

NOTICE OF MEETING

ADULTS & HEALTH SCRUTINY PANEL

Thursday, 10th December, 2020, 6.30 pm – MS Teams meeting (view it [here](#))

Members: Councillors Pippa Connor (Chair), Patrick Berryman, Zena Brabazon, Nick da Costa, Sheila Peacock, Daniel Stone and Lucia das Neves

Co-optees/Non Voting Members: Helena Kania

Quorum: 3

1. FILMING AT MEETINGS

Please note that this meeting will be 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. 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, you are consenting to being filmed and to the possible use of those images and sound recordings.

2. APOLOGIES FOR ABSENCE

3. ITEMS OF URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business (late items will be considered under the agenda item where they appear. New items will be dealt with as noted below).

4. DECLARATIONS OF INTEREST

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

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of 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 interest are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS/PETITIONS/ PRESENTATIONS/ QUESTIONS

To consider any requests received in accordance with Part 4, Section B, Paragraph 29 of the Council's Constitution.

6. MINUTES (PAGES 1 - 12)

To approve the minutes of the previous meeting.

7. SCRUTINY OF THE 2021/22 DRAFT BUDGET / 5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2021/22 - 2025/26) (PAGES 13 - 88)

To scrutinise the revenue and capital proposals relating to the 2021/22 Draft Budget and the Medium Term Financial Strategy for 2021/22 to 2025/26.

8. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 3 above.

9. DATES OF FUTURE MEETINGS

- Mon 1st March 2021 (6:30pm)

Dominic O'Brien, Principal Scrutiny Officer, 020 8489 5896

Tel – 020 8489 5896

Fax – 020 8881 5218

Email: dominic.obrien@haringey.gov.uk

Assistant Director – Corporate Governance and Monitoring Officer
River Park House, 225 High Road, Wood Green, N22 8HQ

Wednesday, 02 December 2020

**MINUTES OF THE MEETING OF THE ADULTS & HEALTH
SCRUTINY PANEL HELD ON TUESDAY 17TH NOVEMBER 2020,
6:30pm - 9:20pm**

PRESENT:

**Councillors: Pippa Connor (Chair), Zena Brabazon, Nick da Costa,
Sheila Peacock, Daniel Stone and Helena Kania**

12. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

13. APOLOGIES FOR ABSENCE

None.

14. ITEMS OF URGENT BUSINESS

None.

15. DECLARATIONS OF INTEREST

Cllr Pippa Connor declared an interest by virtue of her membership of the Royal College of Nursing.

Cllr Pippa Connor declared an interest by virtue of her sister working as a GP in Tottenham.

Cllr Nick da Costa declared an interest by virtue of his ownership of a company working with the NHS, medical providers and healthcare practitioners on a variety of projects, none of which, to his knowledge, work in Haringey Borough though they do work in surrounding areas and with service providers across London.

16. DEPUTATIONS/PETITIONS/ PRESENTATIONS/ QUESTIONS

None.

17. MINUTES

Cllr Connor noted that at the previous meeting there had been a discussion on the Living Through Lockdown report by the Joint Partnership Board. The Panel had recommended that the response from officers to the report should be made first to the Joint Partnership Board and then later to the Adults & Health scrutiny panel. Cllr Connor requested that this be added to the minutes. **(ACTION)**

RESOLVED: With this amendment made, the minutes of the previous meeting on 21st September 2020 were approved as an accurate record.

18. UPDATE ON ADULT MENTAL HEALTH

Tim Miller, Joint Assistant Director for Vulnerable Adults and Children for Haringey Council and North Central London CCG, and Andrew Wright, Director for Planning and Partnerships at Barnet, Enfield & Haringey Mental Health Trust, provided an update for the Panel on adult mental health.

Tim Miller noted that, in addition to the points about mental health services that were highlighted in the slides provided, there had also been a lot of recent work in primary care including the commissioning of a new primary care service for adults with severe mental illness with a focus on physical health. Many of the services had been targeting those at greatest clinical risk from Covid and from health and social inequalities, including BAME communities and areas of greatest economic deprivation. Safe Haven, a non-clinical crisis service, had been introduced as a virtual service with Mind in Haringey. A joint effort across partners in Haringey to support people experiencing homelessness during the Covid pandemic had been effective in reaching those at greatest risk.

Andrew Wright added that demand for mental health services had decreased during the first Covid wave and then increased quite significantly over the summer. There had been only a small reduction in demand following the second lockdown. Commissioners and providers were mindful of the longer-term implications of the wider economic and societal impact on people's mental health.

Andrew Wright also provided a brief update on Blossom Court, the new mental health inpatient unit at St Ann's Hospital. The unit had opened in August with a ceremony attended by Cllr Peacock in her capacity as the Mayor and he thanked colleagues at the Council for their support in getting to this stage as the benefits of the new facilities for patients and staff had been huge.

Tim Miller and Andrew Wright then responded to questions from Members of the Panel:

- Cllr Brabazon asked how services deal with complex anti-social behaviour problems arising when a person with mental ill-health lives in shared accommodation or a block of flats. She noted that Members often found it difficult to obtain multi-agency action in such circumstances when dealing with casework. Andrew Wright responded that, as the local provider, the Trust was very aware of how difficult this type of situation can be for the individual, as well as for neighbours, families and friends. He said that the Trust works closely with colleagues in social care, housing services and other partners to seek to agree solutions with the patient and their families. Cllr Brabazon explained that, from the perspective of a local Councillor, it can be difficult to establish relevant facts in such cases due to confidentiality requirements making it more difficult to get action taken. Cllr Connor added that, in her view, a single point of contact for Councillors for such cases would improve the situation. Andrew Wright said that Councillors were welcome to contact him directly if they had a specific issue and that he would provide some contact details that could be used. Cllr Brabazon said that establishing who is responsible for taking action is difficult and so a multi-agency pathway to deal with such problems should be established. She suggested that the Panel could examine this matter further at a future meeting. Rachel Lissauer, Director of Integration (Haringey) at the NCL CCG, said that local commissioners are trying to drive towards a position where all the different agencies connected with a person with complex needs are brought together on a locality basis to identify and prevent potential crises from escalating. Cllr Connor recommended that a conversation after the meeting could follow to establish contact details for Councillors and a potential pathway for action. **(ACTION)**
- Helena Kania asked about difficulties with warm transfers and of passing people from the 111 team to the mental health team and whether staffing levels could be part of the problem. Andrew Wright said that the Trust's new crisis line acts as a 24/7 access point into mental health services for service users, families, friends and GPs. This should include an interface with the 111 service and he said that he was not particularly aware of a problem in that regard but that he would be happy to look into this further. Andrew Wright suggested that he contact Helena Kania by email after the meeting to obtain further details on the matter. **(ACTION)**
- Cllr Stone asked for further details on the benefits of the new services at Blossom Hill, St Ann's Hospital. Andrew Wright said that, prior to the summer, the inpatient wards at St Ann's Hospital had been among the worst in the country. The hospital had not been built to provide mental health services which only started there in the 1990s, many of the wards had shared bedrooms and there had been a lack of facilities such as en-suite toilets. However, the new building was purpose built, meets all of the national standards and had involved a long process involving services users, carers, staff and others to assist with the design of the facilities. Patients all had single rooms with en-

suite facilities and access to outside space, and the new facilities had also improved the working environment for staff.

- Cllr Peacock showed Members a copy of an information booklet that she had received when visiting St Ann's Hospital which she said was very useful and recommended that copies be circulated to Members. Andrew Wright said that he would be happy to circulate this and added that he would like to invite Members to visit the facilities in future when safe enough to do so in terms of Covid. **(ACTION)**
- Cllr da Costa asked about IAPT (Improving Access to Psychological Therapies) waiting times and the impact of Covid on waiting times. Tim Miller said that the local IAPT service, known as Let Us Talk, provided by Whittington Health was the largest mental health service in the Borough and treats around 7,000 Haringey residents each year. The Haringey service had for some time performed above the national standards for waiting times and had sustained that through the Covid period. However, waiting times were still an issue and could depend of the type of therapy that people want. Service users may also have preferences, for example, on the gender of their therapist, the time of day or the language for their therapy, all of which can vary the waiting time that they may experience. The number of people referred to IAPT during lockdown did fall but the service also had to adapt to providing services online and, while there had been some impact, waiting times over the period were broadly comparable. At present 95% of patients were being seen within 6 weeks (against the national target of 75%) and the average wait between the first and second appointment was around 13 weeks, though wait times could be shorter or significantly longer for certain types of therapy. Cllr da Costa asked if further information could be provided on the number of people dropping off because of frustration with waiting times. Tim Miller said that he didn't have information on drop-offs to hand but would provide this to the Panel. **(ACTION)** Rachel Lissauer added that the IAPT service had been considering, through the use of workshops, how best to provide services for people experiencing anxiety/depression as a result of Covid. Cllr Connor expressed interest in exploring the data further on the long waiting times between the first and second appointments and the reasons for this. **(ACTION)**
- Cllr Connor asked a new community mental health model being co-designed with BEH-MHT, the Council, the CCG and other partners which she understood to involve building the capacity of grassroots community groups that offer early help and prevention. Tim Miller said that NHS Long Term Plan includes a commitment to a new community framework for mental health. An approach to build capacity in the voluntary sector in Haringey had been ongoing for some time. The focus had been particularly on how to ensure that a range of support available to meet a range of needs is available from a better co-ordinated system. The new model was at a very early stage and there was now a working group led by BEH-MHT to look at how this might work in practice, but this

would be a journey that would take a number of years. Andrew Wright added that, from the Trust's point of view, this offers some significant changes, such as peer support workers with lived experience supporting the service. This could also involve helping with wellbeing and prevention where the voluntary sector could bring its expertise and community networking to complement other services. A paper on this was expected to be taken to the Trust's Board in a couple of weeks' time. Cllr Connor said that the Panel would be interested in receiving any papers on this matter that they were willing to share and recommended that the Panel continues to monitor this issue and potentially bring it back for discussion at a future Panel meeting. **(ACTION)**

19. DOMESTIC ABUSE BRIEFING

Chantelle Fatania, Consultant in Public Health, introduced a briefing on domestic abuse supported by members of the Violence Against Women & Girls (VAWG) team, Manju Lukhman (VAWG Strategic Lead), Catherine Clark (VAWG Coordinator) and Caterina Giammarresi (VAWG Coordinator).

Chantelle Fatania highlighted the following key points from the report provided in the agenda pack:

- During the first national lockdown there had been an increase in calls to the national domestic abuse helplines for victims, rising use of the Women's Aid online support tool, an increase in calls and messages to the Respect perpetrator phone line and website and an increase in calls to the NSPCC from children experiencing domestic abuse.
- Locally, service providers and partners such as the Police also reported increased contacts compared to the previous year and there was a widespread recognition that domestic abuse victims faced additional barriers to reporting during lockdown and were less likely to be able to contact others for help.
- Since the start of the pandemic, Haringey Council had worked with partners and service providers to identify and support residents who needed help. All commissioned domestic abuse services continued to operate with some transitioning to additional online and telephone support and referrals continued to VAWG and domestic abuse providers as normal. All specialist services commissioned by Haringey Council had reported increased levels of risk, complexity and severity at the point of referrals during lockdown.
- The Independent Domestic Violence Advocacy (IDVA) service offers support to women experiencing domestic abuse who are at a high risk of serious harm or homicide. There is also a Floating Support service, provided by Solace Women's Aid, which offers support to women experiencing domestic abuse who are at a medium and standard risk of serious harm or homicide. Both services had transitioned to operating online and by telephone.
- The IRIS service offers support to women experiencing domestic abuse who present to their GP. Their clients had reported that the lockdown had made it

harder to leave or get space from their perpetrator, had caused an increase in childcare responsibilities, that perpetrators have been using the pandemic as an excuse to further control the victim and that clients were reporting a decrease in emotional wellbeing.

- The Multi-Agency Risk Assessment Conference (MARAC) is a meeting where all high-risk domestic abuse cases are discussed and actions to increase safety are agreed by multi agency partners. At the start of the first lockdown, the MARAC had to undergo a rapid transformation into a virtual format, resulting in a significant increase in workload.
- At the start of the first lockdown, the refuges provided by Solace (15 spaces) were already full. The Ministry for Housing, Local Communities and Government (MHCLG) provided additional resources such as hotel accommodation and the London Black Women's Project was commissioned to provide 4 single BME refuge spaces, which were due to open soon. Personal Protective Equipment (PPE) was provided to refuges and weekly food/essential supplies packages were provided to families in refuges as part of the Council's emergency food delivery scheme.
- The VAWG team increased communications to make clear that VAWG services were still operating in the borough and provided details of how to get support via the Haringey Domestic Abuse Helpline. Communications information also included an email address which survivors could access in case speaking on the phone could put them at risk in the home and details of the '55 Silent Method' which survivors could use in the event they needed to phone the police but were unable to speak. Communications information was sent out with the food parcels being delivered to thousands of homes across the borough.
- Other measures have included a two-hour Coordinated Community Response (CCR) webinar on recognising the signs of abuse which had been delivered to over 130 local practitioners and community members and the organisation of a VAWG BAME Community Forum to discuss barriers and solutions facing BAME women experiencing VAWG.

The Panel welcomed the detailed report that had been provided and asked questions to the officers:

- Cllr Connor noted that on page 33 of the agenda pack it was stated that the total number of substantive offences from March to September 2020 was 4,361 in the Met Police North area and asked whether it has been possible to reduce the risk for women and girls in these situations. Catherine Giammarresi said that this figure came from Police data but said that a high level of Police reports may also reflect that the messaging that encourages people to report incidents was working. Manju Lukhman added that contacts to local services had been going up steadily but not drastically and that there was a piece of work to be done to reach other people who want to report but have not done so. A new commissioning response was planned to try to remove some of those barriers.

- Cllr Brabazon asked about the current situation with court proceedings. Catherine Clark confirmed that some delays to cases were occurring. She added that there are other options available to victims of domestic abuse that don't involve going through a criminal court, such as civil orders which the IDVA service provides assistance to apply for. The Police also has powers that are being used including Domestic Violence Prevention Orders that don't require extensive court involvement. Manju Likhman added that there were currently significant delays in the Family Courts which had implications for domestic abuse cases, especially where children are involved.
- Cllr Brabazon asked about the implications of children having been out of schools. Manju Likhman said that schools were a significant gap in referrals during lockdown. However, now that schools had reopened, a project called Operation Encompass was being used where schools are notified of Police cases. The Council had also commissioned a training programme for schools called POW (Protecting Our Women). Caterina Giammarresi added that, even before the lockdown, schools had been a priority for the VAWG team with a strand of work involving engaging with young people. The POW programme goes into schools to provide direct one-to-one support and areas of concern can be fed back to the VAWG team.
- Cllr Stone asked the new duties and funding that would come with the Domestic Abuse Bill currently going through Parliament as outlined in the report. Manju Likhman said that the Second Reading of the Bill was still being awaited and the £50,000 of funding expected for Haringey, while useful, still fell short of what was needed given the shortage of refuge spaces in the Borough.
- Cllr da Costa asked about the Domestic Violence Intervention Project (DVIP) which, according to the report, ended on 31st October 2020 with interim arrangements put in place. Manju Likhman explained that this related to a perpetrator project and she was confident that the service would be just as effective under the interim arrangements. A funding bid had recently been made with another partner to continue the project with a new model that would improve the service by including facilitators with language skills in key communities such as Turkish. The outcome of the funding bid was expected to be known in December.
- Cllr da Costa asked about support for the LGBT+ community as part of the team's work. Manju Likhman said that the team works closely with agencies that engage with this community. Future options include some joint commissioning work with other boroughs and also some community work to remove barriers and ensure that the community feels confident to approach services. This would be built into the VAWG commissioning strategy with new contracts expected to start in April 2022.
- Asked by Cllr Connor about engagement with community groups, Manju Likhman said that there was likely to be unreported domestic abuse within some communities so it would be important to work with them to remove

barriers to reporting. Caterina Giammarresi added that recommendations had emerged from the VAWG BAME forum, some of which were about community capacity building and peer to peer support. These measures would help people to feel more comfortable to make disclosures through individuals from within their community rather than directly to the Police or other local statutory services.

- Cllr Connor expressed concern about the shortage of refuge spaces and suggested that the Panel take this matter up with the Cabinet Member. Manju Lukhman said that a new building for refuge space had been secured but capital funding would be required and it was likely to be around three years before the spaces would be available. Additional capacity would therefore be required in the meantime.

20. HARINGEY ADULT SAFEGUARDING BOARD - ANNUAL REPORT 2019/20

Dr Adi Cooper, Independent Chair of the Haringey Adult Safeguarding Board, introduced the Board's Annual Report for 2019/20 which is one of the Board statutory duties. Dr Cooper said that the Board uses this report as an opportunity to promote awareness of safeguarding adults. The core purpose of the report was to demonstrate the progress that had been made against the plans that had been set by the Board the previous year through the work of the sub-groups and partnerships. The report also provided details of the Board's statutory responsibility for Adult Safeguarding Reviews and, although no reviews were published in 2019/20, there was still significant activity in this area with cases and thematic areas being put forward to be examined.

Due to the Covid pandemic, the report was slightly scaled down compared to previous years because some agency partners were responding to the pandemic and were unable to contribute to the report in the way that they normally would. The Board had set up a Covid task and finish group which had been meeting monthly and monitoring the impact of Covid and the response of partner agencies to ensure that core safeguarding duties have been met.

Dr Cooper then responded to questions from the Panel:

- Cllr da Costa asked about the increase in Section 42 Enquiries by 17% overall with a significant rise in the home as an abuse type as set out in the report. Dr Cooper said that the increase in Section 42s was good news as Haringey had been low compared to the average so her interpretation of this was an improvement in practice. The increase in the proportion of abuse in the home this was reflected nationally, including because more people were being cared for in their own homes, more abuse in the home was now being reported and also there was potentially improved care standards in institutional settings.
- Cllr Brabazon asked about the processes used to monitor systemic change following the recommendations of a Safeguarding Adults Review (SAR). Dr Cooper said that the learning from the SARs aim to shift practice. All of the

recommendations from the SARs have actions against them, some of which are for individual agencies and others for multiple agencies. These actions are all monitored, though it can be difficult to demonstrate long term impact. The recommendations from the SAR into the death of “Ms Taylor” in a fire had been responded to on aspects such as training and fire safety. There were certain areas of poor practice, including poor communication, that come up regularly in SARs so there was a significant challenge in ensuring that the recommendations do lead to real change in the interface between agencies. A workshop had been held earlier in the year to bring various agencies together to discuss this. However, a suitable mechanism which assesses whether improvements have been successfully embedded had not yet been established so this remained an ongoing objective though progress towards this had unfortunately been impacted by Covid.

- In response to a point from Cllr Connor about ensuring that the Making Safeguarding Personal initiative was fully embedded, Dr Cooper pointed to page 28 of the report which showed a significant improvement in the proportion of people who are asked what their outcomes are and whether these were then met.
- Cllr Connor asked about an action on joint Children’s and Adults Social Services partnership working, Dr Cooper said that this cross-cutting work had been continuing with a joint meeting earlier in the year and an extensive report back. It had been affected by Covid, but progress had been made and further details would be provided in the following year’s report.
- Cllr Connor asked for further details on why partner agencies had not contributed towards the report and whether this meant that some safeguarding actions had not been taken. Dr Cooper said that she was confident that partners were meeting safeguarding responsibilities and that the issue had been more that the reports for the annual review were required in April /May at a time when agencies were fully occupied with responding to Covid.

21. CABINET MEMBER QUESTIONS

Cllr Sarah James, Cabinet Member for Adults and Health provided a short update to the Panel on developments within her portfolio. She said that the major preoccupation of services was obviously on the Covid outbreak and the second lockdown. Although case numbers did not seem to be as severe this time round so far, there was potential for infection rates to rise rapidly. There had been small numbers of cases in care homes this time so far but no major outbreak.

Cllr James said there had also been a lot of work on improving discharge from hospitals, getting autism services up and running again, supporting care homes, the launch of a new Carers Strategy, work on a Modern Slavery Strategy and also work on VAWG as discussed earlier in the meeting. The Connected Communities programme had been shortlisted for a pan-European award for the second year

running, a mark of the ongoing work to support the community and keep people safe and healthy during difficult times.

Cllr James then responded to questions from the Panel:

- Asked by Helena Kania about the Joint Partnership Board's 'Living Through Lockdown' report and when the Council's response to this was expected, Cllr James said that the report was very helpful and was being discussed in meetings on a regular basis in terms of the response to the needs of the community caused by lockdown. Charlotte Pomery, AD for Commissioning, echoed this point, saying that the report was being used to help with the planning of services including on the themes such as communications. She and Rachel Lissauer had recently attended a meeting of the Joint Partnerships Board with next steps being shaped on working together with a number of people there. Charlotte Pomery indicated that they would be happy to return to a future meeting of the Board at their invitation. Cllr Connor suggested that after officers had met with the Joint Partnerships Board, they could then report back to the Adults & Health Scrutiny Panel as is currently pencilled in for February 2021. **(ACTION)**
- Asked by Cllr Stone about progress towards the opening of services at Walthoef Gardens, Cllr James said that she had visited the site a couple of weeks previously and builders were on site to redevelop the interior of the site. The opening of new services was expected in the New Year, dependent on the situation with Covid. There are two buildings on the site, one of which would be used for a complex learning disability and autism service to be known as the Haringey Opportunities Project. The commissioning process had already been concluded with Centre 404 providing the services. The second building would be used for an autism hub which would focus on residents who are autistic but without a learning difficulty. The service had already been staffed and was already working as a virtual service.
- Cllr Brabazon asked about intergenerational housing projects, specifically two sheltered housing blocks in Tottenham. There had reportedly been some recent difficulties including a police raid and the arrest of a gang member but there were also some vulnerable elderly people living there. Cllr James said that this area was not within her portfolio though she had taken an interest in it. In general, she said that she saw it as a positive initiative, though there may inevitably be difficulties at times. Charlotte Pomery added that while she was not able to respond to the specific case raised, the service had been commissioned by the Council and delivered jointly by Centre Point and Homes for Haringey (HfH). It was a two-year pilot scheme that was currently one year in. There had recently been a review, they were aware of some recent challenges in bringing such an innovative scheme forward and there was a significant amount of scrutiny on the project. Cllr Peacock noted that she had been closely involved in the scheme when it was being set up. She said that

the premise of the scheme was a good idea and was confident that the recent issues mentioned were being addressed. Cllr Brabazon agreed that inter-generational communities were a good idea but said that schemes like this needed careful managing and monitoring. Charlotte Pomery said that there was a lot of collaborative work ongoing with feedback from any complaints, a detailed review, regular meetings with the two providers and helpful feedback from residents. Cllr Connor asked if the written review could be shared with the Panel and Charlotte Pomery said that at least a summary of the review could be provided. **(ACTION)**

- Cllr Brabazon asked about the new commissioning arrangements referred to earlier in the meeting during the mental health item, and whether there could be an overreliance on volunteers. Cllr James said that this was an important initiative, bringing people together cooperatively to achieve particular ends. She said that mental health services had sometimes been fragmented in the past so this would help to ring them together through strategic aims. She added that this was not a way of getting free volunteer labour - groups such as MIND were leading the Haringey Volunteer Network, a large number of community groups were involved in wellbeing work and a network of social prescribers were commissioned through the NHS. These groups could reach people that the Council or the NHS alone could not reach so this kind of approach would help towards making communities more resilient. Charlotte Pomery added that the voluntary and community sector had an important role to play in the work coordinated through the Borough Partnership and this approach would not only highlight that but ensure that they get funded and reimbursed for that work. The voluntary and community sector had reach into the community, trust and the ability to work flexibly. Cllr Brabazon and Cllr Connor suggested that further scrutiny of this approach should take place at a future meeting. Cllr Connor suggested that this could be most beneficial early in the process, potentially as early as Feb/Mar 2021. **(ACTION)**
- Asked by Cllr Connor about the shortage of refuge spaces referred to earlier under the VAWG item. Cllr James acknowledged that this was a huge issue, made more challenging by the shortage of housing in the Borough. A new 4-bed BAME space would be coming on stream soon but overall this remained a difficult problem. Charlotte Pomery added that the Council was actively looking at expanding refuge provision and was working closely with the GLA on the funding for that. Cllr Connor recommended that the Panel keeps a watching brief on this issue. **(ACTION)**

22. WORK PROGRAMME UPDATE

Cllr Connor introduced this item noting that the Panel's budget scrutiny meeting would be held on 10th December. There had been discussions on holding an additional informal briefing on finance in early December to ensure that Members had all the

information required ahead of the main meeting, including information on the capital programme.

Items currently scheduled for the Panel meeting in early 2021 including the CQC overview, the Living Through Lockdown report and locality working in North Tottenham. The community commissioning model on mental health earlier in the meeting would now be added to the list. **(ACTION)**

Helena Kania suggested that the Panel could also look at the impact of the new expanded CCG which now covered the NCL area. Cllr Connor suggested that this could be added to the following year's work programme. **(ACTION)**

On the unfinished scrutiny review on commissioning, Cllr Connor reported that she had been in discussions with senior officers who had said that, in the current circumstances, they did not have the capacity to help provide the evidence required to finish the review.

Cllr Connor reported that she had discussed with Cllr Ruth Gordon, Chair of the Housing & Regeneration scrutiny panel, the possibility of a joint meeting between the two Panels on the subject of supported housing.

23. DATES OF FUTURE MEETINGS

- Thurs 10th Dec 2020
- Tues 23rd Feb 2021

CHAIR: Councillor Pippa Connor

Signed by Chair

Date

Report for: Adults and Health Scrutiny Panel, 10th December 2020

Title: Scrutiny of the 2021/22 Draft Budget / 5 Year Medium Term Financial Strategy (2021/22-2025/26)

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

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

Ward(s) affected: N/A

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

1. Describe the issue under consideration

- 1.1 To consider and comment on the Council's 2021/22 Draft Budget / 5-year Medium Term Financial Strategy (MTFS) 2021/22 – 2025/26 proposals relating to the Scrutiny Panels' remit.

2. Recommendations

- 2.1 That the Panels consider and provide recommendations to Overview and Scrutiny Committee (OSC), on the 2021/22 Draft Budget/MTFS 2021/22-2025/26 and proposals relating to the Scrutiny Panel's remit.

3. Background information

- 3.1 The Council's Overview and Scrutiny Procedure Rules (Constitution, Part 4, Section G) state: "The Overview and Scrutiny Committee shall undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol covering the Overview and Scrutiny Committee".
- 3.2 Also laid out in this section is that "the Chair of the Budget Scrutiny Review process will be drawn from among the opposition party Councillors sitting on the Overview and Scrutiny Committee. The Overview and Scrutiny Committee shall not be able to change the appointed Chair unless there is a vote of no confidence as outlined in Article 6.5 of the Constitution".

4. Overview and Scrutiny Protocol

- 4.1 The Overview and Scrutiny Protocol lays out the process of Budget Scrutiny and includes the following points:
- a. The budget shall be scrutinised by each Scrutiny Review Panel, in their respective areas. Their reports shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC.

- b. A lead OSC member from the largest opposition group shall be responsible for the co-ordination of the Budget Scrutiny process and recommendations made by respective Scrutiny Review Panels relating to the budget.
- c. Overseen by the lead member referred to in paragraph 4.1.b, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the new Draft Budget/MTFS. Each Panel shall consider the proposals in this report, for their respective areas. The Scrutiny Review Panels may request that the Cabinet Member for Finance and/or Senior Officers attend these meetings to answer questions.
- d. Each Scrutiny Review Panel shall submit their final budget scrutiny report to the OSC meeting in January containing their recommendations/proposal in respect of the budget for ratification by the OSC.
- e. The recommendations from the Budget Scrutiny process, ratified by the OSC, shall be fed back to Cabinet. As part of the budget setting process, the Cabinet will clearly set out its response to the recommendations/proposals made by the OSC in relation to the budget.

5. 2021/22 Draft Budget & Medium Term Financial Strategy (MTFS) 2021/26

- 5.1 The MTFS agreed by Council in February 2020 assumed two years of relatively low budget gap (£1.9m & £3.1m) for 2021-2023; this was before the pandemic. The pandemic continues to have a significant adverse effect on the wider economy and public finances, reducing demand and supply in the short and medium term, presenting individuals, businesses and organisations with unprecedented challenges. The medium to long-term impact is unknown, though the OBR has forecast a return to pre-pandemic levels will not take place until late 2022.
- 5.2 The impact of Covid-19, has been such that the Council has fundamentally reconsidered its corporate planning including its change programmes and, reviewing the outputs and learning from the Recovery and Renewal work to understand the changed context in which it now works.
- 5.3 This Draft 2021/22 Budget and 2021/26 MTFS has sought to respond to this shift in Borough Plan via its General Fund (GF) and Housing Revenue Account (HRA) financial strategies and capital investments, including a more holistic approach to achieving organisational transformation and associated revenue savings, via work that spans across the organisation's departments. It also incorporates our best understanding of the ongoing implications of the COVID-19 pandemic on our services and plans. It has been clear all the way through what have been many months of financial planning that this would be an extremely difficult budget for the Council. Before making any additional savings and the recent SR20 announcements, the Council's forecast budget gap for 21/22 had increased to £17m, an increase of £15m on the February forecast.
- 5.4 The recent SR 20 provides some level of financial improvement to this and other authorities for next year's budget, including additional social care grants. However, the main opportunity it provides for local authorities, including this

council, is to generate funding to protect services at this key moment by increasing its council tax income. This draft budget therefore includes an assumption of additional income from a general council tax increase of 1.99% (the threshold set by government is 2%) and a further Adults Social Care Precept of 3% (the maximum allowed by Government), which give a total council tax charge increase of 4.99%. This proposed increase forms part of the budget consultation.

- 5.5 As it stands (and before any late adjustments), the Council is able set out a balanced draft budget for 2021/22, but only with a significant one-off use of £5.4m of reserves.
- 5.6 This meeting is asked to consider the proposals relating to the services within its remit and to make draft recommendations to be referred to the Overview and Scrutiny Committee on 18th January 2021 for discussion, prior to approval and referral to Cabinet for consideration in advance of the Full Council meeting on 22nd February 2021. For reference the remit of each Scrutiny Panel is as follows:
- Housing & Economy Priorities - Housing and Regeneration Scrutiny Panel
 - Place Priority - Environment and Community Safety Scrutiny Panel
 - People (Children) Priority – Children and Young People Scrutiny Panel
 - People (Adults) Priority – Adult and Health Scrutiny Panel
 - Your Council Priority – Overview and Scrutiny Committee
- 5.7 As an aide memoire to assist with the scrutiny of budget proposals, possible key lines of enquiry are attached at **Appendix A**. This report is specifically concerned with Stage 1 (planning and setting the budget) as a key part of the overall annual financial scrutiny activity.
- 5.8 **Appendix B** is the Draft 2021/22 Budget & 2021/26 MTFS considered by Cabinet on 8th December 2020. This report sets out details of the draft Budget for 2021/22 and Medium Term Financial Strategy (MTFS) 2021/26, including budget reductions, growth and capital proposals. This includes details of estimated funding for 2021/22 and the remainder of the planning period and highlights areas of risk.
- 5.9 **Appendix C** provides details of the new revenue and capital budget proposals relevant to each Panel/Committee. A summary is provided, followed by detailed information for each proposal. Any invest to save revenue proposal dependent on capital or flexible use of capital receipts for successful delivery has been clearly identified in the summary.
- 5.10 **Appendix D** lists the pre-agreed savings relevant to each Panel/Committee. This document provides additional context and background to enable a more robust scrutiny of the draft proposals. Attention is also drawn to the 2020/21 Quarter 2 Finance Update Report presented to Cabinet on 8th December 2020 which provides a summary of the in year budget implications facing the authority which has informed the 2021/22 Draft Budget proposals now presented. The

Council's 2020/21 Budget Book provides details of service budgets for the current year.

6. Contribution to strategic outcomes

6.1 The Budget Scrutiny process for 2021/22 will contribute to strategic outcomes relating to all Council priorities.

7. Statutory Officers comments

Finance

7.1 There are no financial implications arising directly from this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

Legal

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

7.3 In accordance with the Council's Constitution (Part 4, Section G), the Overview and Scrutiny Committee should undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol, which is outside the Council's constitution, covering the Overview and Scrutiny Committee.

Equality

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

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

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

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

7.7 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.

7.8 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.

7.9 Any comments received will be taken into consideration and included in the Budget report presented to Cabinet on 9th February 2021.

8. Use of Appendices

Appendix A – Key lines of enquiry for budget setting

Appendix B – 2021/22 Draft Budget & 2021/26 Medium Term Financial Strategy Report (presented to Cabinet 8th December 2020)

Appendix C – 2020 New Budget Proposals

Appendix D - Pre-agreed savings

9. Local Government (Access to Information) Act 1985

Background papers: 2020/21 Quarter 2 Finance Update Report - Cabinet 8th December 2020

<https://www.minutes.haringey.gov.uk/documents/s119987/Q2%20Finance%20Update%20Report%20ver2.0%20Cabinet%20FINAL.pdf>

2020/21 Budget Book

https://www.haringey.gov.uk/sites/haringeygovuk/files/haringey_2020-21_budget_book.pdf

Financial Scrutiny: Understanding your Role in the Budget Process

This document summarises issues and questions you should consider as part of your review of financial information. You might like to take it with you to your meetings and use it as an aide-memoir.

Overall, is the MTFS and annual budget:

- A financial representation of the council's policy framework/ priorities?
- Legal (your Section 151 Officer will specifically advise on this)?
- Affordable and prudent?

Stage 1 – planning and setting the budget

Always seek to scrutinise financial information at a strategic level and try to avoid too much detail at this stage. For example, it is better to ask whether the proposed budget is sufficient to fund the level of service planned for the year rather than asking why £x has been cut from a service budget.

Possible questions which Scrutiny members might consider –

- Are the MTFS, capital programme and revenue budget financial representations of what the council is trying to achieve?
- Does the MTFS and annual budget reflect the revenue effects of the proposed capital programme?
- How does the annual budget relate to the MTFS?
- What level of Council Tax is proposed? Is this acceptable in terms of national capping rules and local political acceptability?
- Is there sufficient money in “balances” kept aside for unforeseen needs?
- Are services providing value for money (VFM)? How is VFM measured and how does it relate to service quality and customer satisfaction?
- Have fees and charges been reviewed, both in terms of fee levels and potential demand?
- Does any proposed budget growth reflect the council's priorities?
- Does the budget contain anything that the council no longer needs to do?
- Do service budgets reflect and adequately resource individual service plans?
- Could the Council achieve similar outcomes more efficiently by doing things differently?

Stage 2 – Monitoring the budget

It is the role of “budget holders” to undertake detailed budget monitoring, and the Executive and individual Portfolio Holders will overview such detailed budget monitoring. Budget monitoring should never be carried out in isolation from service performance information. Scrutiny should assure itself that budget monitoring is being carried out but should avoid duplicating discussions and try to add value to the process. Possible questions which Scrutiny members might consider –

- What does the under/over spend mean in terms of service performance? What are the overall implications of not achieving performance targets?
- What is the forecast under/over spend at the year end?
- What plans have budget managers and/or the Portfolio Holder made to bring spending back on budget? Are these reasonable?
- Does the under/over spend signal a need for a more detailed study into the service area?

Stage 3 – Reviewing the budget

At the end of the financial year you will receive an “outturn report”. Use this to look back and think about what lessons can be learned. Then try to apply these lessons to discussions about future budgets. Possible questions which Scrutiny members might consider –

- Did services achieve what they set out to achieve in terms of both performance and financial targets?
- What were public satisfaction levels and how do these compare with budgets and spending?
- Did the income and expenditure profile match the plan, and, if not, what conclusions can be drawn?
- What are the implications of over or under achievement for the MTFS?
- Have all planned savings been achieved, and is the impact on service performance as expected?
- Have all growth bids achieved the planned increases in service performance?
- If not, did anything unusual occur which would mitigate any conclusions drawn?
- How well did the first two scrutiny stages work, were they useful and how could they be improved?

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Report for: Cabinet 08 December 2020

Item number: **To be added by the Committee Section**

Title: **2021-22 Budget and 2021-2026 Medium Term Financial Strategy**

Report authorised by : Jon Warlow, Director of Finance

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

Ward(s) affected: All

Report for Key/ Key
Non Key Decision:

1. Describe the issue under consideration
 - 1.1 This report sets out details of the draft Budget for 2021/22 and Medium Term Financial Strategy (MTFS) 2021/26, including budget reductions, growth and capital proposals. This includes details of estimated funding for 2021/22 and the remainder of the planning period and highlights areas of risk. The report recommends that budget proposals are released for public consultation and Scrutiny consideration. The report addresses the impact that the Covid-19 pandemic has had on the financial planning process this year and the steps that the Council has taken to respond to this challenge. It also incorporates the Council's present best estimate of the implications of the Spending Review 2020 (SR20). The implications of expected further details from Government yet to be received, including the Local Government Funding Settlement, will be taken into consideration before the Final Budget for 2021/22 and Medium Term Financial Strategy (MTFS) 2021/26 are considered by Cabinet – to include its response to the consultation - and Full Council for ratification in February 2021.
 - 1.2 The current MTFS 2020/25 that Full Council approved in February this year assumed two years of relatively low budget gap (£1.9m & £3.1m) for 2021-2023, was before the pandemic. The pandemic continues to have a significant adverse effect on the wider economy and public finances, reducing demand and supply in the short and medium term, presenting individuals, businesses and organisations with unprecedented challenges. The medium to long-term impact is unknown, though the OBR has forecast a return to pre-pandemic levels will not take place until late 2022.
 - 1.3 Covid-19 affects everything local authorities do – as community leaders, public health authorities, education authorities, employers, partners and service deliverers. The Council is continuing to focus on responding to the crisis while ensuring normal critical services are provided. The proposals within this report

address the financial implications of the Council's response to its community's needs.

- 1.4 The pandemic has had a profound impact on all areas of the Council's finances. In the 2020/21 financial year the gross variation from budget is anticipated to be around £40m in the general fund alone. At the current time of writing not all of this is covered by confirmed government funding. The Council's Quarter 2 in-year budget monitoring reporting shows that the net pressure arising from Covid-19, taking into account government funding announced to date is around £4m (over and above other base budget pressures that need to be managed). This of course remains under constant review, as there are a large number of uncertainties around how the pandemic will impact the Council's finances going through the winter of 2020/21. The pandemic will also have a legacy impact on the Council's finances, the larger implications relating to growth pressures, income collection and the Council's savings programme.
- 1.5 While the budgetary impact of the pandemic is unprecedented, the Council also continues to focus on the implications of the UK's impending exit from the EU (Brexit) and its potential to significantly impact on budget plans and available resources. It is not possible to quantify the impact that this may have, which is further reason that the Council maintains sufficient financial resilience.
- 1.6 As is this Council's practice, it sets out here a budget which is intended to recognise and respond to forecast demands upon the Council and taking a realistic view of its circumstances. A detailed challenge to the growth and savings assumptions in the existing MTFs was undertaken alongside base budget pressures highlighted as part of the in year budget monitoring. As in previous years the Council's budget also reflects unavoidable demand led growth for services in its annual budgeting to ensure all budgets which are set are realistic and reflect the reality of demand that exists for certain services. As a consequence, the Council is proposing here to invest a further £8.6m, primarily into its Adults and Children's services to meet care needs (before savings).
- 1.7 The impact of Covid-19, has been such that the Council has fundamentally reconsidered its corporate planning including its change programmes and, reviewing the outputs and learning from the Recovery and Renewal work to understand the changed context in which it now works.
- 1.8 The Recovery and Renewal planning focussed on:
 - Looking again at the Borough Plan priorities and principles and reflecting on what needs to change as a result of Covid-19, including as part of conversations with partners, to understand systems-wide perspective

- Reviewing our service delivery, to meet the challenge of delivering services in a new world of living with Covid-19 and doing so in a smaller budget envelope
- Working with partners to understand the systems-wide impact

1.9 The 2019 Borough Plan already focuses on tackling inequality and unfairness and the impact of Covid-19 has highlighted the increased urgency of some of our priorities. The Council is now increasingly focussing on intervening early and preventing issues from escalating, building wealth back into Haringey communities, sustaining the positive impact that we have seen on the environment during the crisis period, and helping people to use digital methods of communication to interact with us and each other. Going forward, the refreshed Borough Plan will prioritise delivering economic recovery, health and wellbeing and strengthening our communities through the five Borough Plan priorities:-

- 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

1.10 This Draft 2021/22 Budget and 2021/26 MTFS has sought to respond to this shift in Borough Plan via its General Fund (GF) and Housing Revenue Account (HRA) financial strategies and capital investments, including a more holistic approach to achieving organisational transformation and associated revenue savings, via work that spans across the organisation's departments. It also incorporates our best understanding of the ongoing implications of the covid pandemic on our services and plans. It has been clear all the way through what have been many months of financial planning that this would be an extremely difficult budget for the Council. Before making any additional savings and the recent SR20 announcements, the Council's forecast budget gap for 21/22 had increased to £17m, an increase of £15m on the February forecast.

1.11 The recent SR 20 provides some level of financial improvement to this and other authorities for next year's budget, including additional social care grants. However, the main opportunity it provides for local authorities, including this council, is to generate funding to protect services at this key moment by increasing its council tax income. This draft budget therefore includes an assumption of additional income from a general council tax increase of 1.99%

(the threshold set by government is 2%) and a further Adults Social Care Precept of 3% (the maximum allowed by Government), which give a total council tax charge increase of 4.99%. This proposed increase forms part of the budget consultation.

- 1.12 As it stands (and before any late adjustments), the Council is able set out here a balanced draft budget for 2021/22, but only with a significant one-off use of £5.4m of reserves. It has not been possible at this time to fully address the forecast financial impact of Covid on next year without such a use of reserves.
- 1.13 The Council always maintains a five year future forecast of its finances via its MTFS. After the above assumptions and taking account of planned greater future years savings, it is still forecasting a gap of circa £8m for 2022/23 and more in subsequent years. This points towards a difficult budget round again next year and this underlines the significance of the Council's proposal's for council tax increases this year.
- 1.14 How this gap will be closed will need to be addressed by this time next year. Given the extent of changes already factored into our plan, this will be very challenging to the Council.
- 1.15 Despite the financial pressure on the Council, it continues to look to respond in new ways to the most pressing demands upon it. The proposed budget for next year now includes additional funding for the following:
 - Free Schools Meals - £0.300m funding in 2021/22 and 2022/23 (on top of the £0.050m pa put in place in 2019/20)
 - Welfare Assistance Scheme - £0.3m funding in 2021/22 and 2022/23
 - Voluntary and Community Sector – £0.25m in 2021/22
 - Youth Services – £0.25m in 2021/22
 - Haringey University Bursary Scheme - £0.12m over 3 years
 - Recruit Local People - £0.10m over 2 years
- 1.16 While like all Councils our revenue budget remains tightly constrained, our capital programme also provides important opportunities to address our communities' needs. The report also sets out substantial proposed additions to the current General Fund Capital Programme including funding for:
 - the creation on the Wood Green Youth Hub: £1m
 - further school conditions work: £33m
 - increased investment in our roads, pavements and other public realm: £18m
 - expansion of the strategy to tackle empty homes: £5m
 - the completion of the Pendarren refurbishment: £4.6m
 - replacement of the Adults Social Care system: £2.5m

- the Good Economy Plan £2m, and a number of additional workspace creation schemes: £3.4m
 - implementing the Alternative Provision Strategy: £12m
 - the complete refurbishment of the Civic Centre £14.25m (additional to existing budget of £9.75m).
- 1.17 For schools, the indicative Dedicated Schools Budget (DSB) funding, which is ring fenced for the delivery of education services, is also outlined. This includes the concerning implications of the on-going budget pressure on the High Needs Block (HNB) from legislative changes to service provision responsibilities introduced in the 2014 Children and Families Act. While this is, to an extent, addressed by the increase in High Needs DSG grant announced for 2021/22 and onwards, the council has a significant annual deficit and a difficult legacy position to be addressed in the form of a negative carried forward DSG reserve. The Government is considering what if any additional assistance will be provided to local authorities to address this position.
- 1.18 The report includes the draft Housing Revenue Account (HRA) revenue budget and HRA Capital programme, incorporating the work on updating the HRA Business Plan. This is a complex plan and Members should be aware that there may be further changes before the final budget package is presented in February, though this will not affect the rent proposals for 2021/22 included here.
- 1.19 The 2021/22 Budget and 2021/26 MTFs will continue to be refined between now and mid-February when the final plans will be presented to Cabinet for consideration before presenting to Full Council on 22 February 2021 for ratification. This will include the detailed implications of SR20, the local government funding settlement figures and the Cabinet's response to consultation. As part of this further work, additional opportunities for reducing the reliance on reserves to balance the 2021/22 budget will continue to be explored.
- 1.20 The developments most likely to impact on the 2021/22 Budget plans presented in this report before February are:
- Further clarity on the funding announcements contained within SR20
 - funding changes in the provisional & final Local Government Finance settlement
 - the outcome of public consultation, equalities impact assessments and any recommendations from Overview and Scrutiny committee
 - further refinement of the HRA business plan and consequent changes to the capital programme
 - any further significant change in assumptions around Covid-19 or Brexit

2. Cabinet Member Introduction

2.1 This is a progressive budget at a time of hardship.

2.2 The last 6 months has been unprecedented. The impact of the global coronavirus pandemic has been felt in every home, business and community in our borough. What began as a public health crisis swiftly became a food crisis, a housing crisis, an education crisis and an economic crisis. This has demanded unprecedented action from Haringey Council. In particular we have had a relentless focus on the most vulnerable people in our community – taking action to protect and support our people.

2.3 This has taken a toll on our finances. In the current year the gross financial impact of the pandemic is around £40million compared to our planned budget. Due to the sound management of our finances, the authority was able to do what was necessary knowing that we were not at risk as an organisation. This was particularly important given lack of clarity from central Government about whether they would fulfil their commitment to meet the costs of Covid.

2.4 The budget monitoring reports I have presented this year not only highlight the scale of the impact of Covid on the organisation's finances, but also highlight that progress that has been made on stabilising our business as usual budgets, and delivering on our planned MTFs savings programme. The budget reductions proposed in this report focus as much as possible on delivering efficiencies, service re-design, programmes which cut across departmental boundaries or increasing income instead of service level cuts.

2.5 The Council remains alive to reviewing all budget risks and savings programmes annually, and underlying pressures such as base budget issues which have arisen, demographic growth that is unavoidable and savings that will be delayed or no longer achievable, are all addressed as part of the 2021/22 Budget now proposed, though this report shows that it will not be possible to set a balanced budget for the 2021/22 financial year without utilising Council reserves of £5.4m. This budget has clearly been much more challenging when compared to the £0.6m gap presented at this time last year, however this reflects the effects of the pandemic on our organisational financial resilience.

2.6 The November Spending Review has made things clearer and we welcome the additional resources that have now been confirmed. However, Covid and the resulting recession will have a continuing impact on our finances, made worse by the chronic underfunding from 10 years of austerity. So, we will continue to call on Government to properly fund local councils so that we can serve our communities and build a fairer society.

2.7 Despite this hugely challenging situation we are proud that we have developed a budget in line with our values. It invests in young people, supports the most vulnerable and those impacted hardest by the pandemic, and seeks to build our local economy.

2.8 This budget includes real additional resources in 2021/22 for:

- Free Schools Meals: £300k
- A Welfare Assistance Scheme: £300k
- Our local Voluntary and Community Sector: £250k
- Youth Services: £250k
- Haringey Fairer Education Fund (University bursary scheme): £120k
- Recruitment of local people: £100k over the next two years

2.9 In addition, our capital programme will invest more than £90m of additional investment to address our communities' needs and invest for the long term. This includes:

- creation of the Wood Green Youth Hub: £1m
- further school building improvements work: £33m
- increased investment in our roads and pavements: £19m
- expansion of the strategy to tackle empty homes: £5m
- completion of the Pendarren refurbishment: £4.6m
- the Good Economy Recovery Plan: £2m. Additional workspace creation schemes: £3.4m
- implementing the Alternative (school) Provision Strategy: £12m
- the complete refurbishment of the Civic Centre £14.25m (additional to existing budget of £9.75m) creating a public building we can all be proud of.

2.10 This budget also maintains measures implemented in previous years such as the Council Tax Reduction Scheme (CTRS), and London Living Wage (LLW) rates. These vital commitments, alongside our continued investment in public services, are only possible through an increase in council tax income. This draft budget proposes a general council tax increase of 1.99% and a further Adults Social Care Precept of 3% (the maximum allowed by Government), which give a total council tax charge increase of 4.99%.

2.11 The increase for a Band D property (excluding GLA element) is £1.32 per household per week and we continue to have a comprehensive Council Tax Reduction Scheme that means that over 15,000 pay no Council Tax at all.

2.12 We recognise that raising council tax at this time will be an additional ask at a challenging time for some. However, without these resources we would have to cut back the support and services for the most vulnerable in our borough. We do not believe that this is the right thing to do.

2.13 The new 10 year HRA financial plan supports the delivery of increased number of new homes in the borough, with greater proportion of these new homes

being developed for social rents. The proposed increase in spend on existing homes further highlights the Councils commitment to improving the quality of life of residents, ensuring homeless households are provided a safe place to live, and maintaining the overall safety of our dwellings.

- 2.14 Haringey was characterised by unacceptable inequalities before this pandemic and it has got worse. The financial challenge we face does not diminish our commitment to build a more equal borough – as you can see from this budget.
- 2.15 Indeed, we will redouble our efforts to build the houses we need, create opportunities for our young people; and ensure a cleaner, greener Haringey.

3. Recommendations

3.1 It is recommended that Cabinet:

- a) Note the initial General Fund revenue and capital budget proposals and financial planning assumptions set out in this report and note that they will be refined and updated after the final Local Government Finance Settlement is received in January 2021 and also to incorporate further budget changes as required;
- b) Note the Draft General Fund 2021/22 Budget and MTFs (2021/22 to 2025/26) detailed in this report and Appendix 1;
- c) Note the Draft budget reduction proposals summarised in Section 7 and Appendix 2;
- d) Note the Draft General Fund Capital Programme for 2021/22 to 2025/26 as set out in Appendix 4;
- e) Note the Draft Housing Revenue Account (HRA) revenue and Capital Programme proposals and HRA Business Plan as set out in Section 9;
- f) Note the 2021/22 Draft Dedicated Schools Budget (DSB) and update on the DSG reserve position set out in Section 10;
- g) Note that the detailed proposals will be submitted to Overview and Scrutiny Committee / Panels in December 2020 and January 2021 for scrutiny and comments;
- h) Agree to commence consultation with residents, businesses, partners, staff and other groups on the 2021/22 Budget and MTFs.
- i) Note that an updated budget 2021/22 Budget and MTFs (2021/22 – 2025/26) will be put to Cabinet on 9th February 2021 to be recommended for approval to the Full Council meeting taking place on 22nd February 2021.

4. Reasons for decision

4.1 The Council has a statutory requirement to set a balanced budget for 2021/22 and this report forms a key part of the budget setting process by setting out the forecast funding and expenditure for that year. Additionally, in order to ensure the Council's finances for the medium term are maintained on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium Term Financial Strategy.

5. Alternative options considered

5.1 The Cabinet must consider how to deliver a balanced 2021/22 Budget and sustainable MTFS over the five-year period 2021/26, to be reviewed and ultimately adopted at the meeting of Full Council on 22nd February 2021.

5.2 Clearly there are options available to achieve a balanced budget and the Council has developed the proposals contained in this report after determining levels of both income and service provision. These take account of the Council's priorities, the extent of the estimated funding shortfall, estimated impact of Covid-19, Brexit and the Council's overall financial position.

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. General Fund Revenue Funding Assumptions

6.1 The Council has access to five main sources of funding:

- Business Rates
- Grants
- Council Tax
- Fees & Charges
- Reserves

Business Rates and Grants are largely driven by the outcome of Spending Rounds and the Local Government Finance settlement.

The following paragraph provides an update on the Spending Round 2020 (SR20) and the Local Government Finance Settlement. This is then followed by a section on each of the main sources of funding and sets out the assumptions made in this draft 2021/22 Budget & MTFS 2021/2026 about each of them.

SR20 and Local Government Finance Settlement 2021/22

6.2 On 20 October 2020 government announced that, in order to prioritise the response to Covid-19, the Chancellor and the Prime Minister have decided to conduct a one-year Spending Review, setting department's resource and capital budgets for 2021-22, and Devolved Administration's block grants for the same period. This replaces the planned 3 year Spending Round.

- 6.3 The Spending Review 2020 (SR20) was announced on 25 November 2020 and comprised of three themes:-
- Tackling Covid-19 next year
 - Stronger public services
 - Capital spending, including infrastructure to drive UK's recovery and support jobs
- 6.4 The SR20 is set in the context of the OBR report that was also published on 25 November. This forecast a 11.3% fall in GDP in 2020 and, despite expected growth in 2021, it is unlikely that the economy will return to pre-C19 levels before the end of 2022.
- 6.5 The funding allocations to Local Government are summarised in the table below. This shows a 4.5% increase in Core Spending Power nationally. This includes core grants, business rate income and council tax.

Table 6.16: Local Government

	£ billion		
	2019-20	2020-21	2021-22
Resource DEL excluding depreciation ⁽¹⁾	7.5	8.6	9.1
Covid-19 resource DEL excluding depreciation	1.6	3.5 ²	3.0
Total DEL ³	9.1	12.1	12.0
Core Spending Power (CSP)	46.2	49.0	51.2

- 6.6 The Government has announced funding of £1.55bn to support local authorities with Covid-19 pressures next year and it remains to be seen as to whether it is sufficient to cover the pressures faced by local authorities, including any further responsibilities they might be given. Government also confirmed the extension of the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.
- 6.7 Also announced was £670 million of additional grant funding nationally to help local authorities support the more than 4 million households that are least able to afford council tax payments – this points to an extension of the current Hardship Fund which is providing additional assistance of up to £150 for those on the CTRS scheme. It should be noted that the Council continues to maintain and budget for its comprehensive council tax reduction scheme, as amended in 2019/20.
- 6.8 The announcements in the SR20 which are more pertinent to setting the 2021/22 Budget are described in the following paragraphs along with the estimated impact for Haringey. Up to the point that the draft Local Government Finance Settlement is published, which is not expected before early-mid December, the final detail will not be known and the figures must be treated as best estimates.
- 6.9 There will be £300 million of new grant funding for adult and children's social care, in addition to the £1 billion announced at SR19 that is being maintained in 2021-22 in line with the government's previous commitment. Haringey's share of the new funding is estimated to be £1.25m and has now been built in.

- 6.10 The New Homes Bonus (NHB) scheme will continue in 2021/22, with no new legacy payments, but consultation will commence shortly on reforms to this scheme with effect from 2022/23. In the light of this uncertainty, the draft MTFS now removes any expectations for NHB funding beyond 2021/22.
- 6.11 The referendum threshold for increases in council tax will remain at 2% for 2021/22 which is in line with the existing MTFS. Additionally, the SR20 announced that local authorities will be able to levy a 3 per cent adult social care precept which can be the spread across two years. Given the forecast use of reserves to balance the 2021/22 budget coupled with the level of growth required in the Adult social care budget, this draft assumes the full 3% is levied from 2021/22; this is estimated to deliver £3.2m for Haringey next year with an ongoing benefit into subsequent years. MHCLG will set out full details of the council tax referendum principles and adult social care precept flexibility as part of the consultation on the detailed methodology for the Local Government Finance Settlement for 2021-22.
- 6.12 The SR20 announced an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. However, the lack of detail available at the present time doesn't allow any budget adjustments to be proposed.
- 6.13 The SR20 confirmed that government expects to publish a final report setting out the full conclusions of the review of the business rates system in Spring 2021. To support businesses in the near-term, the government has decided to freeze the business rates multiplier in 2021-22, saving businesses in England an estimated £575 million over the next five years. Local authorities will be fully compensated for this decision via Section 31 grants.
- 6.14 Earlier this year, the government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. This decision allowed local authorities to focus on meeting the public health challenge posed by the pandemic.
- 6.15 In order to provide further stability to the sector, the SR20 confirmed that government has decided not to proceed with a reset of business rates baselines in 2021-22. The draft budget and MTFS have been amended to reflect this.
- 6.16 The SR20 also announced a reform to the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, which presents a risk for both national and local taxpayers. The government will cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate. It is unclear at this time what impact this will have for Haringey but it is not expected to be large and therefore the current budget assumptions have not been amended at this time.

6.17 The SR20 made announcements for all government departments and the following are those thought likely to have the greatest impact for local authorities. At this point, it is not possible to make any assumptions about the financial impact for Haringey and any changes arising from these will need to be reflected in the February 2021 report:

- £16m to support modernisation of local authorities' cyber security systems;
- £15bn for NHS test and Trace;
- £2.1bn for PPE next year;
- £254m of additional resource funding to support rough sleepers and those at risk of homelessness during COVID-19, including £103m announced earlier this year for accommodation and substance misuse support;
- £98m of additional resource funding, bringing total funding to £125m, to enable local authorities to deliver support to victims of domestic abuse and their children in safe accommodation in England;
- £165m for Troubled Families;
- Over £70m for additional school transport capacity;
- £24m in capital funding to start a new programme to maintain and expand provision in secure children's homes;
- £60m for Social Housing Decarbonisation;
- £1.7bn in 2021-22 for local roads maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity. This includes £500m for the Potholes Fund and £310m for upgrades to larger local roads;
- £257m for cycling, which will fund thousands of miles of safe, continuous and direct cycling routes;
- £621m to regenerate high streets, town centres and communities through the Towns Fund; and
- The £4bn levelling up fund, which will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery.

Covid-19 Impact on the Collection Fund

6.18 As the Covid-19 Pandemic has had a negative impact on the collection of local taxation, authorities due to record deficits on their Council Tax and NNDR collections for 2020/21 will be able to spread these evenly over the next three financial years in order to smooth out the impact. There will not be discretion for authorities to opt out of spreading and the rules apply exclusively to deficits occurring in 2020/21.

6.19 At the moment, Haringey is forecasting a general fund impact of £2.7m due to the reduction in NNDR collection for 2020/21. This is included in the new budget assumptions. In line with government guidance, a deficit of £0.9m is estimated for the first three years of the MTF5 period.

6.20 The Authority has received £46.2m in additional funding in order to accommodate a 100 per cent business rates discount for eligible hereditaments occupied by businesses that are classified as in retail, leisure and hospitality sectors, regardless of rateable value and which are subject to business rates in the year 2020-21. This funding has been applied to the

collection fund and has been taken into account when calculating the estimated deficit.

- 6.21 Council Tax Collection has not been impacted to the same extent as NNDR and the Authority is still forecasting a surplus for each year of the MTFS period. Part of the reason for this is due to the broad CTRS scheme in place in Haringey coupled with the Hardship funding which has enabled us to support taxpayers through this difficult time. However, for the first three years, this is expected to reduce by £0.5m pa which is the spreading of the estimated 2020/21 collection shortfall over the next three years, in line with government guidance.
- 6.22 The number of working age claimants on the authority's Council Tax Reduction scheme has increased by 1122 since March 2020, when the first Lockdown was announced. This currently impacts on the expected receipts for 2020/21 and on the budgeted figure for 2021/22. Additional support for residents on the Authority's Council Tax Reduction Scheme is being provided via the Council's £3.7m share of a £500m Covid-19 Hardship Fund.

Business Rates

- 6.23 A number of changes were introduced to business rates in April 2017 including a 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.
- 6.24 When the new localised business rates system was introduced in 2013, it set a 'baseline' for each local authority against which growth could be measured. It was recognised that the baseline would need to be re-visited after a number of years to ensure that the incentive to grow businesses in local areas was maintained.
- 6.25 The intention was for Business Rates Baselines to be reset from April 2020, however in SR19 Government announced that this would be delayed until April 2021. The recent SR20 has confirmed a further delay to April 2022 and the impact of this on 2021/22 has been modelled into this draft budget. This provides a benefit to the council in 2021/22 as the reliefs described above, paid to the Council as Section 31 grants, will continue for a further year.
- 6.26 The Council has been part of the London Pool since 2018/19. In that year, London retained 100% of business rates locally, generating a significant additional benefit to the Council (£6.4m). The estimated financial benefit to Haringey in 2020/21 pre-pandemic was £2.7m - £3m due to a lower percentage (75%) being retained in London. The latest in-year monitoring exercise suggests that, despite the impact of the pandemic, there will still be a net financial benefit from pooling in 2020-21, totalling approximately £30 million across the Capital.

- 6.27 Haringey, along with the rest of the existing members of the London Pool, has provisionally expressed an interest to MHCLG in continuing the arrangement in 2021/22 not least because of the operational, administrative and strategic benefits. As with last year, each authority will have until 28 days after the provisional settlement (i.e. likely by mid-January) to decide formally whether it wishes to continue to pool. By that time, the Government will have confirmed the position on the reset and the level of any extension to emergency reliefs and grants to businesses as a response to the pandemic. Because of the uncertainty around financial benefits of pooling, no share of pool growth has been assumed in next year's budget or any future years of the current MTFs. This position will be kept under review and any required update included in the next report.
- 6.28 A decrease in the collection rate for 2020/21 is forecast, due to the impact of the pandemic and this will impact on the General Fund in 2021/22. The Government has announced that collection fund deficits which arise due to reduced collections in 2020/21 and would normally hit general fund budgets in 2021/22 will be spread across a 3 year period. The SR20 announced an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. However, the lack of detail available at the present time doesn't allow any budget adjustments to be proposed.
- 6.29 Currently, the MTFs assumes a 0.9% increase in business rates income in 2021/22 and a 1.5% increase in 2022/23 – both are lower than the 2% yearly increase previously assumed, reflecting the current inflation environment.
- 6.30 The planning assumption across the MTFs period is that there will be no net growth in the business rates taxbase / hereditaments. This is in line with previous assumptions.
- 6.31 In terms of Revenue Support Grant (RSG), current estimates are that approximately £22.1m will be paid in 2021/22 with this grant increasing in line with CPI across the remainder of the MTFs period.
- 6.32 The estimated mandatory reliefs applied to Haringey businesses are £6.7m in 2021/22. These reliefs cover, among others, discounts for small businesses and will be fully reimbursed via Section 31 Grants by Central Government. From 2022/23, it is expected that the Section 31 Grants will be rolled into the SFA and the Council's Top Up grant will be increased partially but not fully compensating the loss in Section 31 Grant on the back of the expected Reset. The impact of the Reset can be seen in the estimated dip in business rates related income overall in 2022/23.
- 6.33 SR20 announced a freeze to the business rates multiplier in 2021/22. The Council will be fully reimbursed for this via a Section 31 grant. The impact will be reflected in the February report.
- 6.34 The forecast income across the MTFs period from business rates related income, including revenue support grant is shown in table 6.1 below.

Table 6.1 – Business Rates Related Income Forecast

Business Rates Related income Forecast	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2024/25 £'000
Revenue Support Grant	21,993	22,169	22,502	22,952	23,411	23,645
Business Rates Top Up	58,412	58,880	62,305	63,524	64,743	65,391
Retained Business Rates	22,100	20,642	21,656	22,080	22,504	22,729
NNDR Surplus/(Deficit)	(1,654)	(900)	(900)	(900)	0	0
S31 Grants	6,019	6,675	-	-	-	-
Share of Pool Growth	400	-	-	-	-	-
Total	107,270	107,467	105,563	107,656	110,658	111,765

6.35 There are considerable planned and potential changes to the business rates regime beyond 2021/22. These are set out below:

- Business rate baselines are expected to be reset in 2022/23.
- The Government have been consulting on a simplification of the Business Rates Retention scheme including how growth can be incentivised and how it can be measured. SR20 confirmed government intention to publish a final report in Spring 2021
- The outcome of the Fair Funding Review is still awaited. This will impact on business rates as it derives each authority's baseline funding against which growth is measured.

6.36 Because of the uncertainty beyond 2021/22, the assumptions in Table 6.1 and their impact on the MTFS are open to significant risk.

Council Tax

6.37 The following assumptions have been made about Council Tax:-

- A 1.99% increase in Council Tax in 2021/22 and for each subsequent year is assumed (subject to the referendum limits set by Government)
- A 3% increase in ASC Precept for 2021/22 only, as announced in the SR20
- The tax base is forecast to grow by 1% per annum throughout the MTFS planning period
- The collection rate will be at least 95.50% throughout the planning period. This has been reduced by 1% compared to the previous year for 2021/22 and 2022/23 and is projected to increase to 96% in 2023/24, before reverting back to the pre-Covid 19 level of 96.5% in the subsequent years.
- The Council Tax Collection Fund account has had surpluses over the past few years. The forecasting has been refined in order to include the impact of Covid-19 and is reflected in a reduced forecast surplus across the MTFS period (£1.68m for the first three years, increasing to £2.15m for each subsequent year).

- 6.38 The resulting projections for Council Tax income and Band D Rates are set out below. These figures are subject to confirmation of the council tax base, which is due to be finalised in January 2021 and formal Council ratification of Council Tax Rates in February 2021.

Table 6.2 Council Tax Assumptions

COUNCIL TAX ASSUMPTIONS						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Taxbase before collection rate	80,067	81,392	82,206	83,028	83,858	84,697
Taxbase change	1.7%	1.0%	1.0%	1.0%	1.0%	1.0%
Taxbase for year	81,392	82,206	83,028	83,858	84,697	85,544
Collection Rate	96.50%	95.50%	95.50%	96.00%	96.50%	96.50%
Taxbase after collection rate	78,543	78,507	79,292	80,504	81,732	82,550
Council Tax increase	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	2.00%	3.00%	0%	0%	0%	0%
Band D rate	£1,372.55	£1,441.04	£1,469.72	£1,498.97	£1,528.80	£1,559.22
Council Tax Before Surplus (£000)	£107,805	£113,131	£116,537	£120,673	£124,952	£128,713
Previous Year (Estimated) Surplus	£2,175	£1,675	£1,675	£1,675	£2,175	£2,175
CIPFA Counter Fraud Income	£0	£25	£25	£25	£25	£25
Council Tax Yield (£000)	£109,980	£114,831	£118,237	£122,373	£127,152	£130,913

Grants

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

Social Care Grants

- 6.40 Estimated inflationary increases of 0.9% in 2021/22, 1.5% in 2022/23 and 2% in 2023/24 are applied to the values in Table 6.3 below, however the SR 20 announced that specific grants would remain 'cash flat' for 2021/22; this is subject to confirmation at the Draft Local Government Finance Settlement in December. This will need to be kept under review and the February 21 MTFS will be updated when further details emerge. Forecast figures for 2022/23 onwards remain uncertain and should these assumptions not materialise, it could have a significant impact on the current forecast gap across those years.
- 6.41 It should also be noted that all these social care grants have been netted against the service budget expenditure heads rather than being shown separately.

Table 6.3 – Social Care Grants

Grant Name	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Better Care Fund (BCF) - (CCG Contribution)	6,017	6,047	6,077	6,108	6,108	6,108
Improved Better Care Fund (iBCF)	9,518	9,566	9,613	9,661	9,661	9,661
Social Care Support Grant	6,960	6,995	7,030	7,065	7,065	7,065
Additional Social Care Funding *	0	1,250	1,250	1,250	1,250	1,250
Total	22,495	23,857	23,971	24,084	24,084	24,084

* Announced at SR20. Estimated amount based on previous allocations, actual amount to be confirmed

Core Grants

6.42 Following the outcome of the SR20, the current MTFS assumptions for the Core Grants received by Haringey are as follows:

- Public Health Grant will continue to be received by Haringey. The MTFS prudently assumes no increases to the amount over the five year period.
- New Homes Bonus – SR20 confirmed that the New Homes Bonus (NHB) scheme will continue in 2021/22, with no new legacy payments, but consultation will commence shortly on reforms to this scheme with effect from 2022/23. In the light of this uncertainty, the draft MTFS now removes any expectations for NHB funding beyond 2021/22.
- The Council Tax Support and Housing Benefit Admin Grants are expected to continue at 2020/21 levels in 2021/22 (£2m) and remain at this level across the remainder of the MTFS.
- Section 31 (S31) grants in relation to mandatory business rate reliefs are expected to continue for 2021/22 but beyond that it is expected that these will be rolled in to the baseline figures and come through as part of the SFA (as outlined in the Business Rates section above).
- The Flexible Housing Support Grant (FHSG) was originally established in 2017 for three years but was extended by one year again in 2020/21. As a consequence of its renewal, the current 2020/21 budget and 2020/25 MTFS built this grant into base budgets. With an annual value of £7.7m it poses a significant risk to the authority if it is withdrawn or reduced. The draft plan therefore now assumes a £1m reduction in funding. This grant has been allocated directly to the Housing service so is not included in Table 6.4 below.

6.43 The table below shows assumptions about these grants over the 5-year MTFS period.

Table 6.4 – Core Grants

Grant Name	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Council Tax Support Grant	457	457	457	457	457	457
Housing Benefit Admin Grant	1,491	1,491	1,491	1,491	1,491	1,491
Public Health Grant	20,228	20,228	20,228	20,228	20,228	20,228
New Homes Bonus	2,199	2,089	- 0	0	0	0
Business Rates - Section 31 Grants	6,019	6,678	-	-	-	-
Total	30,393	30,942	22,175	22,176	22,176	22,176

Fees and Charges

- 6.44 The Council's policy in relation to varying external income requires service managers to review the level of fees and charges annually as part of budget setting and that charges should generally increase by the rate of inflation to maximise allowable income.
- 6.45 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.
- 6.46 In the main, fees and charges are set at a level where the full cost of provision is recovered through the price structure. However, in many circumstances those charges are reduced through subsidy to meet broader Council priorities.
- 6.47 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.
- 6.48 The impact of fees and charges increases have been included in the revenue income projections in the MTFS.

Use of Reserves

- 6.49 The Council's (Non-Earmarked) General Fund Balance is held to cover the net impact of risks and opportunities and other unforeseen emergencies. The funds held in the General Fund Reserve can only be used once and therefore are not a recurring source of income that can meet permanent budget gaps.
- 6.50 As it stands the Council is able to set a balanced budget, only with a significant one-off use of £5.4m of reserves in 2021/22.
- 6.51 The February 2021 Cabinet and Full Council reports will provide a more comprehensive review of the overall sufficiency of Council reserves as part of the S151 statement. However, it should be recognised here that the need to maintain sufficient levels of reserves to help the authority cope with unforeseen changes in circumstances must be more important now than ever before.

Summary of Corporate General Funding Assumptions

6.52 A summary of the of the funding assumptions and breakdown of funding sources is set out in the table.

Table 6.5 – Funding Assumptions

	Source of Funding	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		£'000	£'000	£'000	£'000	£'000	£'000
Table 6.1	Revenue Support Grant	21,993	22,169	22,502	22,952	23,411	23,645
	Top up Business Rates	58,412	58,880	62,305	63,524	64,743	65,391
	Retained Business Rates	22,100	20,642	21,656	22,080	22,504	22,729
	NNDR Growth	400	-	-	-	-	-
	NNDR Surplus/(Deficit)	(1,654)	(900)	(900)	(900)	0	0
Table 6.2	Council Tax	107,805	113,132	116,536	120,673	124,952	128,713
	Council Tax Surplus	2,175	1,700	1,675	1,675	2,175	2,175
Tables 6.3 and 6.4	New Homes Bonus	2,199	2,089	- 0	0	0	0
	Public Health	20,228	20,228	20,228	20,228	20,228	20,228
	Other Core Grants	8,634	8,626	1,951	1,951	1,951	1,951
	Total (External) Funding	242,292	246,566	245,953	252,183	259,964	264,832
	Contribution from Reserves	-	5,440	-	-	-	-

7. General Fund Revenue Assumptions

7.1 2020/21 Financial Performance – General Fund Revenue

- 7.1.1 The 2020/21 Budget Update report, also part of this Cabinet agenda, provides an update on the Quarter 2 budget position. Since the budget was agreed, the lock-down and associated Government directed actions in response to the Covid-19 pandemic has significantly impacted on the Council's agreed budget and Borough Plan delivery. The forecasts provided in that report are as up to date as possible and based on the most recent return to central government (i.e. at month 7 of the financial year). However, there remains great uncertainty, not least associated with the impact of the second wave of the virus and the current and further local or national lockdowns.
- 7.1.2 The Budget Update report separates the General Fund (GF) impact of Covid-19 and base budget related pressures. Some of the latter can be mitigated however, some will need to be resolved by permanent budget adjustments and as such are now built into the draft 2021/22 Budget as growth items. In any large organisations it must be accepted that some plans will require change as the result of internal and/or external factors, and the growth built into the draft budget is a reflection of both of these.
- 7.1.3 At this stage, the biggest impact of Covid-19 on future budgets is slippage in delivery of some planned MTFS savings which has been built into the Budget and MTFS now presented.
- 7.1.4 Covid-19 is also expected to impact significantly on Business Rates and Council Tax (Collection Fund) income and the forecast impact has been built into the draft proposals presented in this report. The latest guidance from Government is that any Collection Fund deficits must be spread over three years, which is how it has been modelled. SR20 announced an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years. However, the lack of detail available at the present time doesn't allow any budget adjustments to be proposed.
- 7.1.5 The Dedicated Schools Grant (DSG) year-end forecast has worsened this quarter and now stands at £5.3m (£4.6m Qtr1). This is due to the on-going pressures in the High Needs Block (HNB) which Members will be aware is a national issue facing the entire local government sector mainly as a consequence of the expansion of age ranges for EHCP eligibility. Over the course of the year more clarity has been received over the ultimate responsibility for this overspend and the brought forward balances from prior years, and authorities may not now use general fund balances to contribute to DSG deficits without approval from the government. The Government is considering what if any additional assistance will be provided to local authorities to address this position.
- 7.1.6 In summary, the key underlying budget pressures that have manifested during this financial year which services cannot mitigate will be resolved as part of the

2021/22 budget setting process. In terms of the in year GF forecast of non-Covid 19 related overspend (£5.9m) officers will continue to work on reducing this to bring it to a balanced position by March 2021 to avoid having to draw on reserves which will be much needed in 2021/22 to offset on-going pandemic pressures and any wider economic impacts.

7.2 Budget Growth / Pressures

- 7.2.1 As clearly outlined above, the 2021/22 financial planning process has sought to identify, and where possible address, budget pressures and necessary growth in order that the 2021/22 Budget in particular, but also the MTFS 2021-2026, are set as realistically as possible – matching forecast expenditure against forecast income and deliverability of newly proposed savings.
- 7.2.2 Some growth for the period to 2025 was already built into last year's MTFS and the financial planning work undertaken this year has reviewed the assumptions driving those figures, updated them where appropriate and has also assessed new pressures or identified growth.
- 7.2.3 The main corporate assumptions across the forthcoming 2021-2026 period are outlined below followed by a paragraph which focusses on the policy priorities and service specific items.

7.3 Pay Inflation

- 7.3.1 The pay deal for 2020/21, was agreed at 2.75%. Negotiations are underway over the next agreement and firmer information might be available for the February report but the current planning assumptions are c. 3% increase for the next 2 years. Beyond that, it reduces to around 2.5% for the remainder of the MTFS period.

7.4 Non-Pay Inflation

- 7.4.1 The assumption continues that the services will broadly have to manage within existing budgets, thus absorbing any inflationary pressures. However, in recognition that (a) some contracts include inflation-linked increases (b) utility costs continue to be volatile and difficult to predict and (c) legislative changes can impact on cost of services. An increase of £2m pa has been built into the following two years to recognise potential volatility from Brexit and Covid legacy. Thereafter it returns to £1m pa.

7.5 Employer Pension Contributions

- 7.5.1 The outcome of the last triennial valuation, which covered the period 2021/22 – 2022/23, confirmed that the Pension Fund performance allowed for a decrease in the Council's contribution rate of 0.5% each year for three years, equating to a saving of c. £0.5m per annum each year. No assumptions have been made about the next triennial valuation.

7.6 Treasury & Capital Financing

7.6.1 The MTFFS has been updated to reflect the capital financing costs associated with the new capital schemes that are proposed. These are reflected in the Capital Strategy at section 8 of this report.

7.6.2 These figures may require revision depending on the outcome of consultation and scrutiny of the capital investment proposals between now and the final Cabinet report in February 2021 & the final Treasury Management Strategy Statement presented to Full Council later that month.

7.7 Levies

7.7.1 The current assumption is that all Levy costs except the North London Waste Authority (NLWA) levy will remain broadly in line with the 2020/21 figures across the period.

7.7.2 The NLWA's North London Heat and Power Project will replace the existing Energy from Waste plant at the Edmonton EcoPark with an Energy Recovery Facility and includes a new Resource Recovery Facility. This major project will have financial implications for each of the 7 London boroughs involved, representing 2 million people. The existing MTFFS assumed a £0.5m p.a. levy increase to commence from 2021/22, due the impact of increased borrowing costs which must be met by the levy.

7.7.3 The 2020/21 Levy was lower than the budgeted figure and, as this increase was no longer applicable, it was agreed for this amount to be transferred to a reserve in order to smooth the future financial pressure. This will be drawn on when required. The budget assumptions across the MTFFS period will be revisited before February, when the intended Levy levels will be announced for 2021/22.

7.8 Policy Priorities

7.8.1 Since the start of this Administration, the following policy priorities have received additional funding through the annual budget setting cycles:

- Council Tax Reduction Scheme - £1.6m
- Youth Services programme - £0.25m
- Apprenticeship support - £0.134m
- School meals pilot - £0.05m
- London Living Wage – pump priming to deliver

7.8.2 Despite the significant challenges to set a legal, balanced budget for 2021/22, a number of policy growth proposals have been incorporated into the draft budget and MTFFS. These are set out in the table below:-

- Free Schools Meals £0.3m funding in 2021/22 and 2022/23
- Welfare Assistance Scheme £0.3m funding in 2021/22 and 2022/23

- Voluntary and Community Sector – £0.25m in 2021/22 only
- Youth Services – £0.25m in 2021/22 only
- Haringey University Bursary Scheme - £0.12m over 3 years
- Recruit Local People - £0.10m over 2 years

7.9 Service Budget Adjustments Required

Service Growth Budget Adjustments

7.9.1 The table below shows the service specific growth proposals made necessary by base budget or demand pressures and built into the draft MTFS.

Table 7.1 – Service Growth Budget Adjustment Proposals

Priority	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
People - Adults	2,300	0	0	0	0	2,300
People - Children's	3,046	(459)	(264)	0	0	2,323
Your Council	367	66	(300)	0	0	133
Place	2,721	(355)	0	0	0	2,366
Economy	175	0	0	0	0	175
Total	8,609	(748)	(564)	0	0	7,297

7.9.2 The biggest service areas requiring growth in this budget continue to be in the People Priorities. As in the last couple of years, the Council has recognised the growing pressure in these critical services which cannot be fully contained through service transformation alone. Clear action has therefore been taken once again to address these forecast budget issues in order that the Services are provided with realistic budgets to work within. This has been a key feature of recent years' budget process where robust action is taken to address clearly evidenced budget pressures.

7.9.3 It is forecast that the Adults service will need to address both demographic and inflationary pressures coupled with an expected growth in Mental Health and Learning Disabilities support required as a legacy of the Covid-19 pandemic. The figures have been generated by detailed modelling and trend analysis.

7.9.4 Children's services are now seeing growth above that provided in the last MTFS (£0.5m) and therefore £2.2m has been built into the relevant budgets for next year. The key pressure points are SEND, both service demand and transport pressure but more significantly placement costs due to an increase in children with more complex needs.

7.9.5 The growth provided in the Place priority is required to address a recognised shortfall in the facilities management budgets, for both soft and hard services, as well as to resolve a number of areas where budgeted and actual income have become mis-aligned over time including CCTV, Pay by Phone, Residential Permit Parking income, plus reactive maintenance and the clamping contract.

7.9.6 The remaining growth proposals look to address historic or forecast base budget pressures across a number of service heads.

Impact of Delayed and Undeliverable Savings Proposals

7.9.7 The table below shows the delayed and undeliverable savings proposals now built into the draft MTFs.

Table 7.2 – Delayed and Undeliverable Savings

Priority	2021/22		2022/23		2023/24		2024/25		2025/26		Total	
	Delayed Savings	Undeliverable Savings	Delayed Savings	Undeliverable Savings	Delayed Savings	Undeliverable Savings	Delayed Savings	Undeliverable Savings	Delayed Savings	Undeliverable Savings	Delayed Savings	Undeliverable Savings
	£'000		£'000		£'000		£'000		£'000		£'000	
Adults	1,621	0	(710)	0	(911)	0	0	0	0	0	0	0
Children	1,066	390	(1,066)	125	0	0	0	0	0	0	0	515
Place	0	200	0	50	0	0	0	0	0	0	0	250
Economy	120	100	30	0	20	0	(100)	0	(70)	0	0	100
Housing	(136)	0	(136)	0	136	0	136	0	0	0	0	0
Your Council	252	318	(252)	250	0	0	0	0	0	0	0	568
Total	2,923	1,008	(2,134)	425	(755)	0	36	0	(70)	0	0	1,433

7.9.8 The majority of the delayed savings have occurred as a consequence of the Covid-19 Pandemic and are forecast to be realised in future years, after rigorous review and challenge.

7.10 Budget Reduction Proposals / Savings

Pre-Agreed Budget Reduction Proposals

7.10.1 The 2020 Budget and MTFs 2020/2025 agreed a total of £29.4m budget reductions to be delivered across that period. Whilst the Council was able to set a balanced budget for 2020/21, the MTFs acknowledged that a forecast of £15.6m as at yet unidentified additional savings would be required over the years from 2021/22 to match the assumed funding and expenditure plans at that point.

7.10.2 The table below summarises the position included in the February 2020 Budget/MTFS report.

Table 7.3 – Agreed Savings and Forecast Unidentified Savings at February 2020

Priority	Total					
	2020/21	2021/22	2022/23	2023/24	2024/25	Total Savings
	£000	£000	£000	£000	£000	£000
Housing	1,176	709	136	136	136	2,293
People - Adults	5,073	3,245	3,270	(376)	-	11,212
People - Children	2,261	909	419	100	200	3,889
Place	3,368	2,073	1,162	70	-	6,673
Economy	830	120	130	120	-	1,200
Your Council	2,934	536	687	6	-	4,163
Total Savings	15,642	7,592	5,804	56	336	29,430
Unidentified Savings	0	1,954	3,178	6,684	3,743	15,559
Total Savings Requirement	15,642	9,546	8,982	6,740	4,079	44,989

Approach to Budget Reduction Proposals / Savings 2021-2026

7.10.3 The financial planning process this year had looked to build on the progress made last year where the budgets adjustments agreed were more realistic and understood and owned by the wider organisation; the forecast budget gap for 2021/22 in last year's MTFS was £1.954m and this would have allowed the organisation to develop larger scale, transformational programmes to address the widening gap beyond 2021/22.

7.10.4 The subsequent impact of the global pandemic (Covid-19) has led to a significant shift in the MTFS assumptions in place when the last budget and MTFS were agreed. This, in particular, led to a downwards assessment of local tax revenues as set out in more detail in Section 6 of this report. It also impacted on the ability for the Council to deliver agreed savings to the set timeframes. A detailed challenge to the growth assumptions in the existing MTFS was also undertaken alongside base budget pressures highlighted as part of the in year budget monitoring. The impact on the revised forecast gap for 2021/22 was significant with an estimated shortfall of £17m, an increase of £15m to the forecast in February.

7.10.5 This highlighted the need for change to take place at a faster pace. Furthermore, with the forecast level of budget reductions required for 2021/22, it became apparent that a focus purely on a directorate led basis would be unable to achieve the magnitude required. This would also have been a barrier to progressing the more transformational, council-wide changes which emerged as a key output from the Recovery and Renewal activity which:-

- Looked at our borough plan priorities and principles and reflected on what needed to change as a result of Covid-19, including as part of conversations with partners, to understand systems-wide perspective
- Reviewed our service delivery, to meet the challenge of delivering services in a new world of living with Covid-19 and doing so in a smaller budget envelope
- Worked with partners to understand the systems-wide impact

7.10.6 This led to the formulation of cross-cutting programmes described briefly below which have identified forecast budget reductions albeit requiring a longer lead in time, so not delivering fully until 2022/23+:-

- Digital Together - An empowered, energised and enabled resident community engaging with us through increased digital channels that quickly direct them to the right resources through anticipation of their needs.
A more digitally aware and confident council, embracing digital technologies to maximise our opportunities
These actions will enable the removal of duplication and non-standard processes and consolidation of activities and processes delivering a reduced cost base.

- Property – initial focus on the generation of capital receipts for 2021/22 to provide investment to support transformational activity. Longer term, opportunities are being pursued for the Council’s property portfolio to enable and deliver general fund revenue savings e.g. Savings from operational property / progress with the Accommodation Strategy; support for the Localities strategy; asset rationalisation and the commercial portfolio.

7.10.7 Through the Covid-19 pandemic, we have learned more about the day to day impacts of inequalities and about how we could change as an organisation. We need to connect with local residents to support them with the wide range of issues they may be facing at the very earliest opportunity, using a range of methods including access to digital.

7.10.8 In addition to the above cross-cutting programmes we will focus more on three areas of activity:

- Being close to residents – by working out in localities and improving our digital offer, ensuring that we can shape what best suits local neighbourhoods, making use of local strengths
- Intervening earlier – proactively building confidence and skills and not waiting until a crisis point is reached before we and partners step in
- Extending our reach – building trust by working in partnership with local community organisations

7.10.9 The total new budget reduction proposals arising from both the Directorate led and cross-cutting programmes are set out in Table 7.4 below.

Table 7.4 – New Budget Reduction Proposals by Priority

Priority	2021/22	2022/23	2023/24	2024/25	2025/26	Total Proposals
	£000	£000	£000	£000	£000	£000
Housing	483	68	51	12	1	615
People - Adults	1,537	0	0	0	0	1,537
People - Children	321	319	30	30	0	700
Place	2,361	1,575	(1,380)	1,300	160	4,016
Economy	550	0	0	0	0	250
Your Council	846	138	0	0	0	984
Subtotal	6,098	2,100	(1,299)	1,342	161	8,102
Cross-Cutting Proposals	750	2,250	0	0	0	3,000
Total	6,848	4,350	(1,299)	1,342	161	11,102

7.10.10 When added to the pre-agreed reductions for next year (£7.6m initially – revised down to £3.7m largely as a consequence of the Covid-19 Pandemic – as presented in Table 7.2), the total to be delivered is £10.5m in 2021/22. A summary of the future years’ total savings position across the MTFS, including those agreed in previous budget rounds, is provided in Appendix 3.

7.10.11 To help de-risk the budget in future years, officers have assessed delivery confidence of all the new proposals and have re-profiled agreed

savings that have been impacted by the pandemic. Whilst the new proposals have yet to be agreed, as they are subject to scrutiny and consultation, work will continue by officers to look to identifying means of amending the status of risk and a final update will be provided in the February report. All proposals have been reviewed by the Policy and Equalities team and have been subject to initial equalities screening. Where these have indicated that full EqIA's will or might be required, work is progressing on completing these.

7.10.12 The monitoring of savings delivery in 2020/21 has, notwithstanding the impact of Covid-19 on plans, provided a growing assurance that services have a greater understanding of, and capacity to deliver, budget reduction proposals.

7.11 Summary Revenue Budget Position 2021/22 – 2025/26

The summary revenue budget position, including current projected gaps is identified below.

Table 7.5 – Summary Revenue Budget Position

	2020/21 Budget	2021/22 Draft Budget	2022/23 Projected	2023/24 Projected	2024/25 Projected	2025/26 Projected
Priority Area	£'000	£'000	£'000	£'000	£'000	£'000
Housing	16,382	16,102	15,762	15,711	15,699	15,698
People - Children	55,189	58,721	57,083	57,189	57,459	57,459
People - Adults	83,784	83,375	80,827	82,977	86,079	86,079
Place	24,915	22,372	19,255	20,571	19,277	19,117
Economy	1,006	7,642	7,542	7,442	7,342	7,272
Your Council	35,999	32,893	30,063	29,757	29,757	29,757
Non-Service Revenue	25,017	30,902	45,487	56,687	62,953	66,153
Council Cash Limit	242,292	252,006	256,019	270,333	278,565	281,534
Planned Contributions from Reserves	-	(5,440)	-	-	-	-
Further Savings to be Identified	-	-	(10,041)	(18,125)	(18,576)	(16,677)
Total General Fund Budget	242,292	246,566	245,978	252,208	259,989	264,857
Council Tax	107,805	113,132	116,536	120,673	124,952	128,713
Council Tax Surplus	2,175	1,700	1,700	1,700	2,200	2,200
RSG	21,993	22,169	22,502	22,952	23,411	23,645
Top up Business Rates	58,412	58,880	62,305	63,524	64,743	65,391
Retained Business Rates	22,100	20,642	21,656	22,080	22,504	22,729
NNDR Surplus/(Deficit)	(1,654)	(900)	(900)	(900)	0	0
NNDR Growth	400	-	-	-	-	-
Total (Main Funding)	211,231	215,623	223,799	230,029	237,810	242,678
Core/Other External Grants						
New Homes Bonus	2,199	2,089	0	0	0	0
Public Health	20,228	20,228	20,228	20,228	20,228	20,228
Other core grants	8,634	8,626	1,951	1,951	1,951	1,951
TOTAL (Core/Other External Grants)	31,061	30,943	22,178	22,179	22,179	22,179
Total Income	242,292	246,566	245,978	252,208	259,989	264,857

7.11.1 The draft General Fund Budget 2021/22 presently has a budget gap of £5.4m, which is expected to be covered from reserves.

7.11.2 In undertaking this multi-year financial planning, the levels of uncertainty and risk increase substantially beyond the immediate budget for next year. Reference has been made above to the scale of the assumption made in regard to current and future years grants. This report elsewhere highlights the many other risks that may impact and increase the size of the gaps forecasted above for years 2 and beyond. This authority, like all other social care councils, must be particularly concerned about the risks regarding its care services finances. While the year-on-year cash limit profiles for our care services detailed above have been prepared with reference to best intelligence on future years grants, demographics, savings and other pressures, these need to be kept under closest review.

7.12 Review of assumptions and risks 2021/22 – 2025/26

7.12.1 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 2021 and will draw on independent assessments of the Council's financial resilience where available however, it is critical that this report outlines the assumptions and approach to risk taken when arriving at the budget proposals included in the draft Budget & MTFS.

7.12.2 Given the increased financial pressure that is falling upon this council's budget and the uncertain national political picture, this statutory role is acquiring more and more significance. The number and breadth of potential risks and level of uncertainty, particularly around the Covid-19 pandemic and Government funding, underlines the need to maintain both a budgeted resilience contingency and keep general and earmarked reserves at current levels.

7.12.3 The main uncertainties and risks identified to date which may impact on the Council's budget for 2021/22 and over the period of the MTFS are:

- Funding assumptions for 2021/22 are subject to the final local government settlement expected in January 2021 and therefore there may be changes; at this point we have yet to receive the provisional figures which places more risk on the assumptions.
- On-going uncertainty about the impact of the Covid-19 pandemic on 2020/21 budget and also future years. It is likely that Covid-19 will also impact on the level of Government resources for future years of the MTFS
- Brexit, with or without a trade deal with the EU, could put pressure on costs and increase inflation; staffing in critical social care & health services, on local tax income levels and potentially numbers presenting as No Recourse To Public Funds (NRPF)
- The shift to a one-year spending review with no announcements about funding beyond 2021/22. Therefore, professional judgement has had to be

used in forecasting funding for the later years of the MTF5. These assume that Government funding generally increases at an inflationary level, and that specific grants are not discontinued by the government. Should this assumed funding not be realised it will have a significant impact on the current forecast gap across those years. This will be kept under close review.

- The implications arising from the next Spending Round and the period that will be covered are not known
- Uncertainty over whether the London business rates pool will continue into 2021/22 and lack of clarity of the financial implications if it does
- The continued pressure on High Needs Block Dedicated Schools Block (DSG) resources, lack of a clear strategy for resolution from the DfE, although it is now confirmed that deficits are not currently to be funded by general fund resources
- The expected Fair Funding Review and redesign of the Business Rates Retention scheme did not complete during 2020/21 as expected. The impact on funding for the Council on the eventual outcomes of both are not known at this time
- Increases in London Living Wage in future years.
- The impact of pay and general inflation pressures above current assumptions
- 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.
- Planned actions to increase Council managed temporary accommodation options do not progress at the pace expected and/or are potentially exacerbated by Covid-19
- The Council's Transformational Programmes do not deliver the required savings, do not deliver savings quickly enough, or are impacted by demographic trends particularly in critical areas such as Children's and Adults Social Care and Temporary Accommodation.
- Any further deterioration in the forecast 2020/21 position including non-delivery of in year savings
- Business rates base negatively impacted by the impact of Covid-19, permanent shifts to on-line services and any economic slowdown

8. Council's Capital Strategy and Capital Programme 2021/22 – 2025/26

8.1 Introduction

- 8.1.1 This is the third capital strategy report that has been prepared since it became a mandatory requirement of local authorities to produce one. It gives a high-level overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of public services. It also provides an overview of how the risks of the capital programme are managed and the implications for future financial sustainability.
- 8.1.2 The Covid-19 pandemic has affected the Council's capital strategy as it responds to the ravages wrought by Covid-19. In particular the capital programme for 2020/21 has been redirected to provide for an acceleration of the school streets programme, revisions to the public realm works to create Covid-19 safe public spaces through widening pavements, works around school streets to make them safe and an early start to the capital works required for the Good Economy Recovery Plan. In addition, resources have been directed to providing emergency temporary accommodation for rough sleepers.
- 8.1.3 Looking forward, the Council's capital proposals include provision for a new youth hub in Wood Green £1m, a significant increase in investment in education with a further £33m allocated for condition works in schools, £12m into the Alternative Provision strategy and an £4.6m additional funding for Pendarren.
- 8.1.4 The proposals also include for overall investment of £5.5m in the Good Economy Recovery Plan, further investment in the economic future of the borough through its workspace creation programme and investment in Haringey Adults Learning Service (HALS).
- 8.1.5 The Council is also investing in the public realm through the Streetsplan scheme as well as further investment in pavements and the wider public realm all of which link to the Good Economy Recovery Plan through making high streets safe and welcoming places.
- 8.1.6 The Council continues to invest in housing through its new homes programme. This expenditure is contained within the housing revenue account (HRA) and is reported here in summary form and elsewhere on the agenda in detail.
- 8.1.7 There is additional investment in the empty homes scheme of £5m. This scheme aims to bring back into use homes that have been left empty for various reasons. Ultimately this may require the Council to exercise its compulsory purchase order powers (CPO) but to do so the Council must show that it has the resources available to complete the purchase. This budget supplies that evidence.
- 8.1.8 Finally, the proposals provide for significant investment in the Civic Centre to provide a place of civic pride for the borough.

8.1.9 Background

8.1.10 Capital expenditure in local government is defined in statute and accounting practices/codes and as such must be complied with. Within these rules, capital budgets and capital expenditure decisions offer the opportunity for the Council to profoundly affect the lives of its residents, businesses, and visitors in both the immediate and the longer term.

8.1.11 Capital programmes can shape the local environment (e.g. through the provision of new housing, traffic schemes or regeneration schemes); positively impact people's lives (e.g. through creating appropriate housing for adults with learning difficulties or investment in parks and open spaces); transform the way the Council interacts with local residents (e.g. through the libraries investment programme or proposals for a new customer service centre); and deliver fit for purpose schools. The advent of Covid-19 has highlighted how capital expenditure can be used to positively impact people's lives.

8.1.12 The key objectives for the Council's capital programme are to deliver the borough plan and assist the Council in meeting the financial challenges that it continues to face.

8.2 Capital expenditure and financing

8.2.1 Capital expenditure is where the Council spends money on a project, with the view to derive economic benefit from the outcome of the expenditure, for a period longer than twelve months. This also includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets.

8.2.2 The table below shows a high-level summary of the Council's outline capital spending in the medium-term i.e. for the financial years 2021/22-205/26 which shows the continued and growing capital investment that is being undertaken to support the achievement of the borough plan objectives.

Table 8.1: Capital expenditure plans overview 2021/22 - 2025/26

	2020/21 Budget (£'000)	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	Total (£'000)
Previously Agreed							
General Fund Account (GF)	217,762	213,535	170,420	139,435	96,888		838,040
Housing Revenue Account (HRA)	236,331	214,146	204,392	165,200	194,501		1,014,570
Total =	454,093	427,681	374,812	304,635	291,389		1,852,610
Proposed							
General Fund Account (GF)		287,504	188,713	150,613	120,687	62,869	810,385
Housing Revenue Account (HRA)		246,071	307,941	303,515	198,722	159,846	1,216,095
Total =		533,575	496,654	454,128	319,409	222,715	2,026,480

8.2.3 The capital programme is composed of individual priority programmes. Within these priority totals there are schemes and within most schemes there are individual projects. For instance, Scheme 302, Borough Roads, will contain individual projects on individual roads.

8.2.4 Where additional funding is proposed for an existing scheme this has been added to the project rather than creating a new scheme.

8.2.5 About a third of the capital programme is composed of schemes that are wholly funded by Council borrowing and that are not self-financing. These schemes largely reflect the statutory duties of the council. In large part these schemes are not able to garner external resources to either supplement or supplant Council borrowing.

8.2.6 The Children's Services capital programme is largely reliant on Council borrowing. For the period 2021/22-2025/26 the Council is planning to spend £105m on schools, of which approximately £27m is funded through government grant leaving a borrowing requirement of £78m. The majority of the cost of the increased investment in schools falls on the Council through increased borrowing costs.

8.2.7 Within the Place priority the proposed capital programme for the period 2021/22-2025/26 is broadly estimated at £74.8m of which approximately £14.6m is externally funded, leaving a borrowing requirement of £60.2m.

8.2.8 The Economy capital programme has an estimated value of £433m. The majority of the programme is either funded through contributions from

developers or are self-financing. The level of Council borrowing in this part of the capital programme is proportionately lower than in others at £55m. The majority of this borrowing is to match fund to the Tottenham Hale Regeneration project, the Tottenham High Road Strategy and the Wood Green Regeneration Strategy.

- 8.2.9 The basic premise for the economy programme is to provide a funding envelope within the budget and policy framework which enables the council to respond to opportunities in a timely way. This means that this capital programme is both front loaded and prone to reporting slippage.
- 8.2.10 The General Fund housing programme has no schemes that rely on borrowing as they are all self-financing.
- 8.2.11 The Your Council capital programme is estimated at £83.6m with the majority, £53.8m funded through borrowing. £40m of this borrowing relates to the asset management function of the Council and to the Civic Centre refurbishment. The balance of the investment relates to the Responsiveness Fund, £2m and the approved capital programme contingency, £6m.
- 8.2.12 The inclusion of a scheme within the capital programme is not necessarily permission to spend. Most schemes will be subject to the completion of an approved business case that validates the high-level cost and time estimates contained within the programme. An integral part of the business case will be an assessment of the risks that a project faces and once a project is agreed, the review of the risk register is a standing item on the agenda for the project's governance arrangements.
- 8.2.13 There are a range of schemes within the General Fund capital programme that will only proceed, if they are estimated to result in a net reduction in expenditure. That reduction will include the cost of financing the capital expenditure and contribute to the MTFS through making savings or increasing income. These schemes are known as self-financing schemes. The decision to proceed with these schemes will follow the production of a detailed business case that supports the investment and identifies reductions in expenditure.
- 8.2.14 Service managers bid annually as part of the Council's budget setting process. The bids are assessed against their "fit" in relation to the Borough Plan, the asset management plan and meeting the objectives of the medium-term financial strategy (MTFS). In addition, schemes have been considered for their contribution to economic recovery, to growth, to jobs, and to creating a Covid-19 safe public realm.
- 8.2.15 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that the Council's housing activities are not subsidised by the Council's non-housing activities. It also ensures that the Council's non-housing activities are not subsidised by its HRA. HRA capital expenditure is recorded separately.

The table below details the proposed capital expenditure plans by priority.

Table 8.2: Capital expenditure plans by priority

	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	Total (£'000)
People - Children's	26,471	23,909	24,006	20,101	10,731	105,218
People - Adults	26,220	26,970	12,400	4,470	2,377	72,437
Place	25,809	13,382	13,360	11,495	10,795	74,841
Economy	177,498	105,171	84,316	66,971	32,316	466,271
Housing (GF)	6,000	1,000	1,000	0	0	8,000
Your Council	25,506	18,281	15,531	17,650	6,650	83,618
Total General Fund (GF)	287,504	188,713	150,613	120,687	62,869	810,385
Housing (HRA)	246,071	307,941	303,515	198,722	159,846	1,216,095
Overall Total	533,575	496,654	454,128	319,409	222,715	2,026,480

8.2.16 Appendix 4 includes the previously agreed schemes plus any changes since the last budget (up to and including the December 2020 Cabinet), plus the new schemes proposed. Additionally, Appendix 5 provides details of the new schemes. The following paragraphs provide a high-level description of each priority's new capital proposals.

8.2.17 Children's Services

Extensive work has been undertaken during 2019/20 and 2020/21 to understand the extent of the investment required in the Children's Services estate. This work has provided comprehensive information on the condition of the estate and has provided the foundation of the Children's Services asset management plan. The asset management plan provides a framework for the decisions on where and when the investment in the estate best serves the needs of our young people so that they are educated in facilities that are fit for today and the future.

The proposed capital programme has further, significant investment in the school estate. An additional £33m is proposed over the next five years. This additional funding will bring the Council's investment in the condition of the Children's Services to £105.5m over the period 2021/22-2025/26.

In addition, the proposed capital programme has provision for the delivery of a new Youth Hub in Wood Green as well as investment in the Alternative Provision Strategy and Pendarren.

8.2.18 Adult Services

The continued focus of the Adults Services capital programme is to enhance the lives of disabled and older adults. The 2020/21 capital programme delivery has been severely affected by Covid-19 and is therefore delayed. Accordingly, the aim for the coming period is to deliver those schemes that are delayed. There is one new proposal for capital expenditure, the renewal of the Mosaic ICT system, which is the Adult social care case work system. Currently a procurement exercise is underway which could result in the upgrading of the current system or its total replacement. The proposed bid is based on the complete replacement of the current system. Should the procurement exercise result in an upgrade to the existing system then there will be an overall cost which will result in a lower level of capital spend.

8.2.19 Place

The existing Place priority capital programme is designed to make the borough a cleaner and safer place where residents can lead active and healthy lives. The proposed new capital schemes build on these priorities with additional investment.

A previously significant source of funding for the borough's infrastructure were grants received from Transport for London (TfL). Due to the financial situation of TfL these grants have largely ceased. Even though these grants have ceased the works still need to be undertaken.

Part of the new investment is to offset the TfL reductions but there is additional investment in the borough's pavements, and additional funding for the Parkland Walk Bridges programme as well as investment in our depots to provide greener and more comfortable spaces. The programme also allows for the continuation of investment in street lighting and borough roads.

8.2.20 Economy

The existing Economy capital programme directly supports wealth creation, regeneration and community aspirations in the borough. The considerable investment in the Council's own commercial property, along with the potential acquisition of other properties, will allow for the expansion of industrial, commercial and office space. Once invested in or acquired, these can be used to expand existing businesses or to attract new businesses.

The new proposals build on this existing programme through the funding of the Good Economy Recovery Plan, further investment in creating workspaces and investment in HALS.

8.2.21 Your Council

The Communities First initiative will help transform the way in which the Council engages with its residents. The investment in the library stock sits beside the Connected Communities initiative and will improve the accessibility of libraries and the range of services that they offer.

There are three new capital proposals. The first relates to the approved capital programme contingency that is being replenished with £4m. The second is the responsiveness fund which is being topped up with £2m and the third is for additional funding for the Civic Centre works.

8.2.22 Financing

All capital expenditure must be financed from either external sources (government grant and other contributions), the Council's own resources (revenue, reserves or capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The Council's capital programme has moved to a financing strategy that seeks to ensure that investment via the capital programme is self-financing or funded from external resources. The new schemes proposed to be added to the programme for 2020/21-2024/25 are analysed in the table below and show that the majority of schemes being proposed (77%) are either self-financing or funded via external resources:

Table 8.3: Financing Strategy

	General Fund Borrowing		External (£'000)	Total (£'000)
	Met from General Fund (£'000)	Self Financing met from Savings (£'000)		
People - Children's	77,259	0	27,959	105,218
People - Adults	3,785	54,170	14,482	72,437
Place	55,863	4,400	14,578	74,841
Economy	73,225	143,916	249,131	466,272
Housing - GF	0	8,000	0	8,000
Your Council	52,863	30,755	0	83,618
Total	262,994	241,241	306,150	810,385

8.2.23 The self-financing schemes will normally only proceed if they produce a reduction in expenditure that includes reductions enough to cover the cost of financing the investment. This is necessary to ensure that the investment contributes to meeting the financial challenges that the Council faces. It is noted however, that in some limited circumstances, that schemes may proceed even if they do not produce a reduction in expenditure enough to cover the cost of financing the investment.

8.2.24 As debt needs to be repaid the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay borrowings. This is

known as the minimum revenue provision (MRP). The MRP for the period is set out below:

Table 8.4: Estimated MRP

	2020/21 Budget (£'000)	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)
MRP	5,533	8,734	16,438	22,455	25,807	29,043

8.3.16 The Council's cumulative outstanding amount of debt is measured by the capital financing requirement (CFR). This increases when new debt financed expenditure is incurred and reduces when MRP is made. The increase in MRP in 2022/23 is due to the end of the MRP holiday and will be addressed in detail in the Treasury Management Strategy to be considered by Council in February 2021.

Table 8.5: Prudential Indicator: Estimates of Capital Financing Requirement

	2020/21 Budget (£'000)	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)
CFR	1,073,041	1,300,885	1,590,485	1,836,902	1,999,393	2,016,930

Asset Management

8.3.17 The Asset Management Plan is the subject of a separate report due to be considered by Cabinet in February 2021.

Asset Disposals

8.3.18 When a capital asset is no longer needed, it may be sold and the proceeds (known as capital receipts) can be spent on new assets or can be used to repay debt. Repayments of grants, loans and non-treasury investments also generate capital receipts. The Council is currently permitted by legislation to spend capital receipts to deliver cost reductions and/or transformation until 2021/22. This is known as the flexible use of capital receipts and this flexibility is currently due to expire on the 3rd March 2022.

8.3.19 As stated above, capital receipts can be used to fund capital expenditure or repay debt. The budget assumption is that capital receipts will not fund capital expenditure or debt repayment. It is anticipated that the capital receipts received in the MTFs period covered by the flexibility (up to 3rd March 2022) will be used to deliver cost reductions and/or transformation. There is a separate policy statement and schedule of proposed initiatives to utilise capital receipts flexibly.

Treasury Management

8.3.20 The Council has a separate Treasury Management Strategy Statement (TMSS) that deals in detail with treasury management matters. The Capital Strategy document repeats some of the information contained within the TMSS but places the information in the context of the capital programme and Borough Plan.

8.3.21 Treasury management is concerned with keeping enough but not excessive cash balances 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 excess credit balances or overdrafts at the bank. The Council is typically cash rich in the short term as cash revenue income is received before it is spent but cash poor in the long-term as capital expenditure is incurred before it is financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce borrowing.

Borrowing Strategy

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

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

Table 8.6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/20 Actual (£'000)	31/3/21 Budget (£'000)	31/3/22 Budget (£'000)	31/3/23 Budget (£'000)	31/3/24 Budget (£'000)	31/3/25 Budget (£'000)	31/3/26 Budget (£'000)
Borrowing Debt	531,693	811,902	1,076,962	1,370,737	1,621,512	1,786,520	1,804,057
PFI & Lease Debt	31,800	27,932	24,099	20,100	15,926	11,567	9,050
Total Debt	563,493	839,834	1,101,061	1,390,837	1,637,438	1,798,088	1,813,108
Capital Financing Requirement	723,447	1,073,041	1,300,885	1,590,485	1,836,902	1,999,393	2,016,930

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

Affordable Borrowing Limit

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

Table 8.7: Prudential Indicator: Authorised limit and operational boundary for external debt

	2020/21 limit (£'000)	2021/22 limit (£'000)	2022/23 limit (£'000)	2023/24 limit (£'000)	2024/25 limit (£'000)	2025/26 limit (£'000)
Authorised limit – borrowing	979,646	1,206,785	1,500,385	1,750,976	1,917,826	1,937,880
Authorised limit – PFI & leases	30,882	31,811	26,532	21,022	15,269	11,946
Authorised limit – total external debt	1,010,528	1,238,596	1,526,917	1,771,998	1,933,095	1,949,826
Operational boundary - borrowing	929,646	1,156,785	1,450,385	1,700,976	1,867,826	1,887,880
Operational boundary – PFI & leases	28,075	28,919	24,120	19,111	13,881	10,860
Operational boundary – total external debt	957,720	1,185,704	1,474,505	1,720,087	1,881,707	1,898,740

8.3.26 Although capital expenditure is not charged directly to the revenue account, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs. This is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 8.8: Proportion of financing costs to net revenue stream

	2020/21 Budget (£'000)	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)
Financing Costs General Fund	9,343	12,653	16,677	20,076	22,343	27,299
Proportion of net revenue stream	3.87%	5.16%	6.65%	7.82%	8.51%	10.40%
Financing Costs HRA	16,426	18,591	23,287	28,823	33,001	35,825
Proportion of net revenue stream	15.44%	17.08%	20.60%	24.37%	26.39%	27.44%

8.3.27 It can be seen that over the MTFs period that the General Fund ratio increases. However, whilst costs of financing investment increases there will be offsetting revenue savings from those schemes which are self-financing, and these

savings will be reflected in reduced service area budgets. It is also possible that once business cases are prepared that some of the schemes within the capital programme may well not proceed. The ratio also increases for the HRA. This level of ratio has been modelled into the current version of the evolving HRA business plan and capital programme and is affordable.

Governance

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

Flexible use of capital receipts

8.3.29 This strategy sets out the Council's approach to the flexibility afforded by the government's change to the rules surrounding the use of capital receipts. Capital receipts can only be used for specified purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which is made under Section 11 of the Local Government Act 2003. The main permitted use of capital receipts is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.

8.3.30 The Secretary of State is empowered to issue directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Were such a direction is made, the specified expenditure can be then be funded by utilising capital receipts.

8.3.31 The then Secretary of State for the Department for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms over how capital receipts can be used to finance expenditure. The direction allows for the following expenditure to be financed by utilising capital receipts:

“Expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”

8.3.32 In order to comply with this direction, the Council must consider the Statutory Guidance issued by the Secretary of State. The guidance requires authorities to prepare, publish and maintain a flexible use of capital receipts strategy with the initial strategy being effective from the 1 April 2016 with future strategies being included within future annual budget document.

8.3.33 The Statutory Guidance for the flexible use of capital receipts strategy states that the strategy should include a list of each project that is intended to be funded via this flexibility, together with the expected savings that the projects

will realise. The strategy should also include the impact that the flexibility has on the affordability of borrowing by including updated prudential indicators.

8.3.34 The Secretary of State for Ministry of Housing, Communities and Local Government issued revised directions for the flexible use of capital receipts which extended the period of the flexibility to the financial year 2021/22.

8.3.35 The Council's strategy for capital receipts will be focused on transformation of services and will be presented to Cabinet in early February 2021 and for decision by Council later that month.

9. Housing Revenue Account (HRA)

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

HRA 10 Year Financial Plan Overview

9.1.1. The HRA is made up of the Revenue account (Income and Expenditure) and Capital account (Investments and Financing). Following the abolition of HRA borrowing cap in October 2018, the Council embarked on expansion of its investment in its existing and new housing stock. This is laid out in its HRA Business Plan and HRA 10 Year Financial Plan, which is now in its third year.

9.1.2. In this revised plan, a more granular approach was taken in the costing of our new homes and acquisition programmes, drawing upon our increased knowledge from the first two years. The change in the PWLB borrowing rate and updated inflation (CPI) which informs the rent charges and affects cost have been incorporated.

9.1.3. This revised 10 Year Financial Plan, compared to the current one, supports the delivery of increased number of new homes in the borough, with greater proportion of these new homes being developed for social rents.

9.1.4. The proposed increase in spends on Major works (existing homes), Temporary accommodation and Fire Safety further highlights the Councils commitment to improving the quality of life of residents, ensuring homeless households are provided a safe place to live, and maintaining the overall safety of our dwellings.

9.1.5. These all-encompassing delivery and financial plans address the affordability of the entire HRA capital programmes, which includes the new homes build and homes acquisition programmes, and existing stock maintenance, carbon reduction programmes for both existing stocks and new stocks, fire safety programmes and the BWF estate renewal programme.

- 9.1.6. It includes a long-term assessment of maintenance, improvement, and management requirements, as well as forecasts on income streams such as rents, in line with rent standards, and other future developments. The impact of the current pandemic on rent collection and delay in capital programmes informed the update of the HRA financial plan.
- 9.1.7. The Revised Financial plan has highlighted a weakened revenue position in the early years of the plan because of the reduction in CPI from 1.7% to 0.5% and the impact of COVID 19 on rent collection. Alongside these, some heavy capital investment in the early years of the plan added to the pressures. It is expected that these pressures can be dealt with through better than expected rent collection and further Efficiencies through HfH Transformation programme, as built into the plan.

The main sources of income to the HRA: Rents and Service Charges.

9.2 Housing rents

- 9.2.1. Rent limits for council-owned housing are set by the government through the Rent Standard which prescribes the formula for calculating social housing rents. These rents are also called formula rents and excludes service charges.
- 9.2.2. The formula for setting social housing rents is complex but involves the value of the property and average regional earnings compared to the national averages for these and is increased/decreased according to the number of bedrooms.
- 9.2.3. From 2020/21, at least until 2024/25, the government has permitted Local Authorities in England to increase rents every year by no more than the Consumer Price Index (CPI) at September of the previous year plus 1%.
- 9.2.4. The current rent for 2020/21, approved by Cabinet on 11 February 2020, was set at the 2019/20 rent uplifted by 2.7%. The rent increase is due to the CPI inflation rate in September 2019 of 1.7% plus 1% allowed by the government.
- 9.2.5. Haringey Council must set the rents for 2021/22 using the formula set out in the Rent Standard. Given that the CPI at September 2020 was 0.5%, rents in council-owned housing will increase by no more than 1.5% (CPI plus 1%) from 5 April 2021 (the first Monday in April).
- 9.2.6. Applying the maximum rent increase of 1.5% will give £1.08m of additional rental income to the Housing Revenue Account (HRA) from tenants. However, the HRA business plan had assumed annual rent increases of 3% (CPI of 2% plus 1%) which was expected to produce additional rental income of £3.78m in 2021/22 (a reduction of £2.7m).
- 9.2.7. The 10-year HRA financial plan has been revised to reflect the lower rent increase in 2021/22. An assumed annual rent increases of current CPI plus 1% in 2022/23 and reversion to CPI of 2% plus 1% for the remaining 2 years of this current rent regime (2024/25) has been built in. It also assumed annual rent increases of CPI only, for the remaining five years of the HRA financial plan.

General needs and sheltered / supported housing

- 9.2.8. Provisional rents for general needs and sheltered / supported housing for 2021/22 have been calculated so that the weekly rents paid by tenants increase by no more than 1.5% from 5 April 2021. On this basis, the average weekly rent will increase by £1.57 from £104.57 to £106.14.
- 9.2.9. There is a range of rents across different sizes of properties. Table 1 sets out the provisional average weekly rents for 2021/22 and the proposed rent increase by property size.

Table 9.1 - Average General needs and sheltered / supported housing rent

Number of Bedrooms	Number of Properties	Current average weekly rent 2020/21	New average weekly rent 2021/22	Proposed average rent increase	Percentage increase
Bedsit	130	£84.84	£86.11	£1.27	1.5%
1	5,236	£89.85	£91.20	£1.35	1.5%
2	5,129	£104.72	£106.29	£1.57	1.5%
3	3,663	£119.91	£121.71	£1.80	1.5%
4	597	£136.52	£138.57	£2.05	1.5%
5	105	£159.71	£162.10	£2.40	1.5%
6	15	£165.96	£168.45	£2.49	1.5%
7	2	£157.04	£159.39	£2.36	1.5%
8	1	£177.77	£180.44	£2.67	1.5%
All dwellings	14,878	£104.57	£106.14	£1.57	1.5%

9.2.10. As some properties have not reached the formula rent, the current policy of increasing rents to the formula rents on re-let to new secure tenants will continue.

Affordable rent housing

9.2.11. There are eighteen properties, built under the New Homes Infill Programme, currently let at affordable rents.

9.2.12. It is proposed that the rent on these properties will be changed to social rents from 5 April 2021. This is to bring these rents in line with the Council's new homes rent. On this basis, the current average weekly affordable rent of £253.31 will decrease by 34.3% to social rent levels at an average of £166.38 per week. There is a range of rents across different sizes of properties. Table 2 sets out the proposed average weekly social rents for 2021/22 by property size.

Table 9.2

Conversion of affordable rents to social rents

Number of Bedrooms	Number of Properties	Current average weekly affordable rent 2020/21	Proposed average weekly social rent 2021/22	Proposed average rent increase	Percentage increase
1	1	£210.79	£148.88	-£61.91	-29.4%
2	5	£234.29	£157.62	-£76.67	-32.7%
3	7	£235.00	£166.38	-£68.62	-29.2%
4	3	£294.78	£175.12	-£119.66	-40.6%
5	2	£324.03	£183.89	-£140.14	-43.2%
All dwellings	18	£253.31	£166.38	-£86.94	-34.3%

Temporary accommodation

- 9.2.13. All properties acquired since 1 April 2020 for housing homeless households held in the HRA are leased to Haringey Community Benefit Society (HCBS) and let by HCBS at Local Housing Allowance (LHA) rent levels.
- 9.2.14. The HRA financial plan includes these rental incomes from 2021/22 to 2027/28. From year eight, it recognises incomes from these properties at formula rent plus CPI as these properties will revert to the HRA.
- 9.2.15. From 5 April 2021, all other council-owned properties used as temporary accommodation but not leased to HCBS will have their rents increased by 1.5% from their current levels.

9.3 Tenants' service charges

- 9.3.1. In addition to rents, tenants pay charges for services they receive which are not covered by the rent. The Council's policy has been to set tenants' service charges at the start of each financial year to match budgeted expenditure.
- 9.3.2. 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.
- 9.3.3. 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.

9.3.4. 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

Tenants living in sheltered and supported housing also pay the following additional support charges:

- Sheltered Housing Charge
- Good Neighbour Charge
- Additional Good Neighbour Charge

The applicable charges for 2021/22 will be calculated and presented to Cabinet and Full Council for approval in February 2021.

Rent and Service charge consultation

9.3.5. There is no requirement for tenant consultation as Haringey council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges.

9.3.6. However, a four weeks' written notice will be served on all tenants prior to April 5, 2021. The Council must give written notice to tenants at least four weeks before the new rents for 2021/22 start on 5 April 2021. This will follow the consideration by Cabinet in February 2021 and will include:

- Council housing rent charges for 2021/22
- Proposed weekly tenants service charges for 2021/22
- HRA hostel rent charges for 2021/22

9.4 HRA Expenditure

9.4.1. 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 £41.2m for 2021/22. This includes £19.4m for repairs and about £1.9m for housing demand.

- 9.4.2. 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 2020/21 due to increase in the level of capital works programme and New build programme.

Draft Update of HRA 10 Year Financial Plan – Capital Programmes

- 9.4.3. The HRA long term financial plan has been updated 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 objectives for its provision of additional housing.
- 9.4.4. The HRA financial plan recognises certain risks such as the impact of the current pandemic, COVID-19 on collection of rent, the impact of government policy changes in respect of types of tenancy, rent levels, right to buy, and treatment of voids.
- 9.4.5. The plan assumes a revenue contribution to capital outlay (RCCO) minimum of £8m. This means that the surplus after expenditure should not be below £8m. It also assumes a working balance of £14.2m.
- 9.4.6. The draft Housing Revenue Account (HRA) revenue budget and HRA Capital programme incorporates the work to date on updating the HRA Business Plan. This is a complex plan and Members should be aware that further changes are anticipated before the final budget package is presented in February, though this will not affect the rent proposals for 2021/22 included here.
- 9.4.7. A finalised version will be presented to Cabinet and Full Council for approval in February 2021. It should be noted that any changes in the final version will not affect the rent proposal contained in this draft report.

Draft HRA 5 Years MTFS (2021/22-2025/26)

- 9.4.8. The HRA budget for 2021/22 is a balanced budget maintaining a reasonable revenue contribution to capital of £8.1m. This report sets out the proposed HRA 5 years Budget/MTFS in the Table below. It accommodates the scale of development presently assumed within the business and financial planning in terms of its impact of the future years HRA revenue position. It also takes into consideration further cost savings measures in years 2 & 3, to ensure that the RCCO is kept at above £8m year on year.

Table 9.3 - Draft HRA 5-Year Revenue Budget (2021/22 – 2025/26)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Income & Expenditure	2021-22	2022-23	2023-24	2024-25	2025-26	5 Years
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Dwellings Rent Income	(85,647)	(89,630)	(95,213)	(102,374)	(108,166)	(481,030)
Void Loss	856	896	952	1,024	1,082	4,810
Hostel Rent Income	(2,263)	(2,292)	(2,331)	(2,371)	(2,412)	(11,669)
Service Charge Income	(11,539)	(11,808)	(12,237)	(12,801)	(13,363)	(61,748)
Leaseholder Income	(7,374)	(7,475)	(7,614)	(7,756)	(7,978)	(38,197)
Other Income (Garages /Aerials/Interest)	(2,255)	(2,266)	(2,289)	(2,312)	(2,358)	(11,480)
Total Income	(108,222)	(112,575)	(118,732)	(126,590)	(133,195)	(599,314)
Expenditure						
Repairs	19,410	19,507	19,702	20,610	21,515	100,744
Housing Management	19,861	19,960	20,160	20,362	21,256	101,599
Housing Demand	1,879	1,888	1,907	1,926	1,965	9,565
Management Fee (HfH)	41,150	41,355	41,769	42,898	44,736	211,908
Further Cost Reduction Measures in year 2 & 3	0	(1,150)	(1,450)	0	0	(2,600)
Estates Costs (Managed)	10,219	10,270	10,373	10,851	11,328	53,041
Provision for Bad Debts (Tenants)	2,625	1,948	1,220	927	956	7,676
Provision for Bad Debts (Leaseholders)	88	90	91	93	96	458
Total Managed Expenditure	12,932	12,308	11,684	11,871	12,380	61,175
Other Costs (GF Services)	4,357	4,379	4,423	4,467	4,556	22,182
Other Costs (Property/Insurance)	2,224	2,235	2,257	2,280	2,326	11,322
Capital Financing Costs	19,285	25,096	31,463	35,884	37,875	149,603
Contribution to Major Repairs (Depreciation)	20,197	20,298	20,501	20,706	21,120	102,822
Revenue Contributions to Capital	8,077	8,054	8,085	8,484	10,202	42,902
Total Expenditure	108,222	112,575	118,732	126,590	133,195	599,314
HRA (Surplus) / Deficit	0	0	0	0	0	0

Draft HRA 5 Years Capital Programme (2021/22 – 2025/26)

- 9.4.9. This represents the capital implications of the new HRA financial plan where the current pandemic has placed a strong emphasis on meeting the needs of homeless households while ensuring that the needs of the existing stock are met. It also focuses on the delivery of new homes, renewal of BWF estate, carbon reduction in existing stock, and fire safety of the entire stock.
- 9.4.10. 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 grant funding, S106 monies, revenue contribution and prudential borrowing. The total capital investment in 2021/22 is £246.1m fully funded from revenue contribution, grants, RTB retained receipt, Major Repairs Reserve and borrowing.

Table 9.4 - Draft HRA 5 Year Capital Programme (2021/22 – 2025/26)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investment & Financing	2021-22	2022-23	2023-24	2024-25	2025-26	5 Years
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Investment						
Existing Stock Investment (Haringey Standard)	65,278	56,835	69,868	53,412	25,348	270,741
New Homes Build Programme	70,080	174,669	154,594	48,319	23,156	470,818
New Homes Acquisitions	41,760	6,337	15,405	27,705	44,202	135,409
TA Acquisitions	33,877	34,216	34,558	34,904	35,951	173,506
New Homes Zero Carbon	76	151	605	1,183	140	2,155
Existing Stock Carbon Reduction (Affordable Energy)	5,142	5,142	6,285	17,597	17,597	51,763
Fire Safety	15,329	13,771	11,000	4,400	4,500	49,000
Broadwater Farm	14,529	16,820	11,200	11,202	8,952	62,703
Total Capital Investment	246,071	307,941	303,515	198,722	159,846	1,216,095
Capital Investment Financing						
Grants (GLA Allocation)	35,124	1,204	0	0	0	36,328
Grants (Additional Bid)	0	26,896	55,524	22,510	7,600	112,530
Major Repairs Reserves	20,197	20,298	20,501	20,706	21,120	102,822
Revenue Contributions	8,077	8,054	8,085	8,484	10,202	42,902
RTB Capital Receipts	10,163	10,265	10,367	10,088	10,655	51,538
Leaseholder Contributions to Major Works	10,134	9,883	9,746	8,139	7,256	45,158
S.106 Contributions	1,000	1,000	1,000	0	0	3,000
Market Sales Receipts (at cost)	1,898	0	1,661	23,362	57,104	84,025
Market Sales Contributions	360	0	332	4,672	11,421	16,785
Borrowing	159,118	230,341	196,299	100,761	34,488	721,007
Total Capital Financing	246,071	307,941	303,515	198,722	159,846	1,216,095

The current business and financial plan highlight an improvement, over a 10-year period, in the number of new homes planned to be delivered and the ratio of social rent homes to market sales homes.

10 Dedicated Schools Budget (DSB)

10.1 The Dedicated Schools Budget (DSB) 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. There are requirements for Schools Forum to act as a decision-making and/or a consultative role in determining budget levels for each year.

10.2 The financial position reported at Quarter 2 2020-21 set out the forecast year end position. This highlighted the budget pressures in the High Needs Block which is estimated to add an additional £5.3m to the existing deficit of £10.2m.

10.3 Table 10.1 below sets out Haringey's Dedicated Schools Grant allocations for 2019-20, the minimum rebased DSG baseline allocation for 2020-21 and Provisional National Funding Formula (NFF) allocation for 2021-22.

Table 10.1 Haringey's Dedicated Schools Grant Allocation Dedicated Schools Grant

Dedicated Schools Grant	2019-20 NFF £m	2020-21 NFF £m	2021-22 Provisional NFF £m
Schools Block	196.97	200.15	211.98**
Central School Services Block	3.02	2.95	2.87
Early Years Block	20.09	20.83	20.36
High Needs Block	36.14	40.99	44.46
Total DSG	256.22	264.91	279.67

** Includes £6.193m Teachers Pay Grant and Teachers Pension and Employer Contribution Grant, both previously paid separately.

10.4 Overall, Haringey's provisional NFF allocation for 2021/22 is an increase of 3.23% equivalent to £8.57m and a further £6.19m teacher's pay and pension grants. This is based on 2019 October pupil census numbers and the final allocation will be based on the October 2020 pupil census numbers. Bearing in mind the pupil numbers will change from year to year, the cash impact of this provisional funding by block is:

- Schools Block - uplift of 2.82% equivalent to £5.64m.
- Central School Services Block - has lost 2.7% equivalent to £0.08m.
- Early Years Block – has lost 1.34% equivalent to £0.47m
- High Needs Block – uplift of 8.47% equivalent to £3.47m.

- 10.4 The actual financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2021-22, which is due in December 2020.
- 10.5 The Schools Forum will consider these figures at their December 2020 and January 2021 meetings.

DSG Reserves

- 10.6 As at Quarter 2, the DSG Reserves is expected to close with a cumulative deficit of £15.49m at the end of 2020-21. The pressure is mainly in the High Needs Block and is mainly due to the general increase in pupil numbers with special educational needs within the borough.

Table 10.2 2020/21 Year End DSG reserves forecast

Blocks	Opening DSG at 01/04/2020	P06 Forecast Outturn Variance	Forecast Closing DSG Reserves Quarter 2 2020-21
Schools Block	0	0	0
Central Block	10,260	34	10,294
Early Years Block	107,530	48,857	156,387
High Needs Block	10,066,960	5,255,940	15,322,900
Total	£ 10,184,750	£ 5,304,830	£ 15,489,580

- 10.7 The pressure on the DSG budget is acknowledged by government as a national issue. The outcome of the Government's SEND Review will influence policy (and budgets) and will factor into any future deficit recovery plans. This still is awaiting publication. The School's Forum is aware of the need to produce a Deficit Recovery Plan as a matter of good financial practice and in preparation for the expected contact from the DfE.

11 Consultation & Scrutiny

- 11.1 The Council, as part of the process by which it sets its budget, seeks the views and opinions of residents and service users which is used to inform the final decision of the Council when setting the budget.
- 11.2 As such a formal consultation is being planned, the result of which is expected in January, and will be shared with Cabinet to enable them to consider and reflect any amendments in the final February report.
- 11.3 Statutory consultation with businesses will also take place during this period and any feedback will be considered and, where agreed, incorporated into the final February report. A detailed consultation plan is attached at Appendix 6.
- 11.4 Additionally, the Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Overview and Scrutiny Panels and Committee during December/January on a priority themed basis. The Overview and Scrutiny Committee will then meet in January 2021 to finalise its recommendations on the budget package. These will be reported to Cabinet for their consideration. Both the recommendations and Cabinet's

response will be included in the final Budget report recommended to Full Council in February.

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

Finance

- 12.1 As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.
- 12.2 Ensuring the robustness of the Council's 2021/22 budget and its MTFS 2021/22 – 2025/26 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. The process this year has been made more challenging and complex due to the impact of the coronavirus pandemic.
- 12.3 The draft General Fund Budget 2021/22 requires the one-off draw down from reserves and this position will be reviewed and addressed in the February report.
- 12.4 The formal Section 151 Officer assessment of the robustness of the council's budget, including sufficiency of contingency and reserves to provide against future risks will be made as part of the final budget report to Council in February and will draw on independent assessments of the Council's financial resilience if available. This statutory role is acquiring more and more significance given the increased pressure falling upon this council's budget as a result of the C19 pandemic following years of austerity and the uncertainty surrounding the implications of Brexit.

Procurement

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

Assistant Director of Corporate Governance

- 12.6 The Assistant Director, Corporate Governance has been consulted in the preparation of this report and makes the following comments.
- 12.7 The Local Authorities (Standing Orders) (England) (Regulations) 2001 and the Budget and Policy Framework Procedure Rules at Part 4 Section E of the Constitution, set out the process that must be followed when the Council sets its budget. It is for the Cabinet to approve the proposals and submit the same to the Full Council for adoption in order to set the budget. However, the setting of rents and service charges for Council properties is an Executive function to be determined by the Cabinet.
- 12.8 The Council must ensure that it has due regard to its public Sector Equalities Duty under the Equalities Act 2010 in considering whether to adopt the recommendations set out in this report.

- 12.9 Where detailed savings proposals are yet to be developed, the Cabinet will need to ensure that where necessary, consultation is carried out and equalities impact assessments are undertaken, and the outcomes of these exercises inform any final decisions.
- 12.10 In view of the conclusion reached by the Director of Finance at paragraph 1.12 above on the ability to set a balanced budget for 2021/22, coupled with the assurance provided at paragraph 7.12.1 above, and the Equalities comments below in relation to the proposed use of EqlAs as appropriate, there is no reason why Cabinet cannot adopt the Recommendations in this report.

Equality

- 12.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
- 12.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 12.3 This report sets out details of the draft Budget for 2021/22 and MTFS to 2025/26, including budget reductions, growth and capital proposals. The details the impact of COVID-19 on the financial planning process and the Council's response. COVID-19 affects everything local authorities do. The Council is continuing to focus on responding to the pandemic and its concomitant impacts while ensuring normal critical services are resumed. As the virus remains prevalent in the community and public health restrictions remain in place, the future financial impacts of the virus in the short, medium and long-term remain uncertain. Further risks include the end of the transition period as the UK exits the European Union.
- 12.4 The proposed decision is for Cabinet note the budget proposals detailed and agree to commence consultation with residents, businesses, partners, staff and other groups on the 2021/22 Budget and MTFS. The decision is recommended in order to comply with the statutory requirement to set a balanced budget for 2021/22 and to ensure the Council's finances on a medium-term basis are secured through the four-year Medium-Term Financial Strategy.
- 12.5 The impact of COVID-19, along with budget pressures, has led the Council to reconsider its corporate planning through a 'Recovery and Renewal' process. Undertaken alongside key partners, this process surfaced renewed priorities, with impacts across the Council's functions. Three key themes emerged from the work: economic recovery; health and wellbeing; strengthening communities.

- 12.6 The Council's priorities are underpinned by a focus on tackling inequality. This was key principle emerging from the Recovery and Renewal work and aligns with the principles embedded within the Borough Plan equalities objectives. COVID-19 has served to widen existing inequalities with adverse impacts experienced by protected groups across a number of health and socioeconomic outcomes. The Council is committed to targeting its interventions to reduce inequality despite the financial constraints detailed in this report. This is evident through ongoing investment in policies that seek to improve outcomes for individuals with protected characteristics, such as Free School Meals, Local Welfare Assistance, Youth Services, and the Haringey University Bursary Scheme, despite financial constraints.
- 12.7 During the proposed consultation on Budget and MTFs proposals, there will be a specific focus on considering the implications of the proposals on individuals with protected characteristics, including any potential cumulative impact of these decisions. Responses to the consultation will inform the final package of savings proposals presented in February 2021.
- 12.8 Additionally, budget savings proposals are undergoing an equalities screening process to identify where negative impacts to protected groups may arise. Where such impacts are identified, a full Equalities Impact Assessment will take place to understand the impacts in full and describe action to mitigate those impacts. Haringey Council believes the Equality Impact Assessment process is an important way of informing our decision-making process. At this stage, the assessment of potential impact of decisions is high level and, in the case of many individual proposals, has not been subjected to detailed analysis. This is a live process and, as plans are developed further, each service area will assess the equality impacts and potential mitigating actions of their proposals in more details. Final EQIAs will be published alongside decisions on specific proposals.
- 12.9 Initial Equality Impact Assessments for relevant savings proposals will be published in February 2021 and will reflect feedback regarding potential equality impacts gathered during the consultation period. If a risk of disproportionate adverse impact for any protected group is identified, consideration will be given to measures that would prevent or mitigate that impact. Where there are existing proposals on which decisions have been taken, existing Equalities Impacts Assessments will be signposted.

13. Use of Appendices

Appendix 1 – Summary of Draft Revenue 2021/22 Budget and Medium Term Financial Plan 2020-2025

Appendix 2 – Summary of new budget reduction proposals

Appendix 3 – Summary of total budget reduction proposals by year

Appendix 4 – Draft General Fund Capital Programme 2021/22 – 2025/26

Appendix 5 – Summary of new proposed capital investment

Appendix 6 – Budget Consultation Plan

14. Local Government (Access to Information) Act 1985

2020/21 Qtr 1 and Qtr 2 Budget Reports

2020/21 Budget & MTFS 2020-2025

Detailed pro-formas for individual budget reduction proposals are available online at the following location:

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10 December 2020 - Adults and Health Overview and Scrutiny Panel

New Savings Proposals 2021/22 - 2023/24

REF	Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Savings Total - (£'000)	Capital Investment - (£'000)
AS101	Fast Track Financial Assessments	1,050	-	-	-	-	1,050	-
AS102	Client Contributions	487	-	-	-	-	487	-
	TOTAL - Adults	1,537	-	-	-	-	1,537	-

**Business Planning / MTFS Options
2021/22 – 2025/26**

AS101 & AS102

This pro forma is for use in **Stage 1** of the Business Planning / MTFS process.

Please fill this pro forma out fully. It is important that options brought forward from Stage 1 are worked up into fuller, more robust proposals that are fit for progression to the formal decision-making process.

Title of Option:	Client contributions income opportunities		
Priority:	People	Responsible Officer:	Charlotte Pomery/Farzad Fazilat
Affected Service(s) and AD:	Adults social Care, John Everson	Contact / Lead:	John Everson

Description of Option:

- What is the proposal in essence? What is its scope? What will change?
- What will be the impact on the Council's objectives and outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes, and Borough Plan Evidence Packs)
- How does this option ensure the Council is still able to meet statutory requirements?
- How will the proposal deliver the benefits outlined?

[Proposals will be mapped to the new Borough Plan Priorities/Objectives/Outcomes as they emerge – please take account of any likely changes when framing proposals]

Further to reviewing comparative statistics for income collection with our nearest neighbours, some areas of income collection were reviewed with the view to maximise council income collection.

Existing income collection initiatives have been expanded upon where this has proved successful. this includes charging for managed accounts, fast tracking financial assessments, reviewing clients potentially eligible for charging that had not previously been assessed.

The income opportunities presented here are working with existing policies and approvals. This savings bid is noting the increased stretch for inclusion in the MTFS for 2020/21.

Please complete Sections 3 and, if applicable, 4 of the Financial Benefits Detail Tab

Savings	2021/22	2022/23	2023/24	2024/25	2025/26	Total
<i>All savings shown on an incremental</i>	£000s	£000s	£000s	£000s	£000s	£000s
New net additional savings	- 1,537	-	-	-	-	- 1,537

Capital Implementation Costs	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
Total Capital Costs	-	-	-	-	-	-

Financial Implications Outline

- How have the savings above been determined? Please provide a brief breakdown of the factors considered.
- Is any additional investment required in order to deliver the proposal?
- If relevant, how will additional income be generated and how has the amounts been determined?

Financial assessments are carried out for new clients to determine the clients financial ability to contribute towards the cost of social care services. Additionally, annual financial assessments should routinely be carried out if the client's circumstances change, the type of care provided changes or on an annual basis to determine if a charge should be introduced or an existing charge amended. Carrying out financial assessments as early as possible increase the amount of contributions the council receives and is able to recover from the client.

It has been shown that additional resources in the financial assessment team has been able to recover more income from clients. These clients have an outstanding review from either new or revised care packages and changes in personal circumstances. The bid will improve systems and processes to increase capacity for reviewing clients in a timely manner so that the Council minimises loss of income. This bid further develops these principles.

In order to carry out the increased number of assessments and in a timely manner there are two financial assessment posts included in the £90k ongoing revenue costs.

Delivery Confidence – Stage 1

At this stage, how confident are you that this option could be delivered and benefits realised as set out? (1 = not at all confident; 5 = very confident)	4
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Indicative timescale for implementation

Est. start date for consultation DD/MM/YY	01/04/2021	Est. completion date for implementation DD/MM/YY	31/03/2022
Is there an opportunity for implementation before April 2021? Y/N ; any constraints?	Yes. Following existing savings proposals from prior year's MTFS we have been able to increase income collection in 2020/21.		

Implementation Details

- How will the proposal be implemented? Are any additional resources required?
- Please provide a brief timeline of the implementation phase.
- How will a successful implementation be measured? Which performance indicators are most relevant?

Continuing successful format of implementing previous year's MTFS savings proposals and formalising the increased capacity of financial assessments team. Two additional financial assessors are required total £90k.

Impact / non-financial benefits and disbenefits

What is the likely impact on customers and how will negative impacts be mitigated or managed?

List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes)

Positive Impacts

The Council will be able to respond quicker to fairly charge for changes to both client packages and circumstances.

Negative Impacts

None. All assessments are carried out within the Council's fairer charging policy.

What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected?
List both positive and negative impacts.

Positive Impacts

Additional capacity within the financial assessment team will provide breadth of cover and ability to respond more quickly.

Negative Impacts

Management of additional staff will be undertaken within existing resources.

How does this option ensure the Council is able to meet **statutory requirements**?

The Council has a fairer charging policy and all clients are required to be financially assessed to determine if they should contribute towards their care package.

Risks and Mitigation

What are the main risks associated with this option and how could they be mitigated?(Add rows if required)

Risk	Impact (H/M/L)	Probability (H/M/L)	Mitigation
Not reaching income target	M	L	Recruiting permanently to the financial assessments team. Improved client assessment monitoring to identify and target where reviews need to be conducted.

Has the EqIA Screening Tool been completed for this proposal? The Screening Tool should be completed for all Options at Stage 1. EqIA Screening Tool	No
Is a full EqIA required? Full EqIAs to be undertaken at Stage 2	Yes. Follows on from existing approved MTFS savings proposal.

Reviewed by		
Director / AD	[Comments]	
Charlotte Pomery and John Everson	Signature:	
	Date:	
Finance Business Partner	[Comments]	
Brian Smith	Signature:	
	Date:	

Adults

		2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2021/22 - 25/26 Total
SCHEME REF	SCHEMENAME	£,000	£,000	£,000	£,000	£,000	£,000
201	Aids, Adap's & Assistive Tech -Home Owners (DFG)	2,193	2,193	2,193	2,193	2,200	10,972
208	Supported Living Schemes	2,500	2,500	1,000	1,000	0	7,000
209	Assistive Technology	500	500	0	0	0	1,000
211	Community Alarm Service	177	177	177	177	177	885
213	Canning Crescent Assisted Living	1,750	250	0	0	0	2,000
214	Osborne Grove Nursing Home	15,000	19,250	8,430	500	0	43,180
217	Burgoyne Road (Refuge Adaptations)	2,250	250	0	0	0	2,500
218	Social Emotional & Mental Health Provision	600	600	600	600	0	2,400
221	Mosaic System Implementation	1,250	1,250	0	0	0	2,500
People - Adults		26,220	26,970	12,400	4,470	2,377	72,437

Mosaic System Implementation. This bid is to upgrade the current adult social care system to enhance its functionality and to future proof the system either through enhancing the existing system or implementing a new one. This will enable clients and providers of care to engage with each other directly through the system cutting down on manual processes. It will also enable mobile working by providing an interface between care providers and the system thus having real time access to information and real time updating. Currently the council is in a procurement process for a new system. If the current supplier is chosen, then it is estimated that the upgrade cost will be c£650k. However, if a new supplier is chosen then it is estimated that a budget of £2.5m will be required to implement the new system. The budget profile is £650k in 2021/22 should the current supplier be chosen. If a new supplier is chosen, then the budget profile would be £1.25m in 2021/22 and £1.25m in 2022/23.

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MTFS Savings Tracker (2020/21 - 2024/25)

Priority: People (Adults)

MTFS Savings Ref	Cabinet Decision Date	Saving proposal	Description	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Total £'000
People (Adults)									
B2.7	13-Feb-18	Haringey Learning Disability Partnership	The Haringey Learning Disability Partnership, working jointly with Children's Services and with key partners such as the Clinical Commissioning Group and the London Borough of Islington, will implement a coherent strategy that aims to bring Haringey's demand and spending on adults with learning disabilities in line with our statistical neighbours and limit growth in spending in line with population growth.	1,430	1,430	1,430	0	0	4,290
B2.8	13-Feb-18	Mental Health	Working with our delivery partner, Barnet, Enfield & Haringey Mental Health Trust, the Clinical Commissioning Group and our communities to strengthen the prevention and 'enablement' pathways for mental health and to ensure the support we provide minimises the long-run dependency of adults with mental health issues. For those whose needs require a social care intervention, we will develop the market and look at new commissioning arrangements to improve value for money as well as promoting choice and	490	490	490	0	0	1,470
B2.9	13-Feb-18	Physical Support	Working with the CCG, acute providers and primary care to extend independence, choice and control to those with physical support needs and further strengthen the pathways that prevent, reduce and delay the need for social care.	1,070	1,070	1,070	0	0	3,210
PA5	12-Feb-19	In-House Negotiator	Expand in house Care Negotiator capacity to work with providerson reducing the cost of care packages in relation to overcharging against service user needs.	344	0	0	0	0	344
PA6	12-Feb-19	Transfer of High Cost Day Opps	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.	525	15	0	0	0	540
PA8	12-Feb-19	Investment of drug and alcohol savings in preventative services for adults and families, targeting health inequalities	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 reduce health inequalities	0	0	100	100	0	200

MTFS Savings Ref	Cabinet Decision Date	Saving proposal	Description	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Total £'000
PA9	12-Feb-19	Further savings to be delivered by Adults Services	Further action by service to reduce cost of adult social care over the next 5 years (<i>re-profiled existing savings</i>)	180	180	180	0	0	540
20/25 PE01	11-Feb-20	Public Health Lifestyles	Look for alternative delivery options for lifestyles services (this includes; NHS Health Checks, smoking cessation, weight management and exercise programmes for the inactive), from April 2021 onwards. This proposal suggests alternative ways of delivering these services including: Reducing the capacity of services offered (but keeping services targeted at those who need them most), seeking partial funding from NHS partners, using an alternative delivery partner, joining up with other boroughs to commission the service for	0	60	0	0	0	60
20/25 PE02	11-Feb-20	Osbourne Grove Redevelopment	The closure of Osborne Grove Nursing Home pending the development of the new expanded facility that will increase the number of beds available from 32 to 70. This proposal contributes to Priority 2: People. People will be supported to live independently at home for longer. Increased intermediate care provision will enable more people to regain the skills and confidence they require to live independently in the community and will deliver improved outcomes for residents. Adults with multiple and complex needs will be supported to achieve improved outcomes through a coordinated	1,034	0	0	(476)	0	558
Total: People (Adults)				5,073	3,245	3,270	(376)	0	11,212