also be given to the health and wellbeing of low-income families and the minimum household income must be enough to buy a healthy diet, water, fuel, clothes, transport, participation in the community and other necessities, after the rent, Council and income taxes are paid.

The deputation referred to the new London Living rent policy being developed by the Mayor of London, which was one third of local rents, in which Council tax must be included if it is not abolished. The deputation spoke about the remaining two thirds of income being equally important and considered in the development of this policy. The remaining two thirds must be enough to buy a healthy diet, water, fuel, clothes, transport, participation in the community and other necessities. The necessary research about human needs was available from the Joseph Rowntree Foundation and distributed to the Council.

The deputation explained that if a family takes on housing benefit simultaneously with being forced into private sector rents then their rents can push the family’s benefits over the government’s £442.31 a week London benefit cap, leaving rent unpaid and to be paid out of that vital two thirds of income needed for essentials. That, and everything else about the circumstances of tenants in temporary accommodations, was profoundly unfair.

The Cabinet Member for Civic Services invited a member of the deputation to outline his experiences.

A member of the deputation party spoke from personal experience of living on Love Lane estate for the past 3 years and they perceived there to be a lack of transparency, by the Council on what the future holds for them, post demolition. This uncertainty was causing health issues, stress and anxiety as they had yet to receive a guarantee of permanent accommodation, post demolition. The consultation on the Landlord offer had yet to even start and this was previously promised in October.

The Cabinet Member for Housing and Estate Renewal wanted to hear from the members of the deputation that lived on the Love Lane estate and offered them the opportunity to ask her questions.

The current uncertainty on permanent accommodation and the demolition works taking place in the outside space was further reiterated. A member of the deputation spoke from personal experience about the conditions her family were living in. This was especially difficult with two older children studying for GCSE's whilst living in TA, and living on a demolition site .This situation had ruined the mental health of her family, and they were suffering through the uncertainty of not having a home. The deputation member highlighted that a majority of people living in temporary accommodation, on the Love Lane estate, worked but were on low incomes. If they were moved to private accommodation with higher rents, there was no hope to give their children of a better home and quality of life.

The Cabinet Member responded and noted that there will be a process followed for the ballot. Officers would explain the detail of this. The Cabinet Member appreciated that the deputation highlighted the stark housing issues that people in London face and which was due to the of impact of a housing crisis .The Cabinet Member acknowledged this situation and commented on the many people coming to her surgery with similar issues or living in temporary or overcrowded accommodation. The Cabinet Member further commented on the high number of one-bedroom properties in the borough which were housing families of up to 4 and 5 people which she understood could not be acceptable. There were currently over 50,000 homeless households in London living in temporary accommodation, and around 3,000 of those were Haringey households.

The Cabinet Member described the mismatch between the demand and supply for social rented housing. This situation meant that households in Band B and where a housing duty was accepted, were waiting for significant periods to obtain permanent housing. The Cabinet Member explained that in Haringey some families were waiting for a 3-bedroom property for up to 11 years and she understood the detrimental impact this could have on schooling and family life.

The Cabinet Member outlined that the only way to address this mismatch was by building more social rented homes. This was why the Council was committed to providing 1,000 new Council homes and seeking to increase the number of affordable and social rented homes.

There were decisions being made to tackle this issue, including the changes to the Housing Strategy and the plans for housing delivery via the Wholly Owned Company. Although, it was accepted that the promise of 1000 new social homes was not enough, it was important to start somewhere. The Cabinet Member further reiterated her commitment to deliver 1000 homes and provide safe and secure temporary accommodation.

The Interim Director for Housing, Planning and Regeneration advised the deputation that the Council did not push ahead with the Love Lane ballot in October as there was more time needed to talk to residents on the estate and improve the offer. The ballot would likely take place early next year to allow these early discussions and conversations .The Council were further seeking to obtain additional funding and so it could improve that offer to local people. She advised that the consultation included residents living in temporary accommodation and they would have a say in the ballot. She reiterated that the Council would work with the tenants to make a proper local offer.

The Leader thanked the deputation party for putting forward their representations

The Cabinet Member for Housing and Renewal continued to introduce the Cabinet report which put forward revisions to the Haringey's Housing Strategy, including proposed amendments to appendix C and deletion of appendix D.

The administration had been elected in May on a manifesto that recognised the importance in Housing and set out 5 pledges including: 1000 new Council homes, a review of planning targets, ensuring housing is genuinely affordable, expanding the landlord licensing scheme, ensuring that new housing for sale was available to Haringey residents first, and to reduce homelessness in Haringey by 2022.

The two key pledges being focused on in this report was housing affordability and Council social rents.

The Cabinet Member outlined that the Council had last published a Housing Strategy in 2016. Since then, as well as having a new administration with new priorities and ways of working, there had been important changes to Housing policy at the national and regional level, which the existing strategy was increasingly out of touch with. The Government had abandoned a number of its most contested proposed housing policies and there has been a renewed focus on social housing prompted in part by the Grenfell tragedy. There had been a further lifting of the HRA borrowing cap and significant funding from the GLA for Council housing to transform and develop this.

It was necessary to make changes to appendix C to reflect the preference of the administration on affordability and social rented homes. The conversation on a new overall Council Housing strategy would continue, but in meantime there was a need to make changes to appendix to deliver some of the commitments as soon as possible.

In response to questions from the Leader, Cllr Barnes and Cllr Gordon, the following information was noted:

- The Cabinet Member for Housing and Estate Renewal fully agreed with the Leader on the commitment to the housing target of 50 % affordable on housing developments and the split of 70% social rented and 30% intermediate. It was her understanding that this target was the direction of travel but that there would need to be a separate statutory planning process followed, in order to achieve that. There were decisions that could be made today to the policy for consultation such as changes to the Housing mix and the document more fully demonstrating the Council’s preferences for social rents, to Council tenancies and London affordable rent.

- The Cabinet Member appreciated the concern that there was not reference to this manifesto and previously scrutiny recommended affordable housing target, included in appendix C. However, it was not presently legally and practicably possible to include this target as this would need to be agreed through the Local Plan and Tottenham AAP and the timelines for this were separate. It was important to make the amendments that could be completed currently and gain the benefits of this for residents.

- The Assistant Director for Planning confirmed that the Housing affordability target of 50% could not be changed through Housing Strategy as this could only be done through a review of the Local Plan. This would be a long process and would require compilation of an evidence base that could satisfy the Planning inspector that the affordability target was deliverable. The Planning service were gearing up to complete this review. However, they could not begin this process until the London Mayor has adopted the London Plan in October 2019. The current draft London Plan did include the 50% affordable housing figure and if adopted by the Mayor, would supersede the Council's target. The Council were looking to review the Local Plan to make this and other changes. However, due to the statutory nature of the process with required consultations, a revised Local plan would not be ready for implementation until at least 2021.
- Further to a clarification sought by the Leader, the Assistant Director for Planning agreed that, should the 50% affordable target be agreed by the Mayor in October 2019, then the Council could also implement this new increased target before 2021.
- The Cabinet Member confirmed that the target of 1000 new homes did not include the replacement homes that would be built on Broadwater Farm and would be a net gain.
- In relation to ending street homelessness, there was a need to have clear aspiration and work with partners to achieve this. It was accepted that this was not an easy task to achieve but there was a need to set a clear target .The Managing Director for Homes for Haringey spoke about the challenge of street homelessness and outlined that this was more related to multi agency support to the individual rather than housing provision as there were the required beds available in the borough to house homeless people. The Council would also be completing a count of the number of homelessness people in the borough, in the coming weeks.

RESOLVED

1. To note the proposed changes to Appendix C of the Housing Strategy set out at appendix 1 of this report, and the deletion of Appendix D of the Housing Strategy.

2. To agree to officers conducting a consultation exercise on the proposed changes and deletion, as detailed at paragraph 6.36.

3. To note the proposed direction for a new Housing Strategy for Haringey, and the proposed process for developing the new strategy, as detailed at paragraph 6.29.

Reasons for decision

Haringey's Housing Strategy 2017-2022 was adopted in November 2016. Since then there have been significant changes to national and regional housing policy, as discussed at paragraphs 6.7-6.12 below.

Haringey's administration was elected in May 2018 on a manifesto, which included a number of housing commitments, including:

- delivering 1,000 Council homes for families on the Council's waiting list
- bringing 95% of Council homes up to decent homes standard
- expanding the landlord licensing scheme
- aiming to end street homelessness

In addition, decisions taken since May 2018 have fundamentally altered the Council's approach to housing, notably:

- The decision not to proceed with the Haringey Development Vehicle
- The decision to set up a wholly owned company to help deliver 1,000Council homes at Council rents

This means that the existing strategy, adopted in November 2016, is no longer a good fit with the ambitions of the new administration and there is a need to produce a new strategy to better reflect these. In advance of the development, consultation, and publication of this new housing strategy, it is proposed that Appendix C of the existing strategy is amended and Appendix D deleted to ensure the Council's housing policy framework reflects this changed environment, and the Council's new priorities.

Alternative options considered

An alternative option would be not to develop a new housing strategy. This was rejected since the local, regional and national context has changed to the extent that aspects of the former strategy have been rendered out of date.

Another alternative option is to develop a new housing strategy but not to amend Appendix C and delete Appendix D of the existing strategy. This was rejected since amending, and deleting, the appendices allows certain changes to take effect sooner, and because the Housing Strategy 2017-2022 was deliberately drafted in order to allow for these appendices to be amended during the course of the strategy so as to account for policy changes.

11. REPORT ON THE PROGRESS OF ESTABLISHING A WHOLLY OWNED COMPANY FOR HOUSING DEVELOPMENT AND VARIOUS DECISIONS REQUIRED TO FACILITATE THE COUNCIL'S HOUSING DELIVERY PROGRAMME

The Cabinet Member for Housing and Estate Renewal introduced the report and reiterated the Labour administration's manifesto commitment to deliver at least 1,000 new Council homes at Council rents by 2022. This was the latest report putting in place the programme to deliver these homes.

The Cabinet Member outlined the Labour Administration's stated preference in the Manifesto to build Council housing directly through a company it fully owned. However, this was at a time when the GLA funding was not available and was before the announcement, in the October budget, of the scrapping of the HRA borrowing cap. Time was now needed to consider what those changes meant for housing delivery in the borough, the role that the proposed Company could best play in making that delivery happen and the extent to which the HRA could now support the house building programme, before Cabinet finalised any decisions on forming the Company. Proposals on the Company would be presented in the 2019 but, in the meantime, the Council sought to continue with work on the Company.

This report sought Cabinet to make some key decisions to get started on the Council housing development programme. It identified the first sites to come forward with the GLA funding, including bringing back sites that the last administration had passed over to a Housing Association to build shared ownership and Affordable Rent homes, on which instead would be built Council homes at Council rents. It also provided the initial funding necessary to start work on those first sites and asked Cabinet to agree to accept over £62m of GLA housing grant to help the Council deliver 848 affordable homes over the next four years.

The Cabinet Member concluded her introduction by stating the GLA funding was a major vote of confidence in the Council and its capacity to deliver its housing programme and would be key to funding the bulk of the 1,000 new Council homes that were pledged.

Following questions from Cllr Barnes, the following information was noted:

- In relation to whether paragraph 4.4 of the report meant that right to buy receipts would only be spent on affordable housing and not rebuilding replacement Council homes, Officers advised that the point of that paragraph was to identify that this would stop the Council losing receipts back to the government. It would be up to the Council to determine how it spent the money generated from those right to buy receipts.

- With regards to the size of the sites in the report and the query on whether the Council under the Company scheme would build large housing sites, Officers informed the meeting that the Company would have small to medium sized sites with between 20 and 150 units. It was not within the capacity of the Council to develop larger housing sites. However, overall programme could provide a total of 848 homes.
- Officers responded that they were on course to put forward a further report with decisions on housing development sites to instigate the delivery of the additional homes; this is currently on the forward plan for January 2019 Cabinet.

RESOLVED

1. To note progress made in setting up the Company as set out in paragraphs 6.1 -6.3 of this report and that the recommendations in the Cabinet report of 17 July 2018 which were to come back to Cabinet later in 2018, will now come back to Cabinet in early 2019.

2. To note the Government's announcement in the 2018 Budget to lift the cap on borrowing in the Housing Revenue Account and that officers will bring back a revised HRA Business Plan identifying the opportunities this presents for new housing development.

3. To note the six Council owned sites identified as priority 1 sites in the GLA grant funded programme detailed in paragraph 6.8 and that business cases will be brought to Cabinet on the development of these sites, including whether to proceed on these via the Company or within the HRA.

4. To establish a Housing development programme budget of £4.4m to continue with the development of sites with the budget to be funded from the resources set out below.

5. To approve that for 2018/19 the S106 funding of £1.516m previously allocated for delivery of schemes through Sanctuary Housing Association, as set out in paragraph 6.9, is added to the HRA capital programme to fund the Council's housing development programme budget and to pay Sanctuary Housing Association £0.339m.

6. To approve the virement of £1.5m in 2018/19 from the HRA Stock Acquisition budget to the Housing development programme budget in accordance with Standing Order 5.32(b).

7. To approve the virement of £1.4m in 2018/19 from the HRA - P5 Homes for Haringey (HFH) budget to the Housing development programme budget in accordance with Standing Order 5.32(b).

8. To accept the GLA offer of £62.858m housing grant and add that sum to the capital programme.

9. To delegate the detail of negotiating the grant agreements is delegated to the Director of Housing, Regeneration and Planning after consultation with the Director of Finance and the Cabinet Member for Housing and Estate Renewal.

10. To agree, in principle, to the Council signing-up to the Mayor of London's proposal to enable the Council to access the proposed ring fence of right to buy receipts, as set out in paragraph 6.25 of this report.

11. To agree to reverse the Cabinet Member decision of 23 January 2017 to dispose of 20 HRA infill sites to Sanctuary Housing Association and instead utilise these sites to deliver the Council's housing development programme, either within the Company or in the HRA. This includes three sites identified as phase 1 sites in paragraph 6.8, ten further sites being brought into later phases

of the GLA grant funded programme and seven sites being put onto the GLA's small sites portal as detailed in paragraph 6.10. These sites will be brought back to a future Cabinet to agree disposals.

12. To agree to reimburse Sanctuary for their development costs of £338,758 on these sites in return for all surveys, searches, fees and designs and warranties undertaken to date on these sites, which will all novate to the Council and that the cost be met from the Housing development programme budget.

Reasons for decision

On 17 July 2018 Cabinet agreed to the setting up of the Company, subject to the documents needed for its incorporation being agreed by Cabinet. The Articles of Association and Memorandum of Understanding (shareholders' agreement) and other documentation of the Company are being drafted by Pinsent Mason's solicitors, the Council's external legal advisors. The formal setting up of the Company will not now be agreed until early 2019, when the full implications of the lifting of the HRA borrowing cap are understood.

The Council's housing development programme will initially develop on Council owned sites. Cabinet is asked to note the six Council owned sites identified as priority 1 sites in the GLA grant funded programme detailed in paragraph 6.8, as well as the sites detailed in paragraph 6.10, which are proposed for the GLA small sites programme. Business cases for these six will be developed and brought back to a future Cabinet for decision, including whether to proceed via the Company or within the HRA.

The Council's housing development programme requires initial capital funding of £4.4m to work up the sites to planning stage. Other funding will be secured as the sites are developed from GLA grants and s106 offsite contributions, alongside possible sales revenue from the market homes developed that can cross-subsidise the affordable housing.

The agreement with the GLA to ring-fence Right to buy receipts will ensure that the receipts will always be spent on affordable housing within the Borough and will not have to be returned to Government after three years if unspent.

The decision not to proceed with the disposal of the Phase 2 infilled sites to Sanctuary will mean these sites can now be used to deliver the Council's housing development programme, which would not have been possible under the previous Cabinet decision.

Alternative options considered

The formation of the Company was agreed by Cabinet on 17 July 2018, with the detail being left for agreement at a future meeting. Articles of Association and Memorandum of Understanding (the Shareholder Agreement) have been drafted, along with recommendations on all other key decisions. However, agreeing these and setting up the Company too soon may hinder the Council's ability to deliver the housing development programme in the most effective way.

A decision to set up the Company and dispose of sites to it immediately could mean missing the opportunity of fully using the potential of the HRA borrowing capacity. Delaying the setting up of the Company until the New Year will allow time for the HRA business plan to be reviewed and for exploring all the options for the housing development programme.

The other key decisions, on identifying the sites (including the former Sanctuary sites), agreeing the initial capital funding and accepting the GLA grant offer and the Right to Buy Ring-fence deal) could all have been delayed until the decisions on the Company were agreed. However, this would have prevented any progress being made on these sites until after the decision on the Company. This would be an unnecessary delay, as this initial work is required whether the homes are delivered via the Company or in the HRA. It could also be a costly delay, as the GLA grant requires the initial starts on site in 2019/20.

12. AUTHORITY MONITORING REPORT (AMR) 2017/18

The Leader introduced the Authority Monitoring Report (AMR) which covered the monitoring period 1st April 2017 to 31st March 2018 and was used to assess the effectiveness of Haringey's planning policies and to inform any future revisions to policies or their implementation. The report set out the Council's current performance to date and was for noting and publication on the Council's website.

RESOLVED

1. To note that there were no comments that the Regulatory Committee asked to be put forward to Cabinet.

2. To note the findings of the Authority's Monitoring Report (AMR) for the monitoring period 2017/18.

3. To note the Authority's Monitoring Report (AMR) 2017/18 will be made available for public inspection, on the Council's website, in line with the statutory requirements.

Reasons for decision

The publication of the Authority Monitoring Report is a requirement of the Planning and Compulsory Purchase Act 2004 (as amended) ("the Act"). Approval of the AMR 2017/18 for publication will ensure that the Council meets its statutory obligations for planning performance monitoring.

Alternative options considered

The Act 2011 requires local planning authorities to produce monitoring reports. The Council considers that Haringey's existing procedure of annual monitoring is an effective way for presenting the effectiveness of planning policies, within existing resources. As such, no other options were considered.

13. ULTRA LOW EMISSION VEHICLE STRATEGY

The Cabinet Member for Environment introduced this report, highlighting that poor air quality and pollution affected us all, and approximately 50% of all pollution came from transport. This draft action plan explored how the Council would enable and encourage residents to move towards Ultra Low Emission Vehicles which would reduce the main source of pollution in the borough. In 2017, it was estimated that there were 225 electronic vehicles in Haringey, by 2020, Transport for London estimated this would rise to 1,000.

This action plan aimed to ensure that the Council raised public awareness of ultra low emission zones and charging technology through campaigns and education. The plan sought to create accessible vehicle charging points throughout the borough so that it could operate a fully lower emissions zone vehicle fleet by 2030. Work was being done with partners to ensure all commercial fleets that operated within the borough also had low emissions and were electric by 2040. The Cabinet Member informed the aspiration was for Haringey to be the leader in carbon friendly and cost efficient charging systems, which would benefit the environment and generations to come.

Cllr Barnes sought a commitment from the Cabinet Member that, of the proposed 150-500 electronic charging points across the borough by 2020, none would be installed on pavements. The Cabinet Member responded there were two types of electronic charging points. The larger was not practical for pavements but would be included in car parks. The smaller charging point was practical for pavements, would be no larger than street lamps, and positioned on the edge of pavements.

The Cabinet Member would provide a written response to Cllr Barnes on how much the Council was planning on spending between now and the introduction of the Ultra Low Emission Vehicle Strategy. With regard to increasing public awareness through campaigns and education, a written response would also be provided on how many vehicles within the Council fleet were currently ultra low emission, compared to how many that were not.

RESOLVED

1. To approve the Draft Action Plan;
2. To agree that the Draft Action Plan be published for public consultation; and
3. Following public consultation, to give delegated authority to the Director of Housing, Regeneration and Planning to sign off the Final Action Plan, which will be amended based on public consultation.

Reasons for decision

By developing an Action Plan, the borough can have a co-ordinated approach to future proofing the borough ahead of a growth in electric vehicles. In light of the Ultra-Low Emission Zone expanding to inner London in 2021, residents and businesses with the most polluting vehicles will incur a daily charge. The Council needs to steer the transition to ultra-low emission vehicles to be ahead of technology developments and regional/national policy developments on air pollution and climate change.

The Draft Action Plan sets out the following objectives:

a) <u>Increase public awareness of ultra-low emission vehicles and charging technology through campaigns and education</u>
As ultra-low emission vehicles are not yet widespread, there are many questions and doubt surrounding the switch to electric vehicles. Campaigns and events, amongst other communicative mediums, are an important way to directly engage with potential users and to help alleviate any concerns they may have. Utilising the extensive research into attitudes and behaviours surrounding electric vehicle adoption can aid how we target potential users to alleviate barriers.

b) <u>For the Council fleets to lead by example and have an all ultra-low emission fleet by 2030</u>
It is imperative that the Council takes action with their own fleets and seeks to phase out the use of traditional combustion vehicles where possible. This aligns with the emerging Air Quality Action Plan 2019-2023. This shows the residents and businesses in the borough that the Council also take responsibility for emissions and will tackle them head on. Electric cars have a significantly lower running cost than traditional combustion vehicles and therefore, electrifying the Council fleet would induce cost savings to the Council in the long term.

c) <u>To collaborate with partners to ensure all commercial fleets operating in the borough are ultra-low emission vehicles by 2040</u>
Tackling private-car use and the Council fleet alone is insufficient to achieve a significant decrease in transport-related emissions and the shift in private car use should filter into other aspects of the borough's transport. Therefore, working with a wide range of partners (e.g. bus operators, local businesses and small- and medium-sized enterprises, service stations, taxis and private-hire vehicles, car clubs and canal boats) allows us to realise emissions benefits in all sectors of road transport, as well as including our waterways.

d) <u>To develop an electric vehicle charging network in line with expected demand over the next 10 years</u>
Transport for London have predicted the number of electric vehicle registrations for all London boroughs. These scenarios cover expected levels of demand in 2020 and 2025, with both a baseline scenario and high uptake scenario. In the '2020 high uptake' scenario, all wards will have at least 25 electric vehicles, with some wards having at least 50, and others with at least 75. We expect there to be 3 number of users per on-street charging point, and therefore most wards require at least 8 number of charging points, with some wards needing 16 and others requiring 25.

e) <u>To be a leader in innovation for carbon-friendly and cost-efficient charging technology</u>
We want the borough to be a test-bed for new and upcoming charging technologies which lead to carbon-friendly modes of transport, as well as to keep charging cost-efficient to users.

In order to test and refine the Action Plan, and promote its 'ownership' in the wider Haringey Community, it is proposed that the Draft Action Plan be published for a period of public consultation. Following that consultation, it is proposed that the

Director of Housing, Regeneration and Planning be given delegated authority to approve the Final Action Plan which will be amended on the basis of public consultation.

Alternative options considered

Do nothing
The Action Plan would not be developed and published. This is not an option as the overarching Haringey's Transport Strategy (2018-2028) has committed the Council to deliver a sustainable transport action plan with the Ultra-Low Emission Vehicle Action Plan directly supporting Outcome 3 of the Transport Strategy. This would compromise the reputation of the Council. Furthermore, under 'do nothing', the Council would:

A. have no coherent strategy to navigate the shift to electric vehicles, causing Haringey to fall behind regional and UK progress
B. not have a plan to support the national government and regional government programmes to deliver ultra-low emission vehicles
C. not a planned approach to mitigate the negative impacts of the Ultra-Low Emission Zone on residents and businesses
D. miss an opportunity to generate income from charging infrastructure

Propose an Action Plan of narrower scope and ambition
An Action Plan of this nature is not common to local Councils. To pursue this narrower, less ambitious approach would risk reducing Haringey's ability to drive ultra-low emission vehicle uptake and mitigate transport-related emissions. Some Councils have an 'Electric Vehicle Charging Point Delivery Plan' however, Haringey's Draft Action Plan goes into greater detail and encompasses a wider scope (e.g. electrifying the private sector, incorporating vehicles on our waterways, public education and awareness of electric vehicles, and set timeframes within which we want to achieve our objectives).

Not consult on the Draft Action Plan
A lack of public consultation would mean local views are neglected in development of this plan, especially when it is an issue that will affect all residents and business (e.g. the introduction of an Ultra-Low Emission Zone).

14. ADMISSION TO SCHOOLS – PROPOSED ADMISSION ARRANGEMENTS FOR 2020/21

The Cabinet Member for Children, Education and Families introduced this report which sought approval to commence a six week period of statutory consultation on proposed admission arrangements for 2020/21.The Cabinet Member clarified that paragraph 4.5 required a correction of '60' to '30' when describing the number of places available at Tiverton. Also at paragraph 7.14, points 3 and 4, the Cabinet noted that this should read 2019 instead of 2018.

In response to a question from Cllr Brabazon, about the reduction on planned admission numbers in Tiverton and Welbourne schools, and if this was connected with a reduction in family housing in the area, it was noted that , generally, primary school numbers have been falling in Haringey and London. This PAN reduction was at the proposal stage but if there was a future increase in housing then consideration could be given to increasing the PAN for these two schools. The impact of housing development on local areas was a longer term consideration but it was important to take the steps now and consider this issue. The Cabinet Member was happy to convene an internal meeting to explore this.

RESOLVED

1. To agree to consult on the proposed admission arrangements, including the proposed in-year admissions scheme for the academic year 2020/21;

2. To agree to consult on the proposed IYFAP which, if agreed at Cabinet in February 2019, would be come into force from 1 March 2019;

3. To agree that the co-ordinated scheme for the admission of children to maintained primary and secondary schools as set out in Appendices 2 and 3 of this report can be published on the Haringey website on 1 January 2019.

4. To note the proposal to reduce the PAN for Welbourne and Tiverton Primary Schools by one form of entry (1FE) – 30 Reception pupils each from September 2020 as part of the community and voluntary controlled (VC) schools‟ published admission arrangements.

5. To note that consultation on the proposed admission arrangements is scheduled to take place between 26 November 2018 and 7 January 2019;

6. To note that following the consultation, a report will be prepared summarising the representations received from the consultation and a decision on the final admission arrangements and the In-Year Fair Access Protocol will be taken by Cabinet in February 2019.

Reasons for decision

<u>Why do we consult?</u> –
This report and the consultation that will flow from it *if* the report's recommendations are agreed will ensure that our proposed admission arrangements for 2020/21 are consulted upon and the co-ordinated scheme is set in accordance with the mandatory provisions of the School Admissions Code 2014.

The School Admissions Code (2014) requires all admission authorities to publicly consult on their admission arrangements where changes are being proposed. The Code stipulates that if no changes are made to admission arrangements, they must be consulted on at least once every 7 years.

We consult on our admission arrangements annually irrespective of whether or not there is a proposed change to the arrangements. This is to ensure transparency and openness on the contents of our arrangements and to allow parents, carers and other stakeholders who might not previously been interested in admission arrangements (perhaps because they didn't have a child of school age) to make a representation which can then be considered as part of the determination of the arrangements.

<u>What is the change and potential risk to the arrangements being consulted on for 2020 entry?</u> –
Para 3.1 above sets out that we are proposing to reduce the PAN for Welbourne and Tiverton Primary Schools by one form of entry (1FE) – 30 Reception pupils each from September 2020. The School Admissions Code (2014) sets out the requirement for all admission authorities to undertake statutory consultation where they propose a decrease to the PAN of a school.

Tiverton Primary is a community school located at Pulford Road, London N15 6SP and sits within planning area 3 (see map of planning areas on page 7 below). The school normally admits 2 classes (60 Reception pupils) per year. However, due to a decrease in the demand for school places, we are proposing to reduce the school's PAN to 60 for the 2020/21 academic year.

Welbourne Primary is a community school located at Stainby Road, London N15 4EA and sits within planning area 4 (see map of planning areas on page 7 below). The school normally admits 3 classes (90 Reception pupils) per year. However, due to a decrease in the demand for school places, we are proposing to reduce the school's PAN to 60 for the 2020/21 academic year.

Planning areas 3 and 4 in which these schools are located show the most significant surplus of places. Both Tiverton and Welbourne Primary schools have vacancies across all year groups and our projections show that demand is likely to continue to decrease. Current school roll projections for planning area 3 (where Tiverton is located) suggest a surplus of school places of between 1-2 forms of entry between now and 2026/27.Current school roll projections for planning area 4 (where Welbourne is located) suggest a surplus of school places of between 3-4 forms of entry between now and 2021/22.

Approval was sought from the Schools Adjudicator for a temporary reduction in PAN for Tiverton Primary School for entry in September 2018. A reduction by 1 form of entry was agreed and it is likely that a similar request will be made for entry in September 2019 due to the lack of demand. Our projections show that demand is likely to continue to decline and the school will struggle to fill beyond 1 form of entry.

Welbourne Primary School has the highest number of vacancies across all year groups compared to other schools in Planning Area 4. It is likely that this will have had a ripple effect locally as falling demand is rarely evidenced at just one school but is often felt across several. A benefit of planning places judiciously is that it keeps rolls relatively buoyant across and beyond any planning area as surplus places are reduced.

We are proposing to reduce the number of available places at these schools to enable them to operate more efficiently and cost effectively. The proposed reduction of PANs for these schools will allow better alignment of PANs with actual number of pupils on roll, leading to cost savings.

Consulting on our admission arrangements for entry in September 2020 gives these schools sufficient time to review their internal structure so that any potential impact on staff reorganisation can be minimized. It will allow the school leadership teams in offering a more accurate number of places and also help with long term planning.

Equality consideration was given to the selection of these specific schools for a reduction in PANs to help frame any potential impact on protected groups. Our proposal will not adversely impact on families trying to access their local school with high quality provision. A projected surplus of school places in the planning areas where these schools are located means that we expect sufficient places to still be available for local children if the PANs are reduced at Welbourne and Tiverton Primary School for entry in September 2020.

All local schools are rated ‘Good’ or ‘Outstanding’ by Ofsted and are able to support children with a wide range of abilities, special needs, disabilities and learning difficulties, from able, gifted and talented pupils to those with multiple and significant disabilities, medical conditions and learning difficulties. Welbourne and Tiverton do not offer any specific provision that is not provided elsewhere and we believe that the needs of the community can be met at other local schools and this will be tested during the consultation process. We will closely monitor the number of primary applications received at the time and in the event there is an increase in demand for primary school places and additional places are required, these schools can revert to their original PAN.

Alternative options considered

We are required by the School Admissions Code 2014 (para 1.42 – 1.45 of the Code) to consult on our admission arrangements between 1 October and 31 January each year for a minimum period of six weeks. Last year, the consultation on the proposed admission arrangements for community and voluntary controlled (VC) schools included a proposal to introduce an additional oversubscription criteria for children of staff to follow after the sibling criterion. Cabinet agreed to the proposal in February last year which means the children of staff criterion will come into effect from September 2019.

This year we are not proposing a change to the oversubscription criterion for community and VC schools. While there are other ways admission arrangements can influence the allocation of school places set out in the Schools Admissions Code 2014 (e.g. designated catchment areas, identified feeder schools or giving priority in our oversubscription criteria to children eligible for the early years premium/ pupil premium) no alternative option is being considered at the time of writing this report.

15. CONSULTATION ON DRAFT CONSERVATION AREA APPRAISAL AND MANAGEMENT PLANS FOR BRUCE CASTLE, TOTTENHAM CEMETERY, TOWER GARDENS AND PEABODY COTTAGES, AND DRAFT LOCAL HERITAGE LIST

The Leader introduced this report which sought approval for four draft Conservation Area Appraisal and Management Plan documents, and the draft Local Heritage List for a six week public consultation. The conservation area appraisals related to four adjoining Conservation Areas in the Bruce Grove/Lordship Lane area; Bruce Castle, Tottenham Cemetery, Tower Gardens and Peabody Cottages. Each document included a comprehensive appraisal of the Conservation Area, and set out the Council's strategy for managing the area going forward in order to protect its special character, including design guidelines.

The Local Heritage List identified locally significant buildings and structures across the borough that were not included on the statutory list, or covered by other statutory designations. The consultation document included new selection criteria for identifying locally significant assets, guidance on the management of local heritage assets through the planning process, and a list of buildings and structures recommended for inclusion on the list with short descriptions of each. Following the consultation, the draft documents may be amended having regard to representations received. They would be referred back to Cabinet for adoption by the Council in early 2019.

The Leader further drew the Cabinet's attention to the informal recommendations proposed by the Regulatory Committee on the 18th October 2018 at paragraph 7.1.1.

Cllr Brabazon questioned officers on the Bruce Castle conservation plan, specifically how the conservation area related to the park as well as the Grade 1 listed building within it. Officers noted the Bruce Castle conservation area included the park and the historic Grade 1 listed building. A statutory listing designation applied to the historic Bruce Castle building which was a separate designation from the conservation area and there would be no change to this.

The Leader requested officers to provide a written response as to whether or not the Bruce Castle conservation plan had any direct impact on the Park itself.

RESOLVED

1. To note the comments of the Regulatory Committee and notes the officer response set out at paragraph 7.1.1.

2. To approve the draft Conservation Area Appraisal and Management Plan documents and draft Local Heritage List, attached at Appendices 1-5, for a six-week public consultation and authority is delegated to the Assistant Director for Planning to make any applicable amendments to these documents arising out of Cabinet meetings prior to consultation.

3. That the documents will be amended having regard to representations received at consultation, and will be referred back to Cabinet for adoption in early 2019.

Reasons for decision

The Council's adopted Statement of Community Involvement sets out our commitment to involving residents, local communities and other interested parties in the plan-making process through consultation. There is a statutory requirement that the Council's proposals for the preservation and enhancement of conservation areas be submitted for consideration at a public meeting (Planning (Listed Buildings and

Conservation Areas) Act 1990 section 71). It is considered good practice to engage with local communities on heritage issues.

Conservation Area Appraisals

The Council has a statutory duty to ensure that conservation areas are preserved or enhanced, and publish policies for the implementation of the same (Planning (Listed Buildings and Conservation Areas) Act 1990, 71 and 72). The Council's adopted Local Plan policies support the conservation of the significance of the Borough's heritage assets (SP12, DM9), and require decision makers to have regard to appraisals and management plans when considering the impact of proposals on the historic environment (DM9 C).

Tottenham Cemetery, Tower Gardens and Peabody Cottages Conservation Areas do not have adopted appraisals. The current appraisal Bruce Castle Conservation Area has not been updated since 2009, and is considered out of date. The new document provides an updated survey of the area, and includes a management plan, design guidelines and a comprehensive boundary review, which are not included in the current Bruce Grove Appraisal. It is therefore important that the Council publishes these appraisals along with the management plans in order to support the Council's local plan policies and ensure that the significance of the area is preserved and enhanced. A summary of the special interest of each conservation area is provided at paragraph 6.9 below. A summary of the content and structure of the new appraisal documents is provided at 6.10 below.

Up-to-date Appraisals will provide a sound basis for development management decisions that is defensible on appeal, and will serve as a useful guide for property owners and those bringing forward heritage projects and development proposals as to how best to preserve and enhance each area's character. In some cases, the character of these Conservation areas has been harmed or is vulnerable to harm through inappropriate (often small-scale) development. These documents will be a valuable tool in addressing this.

The appraisals also include a comprehensive review of each conservation area's boundary, with recommendations for small revisions in some cases. It is important that the Council publish these recommendations with a view to revising the boundaries after consultation to ensure that conservation area designations are warranted, meaningful, and in line with statutory requirements and national policy. There is a statutory duty to review conservation area designations from time to time (Planning, (Listed Buildings and Conservation Areas) Act 1990, 69) and the Council must ensure that designated conservation areas are of sufficient special architectural or historic interest, in line with the National Planning Policy Framework (paragraph 186) and Historic England guidelines. The proposed boundary changes are described in 6.11 below.

Local Heritage List

The NPPF (paragraph 184) requires that local planning authorities to set out 'a positive strategy for the conservation and enjoyment of the historic environment' in their Local Plan. Emphasis is placed on recognising that heritage assets are an 'irreplaceable resource' and should be conserved 'in a manner appropriate to their significance'. These requirements apply to buildings identified on the Local Heritage

List, which are included within the definition of heritage assets in the NPPF. Paragraph 197 of the NPPF states that such ‘non-designated’ heritage assets can merit consideration in planning matters, with the authority taking a balanced judgement having regard to the scale of any harm or loss and the significance of the heritage asset.

The Government’s Planning Practice Guidance (paragraph 39) suggests that local authorities create locally administered lists of undesignated sites that have been identified as having heritage interest meriting consideration in planning decisions. This is considered a sound, consistent and accountable way of identifying non-designated heritage assets, clarifying what it is about them that is significant, and ensuring this is given due consideration when changes affecting the historic environment are proposed. Recent guidance from Historic England supports this approach.

The process of preparing a local heritage list is also an opportunity for local authorities and communities to work in partnership, celebrate heritage that is valued by the community at the local level, and promote engagement in heritage issues. It is considered good practice for sustainable management of the historic environment.

Alternative options considered

The existing conservation area appraisal for Bruce Castle was updated in 2009, and is considered out of date. The area has undergone some changes since then, and best practice guidance for conservation area appraisals has evolved. Tottenham Cemetery, Peabody Cottages and Tower Gardens do not have adopted appraisals. Continuing to manage these areas without up-to-date documents in place is not considered advisable.

The document includes recommendations for alterations to the boundaries of the conservation area. The option of leaving the boundaries as they currently are has been considered but this course is not recommended. The National Planning Policy framework (Paragraph 186) states that “When considering the designation of conservation areas, local planning authorities should ensure that the area justifies such status because of its special architectural or historic interest, and that the concept of conservation is not devalued through the designation of areas that lack special interest”. In cases where there is no discernible special character, the designation is unhelpful.

Haringey’s existing local list is considered out of date, and not fit for purpose. It has not been revised since 1997, and many entries have not been reviewed since the list was first adopted as part of the 1976 Borough Plan. There is no published selection criteria, rationale or descriptions relating to the listings. The legislative and policy context, and the role that local listing has within the planning process have changed considerably since the listings were first compiled. Continuing to refer to this list is not considered advisable. Inclusion of clear selection criteria and listing descriptions that relate to current national and local heritage policy is considered essential if the Local Heritage List is to be an effective tool in managing change.

16. ADOPTION OF STATEMENT OF GAMBLING POLICY

The Cabinet Member for Civic Services introduced this report which sought authorisation to take the draft Council's Statement of Gambling Policy to public consultation. It was a requirement by law to review this policy every three years. The current policy was adopted in January 2016 and was therefore due for review, to be published in March 2019. Following consultation, a further report would be presented to the Cabinet on 22nd January 2019 with the results of that consultation and would be seeking approval to the draft Statement of Gambling Policy at Full Council in March 2019. The Cabinet Member noted that officers were not able to deviate from the national position on gambling, where laws were imposed at a national level. The Cabinet Member welcomed the consultation which requested gambling operators to consider carefully where they were located, and to ensure they were consistent with the licensing objectives.

Questions were asked by Cllr Barnes and Cllr Ibrahim and the following was noted:

- The Cabinet Member confirmed that she had not personally had discussions with the gambling operators. Officers confirmed they would individually contact betting shops if there were particular issues with fixed odd betting terminals.
- Officers advised that, within the report, there was a local area profile which stated the crime figures for 2017, broken down by ward and betting shops. It also showed the high risk areas, which were situated in the east of the borough.
- Officers informed there was an active Bet Watch group which was chaired by the Licensing Officer and Metropolitan Police. It was well attended by the main gambling operators and one of its purposes was to promote compliance with the licensing objectives.
- The government had previously indicated there would be a 2 year delay in its implementation of the legislation on fixed odd betting terminals but once implemented this would further require the policy to be updated.

RESOLVED

To approve the draft Gambling Act 2005 Statement of Gambling Policy 2019-2022 for public consultation and instructs officers to carry out the consultation over a 10 week period.

Reasons for decision

To comply with the requirements of the Gambling Act 2005 the Council must prepare and consult on a statement of gambling policy for the period 2019-2022.

To obtain the views of interested parties on the proposed statement of gambling policy and use these views to formulate any changes to the policy.

Alternative options considered

No alternatives were considered. It is a statutory requirement that the policy be reviewed at least every three years, and that a public consultation is carried out. If the Council did not have a policy it would be acting ultra vires with regards to any decisions it makes when determining gambling premises licences.

The Gambling Commission has laid down requirements which the Council must follow with regards to the Gambling Policy. If they are not followed the Council could face risk of judicial challenge. The Gambling Commission guidance has been followed in drafting this revised policy.

17. TO AGREE THE CESSATION OF THE SHARED IT AGREEMENT WITH CAMDEN & ISLINGTON WITH EFFECT FROM 1 JANUARY 2019

The Cabinet Member for Corporate Services and Insourcing introduced this report which provided an update to Cabinet on the development of its Shared Digital Service (“Shared Digital”) with the London Boroughs of Camden and Islington. Since Cabinet’s approval of the project, it had become apparent the three Councils had different local priorities and approaches concerning ICT and digital services. This report set out the process to discontinue the arrangement with effect from 31 December 2018, ensuring a rapid process to ensure stability for the ICT and Digital services in Haringey.

The Cabinet Member explained, although Shared Digital Services was based on a worthwhile principle, that of gaining improvements by joint working with other local authorities, it was not possible to continue with the project. Nevertheless, there had been some benefits to Haringey from participation in Shared Digital thus far, with an estimated savings of approximately £800k from joint purchases. Furthermore, it was not anticipated that the Council would incur financial loses as a result of the cessation of the project. Although the cessation of the project was not something which was sought by the Council, it provided Haringey with more direct operational control of its ICT and digital services moving forward. The Cabinet Member had discussed the situation with the trade unions, who were happy with staff remaining in the direct employment of the London Borough of Haringey.

The Leader then invited questions from Councillors and the following was noted.

- Learning from this initiative when considering future shared service initiatives.

- Officers confirmed that there were differences but that these were not of a political nature. For example, Haringey had a priority to explore the technology processes that it used, such as the use of robotics, but the other two boroughs did not share this. The Cabinet Member reiterated that it was the intention of Haringey and its officers to continue with the project but the difference in priorities prevented this.

- Officers advised that the priorities of Camden were more closely linked to that of Haringey' and, therefore, there was the possibility to explore future collaboration on projects between the two boroughs, such as in customer and digital platforms.

- Officers responded that, as all of Haringey's ICT staff were still in place, the only significant changes to be made to the service were in line management. The Council was therefore confident that the local ICT service would be operational by that date.

RESOLVED

1. To agree that the Cabinet resolutions made on the 17th July 2018 are not progressed and that a local Haringey Council ICT service will become operational ahead of the ending of the shared service arrangement, anticipated by the 1st January 2019.

2. To delegate authority to the Director of Customers, Transformation and Resources to put the above into effect, including: finalising dates for incremental transition of the service; the final date on which the shared service arrangements will end, and the agreeing of the financial implications of the cessation of the SDS delivery arrangements and their return to Haringey sovereign management.

Reasons for decision

This report is submitted for consideration by Cabinet urgently because it is clear that the three Councils have different local priorities and approaches with regards to ICT and digital services. This means that the proposed Digital Shared Service can no longer be implemented and it is necessary to revert to local operations at pace to maintain integrity of service.

Given the diverging priorities of the three Councils, it is no longer possible or practical to implement a shared service, or "light" model, as envisaged.

Alternative options considered

In light of the decisions made by the other partner boroughs (Camden and Islington), to the effect that the Shared Digital Service should be closed and that the pure shared risk and reward principle is no longer viable, it is not practical to pursue another option at this stage although, where possible the Council may seek to work closely again with Camden in the future as and when it is mutually beneficial to do so.

18. LOCAL IMPLEMENTATION PLAN

The Cabinet Member for Environment introduced this report and highlighted how important transport was to Haringey. The Council was bidding for £7.5m from the Mayor's Transport fund for development of a Local Implantation Plan (LIP) which would deliver a range of small and larger projects to support Haringey's transport infrastructure, such as traffic schemes and accessible crossing. The objectives of the transport strategy was to discourage the use of cars and encouraging the uptake of cycling and walking. There was concern about the role transport played in contributing to high emissions and pollution within the borough. A draft plan had been created which was due to go out for consultation, meaning there was an opportunity to make changes. Following the consultation, the plan would be submitted in February.

The following information was noted in response to Cllr Barnes' questions:

- Officers advised that a report had been completed on Shepherds Hill which proposed recommendations. These were due to be discussed with the neighbourhood forum to identify any observations, following which, future projects could be created. Officers noted the LIP was a flexible 3 year plan and, whilst the first year was more definitive in terms of set projects proposed, there was scope to include new projects in years 2 and 3, if a project were to arise as a result of a safety audit or justified concerns from residents. The Highgate neighbourhood forum were also advised that they could apply for the Neighbourhood Portion of the Community Infrastructure Levy to fund projects such as traffic calming measures in Shepherds Hill.

- Officers informed that ward Councillors would be consulted on individual schemes following approval of the draft LIP by Cabinet.

- Officers responded that this had been explored, such as dockless bike providers. Additionally, following the approval of the Ultra Low Emission Vehicle Action Plan previously, an income stream could be generated through charging points in the borough. There were also an opportunity to raise funds through the parking permit system for car clubs in the borough.

RESOLVED

1. To approve the draft LIP3 submission as set out in appendix 1 and agree to:
2. submit the draft LIP3 to Transport for London;
3. carry out statutory consultation (in accordance with the requirements of section 145 of the Greater London Authority Act 1999) and public consultation on the draft LIP3; and to
4. delegate authority to the Director of Housing, Regeneration, Planning and Development to sign off, in consultation with the Cabinet Member for Environment and the Director of Environment and Neighbourhoods, the final LIP3 to be submitted to the Mayor of London following consideration of the consultation responses

Reasons for decision

The LIP submission provides a major source of funding over a three-year period to deliver the draft Haringey transport strategy projects and programmes.

Alternative options considered

The draft LIP3 submission supports the priorities in the Corporate Plan and 2018 Haringey Transport Strategy. There are no alternative sources of funding to deliver these important projects and programmes. It is, therefore, not considered necessary to consider other options.

19. MINUTES OF OTHER BODIES

RESOLVED

To note the minutes of the Corporate Parenting Advisory Committee on the 2nd of July 2018.

20. SIGNIFICANT AND DELEGATED ACTIONS

RESOLVED

To note the significant and delegated actions taken by Directors in October 2018.

21. NEW ITEMS OF URGENT BUSINESS

None.

22. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the remainder of the meeting as the items below contain exempt information, as defined under paragraph, 3 and 5, Part 1, schedule 12A of the Local Government Act 1972.

23. EXEMPT MINUTES

RESOLVED

1. To agree the exempt minutes of the 9th October of 2018 meeting.

2. To note the addendum to the 11th of September exempt minutes.

24. NEW ITEMS OF EXEMPT URGENT BUSINESS

None.

CHAIR: Councillor Joseph Ejiofor

Signed by Chair …………………………………..

Date …………………………………

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Report for: Cabinet Meeting 11th December 2018

Item number:

Title: 2019/20 Budget/Medium Term Financial Strategy (MTFS) 2019/20-2023/24

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

Lead Officers: Oladapo Shonola, Lead Officer – Budget & MTFS Programmes
Frances Palopoli, Head of Corporate Financial Strategy and Monitoring

Ward(s) affected: All

Report for Key/

Non/Key Decision: Key decision

1 Describe the issue under consideration

1.1 The Council is currently consulting on the Borough Plan 2019-2023 which sets out the proposed priorities for Haringey. These have been developed following significant engagement with residents and partners underpinned by a bank of evidence. The new Borough Plan Priorities are:

- **Housing** - a safe, stable and affordable home for everyone, whatever their circumstances
- **People** - our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential
- **Place** - a place with strong, resilient and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green
- **Economy** - a growing economy which provides opportunities for all our residents and supports our businesses to thrive
- **Your Council** - the way the council works

1.2 The Draft Budget and Medium Term Financial Strategy (MTFS) for 2019/20-2023/24 has been prepared in parallel, in order to align to and support the delivery of the Plan. The Draft Budget/MTFS has been prepared after taking into consideration the estimated revenue funding from all available sources together with estimated expenditure requirements. The settlement funding assessment (SFA) received by the council, comprises revenue support grant, retained business rates and top up business rates. This in effect reflects the level of funding received in Formula Grant and it continues to fall sharply, dropping by 6.1% in 2019/20.

1.3 The proposed 2019/20 budget includes an assumption of a 2.99% increase in Haringey's element of the council tax.

1.4 The Draft MTFS for 2019/20 – 2023/24 comes after 8 years of reductions in funding and against a background of a rising demand for services, particularly for Adults and Children's Services. Demographic change continues to drive demand in adults services, and to a degree in children's services. The Council has also seen significant and ongoing pressures on budgets for temporary accommodation. Increasing housing costs combined with changes in the benefits and welfare system have placed more pressure on households. This leads to overcrowding, evictions and homelessness and makes it more difficult for families to cope. All of these pressures further increase the support that families need from the Council, particularly in children's and housing services.

1.5 These pressures have meant that in the current year, both adults and children's budgets have overspent. Both services have found it extremely difficult to deliver some of the savings committed to in the previous MTFS as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern.

1.6 Children's Services have not yet benefitted from additional central grant funding in the same way as Adults Services, but is subject to similar levels of service pressures and as evidenced from the 2017/18 outturn figures and the 2018/19 Qtr2 position. The 2019/20 budget process has acknowledged these factors and the MTFS when including new grants, additional council funding and the write off previous savings assumptions increases the 2019/20 budget available to Adults Services by £7.8m and Children's by £7m.

1.7 It is recognised that these draft commitments by the council increase the funding gap, putting pressure on these and other services to identify greater budget reductions both for 2019/20 and subsequent years. Should changes to the national funding regime/any further allowed budget flexibility make it possible to reduce the call upon the council's resources for these services, this will be addressed in the February report.

1.8 The MTFS agreed by Council in February 2018 recognised a budget gap of £11m in 2019/20 that would need to be closed through further budget reductions. The position has worsened due to pressures identified above and £9.8m of previously agreed savings which have not been able to be delivered. The Quarter 2 budget monitoring report, a separate item on the agenda for this meeting, recommends that these savings are written off. The proposed 2019/20 new budget reductions (i.e. savings, cuts and income generation) of £7m (rising to £12.8m by 2023/24) which are now recommended here to be consulted on, effectively replace those previous savings written off. In total, when the budget is finalised in February, it is presently estimated that the Council will need to have put into effect £6.5m of further budget reductions. This is after the planned utilisation of £10.5m of corporate reserves and balances in 2019/20. The current 2019/20 gap need to be addressed before the Final Budget/ MTFS is submitted to Cabinet and Council in February 2019.

1.9 The Council continues to have a structural funding gap in 2020/21 estimated at £18.4m - this rises to £26.4m in 2023/24. This will be reduced to the extent that further ongoing budget reductions are identified and putting into effect in 2019/20. The scale of the structural funding gap requires the Council to immediately focus on the options and potential solutions to address this position. This report contains a summary of the emerging ideas and this will need to be augmented and further developed as a matter of urgency if the

Council is going to be in a position to have a balanced budget for 2020/21 onwards.

1.10 The report considers all relevant components of the Council's revenue budget including the Housing Revenue Account (HRA) which is a ring fenced account for the delivery of the Council's social housing activities. Following the Government announcement in October that the previous cap on HRA borrowing would be lifted, officers have appraised the opportunities and wider financial implications that this significant policy change introduces. High level proposals are included in this report which will be further described in the final budget report in February 2019.

1.11 The Dedicated Schools Budget (DSB) which is ring fenced for the delivery of education services is also discussed. The 2019/20 grant is dependent o the final schools finance settlement due in December 2018.

1.12 The report also refreshes the Council's capital budget proposals for the 5 years of the MTFS in recognition of revised funding sources, the new Borough plan priorities and significantly the impact of the change to the HRA borrowing cap. The capital programme continues to be a critical component in delivering the aspirations of the council including delivering the Council's Housing agenda and a financial lever for the sustainability of the overall authority finances.

1.13 Uncertainties remain for the 2019/20 budget, even at this late stage in the process, not least the publication of the draft 19/20 finance settlement, which will be announced on 6th December, after the publication of this report. Whilst Haringey, along with the majority of Council's, agreed to a multi-year settlement which included 2019/20, this is still subject to the final confirmation, not available until January 2019.

1.14 Uncertainty from 2020/21 is even greater with the impact of Spending Review 2019 (SR19) not due until Autumn next year; the outcomes of the Government's Fair Funding Review, the Business Rates retention consultation and the impact of Brexit to name just the significant items. Due to the absence of any concrete information around these, the attached MTFS makes no assumptions around these.

2 Cabinet Member Introduction

2.1 The proposals set out in this report contain our initial response to delivering a five-year Medium Term Financial Strategy (MTFS) for 2019-2024 that will provide a clear financial plan during this unprecedented period of uncertainty for Local Authority budgeting. Significant challenges remain and this report still has a revenue budget gap of £6.5m for 2019/20. Work will continue over the next two months to identify solutions to bridge this in order for me to present a legal, balanced budget to Cabinet in February 2019.

2.2 Over the last 8 years our budget has reduced substantially, whilst demand has risen. Our population has grown and demographic change have brought demand pressures. The housing situation in London makes it more and more difficult for us to house people as more people are evicted by private landlords, and we have to pay more to make sure we have enough accommodation. Increasing rents and benefits cuts have placed more and more stress on families which further increases demand for our services, and, alongside other trends like the increase in youth violence, means the cases we are dealing with are more complex.

2.3 It is becoming harder and harder to make further budget reductions. There is a huge risk that further cuts impact most on the most vulnerable or reduce the quality of life of the Borough's residents which is why you will see that the new savings proposals appended to this report for consultation, focus as much as possible on delivering efficiencies or increasing income instead of service cuts.

Manifesto Priorities

2.4 In its manifesto, the council's administration set out a number of priorities. While resources are limited, this Draft Budget proposes some important new investments.

2.5 This draft budget supports the delivery of youth services. We have significantly increased the investment in projects and programmes, particularly through successful partnership working with the Mayor of London and other partners, to keep our young people safe and ensuring that they can thrive and succeed. We are also proposing to invest more council resources into a youth services programme. Additionally, we are also proposing to invest into schools meals pilot.

2.6 We believe that everyone needs a decent wage. So we have already committed to becoming a London Living Wage employer, and this budget provides for that commitment to be delivered in a measured and sustainable way.

2.7 We have carried out our commitment to extend the Council Tax Relief Scheme (CTRS) to 100% for our least well-off families with children and will be asking Full Council to consider and approve a new (2019/20) CTRS policy in January 2019, following positive feedback during the consultation period. I am also proposing to increase the Haringey element of council tax by 2.99% in 2019/20, the first time for 9 years. This will generate circa £3m additional resource whilst the extension of the CTRS will protect those least able to pay.

2.8 The recent announcement to remove the HRA borrowing cap, which controls local authority borrowing for house building, from 29 October 2018 was welcomed as it will support us in delivering our commitment to deliver at least 1000 new council homes at council rents by 2022 and build our own housing on our own land. However, the current HRA business plan needed to be comprehensively reviewed to work through the implications of this and to ensure that we can report plans with confidence. Therefore, whilst some high level context has been provided in this report, the final, more detailed plans will be included in my February report.

Addressing budget pressures

2.9 The budget monitoring reports I have presented to Cabinet this year underline the significant pressures that we face to continue to provide the statutory services for our residents and businesses; the conflict between driving through challenging and often transformational change to service design in order to deliver planned savings, whilst meeting the increases in demand and complexity. Childrens services in particular are seeing an increase in SEND cases, exacerbated by the legislative changes contained within the Children and Families Act (2014), which extended the age ranges that the provision of services applies to.

2.10 Households are coming under more pressure from welfare reductions and rising housing costs and there are more children with more complex challenges. Making sure that every child is able to meet their potential is a clear priority for the Council, but supporting our most vulnerable children is placing great demands on our budgets.

2.11 Though the scale of the challenges we face should not be underestimated, I am determined that we make the best choices we can and that we direct the resources to make the greatest difference to our residents and play our role as place shapers and system leaders. We must look at all means available as to how we address the situation.

3 Recommendations

3.1 It is recommended that Cabinet:

3.1.1 Note the initial budget proposals and financial planning assumptions set out in this report and note that they will be refined and updated after the provisional Local Government Finance Settlement is published on 6th December and also to incorporate further budget changes as required;

3.1.2 Consider and note the draft 2019/20 budget/5 year MTFS (2019/20 to 2023/24) detailed in this report.

3.1.3 To note that an updated Draft 2019/20 Budget/5 year MTFS (2019/20 – 2023/24) will be put to Cabinet on 12th February 2019 to be recommended for approval to the Full Council meeting taking place on 25th February 2019.

3.1.4 Consider and note Draft Budget Reductions proposals summarised in section 8 and Appendices 2 and 3;

3.1.5 Consider and note the Draft General Fund Capital Budget for 2019/20 – 2023/24 as set out in Appendix 4;

3.1.6 Agree to commence consultation with residents, businesses, partners, staff and other groups as necessary on the draft revenue proposals for 2019/20-2023/24;

3.1.7 Note that the results of the consultation on the Draft Revenue Proposals will be considered by Cabinet on 12th February 2019 and recommendations made to Full Council at its meeting on 25th February 2019 for the Council's formal budget setting for 2019/20;

3.1.8 Note that the detailed proposals will be submitted to Overview and Scrutiny Committees/Panels in December 2018 and January 2019 for scrutiny and comments;

3.1.9 Note proposed changes to fees and charges in respect of executive functions will be considered by Cabinet on 12th February 2019 and those requiring approval by the Regulatory Committee to be considered at its meeting on 21st January 2019;

3.1.10 Note that the Housing Revenue Account (HRA) budget will be considered by Cabinet on 12th February 2019 and recommendations made to Full Council at its meeting on 25th February 2019 for the Council's formal budget setting for 2019/20.

3.1.11 Note the proposed changes to the draft Dedicated Schools Budget (DSB) set out in section 16 and that the final agreed budget will be presented to Cabinet on 12th February 2019.

4 Reasons for decision

4.1 The Council has a statutory requirement to set a balanced budget for 2019/20 and this report forms a key part of the budget setting process by setting out the likely funding and expenditure for that year. Additionally, in order to ensure the Council's finances for the medium term are put on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium Term Financial Strategy.

5 Alternative options considered

5.1 The Cabinet must consider how to deliver a balanced 2019/20 budget and sustainable MTFS over the five-year period 2019/20 to 2023/24, to be reviewed further at Cabinet in February, and ultimately adopted at the final budget meeting of Full Council on 25th February 2019.

5.2 Clearly there are options available to achieve a balanced budget and officers have developed the proposals contained in this report for determining levels of both income and service provision in this report. These take account of the Council's priorities, the extent of the estimated funding shortfall and the Council's overall financial position. The February report will include the outcome of the local government finance settlement, other potential grants and any other development and further proposals required to achieve a balanced budget.

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

6 Background information

Local Government Finance Settlement 2016/17 to 2019/20

6.1 The 2016/17 local government finance settlement received in December 2015 provided Revenue Support Grant and other grant funding allocations for 2016/17 and indicative figures up to 2019/20. National funding figures (which exclude council tax, but include un-ring fenced grants) show a 5.1% reduction in government funding over the period 2018/19 to 2019/20, as shown in Table 1 below. Although, not shown in the below table, it should also be noted that national funding figures have reduced every year since 2010.

Table 1 – National Funding Figures (excludes council tax)

England				
	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m
Total SFA	**18,601**	**16,632**	**15,574**	**14,398**
Plus Additional Funding				
S31 Grant (2% cap in NDR)	165	175	275	376
New Homes Bonus (RSG)	1,275	1,042	728	690
New Homes Bonus (CLG)	210	210	220	210
Transition Grant	150	150		
Improved Better Care Fund		1,115	1,499	1,837
Rural Services Delivery Grant	81	65	81	65
Adult Social Care Support Grant		241	150	
Total Additional Funding	**1,881**	**2,998**	**2,953**	**3,177**
Total Funding	**20,482**	**19,630**	**18,526**	**17,575**
Percentage Change	(11.7%)	(4.2%)	(5.6%)	(5.1%)

6.2 The equivalent national funding assumptions for Haringey are shown at table 2. Based on available information, it is estimated that all government funding support to Haringey will decrease by 6.1% in 2019/20.

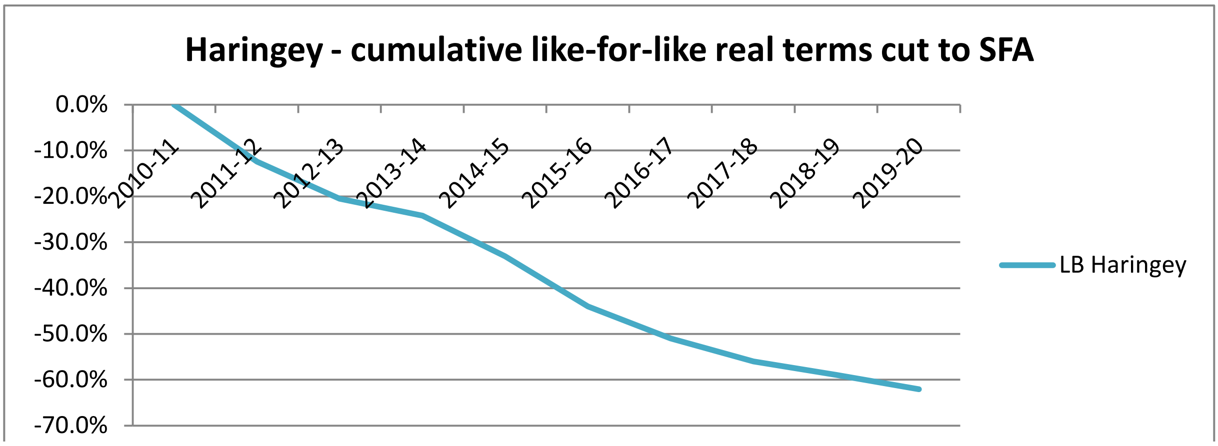
Table 2 – Haringey equivalent of national figures (excludes council tax)

Local Forecast	2017/18 £m	2018/19 £m	2019/20 £m
SFA - Local Forecast	114.9	111.6	103.9
Plus Additional Funding			
S31 Grant (2% cap in NDR)	4.0	5.0	4.8
Improved Better Care Fund	5.4	7.1	8.4
New Homes Bonus - Local Forecast	5.7	2.7	2.4
2017-18 ASC Support Grant	1.2	0.7	-
Comparable Resources	**131.2**	**127.2**	**119.5**
Percentage Change	4.3%	-3.1%	-6.1%

6.3 A further illustration of the level of funding reduction experienced by the council is shown in the below chart 1 which illustrates how the Settlement Funding Assessment (SFA) has reduced in real terms. Although, the largest annual funding reductions happened in the early years, government funding support in the form of SFA to Haringey has continued to fall and will fall further in 2019/20.

6.4 SFA was previously referred to as Start-Up Funding Assessment/Formula Grant. It comprises the council's Revenue Support Grant for the year, its retained business rates and top up business rates uprated year on year in line with RPI.

Chart 1 – Illustration of Formula Grant/SFA Reduction



6.5 The Settlement Funding Assessment (SFA) allocation for 2019/20 is fixed for Haringey as part of the multi-year settlement arrangement agreed to between local authorities and the government, but final approval is subject to the normal national statutory consultation processes and to parliamentary approval.

6.6 The government uses Core Spending Power (CSP) to measure *the core revenue funding available for a local authority to deliver services.* CSP comprises all corporate funding including the council's estimated council tax requirement, business rates (retained and top up), RSG and other non-ringfenced grants.

6.7 The council's Core Spending Power (CSP) shows a smaller percentage reduction of 1.5% in 2019/20 as set out in table 3 below. This is because council tax continues to grow in contrast to core (government) funding and consequently as a proportion of overall council revenue.

Table 3: Haringey Core Spending Power (includes council tax)

Local Forecast	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
SFA - Local Actual/Forecast	114.9	111.6	103.9
Plus Additional Funding			
Council Tax	93.8	98.8	103.1
S31 Grant (2% cap in NDR)	4.0	5.0	4.8
Improved Better Care Fund	5.4	7.1	8.4
New Homes Bonus - Local Forecast	5.7	2.7	2.4
2017-18 ASC Support Grant	1.2	0.7	-
CSP Actual/Forecast	**225.0**	**226.0**	**222.5**
Percentage change	0.4%	0.4%	-1.5%

6.8 There are 5 main sources of funding for the Council:

- Business Rates (Retention/Top up) and Revenue Support Grant
- Council Tax
- Core Grants
- Fees and Charges
- One of Use of Reserves

6.9 At the time of writing the Council is waiting for the local government settlement announcement which will provisionally set out the financial support that the Council will receive from government. Taking into account the uncertainties outlined above, the assumptions currently built into the proposed 5 year MTFS set out in this report are set out below.

Revenue Support Grant (RSG)

6.10 The Spending Review (December 2015) set the level of residual RSG for Haringey at £21.6m for 2019/20 (£30.2m in 2018/19). The latest MTFS assumes that RSG will continue beyond 2019/20.

6.11 The actual Settlement Funding Assessment (Business Rates Retained; Business Rates Top-Up; and Revenue Support Grant) amounts are determined on the basis of historic needs assessment. The last time this assessment was undertaken was for the 2013/14 settlement. The sources of funding of SFA allocations announced at settlement are Revenue Support Grant and Business Rates (with the Revenue Support Grant being guaranteed and the Business Rates element being subject to local collection versus target).

6.12 The fair funding review is underway and will largely impact local authority financing in the following ways/areas:

- **Determining Need** – attempting to simplify the Formula used in distributing funding by using a combination of generic and service specific cost drivers. It is possible that authorities could gain or lose from this re-assessment of need. In particular, for high population growth areas, such as Haringey, how population figures are determined and updated will be crucial in determining future funding allocations.
- **Determining Resources** – Currently, the resources block of the Formula ignores the council tax amount charged by a local authority, so that only the council tax base is used in the calculation. The review will look into whether it is appropriate for a new Formula to include a notional council tax amount that is regularly updated.
- **Transition Arrangement** – this will be about damping the effect of significant movement in funding levels for individual authorities including how long any damping should be applied.

6.13 The work is at an early stage, so it is difficult to make an assumption on the potential impact of changes to the Formula on Haringey. Officers will continue to input into the process and monitor developments of this review and update forecasts accordingly. This will affect how much and for how much longer councils continue to receive Revenue Support Grant.

6.14 The Spending Review 2019 (SR19) will effectively reset all government departmental spending plans to 2023/24, although, at this stage it is uncertain whether it will cover more than one year, largely due to the uncertainties around Brexit.

6.15 In the October 2018 Budget, the Chancellor indicated an increase of 1.2% annually in real terms in from 2019/20. However, given the government commitment over the existing spending review period to prioritise the NHS and education compounded by the volatility caused by Brexit it is uncertain whether any additional funding will be put into local government. Whatever the final outcome, SR19 will impact budgets from 2020/21 and will need to be monitored carefully.

Business Rates

6.16 The government has revised the level of business rates retention that will be built into future year's local government financing. It had previously announced that retention will be at 100% - this has now been revised to 75%. In preparation for the national rollout of the 75% retention scheme in 2020/21, the pilots in 2019/20 will be set to 75% retention. This will result in the London business rates pilot pool, which Haringey is part of, retaining less income for distribution in 2019/20.

6.17 A number of changes were introduced to business rates in April 2017 including revaluation of the business rates base. Although, the revaluation was revenue neutral nationally, some businesses in Haringey would have seen increases in their business rates charges. For small businesses in this position, relief was provided in the form of a three year transitional grant that is administered and distributed to affected businesses in each year during the transition period.

6.18 The government has now confirmed that business rates baselines will be reset from April 2020. As to whether this is advantageous or not will be determined by the level of the baseline funding that government sets in relation to what we are actually able to collect.

6.19 Realisation of business rates income is dependent on collection performance, prevailing economic conditions and decisions on appeal by the Valuation Agency Office, although some risk has already been built into the target. Business rates income is expected to grow (including inflation) by £4.8m in 2019/20 including the beneficial impact of being part of the London business rates pool.

6.20 The government has indicated that the no detriment guarantee on the business rates retention pilots will be removed for 2019/20. Although, this does not directly affect Haringey because the council is a top up authority, it can indirectly impact on the level of additional benefit available for the London pool to share among its partners. However, given the likelihood that the council will not be affected by the change to the no detriment clause, the MTFS assumptions on business rates remain unchanged. The net gain in the region as a whole will still be distributed in such a way that all partners receive a share of the benefits of growth.

Council Tax

6.21 The latest position on council tax income for 2018/19 is that tax base and increases during the year will result in an additional income to the council. The council tax base numbers will be reviewed and finalised in January 2019. This is a delegated decision to the Section 151 officer in consultation with the portfolio holder for Finance.

6.22 Full Council is scheduled to consider a new (2019/20) CTRS policy on 31 January 2019. The policy, if approved, will include the increase of the maximum council tax reduction from 80.2% to 100% for working age claimants with children. The CTRS is also updated to align the council policy with national welfare changes. The cost of the new policy is estimated at £1.5m. Full Council will also consider a separate report on council tax discounts policy at this meeting. The proposed Budget/MTFS has made provision to fund the cost of the new policy. The final figures relating to the policy will be confirmed in January 2019.

6.23 The council tax collection fund account has had surpluses ranging between £4m and £6m over the past few years. In recognition of this, the MTFS for 2018/19 assumed a surplus generated on the collection fund of £4m which was achieved at 2017/18 outturn. The 2019/20 budget assumes a surplus of £2.65m on 2018/19 collection fund outturn. This assumption will be kept under review during the remainder of the budget process.

6.24 Key assumptions in the MTFS on council tax are that:

- The proposed budget assumes a 2.99% increase in council tax in 2019/20 following a period of 9 years when Haringey's element of the council tax had been frozen and increases of 1.99% are assumed for each of the subsequent year's (for modelling purposes) in the planning period for this MTFS.
- The government determines the maximum council tax increase (referendum limit) each year. Therefore, the assumptions in the MTFS are subject to government confirming the referendum limit for 2019/20 at 2.99% and at 1.99% or above for each of the subsequent years in the planning period.
- This would result in an increase in the Band D council tax of £38.32 per annum (£0.74p per week) taking the 2019/20 charge to £1,319.89.
- No Adult Social Care (ASC) precept is proposed in 2019/20 as the council has already raised the permitted ASC precept of 6% (3% in 2017/18 and 2018/19).
- The tax base is assumed to grow by at least 1% per annum throughout the MTFS planning period;
- The collection rate will be at least 96.25% throughout the planning period.

6.25 The resulting projections for council tax income are set out below. These figures are subject to confirmation of the council tax base, which is due to be finalised in January 2019. There has also been an announcement that authorities will be able to raise empty homes council tax premium from the current level of 50% to 100%. This will be addressed in subsequent reports and, if adopted, have a minor positive financial impact.

Table 4 – Council Tax Assumptions 2019/20 – 2023/24

COUNCIL TAX ASSUMPTIONS						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Taxbase	78,916	80,096	81,151	82,005	82,866	83,736
Taxbase change	1.5%	1.3%	1.0%	1.0%	1.0%	1.0%
Taxbase for year	80,096	81,151	82,005	82,866	83,736	84,612
Collection Rate	96.25%	96.25%	96.25%	96.25%	96.25%	96.25%
Taxbase after collection rate	**77,093**	**78,108**	**78,930**	**79,759**	**80,596**	**81,439**
Council Tax increase	0%	2.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	3%	0%	0%	0%	0%	0%
Band D rate	£1,281.57	£1,319.89	£1,346.15	£1,372.94	£1,400.26	£1,428.13
Council Tax Before Surplus (£000)	**£98,800**	**£103,094**	**£106,252**	**£109,504**	**£112,855**	**£116,306**
Previous Year (Estimated) Surplus	£3,118	£2,650	£2,150	£2,150	£2,150	£2,150
Council Tax Yield (£000)	**£101,917**	**£105,744**	**£108,402**	**£111,654**	**£115,005**	**£118,456**

6.26 The proposed council tax increase and the growth in council tax base is projected to generate additional income of £4.3m. A 1% increase in council tax is estimated to generate a further circa £1m. This does not include forecast collection fund surplus of £2.65m and the estimated impact of the new CTRS policy going to council in January in 2019 – these are however included elsewhere in the budget/MTFS. The February version of table 4 will be adjusted to incorporate the impact of the CTRS policy.

Core Grants

6.27 The Council will also receive a number of specific or special grants in addition to its main funding allocation. The Council is mostly allowed to use these grants to fund any council services but some are ring-fenced, which means they can only be spent on specific services.

6.28 The level of core grants for 2019/20 announced as part of the 2016 multi-year settlement are provisional until confirmed in January 2019. The MTFS assumptions for these grants are as follows:

- Improved Better Care Fund increases by £3.4m to £6.8m;
- Additional Improved Better Care Fund reduces from £3.8 to £1.6m
- New Homes Bonus is forecast to reduce from £2.7m to £2.4m;
- Adult Social Care Grant not notified yet, so assumed nil (usually announced in February 2019);
- Public Health Grant to reduce by £0.5m to £19.7m;
- Housing Benefit & Council Tax Administration to reduce by £0.5m to £1m; and
- Winter allowance maintained at £1.1m – no change.

6.29 It was confirmed in January 2017 that the New Homes Bonus (NHB) scheme will now continue indefinitely. At the time of this announcement, government also changed the process for awarding NHB from 2017/18 onwards and top sliced NHB to provide one off funding for Adult Social Care (ASC) grant further reducing NHB funding to local authorities. This amount top sliced has not been returned to local authorities and this annually announced funding allocation from ASC grant reduced by nearly 50% in 2018/19. The notification of any ASC grant for 21019/20 is not expected until February 2019, so no assumptions have been made.

6.30 The government has confirmed the following on the NHB Scheme:

- Funding for 2019/20 remains at pre-announced levels subject to any reduction in national NHB total funding;
- Funding will be for 4 years' worth of growth;

A national baseline of growth was adopted below which no payment is made for the year in which growth was below the baseline. This was set at 0.4% for 2018/19; and the government retains the option to adjust this baseline for 2019/20 and beyond, but there are currently no plans to do so.

Fees and Charges

6.31 The council's currently generates circa £16m from fees and charges. The external income policy requires service managers to review the level of fees and charges annually as part of the budget setting process. In the main, fees and charges should increase by inflation and be set at a level, where as a minimum, the full cost of provision is recovered through the price structure to maximise allowable income.

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

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

6.34 The Regulatory Committee and Cabinet will consider separate reports in January 2019 and February 2019 respectively, which will bring together those areas where fees and charges apply. Where there is a service proposal to raise them at a rate other than a simple inflationary increase this will be highlighted for specific approval, including where this has already been included as a saving proposal.

6.35 It should be noted that the work already undertaken has led to the new budget proposals contained in this report including £3.3m related to additional income for the Council, the majority in relation to the Place priority.

Use of Reserves

6.36 The Council's (Non-Earmarked) General Fund Balance is held to cover the net impact of risks and opportunities and other unforeseen emergencies. This funds held in the General Fund Reserve can only be used once and therefore non-recurring source of income that can mitigate the underlying budget gap.

6.37 The proposed 2019/20 budget draws down a total of £10.5m from three earmarked reserves to mitigate the level of savings needed to balance the budget this year. In line with purpose of reserves, an amount of £5m will be released from the Budget Resilience Reserve which was set aside as part of the February 2018. This is made possible by additional funding put into this reserve at the close of 2017/18. A further amount of £4.6m will be released from the Financing (budget risk) Reserve. This reserve was again established at the close of 2017/18. Latest forecast of adequate capital receipts means that this reserve is no longer required for its intended purposes. The third amount is £0.9m from a grants reserve no longer required.

6.38 In the 2018/19 MTFS, the budget resilience reserve was established to help manage the potential non-deliverability/slippage of planned budget reductions. The refreshed MTFS assumes that this will be maintained throughout the MTFS period with a contribution of £7.2m from revenue in 2019/20.

6.39 The Council reaffirmed its previous decision to set non-earmarked General Fund balances at £15m in February 2018. The 2018/19 budget was balanced without the need to draw down from General Fund balances. The Draft Budget for 2019/20 at this time still has a deficit of £6.5m. The council continues to work on further options and solutions in order to redress this deficit and have a balanced budget by the time of its Council meeting in February 2019. Should this not be achieved, in all or part, there would be a need to draw down from General Fund balances. Every effort should be made to avoid this as this would impact negatively on the future financial sustainability of the council.

6.40 This strategy is in line with the principle of using specific earmarked reserves as a one-off measure to smooth the impact of savings deliverability. The overall reserves position will be reviewed again between now and the February Full Council budget setting report to ensure that the recommended level of reserves is still appropriate and commensurate with overall level of risk associated with the Council's 19/20 budget and overall MTFS.

Funding Summary

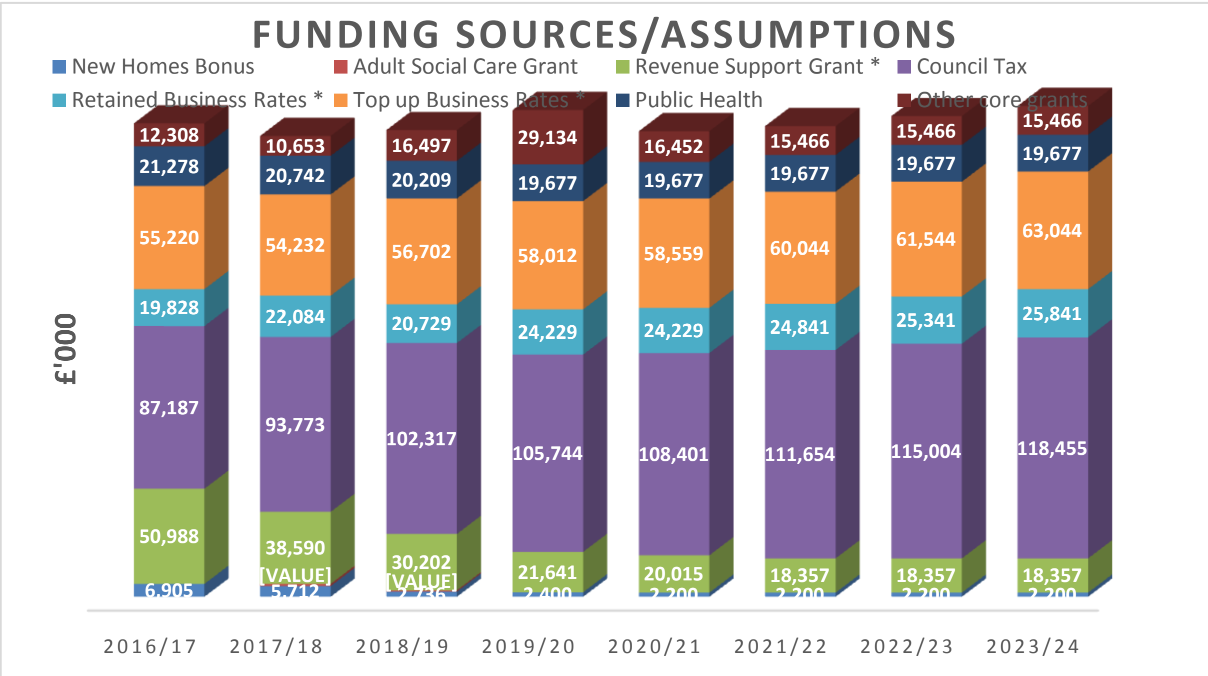
6.41 A summary of the funding assumptions and breakdown of funding sources is set out in the table and chart below.

Table 5: Summary of funding sources/assumptions 2016/17 -2023/24

Source of Funding	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue Support Grant *	50,988	38,590	30,202	21,641	20,015	18,357	18,357	18,357
Retained Business Rates *	19,828	22,084	20,729	24,229	24,229	24,841	25,341	25,841
Top up Business Rates *	55,220	54,232	56,702	58,012	58,559	60,044	61,544	63,044
Council Tax	87,187	93,773	102,317	105,744	108,401	111,654	115,004	118,455
New Homes Bonus	6,905	5,712	2,736	2,400	2,200	2,200	2,200	2,200
Adult Social Care Grant	0	1,195	718	0	0	0	0	0
Other core grants	12,308	10,653	16,497	29,134	16,452	15,466	15,466	15,466
Core Spending Power	**232,436**	**226,238**	**229,901**	**241,159**	**229,856**	**232,561**	**237,912**	**243,363**
Public Health	21,278	20,742	20,209	19,677	19,677	19,677	19,677	19,677
TOTAL (External) Funding	**253,714**	**246,980**	**250,110**	**260,836**	**249,533**	**252,239**	**257,589**	**263,040**
Contribution from Reserves	0	8,782	0	10,487	0	0	0	0
TOTAL FUNDING	**253,714**	**255,762**	**250,110**	**271,323**	**249,533**	**252,239**	**257,589**	**263,040**

6.42 Direct contribution to local government financing has reduced significantly as a proportion of overall budget funding. Consequently, a larger proportion of funding for the services provided by the Council are raised locally. The chart below illustrates how Haringey's funding sources is set to change in the future. It should be noted that if this was illustrated in real terms, it would show a pronounced reduction in such funding sources across this period.

Chart 2 – Breakdown of Funding Sources/Assumptions (2016/17 – 2023/24)



6.43 The latest funding announcement is expected on 6th December and an update will be provided as part of the February budget report.

6.44 The level of uncertainty to Haringey's external funding is unprecedented from 2020/21. Each of the elements will be monitored closely to ensure the medium term financial projection reflects likely future material variances. In addition to monitoring developments, officers will also be contributing to consultation papers and engaging with other stakeholders where appropriate, to try and influence the changes made in a positive way for the borough.

7 Expenditure assumptions and budget gap

2018/19 Financial Performance – Revenue

7.1 At Quarter 2 (December 2018 Cabinet report) the Council is projecting a full-year deficit of £9.3m after corporate application of mitigations of £6.4m. A significant amount of this is being driven by previously agreed savings now no longer being deemed as achievable; the remainder is largely in priorities 1 and 2 which continue to face increasing demand pressures.

7.2 Of the net overspend, Adults and Children's account for (£5.6m) and (£5.0m) respectively, mitigated down by some underspends elsewhere in the corporate revenue budgets.

7.3 Close attention will continue to be paid over the remaining months for further mitigations that can bring the final outturn position closer to a balanced position; a key strand of this work is a thorough review of financial and performance data held on 'mosaic', the council's social care management system. This work will also be a key tool in delivering the new service transformational savings in these two demand led services.

7.4 The agreed 2018/19 budget required that services deliver a total of £15.7m including £9.3m of brought forward savings from 2017/18). The current projections show that brought forward savings are no longer achievable, so in order to maintain the integrity of the MTFS, it is proposed in the Quarter 2 budget monitoring report, a separate item on the agenda for this meeting, that these savings are written off.

7.5 The new budget reduction proposals contained within this report (Section 8) are based on more detailed early business planning assessment. This combined with better implementation and monitoring approaches must achieve a stepped improvement in the rollout of the 2019/20 budget reduction programme.

7.6 The cost of providing support to our vulnerable residents continues to grow which is manifested in the level of overspend in adult and children social care. The assumptions underpinning the estimated increases built into the MTFS for adult and children social care are set out in section 9. Homelessness also continues to be an issue in Haringey given the caseload of homeless people.

2018/19 Financial Performance – Capital

7.7 The overall capital programme as at Quarter 2 is £229.2m of which £161m is General Fund and £68.3m relates to the HRA. The projected outturn is £174m resulting in a variance of £55.1m. Of this variance, £54.1m relates to the General Fund. Significant variances are detailed below.

7.8 Priority 4 (Regeneration and Growth) is projecting an underspend of £22.8m. £12.8m relates to the Tottenham Hale regeneration project that is dependent upon a range of external factors. The Wards Corner CPO scheme (£5m) is not expected to spend this financial year and the Strategic Acquisition budget will under achieve by £3m.

7.9 Priority 5 (Housing) is projecting an underspend of £9.9m which primarily relates to the budget for the acquisition of temporary accommodation via the community benefit society.

7.10 Priority X (Enabling) is projecting an underspend of £12.8m. The three ICT related budgets have a combined underspend of £8.4m and the Responsiveness Fund budget is not projecting to spend.

8 Net expenditure reduction proposals 2018/19-2023/24

8.1 In addition to previously agreed savings from earlier MTFS process, the approved 2018/19 budget required the council to make total savings of £15.7m. Of these savings, £9.3m related to previously unachieved savings that were brought forward from 2017/18 and further savings of £6.5m in Feb 2018. The below table sets out revised pre-agreed savings position for the planning period from February 2018.

Table 6: Existing MTFS (2018/23) Approved Savings

Priority Area	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	1,748	310	-	-	-	2,058
Priority 2 - Adults Services	2,390	2,474	2,990	2,990	2,990	13,834
Priority 3 - Environment & Neighbourhood Services	1,660	150	-	-	-	1,810
Priority 4 - Regeneration & Growth	50	-	-	-	-	50
Priority 5 - Housing Services	50	120	-	-	-	170
Priority X - Corporate Services	551	3,400	1,500	20	-	5,471
Total	**6,449**	**6,454**	**4,490**	**3,010**	**2,990**	**23,393**

8.2 In addition to the above pre-agreed net expenditure reductions in table 6, the 2018/19 MTFS acknowledged an £11m gap including the £3.75m for pay hold in 2019/20.

8.3 Services were asked to identify budget reduction proposals against indicative targets, to offset this gap as well as the impact on any undeliverable savings and growth. Officers worked toward the following broad guiding principles:

- Identify if we are spending money on things that are not a stated priority;
- Identify opportunities for contract efficiencies or changes to service specifications (quality/ frequency/ scope)
- Identify further commercial, income generating or invest to save options
- Understand where providing choice may be driving higher cost;
- Alternative ways of meeting needs;

- Ensure that where we are providing early help or preventative services that there remains a clear business case; and
- Identify if we are using disproportionate resources for relatively small additional gains.

8.4 In addition to the above actions Adults and Children's Services had workshops facilitated by the LGA and also peer group review sessions with other London boroughs to help refine, challenge and identify further opportunities.

8.5 Finally, budget challenge sessions for each priority area were led by the Chief Executive and the Director to identify additional opportunities that could help inform future budget reduction proposals.

8.6 The outcome of the above process led to £12.8m of new budget reduction proposals across the MTFS planning period being proposed (£7m) here which are summarised by priority in the table below. Appendix 2 provides more detail, with the individual pro-formas supporting each proposal, available online.

Table 7: Summary of new budget reduction proposals (2019/20–2023/24)

Priority Area	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	1,602	401	90	0	0	2,093
Priority 2 - Adults Services	2,000	1,049	195	280	100	3,624
Priority 3 - Environment & Neighbourhood Services	1,665	1,565	600	70	70	3,970
Priority 4 - Regeneration & Growth	560	15	0	0	0	575
Priority 5 - Housing Services	920	708	573	0	0	2,201
Priority X - Corporate Services	319	5	5	6	6	341
Total	**7,066**	**3,743**	**1,463**	**356**	**176**	**12,804**

8.7 These proposals will be subject to consultation and further refined over the next few weeks. This will include a review by services of currently planned budget reduction proposals for 2020/21 or later with a view to bringing forward the implementation timeframe for these proposals.

8.8 In addition to the options that make up the totals in the above table, services are working on further expenditure reduction options that can mitigate the underlying budget gap including the 2019/20 gap. This is discussed further in section 11.

Non delivery of previously agreed net expenditure reduction

8.9 The agreed 2018/19 budget required that services deliver a total of £15.7m including £9.3m of brought forward budget reductions from 2017/18).

Table 8: Projected 2018/19 Savings Shortfall by Priority

	2017/18 B/Fwd MTFS £'000	Pre-Agreed MTFS 2018/19 £'000	New MTFS 2018/19 £'000	Total Savings to Deliver (2018/19) £'000	Savings Projected to be Achieved 2018/19 £'000	Savings Shortfall Carried Forward £'000
Priority 1 - Children Services	2,857	1,748	-	**4,605**	375	**4,230**
Priority 2 - Adults Services	2,900	-	2,390	**5,290**	1,998	**3,292**
Priority 3 - Environment & Neighbourhood Services	75	1,660	-	**1,735**	1,155	**580**
Priority 4 - Regeneration & Growth	250	-	50	**300**	300	**-**
Priority 5 - Housing Services	-	-	50	**50**	50	**-**
Priority X - Corporate Services	218	301	-	**519**	519	**-**
Council Wide	2,966	250	-	**3,216**	812	**2,404**
Total	**9,266**	**3,959**	**2,490**	**15,715**	**5,209**	**10,506**

8.10 In the Quarter 2 budget monitoring report, £9.8m of these savings are being proposed to be permanently written out as unachievable. This helps maintain the future integrity of the MTFS.

Total 2019/20 budget reductions

8.11 The total budget reduction expectation for 2019/20 taking into account brought forward savings, written off savings and new budget reduction proposals are set out in the below table.

Table 9: 2019/20 budget reduction by Priority

Priority Area	2017/18 Brought Forward £'000	2019/20 Pre-Agreed £'000	Proposed Write Back £'000	Net Carried Forward £'000	New (2019/20) £'000	2019/20 Total MTFS £'000
Priority 1 - Children Services	4,321	310	4,631	-	1,602	**1,602**
Priority 2 - Adults Services	2,900	2,474	2,984	2,390	2,000	**4,390**
Priority 3 - Environment & Neighbourhood Services	-	150	-	150	1,665	**1,815**
Priority 4 - Regeneration & Growth	-	-	-	-	410	**410**
Priority 5 - Housing Services	-	120	-	120	1,070	**1,190**
Priority X - Corporate Services	2,404	3,400	2,404	3,400	319	**3,719**
Total	**9,625**	**6,454**	**10,019**	**6,060**	**7,066**	**13,126**
Gap (reductions to be identified)						**6,521**
Total budget reductions required						**19,648**

9 Budget (Growth) Pressures

9.1 The MTFS also allows for unavoidable budget growth to the extent that can be afforded. These relate to non-controllable costs such as pay/non-pay inflation costs, pensions costs relating to retired/deferred members of the pension fund and payments due to levying bodies. Growth proposals for 2019/20 are set out below:

- Policy Priorities

- School Meals Pilot £0.05m
- Youth Services Programme £0.25m
- Council Tax Reduction Scheme £1.5m

- Pensions Costs £1.6m
- Pay Inflation £2.0m
- Non Pay Related Inflation £1.5m
- Treasury and Capital Financing £3.5m
- Levies £2.6m
- Children's Services £7.0m
- Adult Services £7.8m

9.2 Although, the council has very limited scope to put more funding into policy priorities, it has targeted three areas: youth services programme, school meals pilot and council tax reduction scheme.

9.3 The pensions cost pressure relates to additional employer's contribution to the pension fund requirement arising from the triennial revaluation of the Fund undertaken in March 2017. The working assumption is that a further £1.5m will be required following the next revaluation in March 2020.

9.4 The growth relating to treasury and capital financing is required to fund the council's capital programme and the increased borrowing requirement set out in the council's treasury management strategy statement that will be considered at Full Council in February 2019.

9.5 The council received a one-off reduction of £2.6m in its waste levy from the North London Waste Authority in 2018/19 when the waste authority agreed to apply credit balances that Haringey had built up over the years to offset the annual waste levy. The 2019/20 waste levy amount is expected to increase by £2.6m back to the usual level.

Children's Social Care

9.6 The key cost drivers in children's social care are the number of Looked After Children (LAC), the type of placement for those children (residential, secure, foster care or semi-independent living), and the unit costs of placements. The number, and cost of Permanency cases (special guardianship and adoption), and the number of Care Leavers are also key cost drivers. This is a demand-led service, with a direct correlation between the complexity of need, the type of placement provided and the costs of those placements.

9.7 LAC accounts for 77% of placement costs, with Permanency and Care Leavers accounting for 14% and 8% respectively. The costs incurred by children's social care, is net of grant funding for Unaccompanied Asylum Seeking Children (UASC), and contributions from health and education partners towards the costs of provision for children with special needs. Modelling of future costs is based on the current cohort, adjusted for future pathways and anticipated numbers of starters and leavers.

9.8 The current LAC rate per 10,000 is 71 (September 2018 snapshot). This rate has remained broadly consistent over the last two financial years (72 in 2016/17, and 70 in 2017/18).

9.9 For permanency cases, the assumption is that current rates of cases moving from LAC to special guardianship/adoption will continue. For care leavers, new cases will predominantly be LAC who reach the age of 18, and cases which arise through homelessness or eligible young people returning to seek support from the service. The statutory duty to provide a Personal Adviser to children in care, was extended to the age of 25 (effective April 2018).

9.10 Children's budget has come under significant pressure over several years. Despite this increase in pressure, no additional funding has been provided to specifically mitigate the increase in client numbers, complexity of the cases being managed or market related price increase. Therefore, it has become increasingly difficult to deliver the required service to residents within the approved children's budget. The service has been unable to achieve much of its savings target over the past few years leading to year on year budget overspends – the latest projection is that the service will overspend by £7m (£5m after corporate mitigation) in 2018/19.

Adult Social Care

9.11 The key cost drivers in adult social care are a) the number of clients in receipt of long-term support and b) the cost and duration of long-term support service. 4,000 people have been diagnosed with severe mental illness in Haringey, which at 1.3% of the population, is significantly higher than the London average of 1.1%. There are currently 1,090 people living with a learning disability in Haringey, with prevalence of learning disabilities being similar to the London average. There are significant gaps in healthy life expectancy between populations in Haringey with the gap in healthy years of life between richest and poorest deciles being 15 years for men and 17 years for women.

9.12 Further projected increase in demand is expected to be driven by demographic changes, with Haringey's population predicted to increase to 294,829 by 2028, an increase of 4%. The largest increases are predicted in older age groups

- The 65-84 group will rise from 24,054 to 31,103 people
- The 85+ age group will rise from 3,136 to 4,209 people

9.13 There are also inflationary pressures across the whole of the care provider market which will have a cost impact on adult social care. In particular, Haringey's commitment to ensuring that all workers are paid no less than the London Living Wage has implications for the cost of home support.

9.14 The Adults' budget is another area that has experienced significant pressure over the past years but, unlike the children's budget has had additional funding provision. Although, the service has been successful in delivering many of its planned savings in the past few years, there are historic savings that will not be achieved. These savings are now proposed to be been written off.

Funding Care Services Pressures

9.15 Both services have found it extremely difficult to deliver some of the savings committed to in the previous MTFS as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern. In recognition of the financial pressures within social care, the Government has committed to some short term funding increases in this area. It is important to note that these are not structural budget solutions, they are simply additional money for next year, as it stands. Two new grants have been announced recently – funding to adult social care specifically to reduce winter pressures on local NHS services, and a social care support. These grants provide some temporary diminution of the pressure on these acute services but do not provide a long term solution.

Table 10: 2019/20 One-off Care Funding

	2019/20 £'000
Adult Social Care and Children's Social Care Grant	1,960
Additional Improved Better Care Fund	1,621
Winter Pressure Allowance	1,148
Total One Off Care Funding	**4,729**

9.16 The government has stated that the new social care support grant should be used where necessary by local authorities to ensure that adult social care pressure do not create additional demand on the NHS. They can also use it to improve their social care offer to older people, people with disability and children. The recent annual Budget statement announced that this new grant will be a further £410m nationally in 2019/20 notionally for both adults and children's social care. Haringey is due to receive £1.96m. Children's Services have not yet benefitted from additional central grant funding in the same way as Adults Services, but is subject to similar levels of service pressures. It is therefore proposed that the new social care support grant be equally divided between Adults and Children's Services. Adults Services will also receive additional corporate funding equivalent to the level of the grant channelled toward Children's Services.

9.17 For Children's Services the 2019/20 proposed MTFS acknowledges the pressures and in £7m growth which is part funded (£1m) from 50% of the social care support grant and mainly funded through £6m of additional corporate resources (including write offs of undeliverable savings).

9.18 Similarly for Adults Services, the MTFS builds in £7.8m growth which includes the other 50% of the social care grant, the additional improved better care fund and the winter pressures allowance; and additional corporate resources (including the write offs of the undeliverable savings)

9.19 It is recognised that these draft commitments by the council inevitably increases the funding gap, putting pressure on these and other services to identify greater budget reductions both for 2019/20 and subsequent years. Should changes to the national funding regime/any further allowed budget flexibility make it possible to reduce the call upon the council's resources for these services, this will be addressed in the February report.

10 Summary Revenue Budget Position 2018/19-2023/24

10.1 The summary revenue budget position which includes current projected gap/further to be identified in each of the year of the MTFS period. This position is subject to approval of proposed budget reductions or the addition/deletion of submitted or previously approved proposals.

Table 11: Summary (Draft) Budget 2019/20-2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Priority 1 - Children Services	54,525	59,291	58,890	58,800	58,800	58,800
Priority 2 - Adults Services	91,809	98,128	93,544	93,538	93,577	93,477
Priority 3 - Environment & Neighbourh	27,920	27,189	25,624	25,024	24,954	24,884
Priority 4 - Regeneration & Growth	4,716	2,406	2,391	2,391	2,391	2,391
Priority 5 - Housing Services	19,833	18,797	18,089	17,516	17,516	17,516
Priority X - Corporate Services	38,281	35,487	32,982	32,957	32,951	32,945
Council Wide	13,026	36,548	36,456	41,988	51,404	59,445
Gross Expenditure	**250,110**	**277,845**	**267,976**	**272,213**	**281,592**	**289,457**
Planned Contributions from Reserves	0	-10,487				
Further savings to be identified		-6,521	-18,443	-19,974	-24,003	-26,417
Total General Fund Budget	**250,110**	**260,836**	**249,533**	**252,239**	**257,589**	**263,040**
New Homes Bonus	2,736	2,400	2,200	2,200	2,200	2,200
Adult Social Care Grant	718	0	0	0	0	0
Revenue Support Grant	30,202	21,641	20,015	18,357	18,357	18,357
Council Tax	102,317	105,744	108,401	111,654	115,004	118,455
Retained Business Rates	20,729	24,229	24,229	24,841	25,341	25,841
Top up Business Rates	56,702	58,012	58,559	60,044	61,544	63,044
Total Main Funding	**213,404**	**212,025**	**213,404**	**217,095**	**222,446**	**227,897**
Public Health	20,209	19,677	19,677	19,677	19,677	19,677
Other core grants	16,497	29,134	16,452	15,466	15,466	15,466
Total Core Grants	**36,706**	**48,811**	**36,129**	**35,143**	**35,143**	**35,143**
TOTAL (External) Funding	**250,110**	**260,836**	**249,533**	**252,239**	**257,589**	**263,040**

11 Further budget reduction strategy

11.1 The council must continue to focus on delivering its key priorities in a whilst living within a significant reduced budget despite financial challenges. Based on latest MTFS projections, the council has a structural deficit problem of £18.4m in 2020/21 rising to £26.4m in 2023/24. This is reduced to the extent that further ongoing budget reductions are identified for 2019/20. Therefore, further cost reduction/resource prioritisation will need to be addressed by the Council as part of future refresh of the MTFS to close the current budget gap for 2019/20 and, vitally, the structural gap in future years. This will need to be done in a way that gives due regard to the needs of residents and service users.

11.2 The MTFS at this stage sets out in detail how we will address a substantial part of our budget challenge, and explains in outline the work to be done over the next few months to close the remainder of the gap. It is recognised that significant effort will be required to move these outline proposals to the detail required in February.

11.3 The detailed options put forward at this stage do not represent the totality of the work we have been doing to address the underlying challenge. The schedule included below provides information on the additional options that are currently in development. These are areas where we have not yet been able to fully assess the scale, viability, deliverability and impacts of implementing the proposed change but where further work is underway to understand the potential for change.

11.4 Appendix 3 outlines a high level summary of available information at this stage to ensure that our residents, businesses, partners and the wider public are made aware of the ideas we are starting to develop for further budgeting options. Our intention is to provide a fuller update on this in February 2019. These options have not yet been subject to the same level of consideration as the fully detailed options. Their inclusion at this stage should not be taken as an indication that the Council will approve them to go forward as part of the budget at a later stage. It must also be understood that this is the start of the process and further initiatives will also be identified and considered in the course of the following year.

11.5 The options identified here are being developed following the same set of guiding principles that underpin the savings options already included in our draft budget strategy, and thus fall into one of the following categories:

- Proposals that relate to an investment, expansion or renewed focus on early help, prevention or helping people to maintain their independence
- Proposals that focus on increasing the Council's commerciality, through providing services to other organisations, charging for services that people are willing to pay for, sharing services with others to reduce costs, or getting the best possible deal for the money we spend with suppliers, including through joining with others
- Simple service efficiencies which reduce costs by improving the way we work
- Proposals to develop alternative delivery models which seek to meet need in different, less costly ways.

11.6 Many of the options in development represent an extension of proposals included in this MTFS or previous MTFS. In some cases it is not yet clear whether the level of possible savings might exceed, as opposed to merely help meet existing targets. In other cases, work is required to more clearly establish the case for change, including the scale of the financial benefit.

11.7 The process to refine the variables set out in this report will continue until the final budget report in February 2019.

12 Consultation and Scrutiny

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

12.2 As such a formal consultation is being planned alongside this process the result of which is expected in January and will be shared with Cabinet and feedback provided to all relevant committees of the Council.

12.3 Statutory consultation with businesses will also take place in January and any feedback will be incorporated before final decisions are taken in February. Detailed consultation plan is attached at appendix 6.

12.4 Additionally, the Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Overview and Scrutiny Panels and Committee during December/January on a priority themed basis. The Overview and Scrutiny Committee will then meet in January 2019 to finalise its recommendations on the budget package to be reported to the Cabinet in February.

12.5 The government is effectively setting rent charges in 2018/19 by instructing local authorities to reduce rent on HRA owned properties by 1%. Therefore, there is no need to consult on rent charges this year.

13 Review of assumptions and risks 2019/20-2023/24

13.1 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report on the Council's budget in February 2019. Given the increased financial pressure that is falling upon this council's budget and the size of the gap both still enclosing the 2019/20 position and for 2020/21 onwards, this statutory role is acquiring more and more significance.

13.2 The main uncertainties and risks identified to date which may impact on the Council's budget over the period of the MTFS are:

- Funding assumptions are subject to the local government settlement (6th Dec), and therefore there may be changes.
- Move to Council Tax and Business Rates as the main funding drivers exposes the Council to risks such as collection rates, adverse changes in the size of the taxbase, appeals and negative cashflows.
- The proposed continuation of the London business rates pool at reduced retained rate of 75% (18/19 100%)
- The on-going uncertainty over Brexit and what impact this might have – particularly on staffing in critical social care & health services
- The outcome of the Fair Funding Review, the consultation on the redesigning of the Business Rates Retention

- The implications arising from the 2019 Spending Review (SR19)
- The Council's Transformational Programmes do not deliver the required savings, do not deliver savings quickly enough, or are counteracted by demographic trends particularly in critical areas such as Children's and Adults Social Care and Temporary Accommodation.
- Increases in London Living Wage in future years.
- Any further deterioration in the forecast 2018/19 position.
- The impact of inflation pressures above current assumptions (e.g. energy costs which are currently estimated at well above the rate of inflation for 2019/20).
- Non delivery of 2019/20 budget reduction programme.
- Changes in Non Service Resources budgets over the next few months – for example the amounts provided for levies are currently based on estimates.
- General population increases that are expected over the next 5 years and any associated growth in demand - other than specifically allowed for – may lead to financial pressure.
- The need to balance revenue and capital priorities to ensure the most appropriate use of available resources and the risk that the required skilled workforce to deliver at pace is not available

13.3 Other risks which we are aware of that may impact on the Council's budgets:

- Continuing trend to on-line services negatively impacts on our business rates base
- Housing Benefit admin fee may end during the period of the MTFS.
- The impact of changes in legislation – for example the Homelessness Reduction Act and whether the funding provided to undertake the new responsibilities under the Act will be sufficient.
- Ability to work collaboratively with a number of partner organisations and for such collaborations to deliver much needed efficiency gains.
- Impact of NHS Sustainable Transformation Plans (STPs) may result in a transfer of costs.

14 Council's Capital Strategy and Capital Programme 2018/19-2022/23

Introduction

14.1 This capital strategy report is a new report for 2019/20 as required by CIPFA. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of public services along. It also provides an overview of how the associated risk is managed and the implications for future financial sustainability. Where relevant links are provided to other more detailed documents.

Background

14.2 Capital expenditure in local government is defined in statute and accounting practices/codes and as such must operate within them. Within those rules capital budgets offer opportunities for Council's to really affect the lives of its residents and visitors. Capital programmes can shape the local environment (through the provision of new housing or traffic schemes); positively impact people's lives (through creating appropriate housing for adults with learning difficulties or investment in parks); transform the way in which the Council interacts with local residents (through the libraries investment programme or proposals for a new customer service centre); and deliver fit for purpose schools.

14.3 The key objectives of the Council's capital programme is to deliver the borough plan and to assist in meeting the financial challenges that it faces.

Capital Expenditure & Financing

14.4 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

14.5 For 2019/20, the Council is planning capital expenditure of £278.253m as summarised in the table below:

Table 12: Capital expenditure plans 2019/20-2023/24

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
General Fund	207,690	126,921	102,592	89,278	107,474	**633,955**
Council Housing (HRA)	70,563	108,495	172,290	161,152	282,198	**794,698**
Total - Capital Programme	**278,253**	**235,416**	**274,882**	**250,430**	**389,672**	**1,428,653**

14.6 The main General Fund schemes are the: ongoing work to the education estate; development of supported living accommodation to allow clients to live in appropriate homes; creation of a depot on the Marsh Lane site; continued investment in regeneration; funding for the community benefit society (CBS) to provide high quality temporary accommodation and the wholly owned company; and transformation projects to enable the Council to change the way it delivers services. There is a range of schemes within the capital programme that will only proceed if they produce a reduction in expenditure that includes reductions sufficient to cover the cost of financing the investment.

14.7 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that Council housing does not subsidise or is itself subsidised by other local services. HRA capital expenditure is recorded separately. Detailed schemes are contained in appendix 4.

Table 13: Capital expenditure plans by priority

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
Priority 1 - Children Services	19,020	18,080	14,050	8,570	13,010	**72,730**
Priority 2 - Adults Services	5,720	11,820	12,120	6,870	2,870	**39,400**
Priority 3 - Environment & Neighbourhood Services	22,850	15,060	11,500	11,380	10,660	**71,450**
Priority 4 - Regeneration & Growth	118,110	66,480	52,140	51,870	70,990	**359,590**
Priority 5 - Housing (General Fund)	34,360	13,410	9,000	9,000	9,000	**74,770**
Priority 5 - Housing (Housing Revenue Account)	70,560	108,500	172,290	161,150	282,200	**794,700**
Priority X - Corporate Services	7,640	2,080	3,790	1,600	950	**16,060**
Total Priority - Capital Programme	**278,260**	**235,430**	**274,890**	**250,440**	**389,680**	**1,428,700**

Financing

14.8 All capital expenditure must be financed from either external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The planned financing of the capital programme is as follows:

Table 14: Financing the General Fund capital programme

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
External Sources (grants etc.)	74,330	27,480	28,700	24,670	45,290	**200,470**
Self-Financing Schemes	90,520	61,670	47,150	39,740	34,250	**273,330**
Own Resources (borrowing etc.)	42,840	37,770	26,740	24,870	27,930	**160,150**
Total	**207,690**	**126,920**	**102,590**	**89,280**	**107,470**	**633,950**

14.9 The self-financing schemes will only proceed if they produce a reduction in expenditure that includes reductions sufficient to cover the cost of financing the investment unless this is necessary to ensure that the investment makes a contribution to meeting the financial challenges that the Council faces.

14.10 Debt is only a temporary source of finance, since loans and leases need to be repaid. The Council is required to set aside from its revenue account an annual amount sufficient to repay borrowings, this is known as the minimum revenue provision (MRP). The MRP for the period is set out below:

Table 15: Estimated MRP

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Minimum Revenue Provision	2,777	4,890	7,379	9,744	13,912	17,727

14.11 The Council's cumulative outstanding amount of debt is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces with MRP.

Table 16: Prudential Indicator: Estimates of Capital Financing Requirement

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Capital Financing Requirement	685,773	830,835	983,065	1,151,988	1,281,919	1,458,271

Asset Management

14.12 The Council is currently updating its asset management plan to reflect the new borough plan.

Asset Disposals

14.13 When a capital asset is no longer needed, it may be sold and the proceeds (known as capital receipts) can be spent on new assets or the repayment of debt. The Council is currently permitted, by legislation, to spend capital receipts on service transformation until 2021/22. This is known as the flexible use of capital receipts. Repayments of grants, loans and investments also generate capital receipts. It is anticipated that the capital receipts received in the MTFS period will be used to fund transformative activity.

Treasury Management

14.14 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing. This is to avoid either excess credit balances or overdrafts at the bank. The Council is typically cash rich in the short-term as cash revenue income is received before it is spent but cash poor in the long-term as capital expenditure is incurred before it is financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce borrowing.

Borrowing Strategy

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

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

Table 17. Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Debt (incl. PFI & leases)	402,457	481,907	623,511	771,664	936,994	1,063,332
Capital Financing Requirement	591,976	685,773	830,835	983,065	1,151,988	1,281,919

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

Affordable Borrowing Limit

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

Table 18. Prudential Indicator: Authorise limit and operational boundary for external debt

	2018/19 Limit £'000	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000	2022/23 Limit £'000	2023/24 Limit £'000
Authorised limit – borrowing	618,366	760,835	913,065	1,081,988	1,211,919	1,388,271
Authorised limit – PFI & leases	43,261	38,137	33,466	28,795	24,124	19,453
Authorised limit – total external debt	**661,627**	**798,972**	**946,531**	**1,110,783**	**1,236,043**	**1,407,725**
Operational boundary - borrowing	568,366	710,835	863,065	1,031,988	1,161,919	1,338,271
Operational boundary – PFI & leases	39,934	35,203	30,892	26,580	22,268	17,957
Operational boundary – total external debt	**608,300**	**746,038**	**893,957**	**1,058,568**	**1,184,187**	**1,356,228**

Governance

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

15 HRA Capital Programme

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

Housing Rents

15.2 The Council is required to comply with section 23 of the Welfare Reform and Work Act 2016 by reducing tenants' rents (excluding service charges) by 1% each year for four years starting from 1 April 2016 to 31st March 2020.

15.3 Therefore, the rent element for tenants living in general needs housing, sheltered/supported housing, affordable rent housing and council-owned housing used as temporary accommodation must reduce by 1% from 1 April 2019. Under the previous rent regime, these rents would have increased by 3.4% - Consumer Price Index (CPI) inflation at September 2018 of 2.4% plus 1%.

15.4 Shared ownership rents, however, will increase by 3.4% from 1 April 2019. The 2016 Act and Regulations gives full exception from the social rent reduction to shared ownership rents.

General needs and sheltered / supported housing

15.5 The average weekly rent reduces by £1.03 from £102.85 to £101.82. There is a range of rents across different sizes of properties. Table 1 sets out the provisional average weekly rents for 2019/20 and the proposed rent decrease by property size.

Table 19: Proposed rents for general needs and sheltered/supported housing

Number of Bedrooms	Number of Properties	Current average weekly rent 2018/19	Provisional average weekly rent 2019/20	Proposed average rent decrease	Percentage decrease
Bedsit	135	£83.45	£82.61	-£0.83	-1.0%
1	5,409	£88.37	£87.49	-£0.88	-1.0%
2	5,165	£103.00	£101.97	-£1.03	-1.0%
3	3,727	£117.94	£116.76	-£1.18	-1.0%
4	602	£134.28	£132.93	-£1.34	-1.0%
5	105	£157.08	£155.51	-£1.57	-1.0%
6	14	£163.23	£161.60	-£1.63	-1.0%
7	2	£154.45	£152.91	-£1.54	-1.0%
8	1	£174.85	£173.10	-£1.75	-1.0%
All dwellings	**15,160**	**£102.85**	**£101.82**	**-£1.03**	**-1.0%**

15.6 The government announced in October 2017 that annual increases in social housing rents will return to CPI plus 1% for the next five years after the statutory rent reduction ends in March 2020. This offer is a welcomed certainty for housing income growth in the short term.

Affordable Rent Housing

15.7 Phase 1 of the New Build Infill Programme has delivered eighteen new homes let at affordable rents.

15.8 From 1 April 2019, affordable rents must reduce by 1% from their current levels. The current average weekly affordable rent will reduce by £2.49 from £249.15 to £246.65 per week. There is a range of affordable rents across different sizes of properties. Table 2 sets out the provisional average weekly affordable rents for 2019/20 by property size.

Table 20 – Affordable Rent

Number of Bedrooms	Number of Properties	Current average weekly rent 2018/19	Provisional average weekly rent 2019/20	Proposed average rent decrease	Percentage decrease
1	1	£207.32	£205.25	-£2.07	-1.0%
2	5	£230.44	£228.13	-£2.31	-1.0%
3	7	£231.13	£228.82	-£2.31	-1.0%
4	3	£289.93	£287.03	-£2.90	-1.0%
5	2	£318.70	£315.51	-£3.19	-1.0%
All dwellings	**18**	**£1,277.52**	**£1,264.74**	**-£12.78**	**-5.0%**

Temporary Accommodation in Council-owned Properties

15.9 From 1 April 2019, all council-owned properties used as temporary accommodation or social housing provided under licences will have their rents reduced by 1% from their current levels. These are mainly council-owned hostels used as temporary accommodation.

Licences and Non-Secure Tenancies

15.10 Rents for licences and non-secure tenancies are not affected by the government's social rent reduction policy, so the Council has flexibility to keep these rents at their current levels based either on the hostel rate or on Local Housing Allowance (LHA).

Tenants' Service Charges

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

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

15.13 Tenants currently pay for the following services;

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

15.14 The applicable charges for 2019/20 are still being calculated and will be included in the February 2019 report

15.15 Homes for Haringey (HfH) intend to provide a unified external sweeping and litter picking service to all supported housing schemes and hostels in the same way as for general needs blocks from 1 April 2019. Veolia Waste Management will provide the additional cost of the extended service to calculate the new flat rate charge tenants will pay. Street sweeping charge is eligible for housing benefit subject to individual tenant's eligibility for benefits.

Water rates

15.16 Tenants currently pay weekly water rates with their rent if the water supply to their home is unmetered. The amount for each property is set by Thames Water and varies based on the rateable value for the property.

15.17 Thames Water has given the Council notice of their plans to discontinue the current arrangement and bill tenants directly from 1 April 2019. Thames Water will communicate directly with each affected tenant before they send out the new water bills for 2019/20.

15.18 The financial implication of this was factored into the 2019/20 budget and the five year MTFS.

Rent consultation

15.19 The Council must give written notice to tenants at least four weeks before the new rents for 2019/20 start on 1 April 2019 (the first Monday in April).

15.20 Under the previous rent regime-, HfH consulted tenants on behalf of the Council from late December to mid-January. HfH sent letters to the various Residents Associations asking for their views on rent increase proposals. The consultation was also published on HfH website to invite comments from tenants.

15.21 Under the mandatory 1% rent rent reduction regime, no rent consultation has taken place and none is planned for 2019/20, as there are no alternative options for tenants to comment on.

HRA Expenditure

15.22 The Council's Arms Length Management Company (ALMO), Homes for Haringey (HfH) manages the dwellings stock and garages on behalf of the Council. The management fee the council pays for these services is budgeted at £42m for 2019/20. This includes £20m for repairs and about £2m for housing demand.

15.23 Other significant items of expenditure include the capital financing charge and depreciation. The capital financing charge is the interest on HRA loans and internal funding and is budgeted at a higher level than 2018/19 due to borrowing rates associated to increased level of capital works programme and New build programme.

Development of HRA Business Plan

15.24 The Council maintains a statutory Housing Revenue Account (HRA) in which it accounts for all its social housing activity (management and maintenance, health & safety works, rent collection, major repairs etc.). The government recently announced the lifting of the restrictions that had been in place on the ability of HRA's to borrow money (known as the borrowing cap). This change has required a fundamental rethink of the financial framework within which the Council's HRA operates and an equally fundamental review of the HRA business plan within that framework.

15.25 A new HRA business plan is being developed initially with a 10 year focus, in order to determine how the council might best use the new HRA borrowing capability (still of course constrained by the prudential borrowing code) to both fulfil its responsibilities in respect of its existing stock and deliver the council's new housing provision objectives. This work is being undertaken in parallel with the reassessment of the role to be played by the wholly owned company (WOC), given the new HRA borrowing potential. The draft HRA capital programme provided here, therefore, is of a high level nature with further details to be provided in the February budget/MTFS report.

HRA 5 Years MTFS (2019/20-2023/24)

15.26 The Draft HRA budget for 2019/20 is a balanced budget maintaining a reasonable revenue contribution to capital. This report sets out the proposed HRA 5 years Budget/MTFS in appendix 5. The finalised HRA MTFS covering the period to 2023/24 will be presented to Cabinet in February 2019. It accommodates the scale of development presently assumed within the business planning underway in terms of its impact of the future years HRA revenue position.

HRA 5 Years Capital Programme (2019/20 – 2023/24)

15.27 As discussed above, this represents the capital implications of the emerging new business plan, focused on both the delivery of new homes and improvement of existing stock. The HRA MTFS is geared towards maximising the use of other available resources and use borrowing as last resort. The MTFS capital programme funding assumes a mix of capital receipts, grant funding, revenue contribution and prudential borrowing. The total capital investment in 2019/20 is £71m, fully funded from revenue contribution, grants, Major repairs reserve and borrowing.

Table 21: HRA 5 Year Capital Programme (2019/20 – 2023/24)

Capital Investment	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Existing Stock Investment (Haringey Standard)	52,293	56,532	57,663	58,816	59,992	285,296
New Homes Delivery Programme	14,190	50,820	113,401	101,023	220,801	500,235
Stock Acquisition Programme	4,080	1,143	1,226	1,313	1,405	9,167
Total Capital Investment	**70,563**	**108,495**	**172,290**	**161,152**	**282,198**	**794,698**

16 Dedicated Schools Budget (DSB)

16.1 The Dedicated Schools Budget is substantially funded from the ring-fenced Dedicated Schools Grant and two other funding streams (Pupil Premium and Post 16 Grant) which are, in effect, passported to schools. Spending must be consistent with the requirements of the prevailing Schools and Early Years

Funding Regulations and there are requirements about whether Schools Forum has a decision-making or a consultative role in determining budget levels for each year.

16.2 The financial position reported to Schools Forum in October 2018 set out the finance report. There are budget pressures in High Needs Block and this will reduce available DSG reserves and creates a deficit of £2.6m by the end of 2018-19 financial year.

16.3 Table below sets out Haringey's Dedicated Schools Grant allocations for 2017-18, the minimum rebased DSG baseline allocation for 2018-19 and Provisional National Funding Formula allocation for 2019-20

Table 22: Haringey's Dedicated Schools Grant Allocation Dedicated Schools Grant

Dedicated Schools Grant	2017-18 DSG allocations as at March 2018	2018-19 DSG allocations as at July 2018	2019-20 Provisional NFF
	£m	£m	£m
Schools Block	195.29	195.3	196.04
Central School Services Block	0	3.09	3.01
Early Years Block	18.67	20.29	20.29
High Needs Block	35.85	34.84	35.2
Total DSG	**249.81**	**253.52**	**254.54**

16.4 The 2017-18 Schools Block allocation was rebased into Schools Block and Central School Services Block in 2018-19 and 2019-20. The items that were previously top sliced as Centrally Retained elements in Schools Block and have been rebased into Central School Services Block in 2018-19 and 2019-20 under the National Funding Formula.

16.5 Overall, Haringey received a provisional increase of 0.4% 2018-19 to 2019-20 in its DSG allocation, which is equivalent to £1.02m. This is based on October 2017 census pupil numbers of 33,694.

16.6 The Schools Block received an uplift of 0.38%, which is equivalent to £0.74m.

16.7 The Central School Services Block has lost £0.1m from 2018-19 centrally retained elements that was rebased into 2019-20 which is the maximum possible loss capped at 2.5% from 2018-19.

16.8 The High Needs Block received an increase of 1% on its funding from 2018-19 to 2019-20 which equates to £0.36m.

16.9 The financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2019-20, which is due in December 2018.

DSG Reserves

16.10 As at Quarter 2, the DSG Reserves is expected to close with a deficit of £2.1m at the end of 2018-19. Overspend is mainly on High Needs Block is mainly due to £1.5m reduction in DSG funding and general increase in pupil numbers with special educational needs within the borough.

Table 23: Year end DSG reserves forecast

Blocks	Opening DSG at 01/04/18 £'000	Schools forum agreed trf between blocks £'000	Drawn down from reserves £'000	In year position at Q2 £'000	Forecast Closing DSG Q2 £'000
Schools block	-1,267	400	488	-273	-652
Central block	0	0	0	-15	-15
Early years block	-1,653	1,100	0	6	-547
High needs block	1,500	-1,500	0	3,329	3,329
Total	**-1,420**	**0**	**488**	**3,047**	**2,115**

16.11 The final figures for Schools Block and news about the school’s settlement more generally are expected in December 2018. High Needs Block funding may be known early in 2019 and the Early Years block funding in 2018/19 financial year is based partly on the January 2018 pupil census and partly on the January 2019 pupil census.

16.12 The Schools Forum will consider key issues at their December 2018 and January 2019 meetings.

17 Statutory Officers’ comments

Director of Finance Comments

17.1 As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.

17.2 Ensuring the robustness of the Council’s 2019/20 budget and its MTFS 2019/20 – 2023/24 is a key function for the Council’s Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable and that they will be achieved in a number of ways including consideration of the budget setting process itself, the quality and extent of both statutory and non-statutory consultation, the assessment and management of risks, feedback and challenge via scrutiny processes, and the coherence of the working papers supporting budget proposals.

17.3 The basis for the £26.4m underlying recurrent budget deficit is set out clearly in this report and flows largely from central government funding reductions, and from expenditure pressures due to local demographic and demand increases which have been set out in some detail above. Further pressure, over and above the assumptions made in February, has been created by the recognition that £9.9m of previously agreed savings will now no longer be achieved. We have also refreshed all previous financial assumptions to ensure a sound base for the development of this MTFS.

17.4 As I have sought to make clear throughout this report, the council should be concerned at this stage that both the size of the gap still to be closed before the 2019/20 budget is balanced and the large structural funding gap for future years. Between now and February the 2019/20 budget gap must be resolved in order that the council can approve a balanced budget.

Assistant Director of Corporate Governance Comments

17.5 The revised Medium Term Financial Strategy (MTFS) is closely linked to the budget process and may be viewed as a related function. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.

17.6 The Council is a best value authority and under section 3 of the Local Government Act 1999 has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The revision of MTFS which incorporates the initial proposals for savings and investment is one of the ways in which the Council can achieve best value.

17.7 There are statutory requirements as to the keeping of a Housing Revenue Account (HRA). Under section 76 of the Local Government and Housing Act 1989 the Council is under a duty to budget to prevent a debit balance on the HRA. In January and February in the preceding year, prior to the relevant financial year the Council must formulate proposals relating to income from rent and charges, expenditure and any other matters connected HRA properties. Within one month of formulating these proposals revising them, the council must prepare a statement setting out those proposals; the estimates made and the basis of which those proposals formulated or revised; and such other particulars as the Secretary of State may direct.

17.8 Under S24 of the Housing Act 1985 the Council has power to make such reasonable charges as it may determine for the tenancy or occupation of its council houses, and is required from time to time, to review rents and make such changes as circumstances may require. However, this discretion as to rents and charges made is subject to restrictions arising from the provisions of the Welfare Reform and Work Act 2016 which mandates that rents payable by tenants reduces by 1% per annum for 4 years commencing April 2016.

17.9 Changes to rent and other charges are not matters of housing management which the council is required to undertake statutory consultation with their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137and 143A of the Housing Act 1996. The Council is required, to give tenants notification of variation of rent and other charges to tenants of at least four weeks, or one rental period of the tenancy, whichever is the longer variation.

17.10 When considering the MTFS, and any savings and investment proposals , the Council must have due regard to the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 which requires the Council to have due regard in its decision-making processes to the need to: eliminate discrimination, harassment, victimisation or other prohibited conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. The protected characteristics include age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

17.11 A proportionate equality analysis is required to inform the consideration these proposals to meet the requirements of the public sector equality duty. The Council will need to finalise its equality analysis and out how equality impacts are addressed in relation to savings proposals.

17.12 Before exercising its duty of Best Value local authorities need to consult with representatives of council tax payers, business rates payers, persons likely to use services and persons appearing to have an interest in any area within which the Council carries out functions. There is a duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans.

17.13 Any consultation carried out under the Council's best value duty and public sector equality duty will need to comply with the following requirements:

i. it should be at a time when proposals are still at a formative stage;
ii. the Council must give sufficient reasons for any proposal to permit intelligent consideration and response;
iii. adequate time must be given for consideration and response; and
iv. the product of consultation must be conscientiously taken into account.

Equalities Comments

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

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

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

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

17.17 The Council has designed the proposals in this report with reference to the aims of the Borough Plan to reduce poverty and inequality. The Council is committed to protecting frontline services wherever we can and the budget proposals have focused as far as possible on delivering efficiencies or increasing income, rather than reduction in services.

17.18 The decision proposed in this paper is to commence consultation with residents, businesses, partners, staff and other groups as necessary on the draft MTFS revenue proposals for 2019/20-2023/24.

17.19 During this consultation exercise, there will be specific focus on considering the implications of the proposals for groups with protected characteristics, including any potential cumulative impact of these decisions. Questions will include a focus on the impact of the budget on poverty and inequality.

17.20 The feedback from this consultation will inform the final package of savings proposals presented in February 2019 and feed into an overarching Equality Impact Assessment of the Budget and MTFS. Initial Equality Impact Assessments for relevant savings proposals will be published in February 2019, and will reflect feedback on potential equality impacts gathered during the consultation period.

17.21 As plans are developed further, each area will assess the equality impacts and potential mitigating actions in more detail. Final EQIAs will be published alongside decisions on specific proposals.

18 Use of Appendices

Appendix 1 – Summary proposed revenue Medium Term Financial Plan 2019/20-2023/24

Appendix 2 – Detailed summary of budget reduction proformas

Appendix 3 – Additional (emerging) savings options

Appendix 4 – General Fund Capital Programme 2019/20 – 2023/24

Appendix 5 – 5 year HRA Budget Projections

Appendix 6 – 2019/20 Budget Consultation Plan

19 Local Government (Access to Information) Act 1985

19.1 Detailed pro-formas for individual budget reduction proposals ordered by priority area are available online at the following location. http://www.minutes.haringey.gov.uk/documents/b23188/Budget%20Reduction%20Pro%20-%20formas%2011th-Dec-2018%2018.30%20Cabinet.pdf?T=9

19.2 Period 1-6 budget monitoring reports 2018/19.

HARINGEY GENERAL FUND BUDGET 2019/20 AND MEDIUM TERM FINANCIAL PLAN 2019/24

Appendix 1

	2018/19 Budget	Movement	2019/20 Projected	Movement	2020/21 Projected	Movement	2021/22 Projected	Movement	2022/23 Projected	Movement	2023/24 Projected
Services	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Priority 1	54,525	4,766	59,291	(401)	58,890	(90)	58,800	0	58,800	0	58,800
Priority 2	91,809	6,319	98,128	(4,584)	93,544	(6)	93,538	39	93,577	(100)	93,477
Priority 3	27,920	(731)	27,189	(1,565)	25,624	(600)	25,024	(70)	24,954	(70)	24,884
Priority 4	4,716	(2,310)	2,406	(15)	2,391	0	2,391	0	2,391	0	2,391
Priority 5	19,833	(1,036)	18,797	(708)	18,089	(573)	17,516	0	17,516	0	17,516
Priority X	38,281	(2,795)	35,487	(2,505)	32,982	(25)	32,957	(6)	32,951	(6)	32,945
Non Service Revenue	13,026	23,521	36,548	(92)	36,456	5,532	41,988	9,416	51,404	8,041	59,445
Further Savings to be identified	0	(6,521)	(6,521)	(11,921)	(18,443)	(1,532)	(19,974)	(4,029)	(24,003)	(2,414)	(26,417)
Contribution from Reserves and Balances		(10,487)	(10,487)	10,487	0	0	0	0	0	0	0
Total Budget Requirement	**250,110**	**10,726**	**260,836**	**(11,304)**	**249,533**	**2,706**	**252,239**	**5,350**	**257,589**	**5,451**	**263,040**
Funding											
New Homes Bonus	(2,736)	336	(2,400)	200	(2,200)	0	(2,200)	0	(2,200)	0	(2,200)
Adult Social Care Grant	(718)	718	0	0	0	0	0	0	0	0	0
Revenue Support Grant	(30,202)	8,561	(21,641)	1,626	(20,015)	1,658	(18,357)	0	(18,357)	0	(18,357)
Council Tax	(101,917)	(3,826)	(105,744)	(2,658)	(108,401)	(3,253)	(111,654)	(3,350)	(115,004)	(3,451)	(118,455)
Retained Business Rates by Pool	(20,729)	(3,500)	(24,229)	0	(24,229)	(612)	(24,841)	(500)	(25,341)	(500)	(25,841)
Top up Business Rates	(56,702)	(1,310)	(58,012)	(547)	(58,559)	(1,485)	(60,044)	(1,500)	(61,544)	(1,500)	(63,044)
Total Main Funding	**(213,004)**	**979**	**(212,025)**	**(1,379)**	**(213,404)**	**(3,691)**	**(217,095)**	**(5,350)**	**(222,446)**	**(5,451)**	**(227,897)**
Public Health	(20,209)	532	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)
Other core grants	(16,897)	(12,237)	(29,134)	12,682	(16,452)	986	(15,466)	0	(15,466)	0	(15,466)
TOTAL FUNDING	**(250,110)**	**(10,726)**	**(260,836)**	**11,304**	**(249,533)**	**(2,706)**	**(252,239)**	**(5,350)**	**(257,589)**	**(5,451)**	**(263,040)**

Housing

				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	**Title**	**Category**	**Description**	**Net Saving (All)**	**Net Savings**	**Net Savings**	**Net Savings**	**Net Savings**	**Net Savings**
				£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
HO1	Temporary accommodation reduction plan	Other	Reduce TA costs, as detailed in the TA Reduction Plan. Proposals include initiatives to prevent homelessness, improve economic position of those in TA, and help support those in TA to move on. Revenue costs covered by the Flexible Homelessness Support Grant. Plan also includes proposals to increase supply of low cost TA through new purchase, repair and management joint venture partnership, and capital investment in new Community Benefit Society. Please note that due to the additional costs incurred due to unforeseen works at BWF,	(2,201)	(920)	(708)	(573)	-	-
	Housing Totals			**(2,201)**	**(920)**	**(708)**	**(573)**	**-**	**-**

People (Children)

Ref	Title	Category	Description	All Years Net Saving (All)	2019/20 Net Savings	2020/21 Net Savings	2021/22 Net Savings	2022/23 Net Savings	2023/24 Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PC1	Reduce the number of agency staff	Efficiency Saving	Reduce the the number of agency staff through delivering an effective recruitment and retention strategy.	(350)	(196)	(61)	-	-	-
PC2	Reduce operational costs	Efficiency Saving	Reduce operational costs through streamlining management and staffing and improving efficiency in	(922)	(347)	(250)	-	-	-
PC3	Reduce the costs of placements	Efficiency Saving	Reduce the costs of placements through an effective inhouse foster carer recruitment and retention strategy and through effective brokerage and negotiation of	(951)	(746)	(90)	(90)	-	-
PC4	Safeguarding and Social Care and Early intervention and preventing demand	Other	Prevent demand and costs through an effective prevention and intervention approach that means children and families are supported to avoid the care system and that where children are in care (particularly young adolescents) they are supported to return home safely wherever	(353)	(290)	-	-	-	-
PC5	Increase income generation	Income Generation	Increase income through delivering services to schools and work with partners to ensure fair contributions to services	(110)	(23)	-	-	-	-
	People (Children)			**(2,093)**	**(1,602)**	**(401)**	**(90)**	**-**	**-**

People (Adults)

Ref	Title	Category	Description	All Years Net Saving (All) £'000	2019/20 Net Savings £'000	2020/21 Net Savings £'000	2021/22 Net Savings £'000	2022/23 Net Savings £'000	2023/24 Net Savings £'000
PA1	Charging for Managed Accounts	Income Generation	Introduce an administration fee for setting up and maintenance of care packages for Appointeeships and Self Funders. the fee would be comparable to existing charges levied for Deputyship clients.	(120)	(120)	-	-	-	-
PA2	Fast tracking financial assessments	Efficiency Saving	Speed up the process of financial assessment so that charging starts as soon after the start of services as possible. The saving lies largely in reducing levels of debt and the costs of recovering overpayments rather than any additional costs to the user of this approach.	(140)	(140)	-	-	-	-
PA3	Capitalisation of CAS	Other	Capitalise the majority of the operating and equipment costs of the Community Alarms Service. Because installation of a CAS solution can be considered the provision or adaptation of fixed assets for the benefit of our residents, there is scope for capitalisation of associated spending within financial regulations	(177)	(177)	-	-	-	-
PA4	Housing Related support	Efficiency Saving	Fund housing advice and support currently provided from Adult Social Care budgets through the Flexible Homelessness Support Grant whilst we transform these services and create longer term, more sustainable funding routes over the next 3 years.	(600)	(600)	-	-	-	-

People (Adults) - continued

Ref	Title	Category	Description	All Years Net Saving (All)	2019/20 Net Savings	2020/21 Net Savings	2021/22 Net Savings	2022/23 Net Savings	2023/24 Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PA5	In-House Negotiator	Efficiency Saving	Expand in house Care Negotiator capacity to work with providerson reducing the cost of care packages in relation to overcharging against service user needs.	(460)	(116)	(344)	-	-	-
PA6	Transfer of High Cost Day Opps	Efficiency Saving	Lease three ex-day centre premises to a local provider to support 15-20 service users at reduced cost, and closer to their existing support networks.	(540)	-	(525)	(15)	-	-
PA7	Public Health (Sexual Health)	Efficiency Saving	Realise savings based on efficiencies already achieved in the provision of open access sexual health services	(267)	(267)	-	-	-	-
PA8	Investment of drug and alcohol savings in preventative services for adults and families, targeting health	Efficiency Saving	Retendering of the three core substance misuse adult contracts has created savings, available from January 2019. Use these savings for investment in areas to improve health and wellbeing, with a split between cashable savings and investments in preventative services that	(600)	(400)	-	-	(100)	(100)
PA9	Further savings to be delivered by Adults	Efficiency Saving	Further action by service to reduce cost of adult social care over the next 5 years	(720)	(180)	(180)	(180)	(180)	-
	People (Adults) Totals			**(3,624)**	**(2,000)**	**(1,049)**	**(195)**	**(280)**	**(100)**

Place

Ref	Title	Category	Description	All Years Net Saving (All)	2019/20 Net Savings	2020/21 Net Savings	2021/22 Net Savings	2022/23 Net Savings	2023/24 Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PL1	Additional HMO Licensing Scheme for HMO	Income Generation	Extend the current Additional Licensing scheme for HMOs not governed by Mandatory Licensing and introduce a Selective Licensing scheme to 20% of its geographical area for all other private sector dwellings covered by the Housing Act 2004. All licensing schemes are intended to address the impact of poor quality housing, rogue	(400)	-	(400)	-	-	-
PL2	Review and Extension of CPZ coverage	Income Generation	The proposal is an accelerated programme this year to 'catch up', which will allow us to deliver to residents and Member expectations, make appropriate provision for running costs , dealing with current budget gaps , while generating a surplus to be treated as new savings.	(500)	(500)	-	-	-	-
PL3	Waste, CS & Enforcement: Efficiency Savings on Veolia	Efficiency Saving	Efficiency savings secured in recent contract negotiations with Veolia. Will be delivered with no impact on services or performance.	(100)	(100)	-	-	-	-
PL4	Increase in Moving Traffic Enforcement	Income Generation	The parking and traffic enforcement service enforces moving traffic contraventions at a number of locations. Moving traffic enforcement is undertaken by CCTV camera. Capital investment £40k - Infrastructure measures	(300)	(260)	(40)	-	-	-
PL5	Healthmatic Toilets	Efficiency Saving	Savings accruing from removal of two automated WCs (already agreed and achieved)	(30)	(30)	-	-	-	-
PL6	Extending parking enforcement	Income Generation	This is an invest to save bid. The parking on-street, off street and CCTV enforcement operations are run in-house. Additional staffing , including management is required. This will increase enforcement capacity , and associated income which will cover staffing costs and mitigate some of the current income deficit.	(350)	(350)	-	-	-	-

Place - continued

Ref	Title	Category	Description	All Years Net Saving (All)	2019/20 Net Savings	2020/21 Net Savings	2021/22 Net Savings	2022/23 Net Savings	2023/24 Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PL7	Litter Enforcement	Income Generation	The proposal is to consider the option for an in-house service provision based on a pilot with an external contractor, Kingdom, from November 2016 to September 2017. An in-house litter enforcement provision would enable the Council to retain 100% of all Fixed Penalty Notice (FPN) income received.	(100)	-	(100)	-	-	-
PL8	Soft FM Efficiency	Efficiency Saving	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	(100)	(25)	(25)	(50)	-	-
PL9	Leisure centre concessions	Reduction / Change in service	Reduce the number of people eligible for concessionary rates at Fusion Leisure Centres.	(190)	-	-	(50)	(70)	(70)
PL10	London Construction Programme Revenue	Income Generation	Over-achieved income from subscriptions to the new Dynamic Purchasing System for the London Construction Company, managed by Haringey's Procurement service.	(200)	(200)	-	-	-	-
PL11	Flexible Police Resourcing	Other	The proposal is to not extend the current contract for Flexible Police Resourcing beyond March 2019. The funding for the team enables the tasking of police officers along with the wider partnership i.e. trading standards, CCTV, ASB enforcement to hotspots in the borough. The service also uses the team to deal with Travellers and to support	(200)	(200)	-	-	-	-
PL12	Waste Service Programme	Efficiency Saving	Review of all waste and street cleansing services to identify potential savings	(500)		(500)			
PL13	Parking Transformation Programme	Income Generation	Parking Transformation Programme to deliver significant improvements to this service over the coming three years. Includes a CPZ rollout programme taking the borough to 100% coverage, and extending parking permit charging models to tackle emissions from Diesel vehicles	(1,000)		(500)	(500)		
	Place Totals			**(3,970)**	**(1,665)**	**(1,565)**	**(600)**	**(70)**	**(70)**

Economy

Ref	Title	Category	Description	All Years Net Saving (All) £'000	2019/20 Net Savings £'000	2020/21 Net Savings £'000	2021/22 Net Savings £'000	2022/23 Net Savings £'000	2023/24 Net Savings £'000
EC1	Carbon Management	Other	Saving £60k from the Carbon Management Service's base budget, replacing this with an income of the same amount from Planning Service. The Carbon Management Service will increase its support to the Planning Service through advice and technical specification on planning applications and issues related to carbon reduction, energy and sustainability.	(60)	(60)	-	-	-	-
EC2	Reduction in consultancy budget	Other	Saving £75k from central budget typically allocated to cover large contracts and project delivery requirements. As some Tottenham Regeneration activities shift from a focus on initial strategies and feasibility work to delivery stage, there is increasing scope to explore funding these types of contracts from other sources, including but not limited to capitalisation of costs, utilising both internal and external funding sources.	(75)	(75)	-	-	-	-
EC3	Deletion of senior post	Efficiency Saving	The Strategic Director of Regeneration, Planning & Development was re-designated as Director of Housing, Regeneration and Planning, and along with this, it was proposed to delete the Director of Regeneration post.	(225)	(225)	-	-	-	-
EC4	Tackling uncrystallised debt	Income Generation	This proposal comprises an opportunity to achieve new income potential by starting a process of tackling the uncrystallised debt in the commercial portfolio	(50)	(50)	-	-	-	-
EC5	Outdoor media adverstising	Income Generation	Proposal to generate new income from outdoor media, utilising the council's landholdings by identifying sites suitable for outdoor installations. It is estimated that net income in 2019/20 would be at least £100k, and increasing significantly over future years.	(15)	-	(15)	-	-	-
EC6	Explore opportunities to capitalise development team costs	Other	Proposal to charge salaries of staff within housing development and enabling team to the Housing Revenue Account, as their work is now focused on bringing forward sites for direct housing development. Approximately 40% of salaries are currently funded by the HRA, and it's proposed to increase this to 100%.	(150)	(150)	-	-	-	-
	Economy Totals			**(575)**	**(560)**	**(15)**	**-**	**-**	**-**

Your Council

Ref	Title	Category	Description	All Years Net Saving (All)	2019/20 Net Savings	2020/21 Net Savings	2021/22 Net Savings	2022/23 Net Savings	2023/24 Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
YC1	Out of home advertising income generation	Income Generation	The proposal is to recommission the street furnishing advertising contract. Moving to digital display to ensure communication messages can be updated quickly, and to remove printing costs.	(151)	(129)	(5)	(5)	(6)	(6)
YC2	Remove ward budgets	Reduction / Change in service	Remove existing provision for Ward Budgets to fund community projects	(190)	(190)	-	-	-	-
	Your Council Totals			**(341)**	**(319)**	**(5)**	**(5)**	**(6)**	**(6)**

Proposals that focus on increasing the Council's commerciality, through providing services to other organisations, charging for services that people are willing to pay for, sharing services with others to reduce costs, or getting the best possible deal for the money we spend with suppliers, including through joining with others	
Priority	**Option in Development**
Economy	Property Review: 1. Review & Rationalisation of Property Portfolio
Economy	Property Review: 2. Greater utilisation of fragments of land including exploring infrastructure on Council owned land
Economy	Property Review: 3. Identify best approach for income generation at "Meanwhile" Sites
Your Council	Review use of physical assets - Community Assets Strategy
All Priorities	Review contracts for further savings
Your Council	Voluntary contributions to a Council Tax charity
People	Share the core costs of the Local Safeguarding Children's Board with relevant partners
People	Identify additional services that could be provided to schools on a chargeable basis
People	Review workforce and training functions in Children's Services and identify efficiencies and opportunities to generate income
Place	Maximise street lighting efficiency
Place	Further review of charges from HMO Licensing
Place	Income maximisation from Trade Waste contract
Place	Enforcement/Regulatory Services - options for cross-boundary partnerships
Place	Parking - develop business case for in house vehicle pound and possible traded service
Place	Further develop / expand the London Construction Programme

Proposals that relate to an investment, expansion or renewed focus on early help, prevention or helping people to maintain their independence	
Priority	**Option in Development**
People	Review our approach to early help and prevention with partners to improve outcomes and identify efficiencies through further developing integrated and joint working
People	Invest in an expanded Reablement service
People	Review the commissioning of Health Visiting and School Nursing to maximise preventative impact for high cost services such as social care
People	Economic impact of domestic violence services

Proposals to develop alternative delivery models which seek to meet need in different, less costly ways.	
Priority	**Option in Development**
People	Review the balance between smaller homecare packages and direct payments and exploring community alternatives through a Local Area Coordinator
People	Review sufficiency of SEND placements and ensure there is local provision to meet children's needs
People	Progress options for use of Assistive Technology (Adult Social Care)
People	Increase Extra Care capacity, including through adapting existing sheltered housing stock

Service efficiencies which reduce costs by improving the way we work	
Priority	**Option in Development**
People	Review form of support from legal support into key teams (Children's Services)
Your Council	Model options for reducing accommodation cost
Your Council	Extend current FOBO (Front Office, Back Office) transformation programme into further areas of the council.

Appendix 4 – General Fund Capital Programme

Capital Programme (2019-24)		2019/20	2020/21	2021/22	2022/23	2023/24	Overall Total
SCHEME REF	SCHEME NAME	£,000	£,000	£,000	£,000	£,000	£,000
Priority 1 - Children's							
103	Primary Sch - new places	**162**	**39**	**0**	**0**	**0**	**201**
110	Devolved Sch Capital	**531**	**531**	**531**	**531**	**531**	**2,655**
114	Secondary Sch - mod & enhance (Inc SEN)	**3,552**	**4,200**	**750**	**110**	**0**	**8,612**
104	Early years	**93**	**93**	**0**	**0**	**0**	**187**
109	Youth Services	**14**	**0**	**0**	**0**	**0**	**14**
118	Education Estates	**5,000**	**1,000**	**1,000**	**1,000**	**1,000**	**9,000**
101	Primary Sch - repairs & maintenance	**1,030**	**1,000**	**1,000**	**1,000**	**1,000**	**5,030**
102	Primary Sch - mod & enhance (Inc SEN)	**8,240**	**1,165**	**720**	**525**	**480**	**11,130**
115	Fortismere Secondary School Development	**400**	**10,050**	**10,050**	**5,400**	**10,000**	**35,900**
Total - Priority 1		**19,022**	**18,078**	**14,051**	**8,566**	**13,011**	**72,729**
Priority 2 - Adults							
201	Aids, Adap's & Assistive Tech -Home Owners (DFG)	**2,188**	**2,188**	**2,188**	**2,188**	**2,188**	**10,940**
211	Community Alarm Service	**177**	**177**	**177**	**177**	**177**	**885**
216	Homelessness Hub	**100**					**100**
208	Supported Living Schemes	**1,500**	**1,500**	**1,500**	**1,500**	**0**	**6,000**
209	Assistive Technology	**500**	**500**	**500**	**500**	**0**	**2,000**
213	Canning Cresent Assisted Living	**500**	**4,200**	**1,750**	**250**		**6,700**
214	Osborne Grove Nursing Home	**500**	**1,500**	**6,000**	**2,250**	**500**	**10,750**
215	Hornsey Town Hall Supported Living	**250**	**1,750**				**2,000**
Total - Priority 2		**5,715**	**11,815**	**12,115**	**6,865**	**2,865**	**39,375**

Priority 3 - Neighbourhoods		2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000	2023/24 £,000	Overall Total £,000
309	Local Implementation Plan(LIP)	2,500	2,500	2,500	2,500	2,500	12,500
310	Developer S106 / S278	750	750	750	750	750	3,750
317	Down Lane MUGA	0	0	0	0	0	0
321	MOPAC - Crime & Disorder Reduction	0	0	0	0	0	0
301	Street Lighting	1,300	1,300	1,300	1,300	1,300	6,500
302	Borough Roads	4,189	3,689	3,689	3,689	3,689	18,945
303	Structures (Highways)	394	0	0	0	0	394
304	Flood Water Management	590	620	650	680	710	3,250
305	Borough Parking Plan	322	0	0	0	0	322
311	Parks Asset Management:	300	300	300	300	300	1,500
313	Active Life in Parks:	230	230	230	230	230	1,150
314	Parkland Walk Bridges	1,000	1,000	0	0	0	2,000
316	Asset Management of Council Buildings	4,323	1,995	650	330	382	7,680
322	Finsbury Park	600	600	600	600	600	3,000
419	NPD Phase 2 LBH Match Funding	0	0	0	0	0	0
399	P3 Other	0	0	0	0	0	0
307	CCTV	2,109	0	830	1,000	200	4,139
319	Bull Lane MUGA	2,520	1,080	0	0	0	3,600
320	LCP - Dynamic Purchasing System	0	0	0	0	0	0
323	Parking Strategy	1,000	1,000				2,000
325	Parks Vehicles	720					720
Total - Priority 3		**22,847**	**15,064**	**11,499**	**11,379**	**10,661**	**71,450**

Priority 4 - Growth		2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000	2023/24 £,000	Overall Total £,000
421	HRW business acquisition	54,580	15,521	15,670	12,770	32,830	131,371
427	White Hart Lane Public Realm (LIP)	500	0	0	0	0	500
430	Wards Corner CPO	5,000	0	0	0	0	5,000
481	Strategic Investment Pot	1,750	1,400	2,650	0	0	5,800
434	Wood Green Regeneration	100	0	0	0	0	100
435	Wood Green Station Road	120	0	0	0	0	120
438	Vacant possession Civic Centre	72	0	0	0	0	72
444	Marsh Lane	821	9,323	4,700	266	0	15,110
447	Alexandra Palace - Maintenance	470	470	470	470	470	2,350
464	Bruce Castle	1,000	500	4,000	6,000	8,500	20,000
472	JLAC Match Fund	500	500	0	0	0	1,000
475	Tottenham Green Public Realm Scheme Phase 2	0	156	0	0	0	156
477	Strategic Regeneration & Community Assets	3,000	3,000	0	0	0	6,000
474	Tottenham High Road Strategy	1,638	5,402	3,980	1,027	1,027	13,074
480	Wood Green Regen (2)	2,997	4,632	5,901	12,141	13,610	39,279
401	Tottenham Hale Green Space	4,990	5,946	900	2,680	600	15,116
402	Tottenham Hale Streets	9,017	7,683	5,097	1,363	450	23,609
429	Site Acq (Tott & Wood Green)	10,000	8,867	0	0	0	18,867
452	Low Carbon Zones	15	0	0	0	0	15
465	District Energy Network (DEN)	800	0	1,500	6,500	3,500	12,300
470	Wood Green HQ, Library & Customer Service Centre	950	2,400	6,000	8,400	10,000	27,750
482	Strategic Property	19,635	680	1,275	250		21,840
Priority 4 - Total		**118,105**	**66,480**	**52,142**	**51,866**	**70,987**	**359,580**

Appendix 4 – General Fund Capital Programme

Priority 5 - Housing		2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000	2023/24 £,000	Overall Total £,000
506	TA Property Acquisitions Scheme	3,000	0	0	0	0	3,000
509	CPO - Empty Homes	650	1,000	1,000	1,000	1,000	4,650
510	Temporary Accommodation Acquisition Programme	25,000	4,409	0	0	0	29,409
512	Wholly Owned Company	5,000	8,000	8,000	8,000	8,000	37,000
513	54 Muswell Hill Flats	712		0			712
Total - Priority 5		**34,362**	**13,409**	**9,000**	**9,000**	**9,000**	**74,771**
Priority X - Enabling							
604	Continuous Improvement	950	950	950	950	950	4,750
606	Hornsey Library Refurbishment	1,382	0	0	0	0	1,382
621	Libraries IT and Buildings upgrade	1,056	25	85	0	0	1,166
698	Responsiveness Fund	2,000	0	0	0	0	2,000
699	P6 - Approved Capital Programme Contingency	1,500	0	0	0	0	1,500
602	Corporate IT Board	0	0	0	0	0	0
603	ICT Shared Service - Set Up / Seed Money	0	0	0	0	0	0
605	Customer Services (Digital Transformation)	0	0	0	0	0	0
607	Financial Management System Replacement	0	350	2,000	650		3,000
622	FOBO Programme	500	500	500	0	0	1,500
639	Ways of Working	250	250	250	0	0	750
Total - Priority X		**7,638**	**2,075**	**3,785**	**1,600**	**950**	**16,048**
TOTAL - GENERAL FUND CAPITAL PROGRAMME		**207,690**	**126,421**	**98,592**	**83,276**	**98,974**	**614,953**

Appendix 5 – HRA 5 Year Budget Projection

	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000
Income					
Dwellings Rent Income	(79,709)	(82,196)	(85,490)	(88,826)	(92,588)
Void Loss	557	574	597	621	651
Service Charge Income	(10,584)	(10,804)	(11,117)	(11,447)	(11,814)
Leaseholder Income	(8,359)	(8,675)	(8,999)	(9,333)	(9,677)
Other Income (Garages /Aerials/Interest)	(1,211)	(1,211)	(1,211)	(1,211)	(1,211)
Total Income	**(99,306)**	**(102,312)**	**(106,220)**	**(110,196)**	**(114,639)**
Expenditure					
Repairs	20,038	20,455	21,047	21,672	22,366
Housing Management	20,479	20,905	21,510	22,149	22,858
Housing Demand	1,879	1,879	1,879	1,879	1,879
Management Fee (HfH)*	**42,397**	**43,239**	**44,436**	**45,699**	**47,103**
Estates Costs (Managed)	6,677	6,811	6,947	7,086	7,228
Provision for Bad Debts (Tenants)	724	734	747	761	777
Provision for Bad Debts (Leaseholders)	22	23	23	24	25
Total Managed Expenditure	**7,423**	**7,568**	**7,717**	**7,871**	**8,030**
Other Costs (GF Services)	3,633	3,706	3,780	3,856	3,933
Other Costs (Property/Insurance)	1,983	2,023	2,063	2,104	2,146
Capital Financing Costs	10,863	12,662	16,018	18,227	22,831
Capital Financing Costs (Debt Repayment - RTB)	1,472	1,582	1,697	1,818	1,945
Contribution to Major Repairs (Depreciation)	15,550	15,550	15,550	15,550	15,550
Revenue Contributions to Capital	15,985	15,982	14,959	15,071	13,101
Total Expenditure	**99,306**	**102,312**	**106,220**	**110,196**	**114,639**
HRA (Surplus) / Deficit (incl Debt Repayment)	0	0	0	0	0

Appendix 6 – 2019/20 Budget Consultation Plan

Consultation Plan on 2019/20 Budget and Medium Term Financial Strategy (MTFS) 2019/20-2023/24

1. Background

The plan for consultation on the 2019/20 draft Budget and Medium Term Financial Strategy (MTFS) for 2019/20-2023/24, builds on the consultation exercise we ran in December/January 2018, 'Our Budget'; the feedback we have from the Residents Survey carried out earlier this year (1900 responses); and a number of formal and informal engagement activities carried out with residents and partners as part of the development of the Borough Plan for 2019-23. These have all contributed to our understanding of the issues facing the borough over the next four years, and the Budget and MTFS are designed to align with, and support the delivery of, the Borough Plan.

2. Approach to consultation

The Council consults local people and businesses on its budget proposals every year before they are approved at full Council in February.

The consultation period will last for 5 weeks, starting on December 14th and finishing on January 18th.

A budget booklet will outline our current financial position, our long-term financial strategy, and budget proposals for 2019-20, linked to the Borough Plan priorities, and previous findings from engagement with residents.

During this consultation exercise, there will be specific focus on considering the implications of the proposals for groups with protected characteristics, including any potential cumulative impact of these decisions. Questions will include a focus on the impact of the budget on poverty and inequality.

Consultation Materials	• Budget booklet – print and online. Printed version will be available at local libraries and upon request • Videos for our website and for social media
Questionnaire	• Accompanying questionnaire – print and online • Questionnaire will seek general views on the budget proposals
Targeted engagement	• Linked to existing public events
Publicity and press	We will publicise the consultation and promote participation through: • Press release • Haringey People • Haringey People Extra (4000 subscribers) • Social media platforms – Twitter and Facebook

	• In Haringey (newsletter for internal staff; will be aimed at those staff who are residents) • Feature on homepage
Dedicated webpage	• Consultation booklet • Online questionnaire • Homepage feature on our external site • Section alerts across related webpages
Email consultation	Consultation will be sent directly to key stakeholders: • Resident groups • Traders / business alliances

 Agenda Item 10

Report for: **Cabinet – 11 December 2018**

Title: Quarter 2 (Period 6) Budget Monitoring for 2018/19

Report authorised by: Jon Warlow – Chief Finance Officer & Section 151 Officer

Lead Officer: Frances Palopoli – Head of Finance Operations extn 3896

Ward(s) affected: n/a

Report for key/ Non Key Decision Key

1. **Introduction**

1.1 This budget monitoring report covers the position at Quarter two (period 6) of the 2018/19 financial year including Revenue, Capital, Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) budgets. The report focuses on significant budget variances including those arising as a result of the forecast non-achievement of Cabinet approved MTFS savings.

2. **Cabinet Member Introduction**

2.1 Haringey continues to face real challenges in meeting the needs and aspirations of our residents and businesses and the outcomes set out in our Corporate Plan and the emerging Borough Plan within restricted budget parameters. The last quarter has seen significant work undertaken to refresh and update the current medium term financial strategy (MTFS) which has crystallised even more the impact on this of the forecasts in our regular in year monitoring.

2.2 The year-end revenue general fund forecasts at Qtr2, outlined in this report, have worsened by £3.4m since my last report in September, and now indicate an overspend close to £9.3m a significant amount of which is related to forecast non-delivery of agreed savings. This is the position after applying mitigation which was built into the budget as part of the current MTFS in recognition of the challenges in delivering savings at the level and pace required. The main driver for the movement upwards since Qtr1 has been increased demand in the two people facing priorities, as reflected in Diagram 1.

2.3 At the Qtr1 report, I committed to scrutinising the deliverability of the current savings schedule and this has happened through close challenge and dialogue with each Director and ensuring that we are looking at this in the round with the new savings proposals the services have been working up.

2.4 The outcome of this has been to reluctantly acknowledge that £9.8m of the savings expected to be delivered this financial year are now no longer achievable and, as such, I am recommending that they be written out of budgets. The areas most impacted are Priority 1 (Children's) and a number of Council Wide savings. The underlying reasons for non-achievement of the savings are a feature of being proposals in the final year of the 2015-18 Corporate Plan which were inherently less well formulated and more challenging to deliver than those earlier in the cycle. For Priority 1 this has been coupled with turnover in senior leadership in this area which hampered the required detailed oversight to re-focus the programme. For the Council-Wide savings, the conclusion has been that there was significant overlap with savings already proposed by the priorities themselves.

2.5 The impact of this has been reflected in the new MTFS and will clearly negatively change the position we had planned to be in however, sound financial management requires that we are honest with our budget plans and it is essential that we have realistic budgets in place from next year. This, coupled with refreshed savings proposals that have robust delivery schedules to support them, will provide a more stable platform to support delivery of the new Borough Plan outcomes.

3. Recommendations

Cabinet is recommended to:

3.1. Note the forecast revenue outturn for the General Fund (GF), including corporate items, of **£9.3m overspend** post mitigations of £6.4m and the need for remedial actions to be implemented to bring closer to the approved budget (Section 6, Table 1, and Appendix 1).

3.2. Note the HRA forecast of £3.6m underspend. (Section 6, Table 2, and Appendix 2).

3.3. Note the net DSG in-year forecast of £3.0m overspend and projected DSG Reserve deficit of £2.1m and the actions being taken to seek to address this. (Section 7 and Table 3).

3.4. Agree the permanent £9.82m downwards adjustment of the agreed 2018/19 MTFS savings post Qtr2 and note that the impact of this on the 19/20+ budget is being addressed in the financial planning report also on this agenda. (Section 8, Table 4 and Appendix 4).

3.5. Note the latest capital forecast expenditure of £174.0m in 2018/19 which equates to 76% of the approved budget. (Section 9, and Table 5).

3.6. Endorse the measures in place to reduce overspend in service areas; and

3.7. To approve the budget virements as set out in Appendix 3.

4. Reason for Decision

4.1 A strong financial management framework, including oversight by Members and senior management, is an essential part of delivering the council's priorities and statutory duties.

5. Alternative Options Considered

5.1 The report of the management of the Council's financial resources is a duty of the Interim Director of Finance (Section 151 Officer), helping members to exercise their role and no other options have therefore been considered.

6. Revenue Outturn

6.1. As at 30th September 2018, the Council's quarter 2 finance position (including HRA) is a projected overspend of £8.7m for the year ending 2018/19, the General Fund element being £9.3m (Quarter 1: £5.9m). This is after applying corporate mitigations of £6.4m mainly from the application of the budget resilience reserve built into the budget to smooth delays in delivering agreed savings.

6.2. The net General Fund pressure of £9.3m, which has grown by a further £3.4m since Quarter 1, represents a substantial challenge to the Council's in-year financial management and considerable attention must be applied to identify mitigations to tackle this.

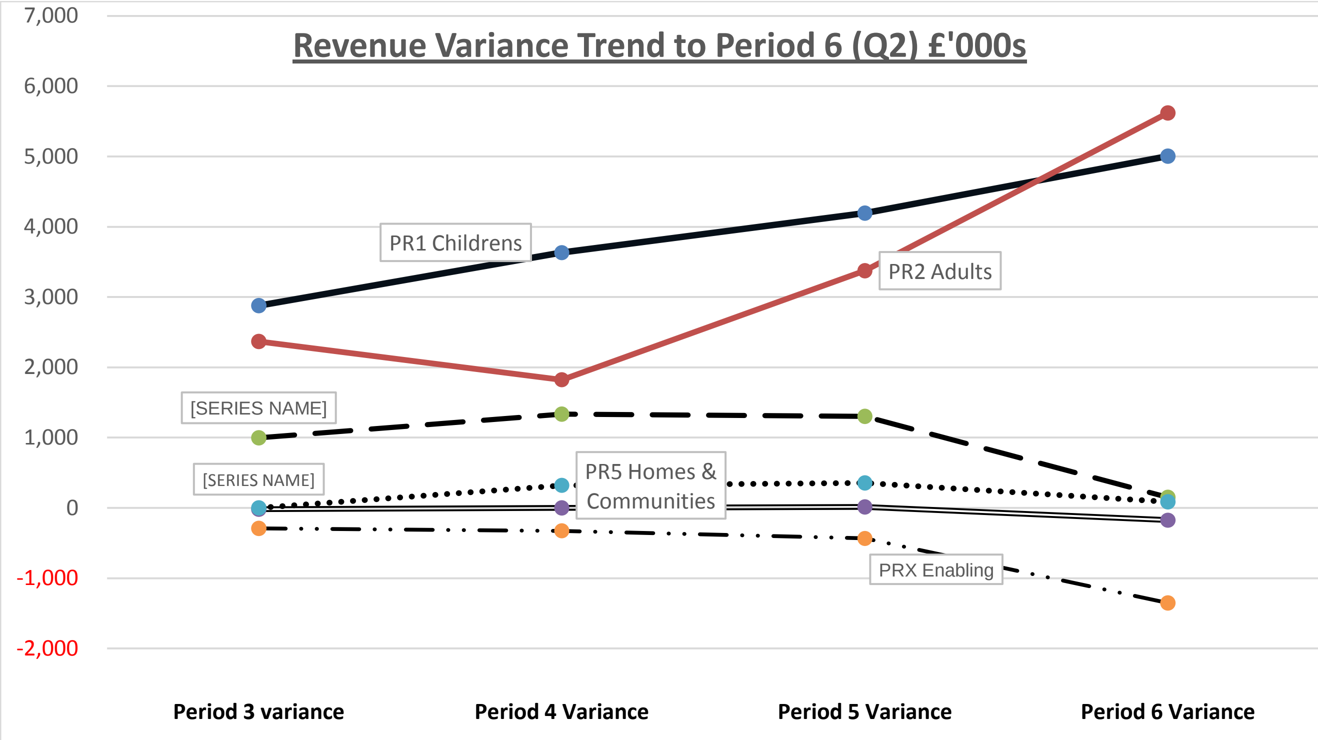
6.3. It should be noted that the future years' budgetary implications of ongoing non-deliverability of some existing planned savings is being addressed in the preparatory work underway for the 2019/24 Medium Term Financial Strategy.

6.4. Table 1 below sets out financial performance at priority level. A detailed analysis at directorate level is attached in Appendix 1. The forecasts in the appendix are shown before the application of mitigation.

Table 1 – Revenue Budget Monitoring Forecast for Quarter 2, September 2018

Priority	Revised 2018/19 Budget	Non-Delivery of Savings	Base Budget Variance	Corporate Mitigation of Non-Delivered Savings	Q2 Outturn Forecast	Q2 Forecast to Budget Variance	Q1 Forecast to Budget Variance	Forecast Variance Movement Between Q1 and Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PR1 Childrens	63,043	4,230	2,774	-2,000	68,046	5,004	2,878	2,126
PR2 Adults	97,223	3,410	4,209	-2,000	102,843	5,619	2,367	3,252
PR3 Safe & Sustainable Places	29,818	530	-378	0	29,969	152	996	-844
PR4 Growth & Employment	6,761	0	-175	0	6,586	-175	-19	-156
PR5 Homes & Communities	20,849	0	85	0	20,934	85	0	85
PRX Enabling	31,929	2,404	-1,351	-2,404	30,578	-1,351	-293	-1,058
General Revenue Total	**249,623**	**10,574**	**5,163**	**-6,404**	**258,955**	**9,333**	**5,929**	**3,404**
DSG	488	0	3,047		3,535	3,047	2,592	455
HRA	0	0	-3,647		-3,647	-3,647	231	-3,878
Haringey Total	**250,111**	**10,574**	**4,563**	**-6,404**	**258,843**	**8,733**	**8,752**	**-19**

Diagram 1 – Revenue Budget Forecast Trend to Period 6, September 2018



A summary of the forecast outturn position for Priorities showing significant variances is outlined below. These variances include the impact of the non-delivery of MTFS savings which are further discussed in section 8.

PRIORITY 1 **Overspend £5.0m**

6.5. Priority 1 is forecasting to spend £68.0m against an approved budget of £63.0m resulting in a projected overspend of £5.0m at Quarter 2. It should be noted that this figure assumes the release of £2m from the budget resilience reserve to offset the impact of slower than planned delivery of savings. The Director is focussing on producing a reduced but deliverable programme for this year. The impact of this will be incorporated in the Qtr3 report. Officers will continue to look for alternative in year mitigations.

The areas with material variances are detailed below.

6.6. **<u>Children's Placements</u> (£2.6m overspend)**

- **Young Adults Placements (£0.4m overspend):** this is due to non-delivery of 17/18 & 18/19 savings. This has been mitigated by a more detailed review of step-down against current pathways which explains the reduced overspend by £0.3m since Quarter 1 and further review will continue where possible.
- **LAC External Placements (£2.5m overspend):** The underlying driver is the volume of placements. Whilst similar in number to last year, there has been an increase in high cost placements, now standing at 39, coupled with an increase in the weekly cost for these placements. In mitigation the service is now reviewing the top 50 high cost

placements compared to the top 20 as previously reported. Work is on-going to develop viable plans to deliver some budget savings in 2018/19. The movement of £0.2m from Quarter 1 is due to the increase in average weekly costs and recoding of miscoded placement costs.

- **Internal Fostering Placements (£0.3m underspend):** this is due to the lack of availability of in house foster carers.

6.7. **Other Children's Social Care** (**£1.8m overspend**)

- **Staffing** (**£1.6m overspend**); This is mainly due to the underlying gap between staffing budget and the costs of established posts required to deliver the service. There is also a funding gap for the current recruitment & retention scheme as well as having more expensive agency backfill covering some of the permanent posts in the structure. To mitigate this pressure the service is recruiting for social workers as part of 'The Assessed and Supported Year in Employment' (ASYE) programme to reduce the use of agency workers where applicable. and will continue to review recruitment policy whilst looking to disband the additional unfunded team in the First Response Team. The movement of £0.5m compared to Quarter 1 is due to more robust forecasting that factors in the full impact of the recruitment & retention scheme, under forecasting in a few areas and under accrual of expenditure.
- **No Recourse to Public Funds (£0.4m overspend):** There is a statutory requirement to continue to support clients with No Recourse to Public Funds (NRPF) however, there is insufficient budget to meet needs. There has been a slight increase compared to the previous quarter due to an increase in client numbers.
- **Other services (£0.2m underspend): Minor** underspends are being projected in First Response, Adoptions & Permanency Placements and Asylum**.**

6.8. **Children & Young People with Additional Needs (£2.3m overspend)**

- **Inclusion Service (£0.3m overspend):** This is due to the shortfall in income for Education Psychology and the position has worsened by £0.1m since the previous quarter. The service is considering a traded offer for advisory teachers and will consider reducing staff costs as mitigations.
- **SEND (£1.0m overspend):** Mainly due to the statutory duty to provide transport for over 19 years old as part of the SEND Reform coupled with an underlying deficit against the income target. The overspend has increased by £0.3m compared to Quarter 1 due to a main provider going into administration which has pushed up the costs of other providers. Figures for the new school term will be analysed in more detail to assess if any reduction can be achieved; this analysis will also challenge on-going services being provided for Adults.
- **Family Support and Family Link (£0.5m overspend):** This is mainly driven by Social care support packages. A detailed review is being carried out to see which packages have been increased due to parents health needs (not costed as yet) and which should be joint funded with health services. There is now agreement from the CCG to review and joint fund post-operative care packages 50/50. Further analysis and review from health teams will assist in identifying when and for how long these packages are needed.
- **Children Centres (£0.5m overspend):** Overspend is due to childcare costs and an unachievable fee income target. A review of the operational costs is underway. The movement from Quarter 1 of £0.4m is due to over projections of income in addition to a drop in occupancy.

6.9. **Schools & Learning (£0.3m overspend)** due to the reduction of traded income as a result of schools now buying their services directly from HEP.

PRIORITY 2 **Overspend £5.6m**

6.10. After release of £2.0m from the budget resilience reserve, Priority 2 is forecasting net spend of £102.8m against a budget of £97.2m. This results in an adverse variance of £5.6m at Quarter 2, which represents an increase of £3.3m on the position reported at Quarter 1. The areas with material variances are detailed below.

6.11. Care packages **(£7.0m adverse)**. This is made up of –

- £3.5m relating to pressure brought forward from the previous year.

- £3.5m which has arisen in the current year. The following are contributing to the additional pressures on care packages:

    - Learning Disabilities: £1.0m, made up £0.7m increase in demand/costs of which £0.4m relates to Transforming Care clients and £0.3m underachievement in planned savings.
    - Adults: £2.4m, made up of £2.3m increase in demand/costs and £0.1m underachievement in planned savings.
    - Mental Health: £0.4m made up of £0.3m increase in demand/costs and £0.1m underachievement in planned savings.
    - These are mitigated by a reduction of (£0.3m) on Memory & Cognition and Sensory Support care packages.

In addition it should also be noted that the new pressures include £0.5m due to uplifts awarded to care providers because of increases in the cost of existing care packages and an inflationary trend reflected in the costs of new packages of care.

6.12. Osborne Grove Nursing Home **(£0.6m adverse)**. Cabinet agreed in July to keep the home open for existing residents only. An embargo on placing new clients in the home (for quality of care issues) remains in place. The management and staffing costs to run the service, which continue at previous levels for the reduced number who now remain living in the home, loss of client contributions and loss of health funding for purchased beds contribute to this cost pressure.

6.13. £1.9m of the planned £2.4m savings in priority 2 are being projected as achievable and plans are being developed to increase both the scale and pace of achievement of savings in-year and to contain the wider pressures cited earlier. These plans are both short and longer term and include -

- Multi Disciplinary Team - Practitioner resource (brokerage, occupational therapy and social work) to support delivery of strengths based approach to assessment
- Mental Health - review of support packages
- Brokerage - reconciliation
- Learning Disability - maximising capacity in day opportunities provision
- Occupational Therapy - reducing reliance on double handed care

- Local Area Coordination - applying LAC approach to smaller care packages
- Assistive Technology - investing in capacity to effect change
- Extra Care - developing additional capacity over time
- Reablement - additional capacity for community based support

6.14. Adult Social Care have highlighted additional risks totallying£1.9m which are not included in the Quarter 2 outturn –

- £1.0m care package commitment which the service are investigating in order to identify the impact of a) seasonal variation in activity; b) delays in entry and authorisation of care package data; c) inconsistencies in how care packages are recorded, particularly in relation to future income;

- £0.9m costs arising from clients currently in receipt of Continuing Health Care who are being reviewed by health and are likely to receive social care support;

Note that a previously identified risk of £1.5m in relation to Transforming Care clients is now being reviewed as a result of positive initial discussions with Haringey Clinical Commissioning Group regarding additional funding for these clients.

PRIORITY 3 Overspend £0.2m

6.15. Priority 3 is forecasting a £0.2m overspend at Quarter 2 which represents an improvement of £0.8m on Quarter 1 predominately due to the planned capitalisation of £0.6m street lighting and highways spend agreed in the outturn report now being reflected in the Qtr2 projections. The main on-going pressures are:

- Parking , Parks and Highways (£0.5m) where the projected overspend has increased by £0.3m since Quarter 1 with on street parking income under pressure due to the postponement of Tottenham Hotspur's return date to White Hart Lane, lower projections on car park income and higher staffing projections within the enforcement team;
- Commissioning (£0.2m) being disputes on the Amey contract which management are looking to resolve this via arbitration or adjudication; and
- Waste (£0.1m) which has improved by £0.6m since Quarter 1 following resolution of the dispute with Homes for Haringey over charges for waste provision services and contractual inflation pressures within the Veolia contract being mitigated by more favourable green waste income projections.

PRIORITY 4 Underspend £0.2m

6.16. Priority 4 is forecasting a £0.18m underspend at Quarter 2 which represents an improvement of £0.16m. This movement reflects the capitalisation of spend on the High Road West and Wood Green regeneration schemes.

PRIORITY 5 (General Fund) Overspend £0.1m

6.17. The Housing service is reporting a projected net overspend of £0.12m with Temporary Accommodation overspend of £0.96m being offset by £0.85m of Flexible

Homelessness Support Grant. This however, does not take the pressure away from TA budget as the cost of procuring emergency accommodation continues to rise. TA reduction initiatives are not impacting on TA numbers as much as was anticipated. The impact of the Homelessness Reduction Act, delays in getting new homes supply initiatives up and running and rehousing requirements at Broadwater Farm are big factors to this.

PRIORITY 5 (HRA) **Underspend £3.6m**

6.18. The HRA budget is projecting an underspend of £3.6m for the year ending March 2019. The HRA outturn summary is set out in Table 2 below.

Table 2 – HRA Budget Forecast (Quarter 2)

	2018/19 Revised Budget	Q2 Forcast	Q2 Variance	Q1 Variance	Variance Movement Q2 vs Q1
	£'000	£'000	£'000	£'000	£'000
Managed Services Income	(107,554)	(107,238)	316	375	(59)
Managed Services Expenditure	14,025	13,726	(299)	(170)	(129)
Retained Services Expenditure	77,377	73,713	(3,664)	26	(3,690)
Surplus HRA Services (within Retained)	16,152	16,152	0	0	0
Balance of HRA Account	**0**	**(3,647)**	**(3,647)**	**231**	**(3,878)**

6.19. The main drivers of the underspend and movement are within the retained services expenditure where updated depreciation and debt financing costs have been reflected in the Quarter 2 forecasts and which account for a net favourable movement of £3.9m. This is offsetting £0.34m of unbudgeted abortive costs associated with the termination of the proposal to sell land to Sanctuary Housing Association as part of the phase 2 infill housing development programme. A more detailed table of income and expenditure is provided in Appendix 2.

PRIORITY X **Underspend £1.4m**

Priority X consists of Corporate budgets (NSR) and service budgets.

6.20. **Non Service Revenue (NSR).** **Underspend £1.7m**

These corporate budgets are projecting an underspend of £1.7m at Quarter 2 due to underspends on debt financing costs (£1.0m) and lower than expected additional payment required to meet the minimum contribution requirement for the pension fund (£0.6m)

6.21. **Priority X Service Budgets**

Overspend £0.3m

The overspend across the corporate services budgets is driven by the use of agency staff within Finance pending completion of its restructure (£0.2m); the Schools Traded Service, within the Shared Service Centre, which continues to forecast a shortfall in income (£0.2m); and higher than budgeted staff costs within the Corporate Programme Management Office working on the Council's transformation programmes (£0.2m). these are however being offset by an underspend in Strategy and Communications

(£0.4m) as a result of staff vacancies and additional income arising from the new out of home advertising contract. The service budgets account for the majority of the movement in Priority X from Quarter 1 largely as a result of the reforecasting of staffing costs to take account of planned drawdowns from reserve and additional capitalisation opportunities.

7. **Dedicated Schools Grant (DSG)** **Overspend £3.0m**

7.1. The DSG is projecting an in-year overspend of £3.0m for the year resulting in a projected year end DSG reserve deficit of £2.1m. This is set out in more detail in Table 3 below.

Table 3 – DSG Reserve Position Quarter 2

Blocks	Opening DSG Reserve at 01/04/18	Schools forum agreed trf between blocks	Drawn down from reserves	In year position (Q2)	Forecast Closing DSG Reserve (Q2)	Forecast Closing DSG Reserve (Q1)	Movement in Closing DSG Reserve (Q1 v Q2)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools block	(1,267)	400	488	(273)	(652)	(1,537)	885
Central block	0			(15)	(15)		(15)
Early years block	(1,653)	1,100		6	(547)	(1,647)	1,100
High needs block	1,500	(1,500)		3,329	3,329	4,355	(1,026)
Total	(1,419)	0	488	3,047	2,116	1,171	945

7.2. The DSG projected in year overspend is primarily due to a £1.5m reduction in the high needs block funding announced in the revised July allocations and a general increase in pupil numbers with special educational needs within the borough which includes provision for young adults up to the age of 25. A meeting has been held with DfE & the ESFA to discuss the funding reduction to the Council and following a commitment to review their calculations and this dialogue is continuing.

7.3. Schools Forum agreed at its July meeting to settle the opening High Needs Block deficit within the DSG reserve by transfers from the other blocks and this is shown in the table.

7.4. The projected closing DSG reserve deficit of £2.1m. The Government is currently consulting on new arrangements for reporting and managing deficits on the DSG - the deadline for responses is 7 December. The outcome of the consultation should be available to report in the Qtr3 report.

8. **MTFS Savings 2018/19**

8.1. The MTFS savings target for 2018/19 (including brought forward unachieved savings from 2017/18) is £15.72m (£16.1m Qtr 1 – the slight reduction in target due to a detailed review of P1 savings). As at Quarter 2 of the financial year, services are projecting that only £5.895m (38%) of the target will now be achieved. Table 4 below summarises the current savings position at priority level.

8.2. Members should note that the Qtr2 savings shortfall figure of £9.8m in the table have now been assessed as unachievable and as such are recommended to be written out of the budget. The implications of this on the 2019/20+ budget is being built into the financial planning report, also on this agenda. The £5.895m projected as achievable does include some amber rated savings which officers still expect to achieve albeit with a revised delivery profile.

Table 4 – Summary – 2018/19 MTFS Savings by Priority

MTFS Savings 2018/19										
	2017/18 B/Fwd MTFS	Pre-Agreed MTFS 2018/19	New MTFS 2018/19	Total	Savings Projected to be Achieved Q2	Savings Shortfall Q2	% Projected to be Achieved Q2	Movement in achieved savings since last month	Savings Projected to be Achieved Q1	% Projected to be Achieved Q1
	£'000	£'000	£'000	£'000	£'000	£'000	%		£'000	
Priority 1	2,857	1,748	-	**4,605**	**89**	**4,516**	2%	▼	**397**	9%
Priority 2	2,900	-	2,390	**5,290**	**2,390**	**2,900**	45%	▲	**1,800**	34%
Priority 3	75	1,660	-	**1,735**	**1,735**	**-**	100%	▲	**1,645**	95%
Priority 4	250	-	50	**300**	**300**	**-**	100%	▶	**300**	100%
Priority 5	-	-	50	**50**	**50**	**-**	100%	▶	**50**	100%
Priority X	218	301	-	**519**	**519**	**-**	100%	▲	**471**	91%
Corporate Savings	2,966	250	-	**3,216**	**812**	**2,404**	25%	▲	**576**	18%
Total	**9,266**	**3,959**	**2,490**	**15,715**	**5,895**	**9,820**	38%		**5,239**	33%

9. **Capital Expenditure Forecast at Quarter 2**

Table 5 – Capital Expenditure (Quarter 2)

Priority	2018/19 Revised Budget	2018/19 Q.2 Forecast Outturn	2018/19 Q.2 Forecast Variance	Movement in Forecast Outurn (Q2 vs Q1)
	£'000	£'000	£'000	£'000
Priority 1 - Children's	11,390	7,329	(4,061)	1,476
Priority 2 - Adults	8,122	7,622	(500)	3,736
Priority 3 - Safe & Sustainable Places	22,372	17,933	(4,438)	(1,469)
Priority 4 - Growth & Employment	62,647	39,858	(22,789)	(18,237)
Priority 5 - Homes & Communities	37,425	27,561	(9,864)	(6,663)
Priority 6 - Enabling	18,942	6,181	(12,761)	(629)
General Fund Total	**160,897**	**106,485**	**(54,412)**	**(21,787)**
HRA Priority 5 - Homes & Communities	68,254	67,547	(707)	2,989
Total	**229,151**	**174,032**	**(55,119)**	**(18,798)**

9.1. At Quarter 2 the capital programme is forecasting an under spend of £55.1m. Overall the budget has increased by £1m however, the forecast outturn has deteriorated by £18.798m. Details of the main movements are outlined below.

9.2. **Priority 1** is showing an improvement of £1.5m in its projected outturn. This is due to the continuing programme of school essential capital maintenance works that need to be undertaken as soon as possible. There has been no change to the budget.

9.3. **Priority 2** is projecting a significant improvement of £3.746m in its projected outturn. This relates to the decision taken by Cabinet in October 2018 to acquire Canning Crescent. The budget for P2 has increased by £3.7m which is a combination of the budget from the acquisition of Canning Crescent and the incorporation of a NHS England grant of £0.65m into the budget for the adaptation of Linden House.

9.4. **Priority 3** is projecting a deterioration in its outturn of £1.469m when compared to Q1. This is due to the Parkland Walk Bridges scheme revising its outturn downwards by £1.3m, the Asset Management of Council Buildings forecasting a reduced outturn of £1.3m and the re-profiling of the Bull Lane & Down Lane MUGA projects into next year(£1.12m). These have been offset by improved outturn projections for the Borough Parking Plan, £0.5m, and the LIP, £1.3m. The budget has increased by £2.272m which includes an increase of £1.3m of LIP funding, an increase in the Borough Parking Plan budget of £0.5m, additional capital resources applied to Highways Maintenance and Street Lighting of £250k and the incorporation of capital works to Finsbury Park of £0.85m offset by the re-profiling of the Bull Lane MUGA scheme of £0.72m.

9.5. Priority 4 is projecting a deterioration in its projected outturn position of £18.3m when compared to Q1. The most significant changes relate to the two Tottenham Hale regeneration schemes which between them account for £12.8m of the reduction and the proposed deletion of the SDP acquisitions and receipt budget as these have been accounted for within the two substantive Tottenham Hale regeneration schemes. The other movements in the projected outturn relate to the strategic acquisitions budget where the budget has been transferred to P2 to fund the acquisition of Canning crescent and to P5 to fund the acquisition of property on Woodside Avenue. The overall budget has been reduced by £6.43m which is largely accounted for by the transfers to other priorities of budget to fund acquisitions, offset by an allocation from the contingency of £1.1m to fund works to 54 Muswell Hill to create a health centre/GP practice facility and an allocation to the Woodside House scheme of £0.45m to reflect an overspend on the project.

9.6. **Priority 5 (GF)** is projecting a deterioration in its outturn position of £6.67m. This is largely due to a revision of spend on acquiring properties for temporary accommodation. The budget has increased by £3.2m primarily the transfer of budget from P4 to fund acquisitions and the incorporation of flexible housing support grant to support the creation of the housing company and the community benefits society.

9.7. **Priority 5 (HRA)** is projecting an improved outturn position of £2.9m. This primarily relates to increased forecast spend on capital maintenance of £2.5m and additional forecast spend of £0.3m on new build.

9.8. **Priority 6** is projecting a small increase in its outturn position (once the contingency is excluded from the projection) due to increased spend on the Hornsey Library refurbishment project and the Libraries IT and Building Upgrade project.

10. **Contributions to strategic outcomes**

10.1 Adherence to strong and effective financial management will enable the Council deliver it's stated objectives and priorities.

11. **Statutory Officers Comments**

<u>Finance</u>

11.1 This is a report of the Int. Director of Finance and therefore all finance implications have been highlighted in the body of the report.

<u>Procurement</u>

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

<u>Legal</u>

11.3 The Assistant Director of Corporate Governance has been consulted on this report.

11.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

11.5 The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the over spend.

11.6 The Cabinet is responsible for approving virements in excess of certain limits as laid down in the Financial Regulations at Part 4 Section I, and within the Executive's functions at Part 3 Section C, of the Constitution.

<u>Equalities</u>

11.7 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; and
- Foster good relations between people who share those characteristics and people who do not.

11.8 The report provides an update on the Council's financial position in relation to planned MTFS savings and mitigating actions to address current budget overspends. Given the impact on services of savings targets, all MTFS savings were subject to equality impact assessments as report to Full Council on 27 February 2017.

11.9 Any planned mitigating actions that may have an impact beyond that identified within the MTFS impact assessment process should be subject to new equality impact assessment.

12. **Use of Appendices**

Appendix 1 – Directorate Level Forecast (Quarter 2)
Appendix 2 – HRA Forecast (Quarter 2)
Appendix 3 – Virements
Appendix 4 – MTFS Savings

13. **Local Government (Access to Information) Act 1985**

13.1. For access to the background papers or any further information, please contact Frances Palopoli – Head of Finance Operations.

Directorate Level Forecast Q2 (P6) **Appendix 1**

	2018/19 Revised Budget	Q2 (P6) Outturn Forecast	Q2 (P6) Forecast to Budget Variance	Q1 (P3) Forecast to Budget Variance	Movement in Forecast Variance
PRIORITY_1.PR Priority 1	**63,042,659**	**70,046,171**	**7,003,512**	**4,878,327**	**2,125,185**
PR1_CY.PR Childrens	50,649,870	57,373,208	6,723,338	4,821,628	1,901,710
PR1_COMSIN.PR Commissioning	3,390,400	3,371,800	-18,600	-1,400	-17,200
PR1_PH.PR Public Health	5,911,070	5,911,070	0	0	0
PR1_SL.PR Schools & Learning	3,091,319	3,390,093	298,774	58,099	240,675
					0
PRIORITY_2.PR Priority 2	**97,223,226**	**104,842,681**	**7,619,455**	**4,366,060**	**3,253,394**
PR2_AS.PR Adults	80,757,946	88,396,995	7,639,049	4,220,464	3,418,585
PR2_COMSIN.PR Commissioning	4,579,200	4,577,006	-2,194	145,596	-147,790
PR2_PH.PR Public Health	11,886,080	11,868,680	-17,400	0	-17,400
					0
PRIORITY_3.PR Priority 3	**29,817,602**	**29,969,138**	**151,536**	**996,637**	**-845,101**
PR3_COM.PR Commercial & Operations	27,197,992	27,357,028	159,036	994,637	-835,601
PR3_COMSIN.PR Commissioning (Culture Museum & Archives)	719,410	709,910	-9,500	0	-9,500
PR3_CFO.PR Chief Finance Officer (Alexandra Palace)	1,900,200	1,902,200	2,000	2,000	0
					0
PRIORITY_4.PR Priority 4	**6,760,768**	**6,585,531**	**-175,237**	**-19,416**	**-155,821**
PR4_PRD.PR Regeneration, Planning & Development	284,225	263,893	-20,332	0	-20,332
PR4_HSEGWT.PR Housing & Growth	663,508	703,093	39,585	-19,416	59,001
PR4_PLAN.PR Planning	2,167,285	2,167,285	0	0	0
PR4_PCP.PR Property & Capital Projects	202,150	201,093	-1,057	0	-1,057
PR4_REGEN.PR Regeneration	3,443,600	3,250,167	-193,433	0	-193,433
					0
PRIORITY_5.PR Priority 5	**20,849,235**	**20,934,083**	**84,848**	**0**	**84,848**
AH03.PR Housing Demand	10,906,303	11,871,834	965,531	0	965,531
AH05.PR Housing Commissioned Services	989,498	139,498	-850,000	0	-850,000
PR5_COMSIN.PR Commissioning	8,953,434	8,922,751	-30,683	0	-30,683
					0
PRIORITY_X.PR Priority X	**31,929,282**	**30,723,910**	**-1,350,980**	**-291,384**	**-1,059,595**
PRX_CFO.PR Chief Finance Officer	16,719,242	15,457,822	-1,407,028	-1,046,704	-360,324
PRX_CG.PR Corporate Governance	2,630,300	2,706,300	76,000	105,300	-29,300
PRX_CSL.PR Customer Service and Libraries	4,746,000	4,915,404	169,404	168,822	582
PRX_DCE.PR Deputy Chief Executive	225,900	225,900	0	0	0
PRX_LCEO.PR Leader and Chief Executive Office	561,948	132,578	-429,370	-269,823	-159,547
PRX_SSC.PR Shared Service Centre	6,821,234	6,899,898	78,665	454,226	-375,561
PRX_TR.PR Transformation & Resources	224,658	386,008	161,350	296,795	-135,445
TOTAL	**249,622,772**	**263,101,514**	**13,333,134**	**9,930,224**	**3,402,910**

HRA Revenue Forecast (Q2) | Appendix 2

	Revised Budget	Q2 Actual Spend	Q2 Forecast	Q2 Variance	Q1 variance	Movement Q2 vs Q1
	£000's	£000's	£000's	£000's	£000's	£000's
UE0721 Managed Services Income						
H39001 Rent - Dwellings	(81,071)	(38,945)	(80,615)	456	187	269
H39101 Rent - Garages	(858)	(348)	(710)	148	112	36
H39102 Rent - Commercial	(138)	(1,331)	(560)	(422)		(422)
H39201 Income - Heating	(288)	(145)	(293)	(5)	(3)	(2)
H39202 Income - Light and Power	(1,095)	(526)	(1,088)	7	3	4
H39301 Service Charge Income - Leasehold	(8,124)	(6,816)	(8,124)			
H39401 ServChgInc SuppHousg	(1,495)	(731)	(1,518)	(23)	(27)	4
H39402 Service Charge Income - Concierge	(1,562)	(742)	(1,534)	29	24	5
H39405 Grounds Maintenance	(2,307)	(1,083)	(2,242)	65	58	8
H39406 Caretaking	(1,845)	(865)	(1,790)	55	48	7
H39407 Street Sweeping	(1,891)	(905)	(1,873)	18	11	7
H40102 Water Rates Receivable	(7,090)	(3,465)	(7,101)	(11)	(38)	27
H40404 Bad Debt Provision - Leaseholders	210		210			
UE0721 Managed Services Income TOTAL	(107,554)	(55,900)	(107,238)	316	375	(59)
UE0722 Managed Services Expenditure						
H31300 Housing Management WG	23	20	23			
H32300 Housing Management NT	28	13	28			
H33400 TA Hostels	252	47	252			
H34300 Housing Management ST	9	11	19	10		10
H35300 Housing Management BWF	11		11			
H37210 Under Occupation	128	79	128			
H39002 Rent - Hostels	(1,920)	(962)	(1,986)	(66)	(71)	6
H39404 Service Charge Income - Hostels	(330)	(166)	(343)	(14)	(15)	1
H40001 Repairs - Central Recharges	2	(9)	(20)	(22)	(22)	
H40004 Responsive Repairs - Hostels	342	213	342			
H40101 Water Rates Payable	6,024	2,995	6,059	35	35	
H40104 HousMgmntRechg Central	107	116	232	125	(107)	232
H40111 Other RentCollection	162	61	135	(27)		(27)
H40206 HousMgmntRechg Energ	1,609	101	1,309	(300)		(300)
H40208 Special Services Cleaning	2,734	(578)	2,734			
H40209 Special Services Ground Maint	1,802	118	1,802			
H40212 HRA Pest Control	284	78	234	(50)		(50)
H40213 Estate Controlled Parking	20	6	20			
H40303 Supporting People Payments	1,856	880	1,825	(30)	10	(40)
H40309 Commercial Property - Expenditure		4				
H40401 Bad Debt Provision - Dwellings	664		664			
H40406 Bad Debt Provisions - Hostels	68		68			
H40801 HRA- Council Tax	150	58	180	30		30
UE0722 Managed Services Expenditure TOTAL	14,025	3,098	13,726	(299)	(170)	(128)
UE0731 Retained Services Expenditure						
H38002 Anti Social Behaviour Service	581	21	768	187		187
H39601 Interest Receivable	(76)	()	(304)	(228)		(228)
H40112 Corporate democratic Core	765	286	572	(193)	(193)	
H40301 Leasehold Payments	(139)	26	(106)	33		33
H40305 Landlords Insurance - Tenanted	312	318	318	6	6	
H40306 Landlords - NNDR	132		50	(82)	(82)	
H40308 Landlords Insurance - Leasehold	1,500	1,395	1,395	(105)	(105)	
H40501 Capital Financing Costs	10,000		10,638	638		638
H40601 Depreciation - Dwellings	20,068		15,551	(4,518)		(4,518)
H40805 ALMO HRA Management Fee	40,139	19,603	40,027	(112)	400	(512)
H49000 Housing Revenue Account	16,152		16,152	()	()	
H60002 GF to HRA Recharges	2,952	1,879	3,029	77		77
H60003 Estate Renewal		1	339	339		339
H60004 HIERS/ Regeneration Team	867	88	867			
S11100 Emergency Response Management		560	293	293		293
S14400 Supported Housing Central	278	122	278			
UE0731 Retained Services Expenditure TOTAL	93,529	24,299	89,865	(3,664)	26	(3,690)
(Surplus) for the year on HRA Services		(28,503)	(3,647)	(3,647)	231	(3,878)

Appendix 3 (Virements):

Virements for Cabinet Approval

Transfers from Reserves (2018/19) - for noting

Period	Priority	Service/AD Area	Rev/ Cap	In year	Next year	Reason for budget changes	Description
6	1	Children's	Revenue	331,000		Transfer from Reserves	Transformation funding to cover staffing costs of Children's transformation team
6	1	Children's	Revenue	260,000		Transfer from reserves	DCLG Controlling Migration Fund Grant drawdown for Unaccompanied Asylum Seeking Children Service
7	4	Housing, Regeneration & Planning	Revenue	474,300		Transfer from reserves	Drawdown from Labour Market Resillience Reserve to provide agreed match funding for ESF/GLA Project spend
8	X	SSC Revenues	Revenue	362,000		Transfer from reserves	Drawdown from Transformation Fund Reserve to fund Council Tax and NNDR arrears debt collection
8	3	Environment & Neighbourhood	Revenue	423,917		Transfer from reserves	Drawdown from Transformation Fund Reserve to Waste, Facilities Management and Parking projects
		Total 2018/19		**1,851,217**			

Virements for Approval (2018/19)

Period	Priority	Service/AD Area	Rev/ Cap	In year	Next year	Reason for budget changes	Description
5	2	Adults	Revenue	695,465	695,465	Grant Allocation	Grant allocation of the Better Care Fund Pathway.
5	2	Adults	Revenue	689,900	689,900	Budget Realignment	Learning Disability Section 75 budget transfer from Assessment Intervention Team to Combined (LBH CCG) Team
5	2	Adults	Revenue	1,253,215	1,093,515	Budget Transfer	Reorganisation of Personalisation and Assessment Management teams into a Case Work team.
6	1	Children's	Revenue	587,720	587,720	Budget Realignment	DSG Early Years Block funding adjustment per the EFA July 2018 schedule
6	1	Children's	Revenue	728,364	728,364	Budget Realignment	DSG budget realignment to fund Early Years SEN places
6	4	Housing, Regeneration & Planning	Revenue	324,400		Grant Allocation	Allocation of Education Skills Funding Agency Grant to fund 2018-19 HALS budgets.
6	1	Children's	Revenue	742,900		Grant Allocation	2018-19 LAC Pupil Premium grant allocation
6	3	Environment & Neighbourhood	Capital	880,000		Grant Allocation	Additional LIP grant funding for Hornsey Lane Bridge.
7	3	Environment & Neighbourhood	Revenue	532,100		Grant Allocation	Allocation of LIP Grant income and expenditure budgets for Active Communities and Regulatory Services
7	3	Environment & Neighbourhood	Revenue	3,728,590	3,728,590	Budget Realignment	AMEY Contract spend budget realignment to better match expenditure profile
7	3	Environment & Neighbourhood	Revenue	1,082,400	1,082,400	Budget Realignment	Parking Permit Income Budget realignment to better match income profile
		Total 2018/19		**11,245,054**	**8,605,954**		

Appendix 4 (MTFS Savings):

Appendix 4A						
Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	P1 - Childrens					
A1.1	Service Redesign & Workforce	300	150		450	RED
A1.3	Family Group Conferencing	200	100		300	RED
A1.4	Family Based Placements	100	175		275	RED
A1.5	Care Leavers - Semi Independent Living	25	75		100	RED
A1.6	Adoption and Special Guardianship Order Payments	150	148		298	RED
A1.7	Supported Housing	600	-		600	RED
A1.9	Schools & Learning (Manage Loss of Education Services Grant)		-		-	
1.1	Early Years :- - remodel Childrens Centres - review borough wide provision of childcare	150	-		150	RED
1.2	Pendarren	220	-		220	RED
1.3	Services to Schools :- - Increasing trading activity and providing high quality services. - Review service offer	148	-		148	RED
1.7	Unidentified - Respite/ 0-25 Service Likely to be delivered across 2 years	130	-		130	RED
1.8	New Models of Care	-	1,000		1,000	RED
A1.2	Early Help & Targeted Response	62	100		162	RED
1.5	Self funded EP Service :- Through development of a traded service model in Education Psychology stabilised and being tracked, currently able to deliver majority of saving in year 1, with residual delivered in year 2.	350	-		350	RED
A1.8	SEND Restructure	84	-		84	RED
1.4	Restructure in DCT (Family Link) :- Restructure around Family Link will yield this saving, although likely to be delivered across two years	90	-		90	RED
1.6	Respite Officer (Commissioning) :- On track for delivery via the recommissioning of Haselmere Respite Centre	159	-		159	RED
	Subtotal RED	**2,768**	**1,748**	**-**	**4,516**	**-**
A1.8	SEND Restructure	50	-		50	AMBER
1.4	Restructure in DCT (Family Link) :- Restructure around Family Link will yield this saving, although likely to be delivered across two years	30	-		30	AMBER
1.6	Respite Officer (Commissioning) :- On track for delivery via the recommissioning of Haselmere Respite Centre	9	-		9	AMBER
	Subtotal AMBER	**89**	**0**	**0**	**89**	**0**
	TOTAL	**2,857**	**1,748**	**-**	**4,605**	**-**

Appendix 4B

Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	P2 - Adults					
A2.1	Supported Housing Review	466			466	RED
A2.2	Osborne Grove				-	RED
A2.3	Fees and charges review	155			155	RED
A2.4	Technology Improvement	750			750	RED
A2.5	Market efficiencies	663			663	RED
A2.6	Promoting Independence Reviews	866			866	RED
	A Total	2900	-	-	2,900	
	Subtotal RED	**2900**	**0**	**0**	**2900**	**0**
B2.7	Haringey Learning Disability Partnership			1,140	1,140	AMBER
B2.8	Mental Health			390	390	AMBER
B2.9	Physical Support/ Adults			860	860	AMBER
	B Total	-	-	2,390	2,390	
	Subtotal AMBER	**-**	**-**	**2,390**	**2,390**	**-**
	TOTAL	**2,900**	**-**	**2,390**	**5,290**	**-**

Appendix 4C

Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	P3 - Cleaner and Safer					
A3.2	Charging for Bulky Household Waste		100		100	AMBER
A3.3	Charging for Replacement Wheelie Bins		50		50	AMBER
A3.11	Relocation of Parking/CCTV processes and appeals		380		380	AMBER
	Subtotal RED	**0**	**530**	**0**	**530**	**0**
A3.1	Charge Green Waste - income generation		375		375	AMBER
	Subtotal AMBER	**0**	**375**	**0**	**375**	**0**
A3.4	Charging for recycling bins and increasing residual bins for RSLs, Managing Agents, Developers, etc.		50		50	GREEN
A3.5	Flats Above Shops –Provision of bags - Service reduction				-	GREEN
A3.6	Reduce Outreach/ Education team - Service reduction		65		65	GREEN
A3.7	Closure of Park View Road R&R - Service reduction		115		115	GREEN
A3.8	Veolia Operational Efficiencies				-	GREEN
A3.9	Rationalisation of Parking Visitor Permits		225		225	GREEN
A3.10	Parking Enforcement - new operating model		-		-	GREEN
A3.12	Move to Cashless Parking	75			75	GREEN
A3.13	Move to Online Parking Permit Applications & Visitor Permits				-	GREEN
A3.14	Parking New IT Platform				-	GREEN
A3.15	Increase in CO2 Parking Permit Charge		300		300	GREEN
	Subtotal GREEN	**75**	**755**	**0**	**830**	**0**
	TOTAL	**75**	**1,660**	**-**	**1,735**	**-**

Appendix 4D

Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	P4 - Growth & Employment					
A4.2	Planning service - Increase in planning income				-	
A4.3	Corporate projects - Transfer of functions to HDV	250			250	GREEN
	A Total	250	-	-	250	
B4.1	Tottenham Regeneration programme			50	50	GREEN
	B Total	-	-	50	50	
	Total	**250**	**-**	**50**	**300**	

Appendix 4E

Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	P5 - Housing & HRA					
B5.1	Housing			50	50	GREEN
	Total	**-**	**-**	**50**	**50**	

Appendix 4F

Ref	Proposal	2017-18 B/Fwd £'000	2018-19 (Pre-Agreed MTFS) £'000	2018-19 (New MTFS) £'000	2018/19 Total £'000	RAG Status
	PX - Enabling					
A6.1	Legal Services - Reduction in staffing and other related expenditure				-	
A6.2	Audit and Risk Management - reduction in cost on the external audit contract				-	
A6.3	Democratic Services - reduction in staffing				-	
A6.4	Shared Service Centre Business Support - reduction in staffing				-	
A6.5	Shared Service Centre - new delivery model for shared services		250		250	AMBER
A6.6	Reduce Opening Hours in our six branch libraries to 36 hours per week				-	
A6.7	Shared Service Offer for Customer Services				-	AMBER
A6.10	Translation and Interpreting Service - new contract				-	
A6.16	Accounts Payable	117			117	AMBER
		117	250	-	367	-
A6.11	Closure of internal Print Room		51		51	GREEN
A6.12	Communications - reduction in staffing	53			53	GREEN
A6.13	Income generation – Advertising and Sponsorship				-	
A6.14	Professional Development Centre				-	
A6.15	Insurance	48			48	GREEN
	Subtotal GREEN	**101**	**50.5**	**0**	**151.5**	**0**
	TOTAL	**218**	**301**	**-**	**519**	**-**

Appendix 4G						
	Corporate Savings					
A6.9	Alexandra House - Decant		250		250	AMBER
			250		250	
A6.8	Senior Management Savings	226			226	GREEN
	Professional Development Centre	136			136	GREEN
	Bad Debt Provision - Finance restruture element	200			200	GREEN
	Subtotal GREEN	**562**	**0**	**0**	**562**	**0**
	Voluntary Severance Savings	1204			1,204	RED
	BIP Commercial/ Organisation Wide: Barry Phelps	700			700	RED
	Bad Debt Provision - Debt management element	500			500	RED
	Subtotal RED	**2404**	**0**	**0**	**2404**	**0**
	TOTAL	**2,966**	**250**	**-**	**3,216**	**-**
	GRAND TOTAL	**9,266**	**3,959**	**2,490**	**15,715**	**0**

Report for: Cabinet 11 December 2018

Report Title: Acquisition of the Welbourne site to maximise the delivery of genuinely affordable homes in Tottenham Hale

CLG Lead: Peter O'Brien, Assistant Director Area Regeneration

Report Authors: Toussainte Reba, Head of Area Regeneration South Tottenham

Contact No: x2819

Ward(s) affected: Tottenham Hale

**Report for Key/
Non Key Decision:** **Key**

Describe the issue under consideration

1.1. The purpose of this report is to seek a Cabinet resolution to acquire 131 homes and a commercial unit, to be constructed on the Welbourne Site as part of its redevelopment being carried out by Argent Related under the Development Agreement dated 21st March 2017, between the council and TH Ferry Island Limited. This transaction would provide council homes on council land, within the context of the existing Strategic Development Partnership (SDP) Development Agreement.

1.2. By securing control over new homes on the Welbourne Centre site, the Council seeks to maximise the delivery of council-rented homes at Tottenham Hale that meets the needs of local people, as part of the council's commitment to secure the delivery of 1,000 such homes in the lifetime of the current administration.

1.3. The council has a time-limited window to acquire the 131 homes to be constructed on the Welbourne site under the terms of the Development Agreement. If this option is not exercised, Argent Related will dispose of these homes to a Registered Provider of Affordable Housing and these will revert to private and Shared Ownership dwellings as originally planned.

2. Cabinet Member Introduction

Securing homes for Haringey's residents is central to what this administration has set out to achieve. We have been clear that our target is to deliver at least 1,000 additional council homes over the next four years. Achieving this ambitious target requires all of the available delivery tools including building ourselves, working with others to build council homes, and acquiring council homes through the planning system.

The Strategic Development Partnership (SDP) is a strategic collaboration between the council and Argent Related intended to deliver the new Tottenham Hale District Centre. The council entered into a formal Development Agreement with Argent Related to dispose of council lands at Tottenham Hale (including the Welbourne Site) in March 2017. The new town centre at Tottenham Hale is important. A new state-of-the-art health centre, the public realm and the investment in our green spaces will reshape the heart of Tottenham Hale to serve existing residents, those using the transport interchange, along with new businesses and residents. We have already received funding from this partnership which has allowed us to facilitate the delivery of much-needed affordable homes and infrastructure.

The original expectation at that time the SDP was signed, was that there would be predominantly shared ownership housing built upon the Welbourne site.

The new administration has had different priorities, and different expectations of what sort of affordable housing ought to be built in Haringey. Consequently, I have been clear with our development partner (Argent Related) throughout negotiations on this site post May 2018, that there needed to be more traditional council homes provided in this development. We have had to think resourcefully about how we could secure the delivery of the maximum number of council homes at a relatively late stage in the planning process. To be fair, Argent Related have been receptive to this conversation.

Initially, the council had identified a way to secure 51 council homes, along with 80 intermediate ‘key worker’ homes on the Welbourne Centre site. However, following further negotiations with our partner and the lifting of the cap on borrowing within the Housing Revenue Account (HRA), we are now able to secure the delivery of 131 council homes on the Welbourne Site. This represents 13% of our overall council homes target and, subject to planning, this will be delivered in the lifetime of this administration.

Whilst we accept that the process has not been ideal, and that if we were to begin the process again we would not do things in the same way, we have to acknowledge that acquiring these homes for provision at social rents to Haringey residents is a positive achievement.

3. Recommendations

3.1. Cabinet agrees (subject to the council’s budget setting meeting in February 2019) to the in-principle acquisition by the council for housing purposes of 131 homes and a ground floor non-residential space to be constructed at the Welbourne site for a maximum total sum as set out in the exempt part of the report and based on the draft Heads of Terms attached in the exempt part of the report.

3.2. Cabinet agrees to note that a further Key Decision will be taken at a later date to agree the final purchase price and the final contract for the acquisition.

3.3. Cabinet agrees that (subject to the council’s budget setting meeting in February 2019) the unallocated General Fund capital receipts, as set out in the exempt part of the report, are retained corporately.

4. Reasons for decision

4.1. The acquisition of the residential premises on the Welbourne Site will allow the council to secure the rapid delivery of council owned homes utilising the existing Strategic Development Partnership with Argent Related as the delivery agent.

4.2. Critically, it also supports the delivery of the district health centre, which offers a once in a generation opportunity to enhance the way in which local primary health care services are delivered.

4.3. This responds to local aspirations to see an increase in the amount of new affordable homes delivered. In so doing it meets a key commitment of the new Administration; to deliver council homes at council rents. It delivers an improved mix of affordable housing in Tottenham Hale, which better meets the needs of local people.

4.4. The emerging Borough Plan prioritises the delivery of safe, stable and affordable homes for everyone, whatever their circumstances. This deal represents 13% of the council's objective to deliver 1,000 council homes at council rents over the lifetime of the current administration.

5. Alternative options considered

5.1. A series of options were considered which would materially improve the affordability of homes to be delivered at the Welbourne Site. These were:

5.2. **Option A:** The council acquires the Welbourne site in its entirety. This is the preferred option as it allows the council to control the tenure for all homes, set the rent levels, negotiate an appropriate specification for affordable homes and service charges. This option achieves the most affordable outcome for the homes to be delivered. This option also results in a surplus land receipts of £12.25m being returned to the General Fund.

5.3. **Option B:** The council could provide grant funding to a Housing Association in order to deliver more genuinely affordable homes on-site. This option would involve the council providing grant funding to secure the delivery of lower cost affordable housing. This option was discounted on the basis that the council is moving towards a position of prioritising the delivery of council owned homes on its own land, in order to maximise the delivery of safe, stable and affordable homes.

5.4. **Option C:** The council could decide not to proceed with either acquiring the Welbourne site in whole or in part, or funding a third party at this or other locations in Tottenham Hale to increase the amount of affordable housing delivered. This would result in the Argent Related scheme proceeding with 25% Shared Ownership homes on the basis of its SDP affordable housing contribution.

6. Background information

Cabinet Report on the Tottenham Hale District Centre Framework (DCF)

6.1. To prepare for the development of a new District Centre at Tottenham Hale, the council commissioned a series of studies under the banner of the Tottenham Hale District Centre Framework. This set out the key physical and social infrastructure required and also explored how the new District Centre could be delivered.

6.2. A key early challenge was viability. Were development expected to meet the costs of the upfront infrastructure it would struggle to be viable at all and/or would deliver extremely low levels of affordable housing.

6.3. It was in this context that the council developed a delivery approach which relied on: (i) securing external funding (through the GLA's Housing Zone programme); (ii) coordinating the delivery of infrastructure and affordable housing (through planning and the "portfolio approach"); and (iii) making the most use of the council's modest land holdings (through the Strategic Development Partnership with Argent Related).

6.4. The "Portfolio Approach", set out in the Tottenham Area Action Plan, seeks to coordinate the delivery of: residential and non-residential uses; affordable housing tenure types; and infrastructure delivery. This approach maximised the efficiency of investment in affordable housing and social/community infrastructure (delivering a health centre and investment in community facilities, parks, public realm and infrastructure). It did this by recognising early on the different characteristics of each site and tailoring the public benefit extracted (as opposed to seeking to apply one-size-fits all policies in a complicated delivery setting).

6.5. In total, the Portfolio Approach has secured over £67m in external investment (made up of Housing Zone funding and developer S106 contributions) into Tottenham Hale, and increased the proportion of affordable housing across all sites from 7% to approximately 37-40%.

The Strategic Development Partnership with Argent Related

6.6. The Strategic Development Partnership (SDP) seeks to secure the delivery of the heart of the District Centre through the disposal of the council's modest land interests at Tottenham Hale to Argent Related.

6.7. As part of the Portfolio Approach, the council sought to maximise the land receipts payable to the council in order to secure the delivery of more affordable homes overall, along with infrastructure in the District Centre.

6.8. The SDP also secures the delivery of complex works at the heart of Tottenham Hale, including very substantial infrastructure and highways works, the delivery of a new health centre at the Welbourne site along with 1,030 homes, retail space and commercial space. The resulting environment will be of high quality and will see improvements for residents, visitors and passengers alike. It is important to note this approach resulted in the transfer of substantial delivery risk to Argent Related.

6.9. As per the Cabinet decision of 12th July 2016 to enter into the SDP, receipts were to be reinvested elsewhere in the local area, where affordable homes could be achieved with better value for money and ensuring that affordable homes were maximised on suitable sites (those in proximity to green and community spaces, schools, and largely away from major arterial roads). The council has allocated SDP receipts to secure the delivery of 113 additional affordable homes (60 London Living Rent and 53 Shared Ownership) at Ashley Road South, along with 54 affordable rent units associated with the delivery of infrastructure at Fairbanks Road.

6.10. As per this same Cabinet decision, land receipts have also been allocated to infrastructural projects (Station Square – Bus Station Realignment) and to repay site acquisition costs.

6.11. After all existing allocations and following assumed levels of overage, the total anticipated unallocated SDP Land Receipts are currently estimated at £12.25m. The changes to the HRA borrowing cap will enable the HRA to achieve more council rented homes. The capital receipts from the disposal of General Fund assets can now be retained corporately given this new spending power in the HRA.

The Welbourne Health Centre

6.12. Argent Related will under the Development Agreement also deliver a new 1,500sqm health centre at the Welbourne Site to shell & core, to be leased back to the council. This will then be disposed of in turn to the Clinical Commissioning Group's partner to fit out the premises as a GP practice.

6.13. The NHS business case for the Welbourne Health Centre sets out a clear need for change to address the challenges in the delivery of primary health care in Haringey. The new facility serves a critical need in providing a wide range of services closer to home. These services will be delivered within modern, fit for purposes facilities, offering extended access to GP appointments, working within multidisciplinary teams whilst improving the patient experience. This facility will have the capacity to serve 30,000 patients and will create a Health and Wellbeing hub, working with the emerging Care Closer to Home Integrated Network (CHINS), and providing a range of wrap-around community services and care closer to home, whilst ensuring that primary care is at the centre of service delivery from this site.

6.14. In order to do this, a greater proportion of patients' care needs to be provided in the primary and community setting along with a shift to a greater focus on preventing ill health and deterioration at every level of need. A different type of building will be needed to facilitate this way of working, with greater flexibility and more space for a wider range of services. The proposed new Centre will deliver this.

The Welbourne site – the focus for a revised approach

6.15. The Welbourne site is the only standalone site historically in council ownership. The other sites were either acquired to put into the SDP, or have been merged with lands Argent Related control to create development parcels. The council will grant a long lease of the Welbourne site to an Argent Related entity once planning permission is granted and some minor conditions are satisfied. It is also the furthest SDP site from the core of the District Centre and situated immediately adjacent to the Chesnut Estate. Residents of the Chesnut Estate identified the site as one which should have a large proportion of affordable homes, including council homes. It has therefore been identified as the most suitable location within the SDP area to prioritise the delivery of affordable homes that meet the needs of local people.

6.16. The scheme for this site is made up of three blocks and cores. Block A contains 15x three-bedroom maisonettes at ground and first floor levels, 6x 2-bedroom flats and 10x 1-bedroom flats (total 31 homes). Block C contains 20x two-bedroom units above the new primary health care centre (delivered as part of the SDP deal).

6.17. Block B is a 15-storey tower at the eastern edge of the scheme with a discrete core, containing 1x 3-bedroom home, 53x 2-bedroom homes and 26x 1-bedroom homes (total 80 homes).

6.18. The original breakdown of bedroom numbers per home across the scheme was based on a mixed-tenure scheme, and on a self-contained basis would not align with the council's Housing Strategy mix. However, it should be noted that the wider development across Tottenham Hale includes a much more favourable provision of affordable family homes on other sites, such as Monument Way, which allows for high density, smaller homes on sites such as this one while maintaining an appropriate mix across the neighbourhood; the proposal is therefore consistent with the Housing Strategy overall. Officers have nevertheless worked hard to improve the mix as much as possible: negotiations with Argent Related have amended 12x 1-bedroom homes into 6x 2-bedroom homes to improve the overall mix, but it was not possible to agree further variations as these would have constituted major amendments to the planning application which would have incurred considerable cost. No further amendments to the design can be made at this stage. Mitigating measures are being discussed as part of negotiations over Heads of Terms.

6.19. The council has recently been successfully awarded an allocation of Building council Homes for Londoners funding from the GLA. It is intended that grant funding from this allocation is utilised towards the cost of the acquisition. The GLA have now agreed to the allocation of £5.1m of funding to the Welbourne Site to support this acquisition, by amending Housing Zone outputs to avoid any double-counting of affordable homes to be delivered.

Acquiring the residential units

6.20. The council intends to acquire all of the 131 homes in order to deliver all as council-rented homes. It makes sense acquiring the whole development in management and maintenance terms. This acquisition includes the commercial unit at ground floor level. Acquiring back the leasehold interest of the whole site (while retaining the freehold as under the Development Agreement) means the council will own and manage the completed building and avoid complex service charge deals with third parties.

6.21. The intention is to acquire the whole site into the council's Housing Revenue Account. This approach was not considered previously due to the HRA borrowing cap that has been in place since the introduction of the HRA self financing regime in 2012. The Government's recent lifting of the borrowing cap has allowed for a different strategy for the delivery of social rented homes. The recommendation to acquire the units is subject to the council's budget setting process which will include a revised HRA financial framework and capital programme, considered elsewhere on the agenda.

Value for Money

6.22. The council has also sought to confirm value for money in delivering social-rented homes at the Welbourne Site, as compared to a scenario where the council delivered these homes directly on its own land.

6.23. The GLA uses an industry standard benchmark for the delivery of social rented homes, in order to assess the value for money of schemes it is delivering. Analysis has concluded that the cost per unit for the acquisition is 7.7% higher than the benchmark rate. It should be noted that this variation is against a programme average which is subject to fluctuation according to scheme particulars, including relatively higher costs for higher density schemes. It should also be noted that the per unit figure for the acquisition has increased as the council has negotiated the amendment of 12x 1 bedroom homes into 2x 2 bedroom homes.

6.24. It should also be noted that a critical element in assessing value for money is that the council is effectively transferring a considerable level of risk to a third party. This transfer has a significant benefit to the council.

[paragraphs 6.25 to 6.27 are in the exempt part of the report]

6.28. Cabinet are asked to note that a further Key Decision will be taken at a later date after the Council budget setting meeting in February 2019, before the acquisition is confirmed, to agree the final purchase price and the final contract for the acquisition. This subsequent decision will include further analysis by GVA, which will be appended to that report as formal advice and which will confirm the final Best Value position for the acquisition.

Heads of Terms

6.29. Heads of terms are currently being negotiated with Argent Related, but the attached draft at exempt Appendix A represents the current agreed position.

Homes for Haringey Operation and Management

6.30. The council's housing operation and management arm, Homes for Haringey, will take on the management and maintenance at practical completion, and repairs at the end of the Defects Liability Period. The Heads of Terms specification are being negotiated with Argent Related on this basis.

6.31. Further work is ongoing with Argent Related to review the specification as part of the Heads of Terms, given that the original intention for the building design was to provide market homes and shared ownership accommodation to be managed by a Housing Association. The council's Housing team have supplied their Employers Requirements and Specification criteria to Argent Related. The council are clear that Argent Related need to agree to these standards to ensure that the council can maintain the new housing post defect liability period.

6.32. The council is working with Argent Related to review some key areas to ensure that the development is better suited to: Homes for Haringey's property and housing management operations; the council's insurance requirements; and aligns with manageable life-cycle costings.

6.33. It should be noted that some of Argent Related's planning submission designs and strategies cannot be altered at this stage. As a result, there is some potential vulnerability to a number of estate management and maintenance issues, including some ASB concerns. The maintenance and management costs will be higher than the council's new build proposals, but Argent Related will work with the council's Housing team on detailed design. Homes for Haringey will need to ensure their contractors can effectively maintain the homes and they have the relevant contracts in place for the end of the Defect Liability Period.

6.34. To address some of the above concerns, Housing officers are working with Argent Related to identify amendments which could be taken forward through a subsequent variation to planning.

Key Risks

6.35. Planning – there is a risk that the Welbourne site, as part of a single combined planning application, is refused planning permission at December committee. Should this occur, Argent Related would have the option to appeal under reasonable circumstances under the Development Agreement, but the opportunity to deliver 131 homes as council-rented may be lost.

6.36. Negotiation of final Heads of Terms and Specification for the homes are proceeding and likely to transact in the new year; delay on either item could cause a failed acquisition, in which case the homes to revert to Shared Ownership under the Development Agreement.

6.37. The development of the buildings will be undertaken at Argent Related's risk in case of cost overruns, and significant changes in the housing market could cause the overall scheme not to proceed, or could cause delivery to be delayed past the Borough Plan period. The block acquisition of this scheme helps to mitigate against this outcome.

7. Contribution to Strategic Outcomes

A new administration – a new focus

7.1. Since May 2018, the council has taken a very different view on its objectives in relation to the delivery of key regeneration areas, and in particular has focussed on how the council can facilitate the delivery of homes for Haringey's residents first and foremost and contribute to the delivery of 1,000 new council homes over the next 4 years at council rent – a manifesto commitment included in the emerging Borough Plan.

7.2. This includes a very significant focus on the delivery of council homes on council land as a first priority. In the context of the SDP, this has meant looking afresh at the scheme and what can be done at this very late stage to secure the delivery of council homes, especially on the only significant piece of council land going into the scheme (the Welbourne Site). The approach outlined in this report would deliver 131 council-rented council-owned homes against the 4-year target of 1,000.

7.3. The Development Agreement was entered into on 21 March 2017 and the scheme was designed and submitted for planning in May 2018. It is implausible that the council would be able to successfully renegotiate the commercial deal at this point in the development process and Argent Related need only secure planning in order to draw down the land. The council's role as Planning Authority is distinct and independent to this process and any decision on Planning is for the Planning Authority to make.

7.4. Once the acquisition model is agreed on and advice has been given an appraisal will need to be undertaken to establish if this transaction provides best value to the council. GVA have been commissioned to provide a valuation report once the structure is agreed which will comment on the basis of the price proposed and difference in value should the tenure mix be different. Further details will also be provided of the wider property transaction costs, including SDLT, legal and property costs.

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

[Finance comments are set out in the exempt part of the report]

Procurement

8.6. Strategic Procurement notes the contents of this report; however, comments are not applicable for property and land transactions as they sit outside of the Procurement Contract Regulations.

Legal

8.7. This report seeks authority to acquire affordable housing units that are yet to be built as well as a ground-floor commercial unit. The council has authority pursuant to Section 120 of the Local Government Act 1972 to acquire for the purposes of any of its functions under the 1972 Act or any other enactment, by agreement any land, whether situated inside or outside its area. The properties will be acquired for housing purposes held within the Housing Revenue Account.

8.8. The properties are yet to be built, and heads of terms for the purchase have not as yet been finally agreed, therefore further legal advice must be obtained to support the subsequent Key Decision.

Equality

8.9. The council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

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

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

8.11. It is not expected that this decisions will have any negative impacts on individuals or groups who share the nine protected characteristics. The council will ensure that new housing stock acquired by this decision will be subject to the Housing Allocations Policy, which has been subject to an Equalities Impact Assessment as part of the homelessness strategy.

8.12. This decision will increase the supply of homes which are genuinely affordable to local residents by delivering new build council-rented homes. This is likely to have a positive impact on individuals in temporary accommodation as well as those who are vulnerable to homelessness. Data held by the council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment of the council's Draft Homelessness Strategy. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

9. Use of Appendices

Appendix A – Draft Heads of Terms for the Welbourne Site acquisition [exempt from publishing]
Appendix B - Best Value report from GVA [exempt from publishing]

10. Local Government (Access to Information) Act 1985

Appendices are NOT FOR PUBLICATION by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Part of this report is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Agenda Item 12

Report for: Cabinet December 11th 2018

Title: Award of Contract for Rapid Electric Vehicle Charging Points

Report authorised by : Assistant Director of Environment and Neighbourhoods, David Murray.

Lead Officer: Fred Fernandes, Parking Schemes Manager (Interim)
Frederico.Fernandes@haringey.gov.uk – 0208 4891325

Ward(s) affected: Crouch End, Muswell Hill and Noel Park

Report for Key/ Non Key Decision: Key Decision

1. Describe the issue under consideration

The demand for Electric Vehicle Charging Points (EVCPs) is growing. The council is considering all options available to expand the network of EVCPs for residential and commercial use and to encourage the uptake of Electric Vehicles in the borough.

As part of this the council has been working with Transport for London (TfL) to install Rapid EVCPs in the borough to assist in expanding the network.

This report is to seek approval to award a contract to Chargemaster Plc, a Rapid Electric Vehicle Charging Point (EVCP) provider and operator, to install, manage and operate 5 rapid (EVCP's) in the borough at the following locations/sites:

- Crouch Hall Road Car Park, N8 – 2 points
- Summerland Gardens Car Park, N10 – 2 points
- Gladstone Avenue, N22 – 1 point for black taxis only

Chargemaster Plc have been selected via a mini tendering process undertaken by TfL on the Council's behalf under the TfL Framework Agreement for Rapid Charging Point(s) and it is proposed that a call-off contract be awarded to this provider under this framework.

2. Cabinet Member Introduction

In line with the Mayor's announcement in April 2017 to launch a Rapid Charging Point Scheme for electric vehicles and the council's policy to promote the uptake of electric vehicles through the implementation of charging infrastructure wherever possible, it is important that an extensive electric vehicle charging network is installed in order to reduce the barriers to the uptake of electric vehicles.

The rapid charging points proposed by TfL will allow electric vehicles the opportunity to recharge in as little as 30 minutes (as opposed to 3-7 hours with existing charge points) .

In order to improve the air quality within the Borough and establish a user friendly network of rapid charging points that will enable the public and businesses to move from fossil fuels to electric, the council agree with TfL's proposals for the installation of rapid charging point(s) in on and off-street locations on Borough owned land.

3. Recommendations

3.1 It is recommended that Cabinet approves the award of a concession contract to Chargemaster Plc, pursuant to a call off from a framework agreement set up by Transport for London as allowed under CSO 7.01(b), for eight (8) years with an option for a two (2) year extension exercisable at the Council's sole discretion, to carry out site enablement, installation, operation and maintenance of Rapid EVCPs and associated infrastructure at the following locations/sites in the borough:

- Crouch Hall Road Car Park, N8 – 2 points
- Summerland Gardens Car Park, N10 – 2 points
- Gladstone Avenue, N22 – 1 point for black taxis only

3.2 Cabinet is asked to note that under the proposed concession contract:

(i) All costs for the installation of the charging points will be covered externally by Transport for London (TfL) and Chargemaster Plc and all ongoing maintenance and operating costs of the charging points will be met by Chargemaster Plc over the contract term;

(ii) The charging points will be available for use on a pay as you go basis and the average chargeThi for customers will be £0.22p (exl. VAT) per KW/h and may increase in the future in line with inflation; and

(iii) Chargemaster Plc will commit to paying to the Council:

- a site charge in an amount, set out in paragraph **8.1.2** of the Exempt report, per annum per site for each of the three (3) sites payable on a quarterly basis and totalling the amount set out in the same paragraph of the Exempt report over the maximum ten (10) year contract term; and,

- **a percentage amount,** set out in paragraph **8.1.4** of the Exempt report**,** of the turnover generated from the rapid charge points payable on an annual basis over the contract term; and

(iv) There will be no cost to the council.

3.3 Cabinet is also asked to note that the income the Council derives from the concession contract will be used to develop and deliver traffic and parking solutions in line with the Council's various Transport and Air Quality strategies.

3.4 Cabinet is also recommended to delegate to the Assistant Director of Environment and Neighbourhoods, after consultation with the Assistant Director of Corporate Governance, authority to approve the terms of all licences, leases and/or agreements as necessary to facilitate the apparatus being installed and maintained on the Council's land and public highway pursuant to the Call-off contract

4. Reasons for decision

The contract is being awarded to ensure that more charging points are installed to assist in establishing and expanding a network of EVCPs that will meet the demands of residents and businesses and encourage the uptake of electric vehicles in the borough.

5. Alternative options considered

Option 1 – Do nothing
Pursuing this option would not deliver the business and residential needs of the borough for rapid recharging. Additionally it would not enable the delivery of local air quality improvements from vehicles. Demand for a rapid recharging service will increase when the Ultra-Low Emission Zone (ULEZ) starts. This London charge (the ULEZ charge) on emitting vehicles will start in 2019 and require all emitting vehicles (not electric vehicles) to pay an annual charge to drive in Greater London - including Haringey. The rapid recharging networks will primarily deliver business needs (including taxis) as these vehicles need to be moving to deliver a return on investment for operators and therefore they will be willing to pay extra for rapid recharging. The lack of forward planning and no network would impact on the local businesses and residents in urgent need for a quick recharge, or could discourage them from investing in electric vehicles. This option is not recommended.

Option 2 – Council invests in its own infrastructure
To deliver a network of approx. 5 posts would require an upfront capital investment of at least £250,000 and over a period of 10 years is likely to require at least £300,000 to deliver ongoing management and replacement of equipment. While expected returns are envisaged to be attractive under a high uptake of electric vehicles scenario, with a low uptake the returns drop off considerably. It is noted that the size of the Haringey network (which is small) would make it expensive to manage, maintain and operate as it is only covering the Haringey area, when compared to a pan-London network. The risk around the Council successfully delivering this service would also be high as this is not an area where the Council has the resources to deliver and manage.

Alongside this to undertake the procurement exercise to deliver this equipment would require an EU procurement which would take at least 6 months to appoint a contractor and then an extra 6 months to design and install equipment. Again this option is not recommended.

Option 3 – Partnership investment arrangement

The Council could seek out an investment partner to operate in a joint venture (JV) for the network. But given the scale of investment and the number of points, it is unlikely to attract any serious investors. Soft market testing in this area has indicated that there is little appetite for a JV in this market place at a borough level given the small scale of this opportunity. This option is not recommended.

6. Background information

Transport for London (TfL) announced in April 2017 £18 million of investment for rapid charging points to be installed in London for black taxis and to encourage drivers to go electric to help clean up London's air.

TfL have a target to install 150 rapid charging points by the end of 2018 and have 300 fully functioning by 2020 and will work with boroughs to identify suitable locations (on-street and off-street**).**

TfL have procured a number of third party operators ("concessionaires") under a Framework Agreement to install, operate and maintain these charging points.

London Boroughs have the ability to enter into a call-off contract with one of the concessionaires following the tender of sites via the framework. The tender process has defined the services that the concessionaire has been selected to provide as well as the timetable for delivery. Boroughs decide how the EVCPs will be installed, operated and maintained.

It will be necessary for the Council to enter into licence, leases and/or other legal agreements with both TfL and the operator to grant them both rights to install and maintain apparatus on the Council's land and on the public highway. The agreements with the operator will govern how they can use the sites in accordance with the Call-off contract.

The demand for EVCP's is growing. Haringey's Traffic and Carbon Management team have been working with TfL to ensure that Rapid EVCPs are installed in the borough to meet these demands in addition to other options the council is considering to expand the network of charging points in the borough.

The mini-tender process for calling off the most suitable concessionaire under the TfL framework was carried out by TfL's procurement team on the Council's behalf. A report on the tender process is contained in Appendix 1 of this report, Transport for London's (TfL's) Contract Award Recommendation - Reference Number: tfl_scp_001290 documents.

7. Contribution to strategic outcomes

The implementation of Rapid EVCP's is in line with the council's Local implementation Plan (Transport Strategy) http://www.haringey.gov.uk/sites/haringeygovuk/files/haringey_s_final_lip.pdf and the Mayor's Transport Strategy for Low Emission Vehicles Delivery Plan for London *http://content.tfl.gov.uk/ulev-delivery-plan.pdf.*

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

8.1 Finance

This contract is for eight (8) years with an option for a two (2) year extension at Council's sole discretion.

The installation, operation, maintenance of Rapid EVCPs and associated infrastructure costs of the charging points will be covered externally by Transport for London (TfL) and Chargemaster Plc (The operator).

The charging points will be installed at Crouch Hall Road car park (3 parking spaces) and Summerland Gardens Car Park (3 parking spaces)

Whilst there are some financial risks associated with this project, these may be compensated by the potential income from turnover generated from use of the charging points.

The financial risk may also be offset against the wider benefits of the project such as:

- Improving local air quality
- Improving the health and wellbeing of the local population
- Delivering the corporate priority of a strong local economy through encouraging sustainable travel.
- Delivering the corporate priority of a delivering a sustainable environment
- Reducing the impact of conventionally fuelled vehicles and encouraging sustainable transport methods

The implementation of this will serve as a pilot to determine the future demand and infrastructure requirements within the borough for Electric Vehicles. It will also give an indication of potential turnover and likely prompt a discussion around carrying out future installations ourselves.

If implemented, it is anticipated that adjustments will be made to parking income in the budget and also for the share of EV charging revenue in future years.

Information on Exempt report as its commercially sensitive

8.2 Procurement comments

The decision to award to Chargemaster Plc is supported by Strategic Procurement following a compliant procurement exercise by TfL on behalf of the Council.

This contract will ensure more charging points are made available in the borough to promote the use of electric vehicles by businesses and residents. Commercially, the Council will be benefiting from a guaranteed annual revenue in the amount stated in paragraph **8.1.2** of the Exempt Report per site for the 3 identified sites over the initial 8 year contract period plus a commitment revenue of a percentage amount set out in paragraph **8.1.4** of the Exempt report of the turnover to be generated from the scheme over the same period.

8.3 Legal comments

8.3.1 The report recommends the award of a service concession contract which was not subject to the EU tender regime but was tendered after EU notice of the tender was given on a voluntary basis.

8.3.2 Contract Standing Orders (CSOs) apply to this procurement in as far as CSO 7.01(b) allows the Council to award a contract to a contractor selected from a framework duly established by another public sector body.

8.3.3 Paragraph 3.1 of the report proposes that the contract be awarded pursuant to a call off tender run under a framework set up by Transport for London. This framework provides for public bodies in Greater London, including the Council, to call off contracts from the framework. It also allows for contracts to be called off from the framework for terms of up to 10 years, which is what is proposed here.

8.3.4 The Assistant Director of Corporate Governance confirms that there are no legal reasons preventing Cabinet from approving the recommendations in paragraph 3 of this report.

9. Equality

All equalities requirements are included within the Transport for London (TfL) Framework Agreement - Reference Number: tfl_scp_001290

10. Use of Appendices

Appendix I - Transport for London (TfL) Contract Award Recommendation - Reference Number: tfl_scp_001290

11. Local Government (Access to Information) Act 1985

This report contains exempt and non exempt information. The exempt information is contained in Appedix II Exempt Report and is not for publication. The exempt information is under the following category (identified in amended schedule 12A of the Local Government Act 1972 (3)):

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix I

Contract Award Recommendation

on behalf of the London Borough of Haringey

for

tfl_scp_1290

RAPID CHARGE POINT CONCESSION FRAMEWORK

- **CALL-OFF NO. 030**

SUBMITTED BY:	The Commercial Manager
Value:	Revenue Generating Only
Date:	2 October 2018
Status:	Final
Version:	2.0

Contract Award Recommendation

1. Introduction / Executive Summary

1.1 This paper seeks approval to proceed with the award of a call-off contract under the Rapid Charge Point Concessions Framework.

1.2 The call-off contract is for the supply, installation, operation and maintenance of rapid charge point infrastructure on land owned by the London Borough of Haringey and the successful Concessionaire is Chargemaster Plc.

1.3 This is a revenue generating call-off contract only; The Awarding Authority will incur no expenditure as a result of its award.

2.Summary of Call-Off Contract

Value including any options:	Revenue Generating Only	**Initial contract value:**	N/A
Contract duration:	Eight (8) years with an option for a two (2) year extension exercisable at Harngey's sole discretion		
Contract type:	Call-Off	**Nature of the procurement:**	Concession Services
Terms and Conditions used:	Bespoke Framework Agreement	**Special terms or considerations:**	WRRR, CDM, IPR, LLW, Data Protection
Is this a call-off from a current framework?	Yes	**If yes, which Framework?**	Rapid Charge Point Concessions Framework (tfl_scp_001290)
UK Legislation that Applies (irrespective of value):	Outside of Public Contracts Regulations 2015 and Concession Regulations 2016 but conducted following Treaty Principles	**Number of Lots:**	N/A
What Category / Categories does this cover? [category hierarchy]	N/A	**Is a Category Plan in place? If yes, which one(s)?**	No
Business Units this contract will cover:	Surface Transport		
Contracting authority details:	**London Borough of Haringey**		

Successful tenderer details:	**Chargemaster Plc** a company registered in England and Wales (Company Registration Number 06720009) whose registered office is at Mulberry House, 750 Capability Green, Luton, Bedfordshire, LU1 3LU

3 Adherence to Procurement Strategy

3.1 Summary

A summary of the background of this procurement can be found in the approved Procurement Strategy, available on request. The only deviation from this strategy has been to simplify the Technical Requirements scoring scale from TfL's standard five (5) point scale to the following: This change was agreed with TfL Senior Commercial Manager, prior to issue of Request Form 030 and has been implemented since the Technical Requirements scoring does not align with degrees of quality, rather the submission from the bidder either meets the requirement or it doesn't. The above scale therefore makes this a more appropriate scoring methodology for these evaluation elements.

Descriptor Title	Score	Descriptor
Poor	1	The response does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the bidder has the ability to provide the supplies/services.
Meets the Requirement	5	Demonstration by the bidder of the relevant ability to provide the supplies/services.

4 Tendering

4.1 All five (5) Concessionaires were invited to submit a proposal against Request Form No. 030 (for the TfL sites listed in Appendix B to this document) on 14 September 2018 via the ProContract e-tendering system.

4.2 Four (4) clarifications were raised against the Request Form and they were all responded to within the tendering timeframe (see attached Appendix C to this document for details).

4.3 Compliant proposals were received from two (2) bidders, Chargemaster and ESB, by the tender return deadline of 2 October 2018.

4.4 The Bidders that declined to tender were: Bluepoint, British Gas and Fastned.

5 Evaluation

5.1 Commercial Evaluation:

Chargemaster explicitly accepted the terms and conditions of the Call-Off Contract as drafted in their proposal, inclusive of the Site Agreements, and therefore was eligible to have the remainder of their proposal evaluated.

ESB also explicitly accepted the terms and conditions of the Call-Off Contract as drafted in their proposal, inclusive of the Site Agreements, and were therefore eligible to have the remainder of their proposal evaluated.

5.2 Overall Evaluation Results Summary

CALL-OFF NO. 030 - OVERALL EVALUATION RESULTS:

BIDDER	FINANCIAL EVALUATION		QUALITY EVALUATION			TOTAL SCORE
	Site Charge (out of 25%)	PAYG Average Charge (out of 25%)	Turnover Percentage (out of 15%)	Technical Requirements		
				Charge Point Specification (out of 17.5%)	Design Drawings (out of 17.5%)	
ESB	25.00	22.92	12.00	17.50	17.50	**94.92**
Chargemaster	21.88	25.00	15.00	17.50	17.50	**96.88**

5.3 Financial Evaluation

5.3.1 Exempt information

5.3.2 PAYG Average Price:

Evaluated by the Commercial Manager, using the TfL standard Price Proportion Methodology. On average, ESB will not charge pay as you go customers more than £0.24 (exl. VAT) per KW/h whilst Chargemaster tendered a price of £0.22p (exl. VAT) per KW/h.

The maximum score was therefore awarded to Chargemaster.

5.4 Quality Evaluation

5.4.1 Exempt information

5.4.2 Charge Point Specification:

Evaluated by the Commercial Manager, ESB proposed the Siemens/Efacec Model QC45 rapid charge point whilst Chargemaster proposed their own ‘Ultracharger’ unit. Both charge point types fully meet TfL’s requirements and therefore each bidder received the maximum score available.

5.4.3 Planning Compliant Drawings:

All requested drawing were of a suitable quality to be used to obtain planning permission therefore the maximum score was obtained by both bidders.

6. Savings / Benefits

6.1 Exempt information

6.1.1 Exempt information

Haringey LONDON

6.1.2 Exempt information

7. Value Added

Work Related Road Risk, London Living Wage, Ethical Sourcing, Timber Standards and Supplier Diversity clauses are all included in the Call-Off Contract.

APPENDIX B

PACKAGE OF SITES FOR CALL-OFF CONTRACT NO. 030

Ref	Location	Latitude/Longitude	Access
RC078	Crouch Hall Road Car Park, Crouch Hall Rd, N8 on the west side of the car park.	51.579521, -0.124923	Public
RC080	Summerland Gardens Car Park, Summerland Gardens, N10 on the north east side of the car park	51.590042, -0.142434	Public
RC085	Gladstone Avenue, N22 at the side of 162 High Road, in the taxi Rank	51.596209, -108926	Taxis

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Report for: Cabinet – 11 December 2018

Title: **Award of contract for supply of furniture and fittings for Temporary Accommodation properties**

Report authorised by: Helen Fisher, interim Director, Housing, Regeneration & Planning

Lead Officer: Dan Hawthorn, Director of Housing and Growth

Ward(s) affected: All

Report for Key/ Non Key Decision: Key Decision

1. Describe the issue under consideration

1.1 This report is seeking approval from Cabinet for the award of contract under Contract Standing Order (CSO) 9.07.1 (d) which states that 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. The award of the framework for the supply of furniture and white goods (the “Framework”) is to MFD Limited, Myers Ideal Suppliers Limited (Myers) and Elegance Furniture Suppliers Limited (Elegance) for the sum not exceeding £1.5m for a period of four years.

1.2 This is a new framework award for the supply of furniture and white goods for Homes for Haringey including homeless households in Temporary Accommodation. The Framework is for a 4 year period.

1.3 Haringey Council (‘the Council’) is required under part 3 of the Housing Act 1996 to procure accommodation for priority homeless households. The accommodation provided must be suitable for occupation. Therefore, the provision of domestic appliances and in some cases furniture is a pre-requisite to offering temporary accommodation to households owed a homelessness duty. The contract may also be used for purposes other than supplying Temporary Accommodation, as detailed in paragraph 1.6.

1.4 An interim six month contract was awarded in July 2018 to allow time to prepare the main tender. A previous Framework was awarded in 2016 to Myers and Elegance for a period of 4 years, ending in July 2020. The value of the contract was £400,000 over the 4-year period. The contract was granted based on price and quality.

1.5 However, changes in temporary accommodation policy – including the use of Council-owned lodges rather than privately owned nightly paid accommodation – required the previous Framework to be used more heavily than initially anticipated. This led to the cost threshold being exceeded, which means that the previous Framework has come to an end. For the Council to continue to meet its statutory obligation as described above, a new Framework award is required.

1.6 This new Framework award does not commit the Council to provide budgeted funds for this contract. Although the Housing Demand team will predominantly use the Framework, other parts of Homes for Haringey will have access to the Framework, as will the Council. Housing Demand have committed approximately £220k per annum for the replacement of white goods and furniture in temporary accommodation. Asset Management have a budget of approximately £50k per annum or £200k for the duration of the Framework. This will be for specific projects developed during the course of the year. Housing Operations including Sheltered Housing and Hostels have a budget of approximately £105k per annum or £420k for the duration of the Framework. Funding has already been agreed based on the various Service budgets. These provisions add up to £1.5m of the contract value.

2. Cabinet Member Introduction

It is important that our residents live in homes that are well equipped and comfortable, and this includes our residents who are currently living in temporary accommodation. This framework will ensure that homes used for temporary accommodation are equipped with furniture and white goods, which will help make them appropriate places to live for families and other households who become homeless

3. Recommendations

For Cabinet to approve the award of the Framework agreement for the supply of furniture and white goods for a 4 year period at a total value not exceeding £1.5m (one million and five hundred thousand pounds) to the following three suppliers:

- MFD Limited
- Myers Ideal Suppliers Limited
- Elegance Furniture Suppliers Limited

4. Reasons for decision

4.1 The Framework that was granted in August 2016 for a 4-year period has been exhausted. An interim contract that was awarded in July 2018 will expire in January 2019. Therefore, a new contract is required for another 4 years.

4.2 The new Framework will address the ongoing demand for furniture and white goods within Homes for Haringey and the Council.

4.3 This report seeks approval for the award of the Framework for a total value of £1.5m which will be split equally between MFD, Elegance, and Myers. Two of the three suppliers have worked with the Council for over 10 years and have provided white goods and furniture in a timely and economic way. The third supplier currently supplies several London Boroughs with similar products. This Framework represents continuity and value for money for the Council.

4.4 The proposed award to MFD, Elegance and Myers is based 70 per cent on price and 30 per cent on quality.

4.5 If the Council fails to secure the service of dedicated suppliers with fixed prices, it may have no choice but to consider ad hoc purchases which will be more expensive in both the short and long term. Any delay in engaging these suppliers will also have a resulting adverse effect on void costs.

4.6 The option to use MFD, Elegance and Myers represents value for money for the Council. In addition, the Council will have more options with a third supplier joining the Framework. They are all relatively local to the Council and will be in a position to respond to emergency situations very quickly.

4.7 The new Framework award to MFD, Elegance and Myers will be for four years.

5. Alternative options considered

5.1 Do nothing

The Council has a statutory duty to provide temporary accommodation to households who are owed a homelessness duty. The Council is required to ensure that the accommodation provided is suitable for occupation, which includes providing basic furnishings if the household requires this.

5.2 Source furnished accommodation

If the Council were unable to secure furnishings through this Framework, they would need to procure accommodation that is already furnished. This form of accommodation is most often available on a nightly paid basis and has a far higher cost than other forms of temporary accommodation, therefore placing increased pressure on the temporary accommodation budget. In addition, the current preferred approach of providing temporary accommodation in Council-owned lodges gives an additional level of oversight and quality control. The decision not to award this new Framework would prevent the third proposed conversion of a Council-owned building to a lodge from going ahead.

6. Background information

6.1 Haringey Council is required under part 3 of the Housing Act 1996 to procure accommodation for priority homeless households. The accommodation provided must be suitable for occupation. Therefore, the provision of domestic appliances and in some cases furniture is a pre-requisite to offering temporary accommodation to households owed a homelessness duty.

6.2 This Framework will allow the Council to use these contractors to provide furniture, white goods and floor coverings when required.

6.3 The Framework will provide a sustainable and consistent approach to purchasing furniture and white goods for both the Council and Homes for Haringey. The services will include the supply and fit of these items and delivery within 24 hours of ordering.

6.4 Services will be undertaken by the three suppliers based on the specifications and pricing. The table below demonstrates how the arrangement would probably be split between the suppliers.

Contractor	Contract Value
A	£500k
B	£500k
C	£500k
Combined	£1.5m

7 Procurement Process

7.1 The Council issued an OJEU notice through the Tenders Electronic Daily (TED) https://ted.europa.eu/TED/notice/udl?uri=TED:NOTICE:355284-2018:TEXT:EN:HTML&ticket=ST-4865916-m59hyWObOnwCknzRqC6qcjzuWjcvoy7sRmzNdxlFHKt4QYA55ky2CqysVnnzVNR0FCtMBCcVF6VYgcesHAoqSjy-Jj71zxYb8yrkk5ZCsAzQmO-ZMzPAgP6SPkIkDzWxJirKLNTL3sLdzt8SOQSi8VIKs8C

7.2 The requirement was advertised in the OJEU on 13 August 2018. The tender was conducted by the Open Procedure in accordance with Regulation 27 of the Public Contracts Regulations 2015.

7.3 The Council's electronic portal, Haringey Procurement and Contract System (HPCS) Portal was used to upload and invite tenders for the provision of White goods and furniture supply on 13 August 2018, with submission due on 21 September 2018. The tender consisted of a single stage process, including 'selection questions' and eight qualitative questions, assessing the bidders against the broad range of required experience and capabilities as described in the specification.

7.4 The Framework Agreement will be for four years.

7.5 Three bids were received. A moderation meeting was held by officers from Homes for Haringey and representative from Strategic Procurement on 12

October 2018 and scores were all agreed at the meeting. The scores of the bidders were as set out in the exempt part of the report.

8 Contribution to strategic outcomes

This decision support Priority 1: Housing of the emerging Borough Plan, and in particular objective 3 'We will work together to drive up the quality of housing for everyone.'

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

Finance

9.1 The contract is for a 4 year period for a total value of up to £1.5m. This equates to a maximum of £375k per annum.

9.2 The three suppliers were chosen after tenders were carefully evaluated in accordance with the council's procurement rules.

9.3 The scores for the three suppliers were very close on both quality and price.

9.4 The maximum cost of this contract was calculated based on an analysis of the annual usage of each service area that buys into this service.

9.5 The revenue budget of each service area, that makes use of this service, makes provision for the cost of this service.

9.6 The Housing Demand budget for Equipment and Furniture is set at £220k, which equates to £880k over the 4 year period. This will be available to fund this contract.

9.7 The other service areas have a combined budget of £620k. This will be available to fund the remaining cost of the contract.

9.8 Strategic Procurement will be responsible for monitoring the usage of the contract value to ensure it is not exceeded.

Strategic Procurement

9.9 Procurement supports the engagement of the three successful suppliers onto the Framework, the requirement was publicly tendered as required under EU procurement regulations.

Legal

9.10 The Assistant Director of Corporate Governance notes the contents of the report.

9.11 The proposed award is a key decision and the Service have confirmed this is on the Forward Plan.

9.12 Please see legal comments in the exempt part of the report.

Equalities

9.13 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

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

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

9.15 The decision is to award a contract for the provision of furniture and white goods for homes used for temporary accommodation, as well as some other Homes for Haringey homes.

9.16 The following groups are more likely to be living in temporary accommodation:

- Black households who, statistically, make up the vast majority of households in temporary accommodation
- Lone parent households, most commonly headed by women
- Women, who statistically make up the vast majority of individuals who approach the homelessness service for support
- Young people who identify as LGBTQ
- Those with mental health needs

9.17 Ensuring that the temporary accommodation properties these households move into are properly equipped and furnished will have a positive effect on these households.

10 Local Government (Access to Information) Act 1985

The information in Appendix A is not for publication by virtue of paragraph 3 and paragraph 5 of Part 1 of Schedule 12A of the Local Government 1972.

Agenda Item 14

Report for: **11 December 2018 CABINET**

Title: Request to vary and extend contracts under Contract Standing Order (CSO) 10.02.1(a) for Housing Related Support - Single Homeless Pathway Services

Report authorised by : Charlotte Pomery – Assistant Director for Commissioning

Lead Officer: Gill Taylor – Strategic Lead, Single Homelessness & Vulnerable Adults

Ward(s) affected: **All**

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

1. Describe the issue under consideration

1.1 This report seeks approval to extend and vary the Council's following three existing contracts for the provision of housing related support in the Single Homeless Sector each for a period of up to 2 years, as allowed under Clause 2.4 of the contracts and in accordance with the Council's Contract Standing Order (CSO) 10.02.1(a):

a) The contract with St Mungo's Community Housing Association Ltd for an Assessment and Engagement Service and an Engaged and Planning Service;
b) The contract with St Mungo's Community Housing Association Ltd for a Complex Needs Service and a Specialist Substance Misuse and Offenders Service; and
c) The contract with St Ignatius Housing Association Ltd for the Move Through Service.

1.2 This report seeks approval to include a clause in the contract variations which creates provision for the Council to claw back funding from providers who do not fulfil the staffing requirements of their contracts.

2. Cabinet member introduction

2.1 As a borough we are committed to ending street homelessness and to ensuring that vulnerable people have access to high quality housing-support that helps them rebuild their confidence and independence after a period of homelessness. The single homeless pathway provides a range of supported housing services that are vital to our efforts to achieve this. During such a significant period of change and investment in the area of homelessness in Haringey, not least with the decision to open a single homelessness hub service in 2019, it is pragmatic to extend these contracts pending the design of the future operating model of supported housing for this group.

3. Recommendations

3.1 For the Cabinet to approve, in accordance with Contract Standing Order (CSO) 10.02.1(b), the extension and variation of the following single homeless contracts as outlined below:

3.1.1 The extension of the contract with St Mungo's Community Housing Association Ltd for the provision of an Assessment and Engagement Service and an Engaged and Planning Service for a further period of 2 years at a total additional cost of £876,186 with variations to the contract to reduce the number of Assessment and Engagement units from the current 25 down to 21 and the number of Engaged and Planning units down from 87 to 58 for which the contractor would need to discontinue its subcontracting arrangement with the North London Young Mens Christian Association (NYMCA);

3.1.2 The extension of the contract with St Mungo's Community Housing Association Ltd for the provision of a Specialist Substance Misuse and Offender Service at an additional cost of £372,190 per annum and of a Complex Needs Service at an additional cost of £319,240 per annum for a further period of 21 months resulting in an overall additional cost of £1,210,002.36 to cover the extension period with a variation to reduce the units used in the Specialist Substance Misuse and Offender Service from 52 to 50;

3.1.3 The extension of the contract with St Ignatius Housing Association Ltd for the provision of a Moved Through Service for a further period of 2 years from 12th Jan. 2019 with a variation to discontinue service provision in relation to Young People after 28th Feb. 2019 and retain it only in relation to Adults at an additional cost of £287,648 to cover the extension period (consisting of £280,510 for the extended service in relation to Adults and £7,138.10 in relation to Young People).

4. Reasons for decision

4.1 It is in the Council's overall interest to agree to the variations and extension of the current contracts whilst a redesign process is completed. The contracts were awarded for a period of four years with an option to extend for a further period of up to two years until 2021 in order to facilitate this.

4.2 Performance has been evaluated as good throughout the contract period. Performance returns are completed and submitted on time and targets are met. However, following a comprehensive review, it is proposed to address increasing demand for supported housing and improve service utilisation and delivery by varying the existing contracts to create new capacity in the interim period.

4.3 As a result of the sale of Dial House by owner Metropolitan Housing Association, the relocation of the Assessment Centre to 332 High Road Tottenham was approved by Cabinet on 11 September 2018 as part of the creation of a new single homelessness hub. The new property is in Tottenham Green and is comprised of nine flats with 21 rooms in total. To facilitate the effective implementation of this new service, the current contract needs to be varied and extended before the move to the new building takes place, which will be before April 1st 2019.

5. Alternative options considered

5.1 Procurement of new contracts was considered, however this would not facilitate sufficient time to draw on recent service reviews to redesign the service and then engage with the market to identify best value and best practice.

5.2 There is only a statutory requirement to provide housing for single homeless people where they are identified as vulnerable and in priority need under Section 189 of the Housing Act (1996 amended 2002). However, Haringey like all London boroughs recognises the human, social and economic costs associated with homelessness and the need to ensure that people are adequately supported to recover from it and prevent future instances. Therefore, it is not deemed in the best interests of homeless individuals or the Council to cease the current contracts for the provision of supported housing services.

5.3 In order to deliver the priorities set out in the Supported Housing Review (2017), Homelessness and Rough Sleeping Strategies (2018), Single Homelessness Pathway Review (2018), short term transitional arrangements are required to facilitate a robust redesign and recommissioning process.

6. Background information

6.1 The Housing Related Support (HRS) programme funds services for homeless and vulnerably housed people in Haringey. There are currently 12 contracts in the Single Homeless Pathway delivering supported accommodation to a wide range of client groups including those at risk of homelessness, people with mental health needs; substance misuse, offending, rough sleepers and young people.

6.2 The contract with St Mungo's for the Assessment and Engagement Service as well as the Engaged & Planning Service and the Move Through contract with St Ignatius both commenced on 12th January 2015 and will expire on 11th January 2019. They were awarded for a period of four years with an option to extend for a further period of up to two years until 11th January 2021.

6.3 The Complex Needs and Substance Misuse and Offenders contract with St Mungo's commenced on 1st April 2015 and will expire on 30th April 2019. It was awarded for a period of four years with an option to extend for a further period of up to two years until 30th April 2021.

6.4 The Assessment Centre Service is directed principally to those in need of short term (12 weeks), 24 hour supported accommodation whilst a needs assessment is undertaken to ascertain their route out of homelessness. The service is critical to delivering the benefits of the Pathway by reducing the use of temporary accommodation, addressing delayed discharge from hospital, supporting prison leavers with support needs and providing rapid emergency placements for rough sleepers.

6.5 The Engaged and Planning service provides low to medium level visiting support to 87 people aged 18 and over in dispersed properties across the borough, including 25 units subcontracted to NLYMCA. The service is for those who have moved-on from higher support specialist provision and delivers an average of 3 hours of support per service user per week. The annual value of the contract is £207,714 of which the subcontractor is paid an annual value of £68,250 for 25 units of supported accommodation. This decision to cease subcontracting arrangements between St Mungo's and North London YMCA, is a result of sustained high void rates indicating oversupply of low support units. The mismatch between supply and demand was evidenced in the Single Homeless Pathway, Supported Housing Reviews and Mental Health Evaluation. In addition, North London YMCA are exploring options for the redevelopment of the site, meaning the cessation of this arrangement is timely.

6.6 The Complex Needs Service is contracted to provide 24 hour support to 23 clients in Vartry Road and visiting support to 12 service users in High Cross Road for up to 18 months. The service is directed principally to those in need of medium to high supported accommodation with more than one identified need including mental health, substance misuse, offending history and entrenched rough sleepers. Following the Supported Housing Review, High Cross Road was reconfigured to a 24-hour staffed site for women-only. This was achieved by utilising resource from Flexible Homelessness Support Grant of £118,901.

6.7 The Substance Use and Offending service provides a mixture of 24 hour supported accommodation and visiting support to those with a history of offending and/or substance misuse issues to improve their quality of life and live more independently during recovery. There are 8 units of 'dry house' provision for those completing an abstinence-based substance misuse programme.

6.8 The Move Through Service is contracted to provide low-level visiting support to 79 service users for a period of up to 12 months, it provides support to sustain a tenancy, source move on accommodation in the private sector and source employment opportunities. The Council awarded St Ignatius the Move Through contract, which includes a subcontracting arrangement with Christian Action for 22 units to support young people aged 18-25. The annual value of the contract is £194,378 of which the subcontractor is paid an annual value of £54,130. It is proposed to extend this contract for one year, but from 28th February 2019 the sub-contracting arrangement with Christian Action will cease. Therefore, the 2019 contract value will be £140,255 for 55 units, with the 22 units for young people rationalised into the newly commissioned Young People's Pathway which will commence operation in February 2019.

6.9 Our evidence shows an increase in people sleeping rough, delayed discharge from hospital and in the complexity of need, risk and experience faced by homeless people. This evidence results in increased demand for supported housing that delivers higher and more specialist support rather than visiting support units. A saving of £99,890 will be made from reducing the number of units in the Engaged and Planning contract. This resource will be utilised to deliver a 20-unit higher-support provision to meet this identified gap in service.

7. Contribution to strategic outcomes

7.1 The council has recently published its Homelessness and Rough Sleeping strategies, which set out a new direction for homelessness services in Haringey. The extension and variation of the Supported Housing Pathway contracts is necessary to enable the delivery of the strategic objectives set out in the strategies:

- Homelessness: Through early intervention, proactive prevention and strong partnership working, we will reduce the financial and human costs of homelessness
- Rough Sleeping: We will deliver an ongoing reduction in rough sleeping and address the multiple harms it brings to individuals and communities

7.2. The services are also linked to the Corporate Plan, Building a Stronger Haringey Together 2015- 18, in particular:

Priority 5 - creating homes and communities where people choose to live and are able to thrive.

- Prevent homelessness and support residents to lead fulfilling lives.
- More people, including vulnerable people and those with complex housing needs, will be able to maintain their tenancies successfully and have greater independence.

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

- All residents will be as healthy as possible for as long as possible.
- Health related quality of life will improve over time (including mental health and wellbeing).

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

8. **Finance** (ref: CAPH18-48)

8.1 The £2,339.1k total costs of the contract extensions in the 2-year period 12 January 2019 to 11 January 2021 will be met from existing resources within Housing-Related Support. The costs of the contract are summarised in the table below –

	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
St Mungo's Community Housing Association Ltd				
Assessment, Engagement & Planning Services	94.8	439.3	342.3	876.5
Specialist Substance Misuse & Offender Service	-	341.6	290.8	632.4
Complex Needs Service	-	293.0	249.5	542.4
	94.8	**1,073.9**	**882.6**	**2,051.3**
St Ignatius Housing Association Ltd				
Moved Through Service - Adults	30.4	140.6	109.6	280.6
Moved Through Service - Young People	7.1	-	-	7.1
	37.5	**140.6**	**109.6**	**287.7**
	132.3	**1,214.5**	**992.2**	**2,339.1**

9. Procurement

9.1. The contracts outlined above are under the Schedule 3 of the Public Procurement Regulations. The value of the contracts are over threshold and therefore the requirements of PCR 2015 must be fully met.

9.2. Under s72 of the Regulations a modification of contract (i.e. the requested extension) would usually necessitate a new procurement process. However, as the contracts specifically allow contract extension this request is permissible.

9.3. The proposed variations to contracts will enable service delivery to be recalibrated and focused on the area of most need and will facilitate adult and young people's provision to be dove tailed in the new service pathways currently being commissioned

9.4. Moreover, the request for contract variation and extension is in line with Contract Standing Orders and the Procurement Code of Practice. Commissioning has carried out regular contract monitoring and Contractors are providing a good service, contract extensions are therefore, justifiable.

10. Legal

10.1 This report is seeking extensions, each for a period of up to 2 years, of three existing Council contracts with different providers for the provision of housing related support in the Single Homeless Sector as well as variations to the contracts to adjust the specified services and reduce service delivery capacity with consequential revision to the price of each contract. The extension of the contracts is specifically provided for by the terms of each contract as originally tendered.

10.2 The value of the proposed contract variations involves an additional spend for the further contract periods which is in excess of £500,000. Under Contract Standing Order 10.02.1(b), Cabinet may approve contract variations including extensions valued over £500,000.

10.3 The Assistant Director of Corporate Governance confirms that there are no legal reasons preventing Cabinet from approving the recommendations in paragraph 3 of the report.

11. Equality

11.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

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

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

11.3 The decision is to extend and vary the existing contracts for the provision of housing-related support in the Single Homeless sector. Variation of the contracts is necessary to address an oversupply in Engaged and Planning units. By doing so, the Council will generate savings that will be used to commission an additional service and thereby increase support for vulnerable individuals.

11.4 Those most likely to be affected by the decision are single homeless adults and those at risk of homelessness aged 18+ in the borough. This cohort of people is broadly made up of men aged between 25-50 years old, with over-representation of people from BAME backgrounds, people with long-term mental health conditions, substance use needs, and physical health concerns related to prolonged periods of rough sleeping, drug use and self-neglect. Women represent around 23% of the cohort but are often disproportionately affected by issues of previous trauma and violence, as well as substance use and lack of engagement with services. Further detail about the profile of the single homeless population in Haringey is set out in the Equalities Impact Assessment of the Cabinet Report on the Creation of a Single Homelessness Hub (September 2018).

11.5 The decision will help ensure that the Council continues to address known inequalities that affect individuals with protected characteristics relating to age, sex, race, and disability. Accordingly, the decision represents progress to eliminate discrimination and advance equality of opportunity.

12. Use of Appendices

Not Applicable

13. Local Government (Access to Information) Act 1985

13.1. **Background papers:**

The Creation of a Single Homelessness Hub 11th September 2018 Cabinet Report:
http://www.minutes.haringey.gov.uk/mgConvert2PDF.aspx?ID=103453&ISATT=1#search=%22homeless%20hub%22

Request to vary contract under Contract Standing Order (CSO) 10.02.1(a) for Housing Related Support- St Mungo's Complex Needs Service Cabinet Report:

Haringey LONDON

http://minutes.harinet.haringey.gov.uk/ieDecisionDetails.aspx?id=2177&LLL=0

Award of Contract for the Provision of the Pathway Service – Phase One
https://www.minutes.haringey.gov.uk/documents/s52689/Pathway%20Phase%20One%20-%20Public%20Report.pdf

Award of Contracts for Pathway Phase Two (Housing Related Support) Short Term Supported Housing - (1) Specialist Substance Misuse and Offender Service (2)Complex Needs Services:
https://www.minutes.haringey.gov.uk/documents/s54168/140718%20Pathway%20phase%20two%20housign%20related%20support%20short%20term%20supported%20housing.pdf

Haringey Homelessness Strategy (2018)
http://www.minutes.haringey.gov.uk/documents/s100152/Appendix1HomelessnessStrategyv24.pdf

Haringey Rough Sleeping Strategy (2018)
http://www.minutes.haringey.gov.uk/documents/s100015/Appendix%201%20Draft%20Rough%20Sleeping%20Strategy%20v23.pdf

13.2 This report contains no exempt information.

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Report for: Cabinet 11 December 2018

Title: Plevna Crescent acquisition

Report authorised by: Helen Fisher, interim Director of Housing, Regeneration and Planning

Lead Officer: Dan Hawthorn, Director of Housing and Growth

Ward(s) affected: Seven Sisters

Report for Key/ Non Key Decision: Key decision

1. Describe the issue under consideration

1.1. The 'Gate of Eden' development is located in Seven Sisters ward. Planning permission for the development was granted in 2018 for 72 residential homes over four blocks. Of these, there are fourteen s106 affordable homes, in a block with two market sale homes. The s106 agreement gave the Council an opportunity to acquire the s106 affordable homes and three car parking spaces and as access is required over council owned land, the Council was able to get the first option to acquire. These homes will help the Council achieve its housing targets.

2. Cabinet member introduction

2.1. This acquisition is another small but important step towards our ambitious target to deliver 1,000 new Council homes, and illustrates the variety of opportunities we can and must take to meet that target. Although this scheme achieved planning permission some months ago, we have now ensured that these new homes better meet the needs of our residents by negotiating a different mix of tenures. Most importantly, ten of these homes will now be Council rented homes, which means that we have more homes available to permanently house households with the most serious need. This decision – and the other acquisitions that will follow – ensure that new housing developments in the borough offer housing to those who need it most.

3. Recommendations

3.1. Cabinet agrees to:

i. The acquisition, for housing purposes and therefore held in the Housing Revenue Account, of the 14 affordable homes as part of the 'Gate of Eden' development to the rear of Plevna Crescent, N15 [the rest of this sentence is exempt] and as part of the acquisition to grant two rights of way over the part of Council land shown in red on the plan attached at Appendix 1. The acquisition will be based on the draft Heads of Terms attached at Appendix 2 [exempt] of this report.

ii. Give delegated authority to the Director of Housing, Regeneration and Planning and the S151 Officer, after consultation with the Cabinet Member for Housing and Estate Renewal, to agree the final contract in line with the draft Heads of Terms in Appendix 2 of this report.

4. Reasons for decision

4.1. The emerging Borough Plan pledges that the Council will deliver 1,000 new Council homes at Council rents by 2022. One of the methods of delivering new council homes at council rents is by acquisitions of s106 affordable units from developers.

4.2. The Council has the first opportunity to acquire the s106 affordable homes adjacent to the Plevna Crescent council housing estate. Officers have negotiated a preferred mix of ten homes for Council rent and four shared ownership homes, rather than the Planning Permission mix of ten intermediate and four Affordable Rent homes.

5. Alternative options considered

5.1. The alternative option would be not to acquire the properties. This option is not recommended as the Council has been able to negotiate an improved tenure mix and the homes identified for social rent include family sized homes and duplex accommodation, with the majority of the homes having a large Gross Internal Area. The acquisition of these homes will deliver ten Council homes towards the 1,000 target in the Borough Plan.

6. Background information

6.1. The ‘Gate of Eden’ development is located to the rear of the Council’s Plevna Crescent estate. Access to the development is via the Plevna Crescent estate and the Planning Permission included a condition that the developer must secure access by way of agreement with the Council. Officers have included conditions in the Heads of Terms and a right of way will be given to the developer for access in perpetuity to the homes. The site is bounded by two railway embankments and a third, heavily wooded bank. The site is designated a Site of Interest for Nature Conservation, part of a sequence that runs from the City to the Lea Valley. The site was shortlisted for the Best Conceptual Project in the Haringey Design Awards 2018.

6.2. The developer is Marson Property Ltd. [The rest of this paragraph is exempt.] The developer has delivered s106 homes for Housing Associations in the past and has a good reputation.

6.3. The S106 Agreement had set the acquisition price at £3,804,265.00. There will be additional transaction on-costs.

6.4. If the developer does not meet the standards of quality and design in the Council's Employers Requirements and Specifications, which will be part of the contract, the Council can decide not to purchase the homes and the deposit will be returned. The Council's Project Manager, Clerk of Works and Employers Agent will regularly visit the site to assess the build quality and adherence to the Council's requirements. If the developer does not build out the homes within the time agreed, the deposit will be returned to the Council.

6.5. Planning Permission was granted in 2017 for 72 residential homes in four buildings, with 29 parking spaces at semi-basement level and bicycle spaces. The s106 Agreement requires the developer to maintain the ecological corridor and landscaping surrounding the development. There are 14 affordable homes included in the s106, with a mix of 4 Affordable Rent and 10 intermediate homes. This is not the Council's preferred mix and the developer has agreed to submit a non-material amendment to the Planning permission for 10 social rent homes at Council rent levels and 4 shared ownership homes, but for the same maximum acquisition price in the s106 Agreement. This will be a condition precedent to the acquisition. Planning have been informed and have advised it could take the developer 2 months to vary the agreement.

6.6. The s106 homes are in a standalone five storey block with two market sale homes that potentially could be acquired by the Council nearer to completion. Officers are negotiating a revised refuse strategy to enable easier housing management and more affordable service charges.

6.7. The developer is willing to provide a 999 year lease for the fourteen s106 affordable homes and three car parking spaces in the development. The three parking spaces will be allocated to the three social rented family homes. The other homes acquired will not have parking in the development and are restricted from applying for a parking permit for the adjacent estate by the S106 Agreement. There are car clubs operating nearby and the developer is required to use all reasonable endeavours to find a suitably accredited provider for a car club space provided within or outside the development and pay the cost of membership for two years for each first residential occupier of each dwelling that hold a qualifying full drivers license and £50 credit for each membership that is taken up.

6.8. The homes will be acquired into the Housing Revenue Account. The developer has not opted to tax.

6.9. The breakdown of the homes is:

<u>Social rented homes: (10)</u>
1x 1bedroom 1 person
1x 1 bedroom 2 person
5 x 2 bedroom 3 person
2 x 3 bedroom 5 person (1 is a duplex home)
1 x 4 bedroom 6 person

<u>Shared ownership homes: (4)</u>
2 x 1 bedroom 2 person

1x 2 bedroom 3 person
1 x 2 bedroom 4 person

6.10. The scheme is due to start on site in March 2019 with a projected 18 month build programme, although this is still being finalised.

6.11. [This paragraph is exempt.]

6.12. Officers are in discussion with the developer to amend the specification to support the Council’s Employer’s Requirements document and enable appropriate service charges. The Council has specified that the warranty provider is NHBC or Premier with a 10 year warranty cover for structural defects. The specified providers are approved by officers as industry recognised efficient providers in resolving warranty related matters. This will give extra confidence to shared ownership buyers.

6.13. No ground rent is to be charged to the Council as agreed with the freeholder. Final service charge details have not yet been provided, although the estimated projection is likely to range from £35 per week to £43 per week, depending on the number of bedrooms. This is to take into consideration the refuse strategy and additional management costs of the scheme, such as the ecological land management costs in perpetuity as incorporated into the s106 Agreement. More detail on the service charges will be available once a management agent is appointed which is projected to be six months prior to practical completion. Charges are estimated, based on experience from other schemes and indications provided by the developer from a managing agent they generally use. The Heads of Terms cover an acceptable range for weekly charges based on the projection.

6.14. Officers have been informed by the GLA that it is unlikely that grant will be given for this scheme under the Affordable Homes Programme 2016-21, which is a separate funding programme from the Building Council Homes for Londoners programme, in which the Council has recently been offered £62.8m grant.

6.15. The developer will appoint an Energy Management company for operation of the CHP (Combined Heat and Power) system. The property management company will bill Haringey Council and Homes for Haringey will re-charge shared owners for these costs and the tenants. The Council will need to work closely with the freeholder to ensure that the charges are reasonable and the freeholder is required to demonstrate best value and that pre-paid meters are provided for the tenants.

Financial case

6.16. [This section is exempt.]

7. Contribution to strategic outcomes

This decision supports Priority 1: Housing of the emerging Borough Plan and in particular outcome 1, objective c: ‘Deliver 1,000 new Council homes at Council rents by 2022’.

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

Legal

8.1. This report seeks authority to acquire affordable housing units that are yet to be constructed. The Council has authority pursuant to Section 120 of the Local Government Act 1972 to acquire for the purposes of any of its functions under the 1972 Act or any other enactment, by agreement any land, whether situated inside or outside its area. The properties will be acquired for housing purposes and held within the Housing Revenue Account.

8.2. The properties are yet to be built, however as the Council is only paying a deposit on exchange of contract and the balance of the purchase price once the properties have been completed, the development will be at the risk of the developer.

8.3. The Council will, as part of the transaction grant two rights of way over two pieces of land held within the Housing Revenue Account. The granting of these rights will be a disposal. The land is vacant and the Council can grant these rights under section 32 of the Housing Act 1985. This section allows the Council to dispose of HRA land but must obtain the consent of the Secretary of State first. In this instance, the Council can rely on Consent A3.2 of the General Housing Consents 2013 issued by the Secretary of State. This allows disposals of vacant land at a price to be determined the Council.

Finance

8.4. The report is recommending that the Council acquire units at Plevna Crescent pursuant to a S106 agreement. Detailed finance comments are included in the exempt report.

8.5. There is the possibility of capital receipts from the disposal of the four shared ownership homes in the development.

8.6. The financial impact of the acquisition of these properties (the capital cost, capital receipts from the shared ownership sales and rental income) on the HRA business plan which will be addressed as part of the Council's budget setting process for 2019/20.

Equality Comments

8.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

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

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

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

8.2. The decision is to acquire fourteen affordable homes, as part of a development in Seven Sisters, of which ten will be social rented homes. There is a shortage of social rented homes in the borough. This shortage adversely affects households in temporary accommodation and those at risk of homelessness. Data held by the Council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment of the Council's Draft Homelessness Strategy, accessible at this link: http://www.minutes.haringey.gov.uk/documents/s100142/Homelessness%20Strategy%20-%20EQIA.pdf. As such, it is reasonable to anticipate a positive impact from the acquisition of the 10 social rented units for individuals with these protected characteristics.

8.3. There will also be four shared ownership units. These will be marketed and acquisition prioritised in accordance with the Intermediate Housing Policy Statement, on which an EQIA was published.

9. Use of Appendices

Appendix 1 – site map
Appendix 2 – Heads of Terms (draft and not fully agreed yet) [exempt]
Appendix 3 – valuation

10. Local Government (Access to Information) Act 1985

Haringey LONDON

Appendix 1

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of the Local Government Act 1972.

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