NOTICE OF MEETING

HOUSING AND REGENERATION SCRUTINY PANEL

Thursday, 9th December, 2021, 6.30 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ

To watch the meeting, click: **Here**

Members: Councillors Matt White (Chair), Dawn Barnes, Bob Hare, Charles Adje, Kirsten Hearn, Emine Ibrahim and Noah Tucker

Quorum: 3

1. FILMING AT MEETINGS

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2. APOLOGIES FOR ABSENCE

3. URGENT BUSINESS

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

4. DECLARATIONS OF INTEREST

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

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

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

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

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

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

6. MINUTES (PAGES 1 - 10)

To approve the minutes of the previous meeting on 4th November.

7. SCRUTINY OF THE 2022/23 DRAFT BUDGET / 5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2022/23-2026/27) (PAGES 11 - 84)

8. WORK PROGRAMME UPDATE (PAGES 85 - 88)

9. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 3 above.

10. DATES OF FUTURE MEETINGS

26th February 2022

Dominic O'Brien, Principal Scrutiny Officer
Tel – 020 8489 5896
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Email: dominic.obrien@haringey.gov.uk

Fiona Alderman
Head of Legal & Governance (Monitoring Officer)
River Park House, 225 High Road, Wood Green, N22 8HQ

Wednesday, 01 December 2021

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MINUTES OF MEETING Housing and Regeneration Scrutiny Panel HELD ON Thursday, 4th November, 2021, 6.30 pm

PRESENT:

Councillors: Matt White (Chair), Dawn Barnes, Bob Hare, Charles Adje, Kirsten Hearn, Emine Ibrahim and Noah Tucker

ALSO ATTENDING:

13. 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'.

14. APOLOGIES FOR ABSENCE

There were no apologies for absence

15. URGENT BUSINESS

There were no items of Urgent Business

16. DECLARATIONS OF INTEREST

None.

17. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None.

18. MINUTES

Cllr Hare requested to see preview of the employment land study. The Clerk agreed to ask David Joyce. **(Action: Clerk).**

In relation to a previous action, the Panel sought the Cabinet Member's view on whether there had been any consideration of the Council building its own homes going forwards. In response, Cllr Gordon advised that officers had provided a response on this point but that from her perspective, there was no reason why the delivery of house building in-house would not be discussed in the future but that those discussions had not gone forward at present.

As a follow up, the Panel sought clarification around what the Cabinet Member's view was around direct delivery of Council housing and the feasibility of building up the existing team to facilitate this. In response, the Cabinet Member advised that the Housing Delivery team contained an array of talent within it, including staff who had experience of project management and managing building projects and that this team was going to be expanded upon further. However, there were no plans at present to expand upon the roles in that team to include bricklayers and carpenters, for example. Any consideration of direct delivery of housing would have to be looked at in the round and there would need to be consideration of whether it was financially prudent for the Council to build its own homes or whether the costs of doing so were more than the Council could afford. The Cabinet Member acknowledged that there were some conceivable benefits to having a direct labour force but that these costs would need to be considered in the round.

In response to a further request for clarification, the Cabinet Member set out that she had not had any discussions about the direct delivery of housing and that no consideration of this had been undertaken at present.

In response to further questions around whether there would be any discussions on this issue in the future and whether there were any plans to, for example, undertake a feasibility study on this, the Cabinet Member advised that there were no plans at present but that she may look at the issue in the future.

RESOLVED

That the minutes of the meeting on 13th September 2021 were agreed as a correct record.

19. ST ANN'S DEVELOPMENT

The Panel received a report which provided an update on the proposed development of the St Ann's site, as requested previously by the panel. The report was introduced by Peter O' Brien, AD for Regeneration as set out in the report pack at page 13.

The Panel noted that Catalyst had been selected as the Mayor of London's preferred development partner for a site adjacent to St Ann's Hospital. This site was purchased by the Mayor in 2018 as part of the Mayor's Land Fund. The redevelopment would deliver around 930 new homes, 60% of which will be affordable. It will also provide a new and enlarged Peace Garden, improved streets as well as new retail and affordable workspaces. The Council was in negotiations to purchase 50% of the affordable rent homes. The proposals would equate to 147 Council homes, in addition to circa 34 homes being provided to Commissioning for Sheltered Housing.

The following arose during the discussion of this report:

a. The panel queried the sums behind the Council's allocation of 147, suggesting that 50% should be 152. Officers agreed to come back on that point. **(Action: Peter O'Brien).**

b. The Panel sought assurances that the Council was going to acquire the full 50% allocation of affordable homes. In response, officers advised that this was the intention and that part funding had been received from TfL for this purpose.
c. The Panel raised concerns around potentially high levels of service charges and sought clarification as to what the cost of the service charge would be. In response, officers advised that discussions on the service charge were ongoing with TfL and that they were unable to comment further at this stage as it was an ongoing negotiation.
d. The Panel commented that service charges should be the same across all Council properties and noted concerns with any arrangement that created variable service charges in council homes. Officers advised that the AD for Housing would respond to this point in writing. **(Action: Robbie Erbmann).**
e. The Panel requested that the Cabinet Member make a firm commitment that all Council tenants should be treated the same in regard to service charges. In response, the Cabinet Member acknowledged that this would be something that she would strongly encourage but cautioned that without knowing all of the facts she could not make a firm commitment at the meeting, there may for example be cost implications to the HRA.
f. The Panel noted with concern that Paragraph 3.4 suggested that the service charges would be set by Catalyst and advocated that this should be managed by HfH. The Scrutiny Panel asked for a written response about if/why Catalyst would be responsible for setting the estate/service charges rather than say HfH, in respect of the 50% affordable homes that the Council intended to acquire as part of the development. **(Action: Robbie Erbmann).**
g. The Panel commented that although 60% of homes on the site were affordable, only 20% of homes would be at social rents. The Panel commented that they would be disappointed if only 20% of the homes were at social rents. The Panel sought clarification as to what the barriers were to increase this figure. In response the Cabinet Member advised that the affordability breakdown was agreed at the time the deal was negotiated with the GLA, which preceded Cllr Gordon's tenure as Cabinet Member. Cllr Gordon advised that given that the deal had already been agreed, there were not many planning tools left in the toolbox to improve the affordability.
h. The Cabinet Member acknowledged that some of the elements of the 60% figure were not genuinely affordable, however in planning terms they were designated as being so. Officers advised that the procurement process was undertaken by the GLA, as it was a GLA site, and as part of this they had undertaken a competitive process to appoint a third party. Catalyst had signed a development agreement and would be expected to meet the terms of that agreement, including the agreed level of affordable homes, officers commented that, notwithstanding the panel members comments, the affordability breakdown was quite good compared to other schemes across London.
i. A member of the Panel commented that it was unlikely that the Council would be able to acquire any more homes on the site as the other 50% were owned by Catalyst who, as a housing association, would use those homes for their own housing stock. However, the other 50% of homes may also include homes at social rent, it's just that they would be managed by a Housing Association, rather than the Council. The Council would not be the landlord for all of the homes on the site, as it had only agreed to acquire 50% of them.

j. The Panel sought assurances as to whether the Council would have full nomination rights to the 50% of homes owned by catalyst, as it would for any other housing association homes in the borough. **(Action: Robbie Erbmann).**

k. The Panel enquired why the Council could not go back to Catalyst and try to purchase some of the homes that had been allocated as London Living Rent homes and Shared Ownership homes in order to use those as homes at genuinely affordable social rents. In was suggested that the Council had, in other instances, gone back to a developer about a previously signed agreement and attempted to purchase a greater proportion of the homes being built. In response, the Cabinet Member suggested that Hale Wharf was a different proposition as they were receptive to the idea of the Council purchasing more homes. Officers advised that as a housing association, Catalyst would likely see themselves as being in the business of offering a wide spectrum of affordable housing and it was not thought very likely that they would want to sell any additional units to the Council. Officers also set out that homes purchased at London Living Rent were more cost effective than properties designated as Shared Ownership, so there would be a cost to the HRA in doing this. As a follow-up the panel suggested that the Council should at least be asking the question.

l. The Panel sought assurances around whether the Cabinet Member had looked at acquisition of the additional homes through a CBS model as this would have different cost implications. The Panel requested that the Cabinet Member make enquiries and come back to the panel with an update at a subsequent meeting. **(Action: Cllr Gordon).**

m. The Panel referred to comments from Catalyst that it was looking to build a number of 3 to 4 bedroom town houses as part of the development, largely at the Council's behest. The Panel raised concerns that 3 to 4 bedroom town houses did seem to be especially cost effective. The Panel sought clarification as to whether there had been any actual discussions on this between the Council and the developer. **(Action: Robbie Erbmann).**

n. The Chair sought clarification around the stated aim to provide an appropriate level of parking provision on the site and how this fitted in with the wider goal to create a modal shift of 88% of all trips in the borough being undertaken by cycling, walking or public transport by 2041. The Chair also queried why demand was the determining factor, rather than the goal of reducing demand on cars, which is where the Council wanted to get to.

o. A panel member commented that they would be unhappy with any provision that set a lower level of parking space allocation in council homes than was the case in the private sector.

p. A panel member suggested that as a Ward Councillor, the residents of St Ann's did not want to see an additional increase of 200 cars in the ward, when 70% of households in that ward did not own a car.

In response to the above points, Cllr Gordon advised that she was personally in favour of as many car-free developments as was possible, with the provision that disabled parking spaces were available. However, the Cabinet Member advised that she also recognised that there would be some issues with this and in particular there was potentially a need to have car parking available for family sized homes. The Panel cautioned against having a hierarchy of who needed a car parking space as it was not as straight forward as family homes needing car parking spaces at the exclusion of other groups.

q. Officers advised that planning standards were set out in the adopted Local Plan, as well as the London Plan and that there was no differentiation in those documents between public and private developments. The Panel was advised that planning policies would be used to determine any future planning application on this site. Officers set out that the public transport accessibility score for this site was between 2 and 4, which was considered low to medium. As a result, it was not possible to pursue an entirely car-free development, but it was possible to adopt a car-capped development, which would result in a limited number of car parking spaces, as per the Local Plan.

r. Officers also outlined that the draft Walking and Cycling Action Plan was out for consultation, which set out the wider ambitions for the Council in relation to walking and cycling.

s. The Panel noted that paragraphs 4.1 & 4.2 of the report seemed to be contradictory to some extent, and it was suggested that further thought should be given by the Cabinet Member as to what the position was in regard to car parking and the St Ann's Development.

t. The Cabinet Member for Planning echoed the earlier comments of officers and reiterated that GLA and local planning policies would be applied when considering any planning applications. The Council had also made an emergency climate declaration and that the local planning policies were all part of the process of getting to that target. It was also noted that every site was different and would be determined on its own merit.

u. The Panel sought assurances around any potential loss of parking in the southwest corner of the site and whether additional parking would be provided to existing residents to offset the possible loss of four parking spaces. In response, the Cabinet Member advised that every new scheme contained a number of conflicting requirements, and the best outcome overall was sought within those competing requirements. The Cabinet Member for Planning urged councillors and residents to input into any planning consultations that took place in relation to this site. In regard to a follow-up requesting what assurances could be given to residents around the potential loss of four parking spaces as part of a cycling and walking through-route. In response, the Cabinet Member advised that he was unable to give a response to this as it was not Council site. Cllr Gordon noted that the potential loss of parking would be part of the S105 consultation and that the administration would be in a better position to comment on this once the results of the consultation had been received.

v. The Panel commented that they would like to hear a political commitment from the Cabinet Member about whether the administration would be happy to see a loss of four parking spaces (as per paragraph 5 of the St Ann's report) if the S105 consultation responses were against this loss of amenity and what other options had been considered in regard to this. Cllr Gordon agreed to provide a written response on this point. **(Action: Cllr Gordon).**

w. Officers commented that the adopted Local Plan set out that the new connection towards Green Lanes should not adversely impact the occupants of the residents of the block at the southern end of Warwick Gardens. This was something that would be considered through planning process, when a planning application was submitted.

RESOLVED

Noted.

20. CLIMATE CHANGE

The Panel received a report on Climate Change, regarding how portfolios and services were contributing to reducing carbon emissions. The Cabinet Member for Planning, Licensing & Housing Services and the Cabinet Member for House Building, Place-Making and Development introduced how their portfolios were contributing to carbon emissions, as set out on the report, which was on page 3 of the addendum report pack. The Assistant Director, Planning, Building Standards & Sustainability, The Assistant Director for Regeneration & Economic Development and the Head of Carbon Management were all present for this agenda item. The following arose during the discussion of the report:

a. The Panel queried where the authority had got to with the Local Plan and questioned what was being done to engage with a wide array of people. In response, the Cabinet Member for Planning advised that the consultation on the Local Plan was ongoing and that he had specifically requested that the views of groups who did not regularly engage with the Council were sought. Officers added that they were engaging with the Bridge Renewal Trust and the Youth Advisory Board to seek their input. Officers also set out that Haringey had received feedback from the government that its latest engagement strategy around planning policy was a best practice example.
b. The Cabinet Member for Planning advised that the Cabinet was due to meet in a few weeks to review progress to date across a raft of measures related to climate change that were set out in the Local Plan.
c. In response to a question, the Cabinet Member for Planning advised that all 33 London Boroughs were working together to try and agree proposals around Energy retrofit works that would cover a ten year period, as having an assured funding stream and assured programme of works was the only way to make significant progress. The Energiesprong pilot was underway in relation to retrofitting homes in the agreed pilot locations. 50 homes in White Hart Lane had been selected as part of the pilot scheme, the works would be delivered in 2022.
d. The Panel sought assurances around the Council meeting its carbon reduction targets. In response, officers advised that Haringey had agreed that the borough would be carbon net-zero by 2041 and that the Council's buildings and vehicle fleet would be carbon net-zero by 2027. The Council had started the procurement process for a number of electric vehicles and officers were working with the Corporate Landlord to understand key issues going forwards. The Council had allocated £101m to retrofitting Council housing stock and officers advised that they were working through a strategy to deliver that programme, which included focusing on the worst performing buildings first. The target for these works being completed was 2035. In relation to wider engagement, the Panel were advised that at a Cabinet away-day earlier in that week, Cabinet had undertaken to do more to reach out into the community and speak to harder to reach groups.

e. One of the panel members suggested that the Council should be seeking to engage more with Extinction Rebellion around the climate change agenda.
f. Cllr Hearn agreed to circulate her questions in writing for a subsequent response. Officers to provide a written response. **(Action: Cllr Hearn/Officers)**
g. The Chair noted with concern the fact that 50% of the borough's carbon emissions emanated from housing and only 7% of that was from Council housing stock. Therefore, the vast majority for emissions were from the owner/occupier sector and the private rented sector. The Chair suggested that, given the nature of the properties, the majority of carbon emissions were likely to be from the private rented sector and asked what the Council was doing in this area to meet its requirements on net-zero, above and beyond reviewing energy performance certificates. In response, the Cabinet Member for Planning advised that government issued guidance was that private rented homes had to achieve an 'E' grade on their energy performance certificate otherwise they could not be rented out. The Cabinet Member commented that in terms of owner/occupiers this was something for central government to lead on. The Cabinet Member expressed concerns around a perceived scattergun approach to this by the government and the collapse of the government scheme after only around 16,000 homes were retrofitted.
h. Officers advised the Panel that, through the licensing scheme, the Council would be enforcing minimal standards around energy efficiency and that the Council would also signpost and support landlords to access alternative funding schemes. The example of the Green Home Grant scheme was given, which was ran by GLA and was available to all homeowners/landlords. Officers advised that the ambition for this funding was to get all of the housing stock across the board up to a mid 'B' efficiency rating.
i. The Panel sought assurances around retrofitting council housing stock and potential costs to leaseholders. The Panel asked whether funding for leaseholders had been put budgeted for and whether any thought had been given on how to manage this process and mitigate any costs to leaseholders. In response, the Cabinet Member for Planning advised that any costs would vary according to the type of property and the type of retrofitting scheme that was being used. The Panel requested that the Cabinet Member provide a written response to this question. **(Action: Cllr Bevan).**
j. In reference to wrapping of properties as a method of improving energy efficiency, the Panel sought assurances around how this could be done in a conservation area and whether this would raise planning questions. In response, officers advised that the planning policy supported the retrofitting of properties and improving energy efficiency performance as well as supporting heritage and conservation areas. Officers advised that the purpose of the planning process was to try and achieve a good balance between the relevant considerations. The role of pilot scheme was highlighted as being crucial in this respect as it allowed a forum for testing and refining the process.

RESOLVED

Noted.

21. LOVE LANE BALLOT

The Panel received a report, which provided an update on the resident ballot undertaken on the Love Lane estate as part of the High Road West Regeneration scheme. It was noted that the ballot took place from 13 August to 6th September. The GLA stipulated that the ballot was administered by an independent body, the Council appointed Civica Election Services (CES) to this role. CES had managed over 90% of resident ballots undertaken in London. The results of the ballot were that 55.7% voted in favour of the proposals, with a turnout of 69.4%. CES have advised the Council that they were satisfied that the ballot process was conducted in accordance with GLA regulations. The following was noted in discussion of this report:

a. A member of the Panel enquired as to whether he may be able to review the ballots cast during the election in order to verify concerns around spoiled ballots etc, given that there was only a dozen or so ballots in it. *N.B. Clerk's note – Officers have subsequently advised that there was only one spoiled ballot and the margin of votes between yes and no was 23.* Officers advised that they were unsure whether viewing ballot papers would be permissible, as it may be counter to GDPR regulations. Officers agreed to ask Civica as to whether it was possible for a Councillor to review the ballots in some redacted form. **(Action: Peter O'Brien).**
b. Cllr Ibrahim suggested that Civica administered the election and that they would have process in place for tallying up and verifying spoiled ballots.
c. Members of the Panel commented that they were more concerned with allegations that the Council had been improperly involved in the process. In response, Cllr Gordon commented that CES administered the election and that any questions around the process should be directed to them. Cllr Gordon advised that as part of the engagement process for the ballot, officers were instructed to be clear about the Council's landlord offer with tenants and be able to answer questions. Cllr Gordon set out that there was no evidence that officers had done anything to invalidate ballots or in any way undermine the result of the ballot. The Panel was advised that Civica concurred with the Council on this and had clearly advised that the ballot was run according to the GLA guidance.
d. The Panel commented that encouraging people to take part in the ballot was fine but that they were concerned about allegations from Defend Council Housing that officers handled ballot papers or were involved in the collection process for the ballots in some way. In response, the Panel was advised that the Council had followed Civica advice to the letter. Officers advised that there were categorically no instances of officers collecting unsealed ballot papers or helping to fill ballot papers in. Officers advised the Panel that there were four instances where officers posted sealed ballot papers on behalf of residents at their request, for example due to mobility issues. It was noted that this was done as a last resort and was in line with Civica's advice.
e. Officers advised that they had contacted Civica to request advice around whether it was permitted to post sealed ballot papers on a residents' behalf. Civica had provided advice stating that this should only be done as a last resort and at the residents' insistence. Officers reiterated that what was being referred to was a very limited number of instances where sealed ballots in sealed envelopes had been collected from people with serious mobility issues, and that this was done only as a last resort upon the resident's request, not as a

proactive exercise instigated by officers. This was therefore in line with the guidance provided by Civica. These sealed ballots were collected by engagement officers who were highly visible and had been working in the community for a number of years.

f. The Panel commented that collecting sealed ballots was not something that would be undertaken during other types of election processes. Councillors commented they were forbidden from collecting ballots on behalf of residents during a Council election, for instance.

g. The Panel suggested that in hindsight, one side should not have been the only one who collected sealed ballots and that a clear process should have been in place for dealing with this eventuality.

h. In response to further questions, officers advised that they were certain that there were only four instances of sealed ballots being collected by officers. In response to another question, officers gave firm assurances that the collection of sealed ballots did not invalidate the ballot in anyway. Civica had significant experience in carrying out resident ballots and they were happy that the result was valid. Officers advised Members that any concerns about how the ballot was run should be put in writing to Civica Election Services.

i. The Panel raised concerns with some community organisations having allegedly received letters that stated that Civica had advised the Council not to collect ballots in person. The Panel sought clarification as to what advice the Council received from CES around collecting ballots and whether this advice was followed. Officers commented that they were not aware of the letters referred to or any statement from Civica to that effect, but it was reiterated that the Council had consulted Civica about the collection of sealed ballots and had followed all of the guidance provided. Civica were happy that the ballot had been properly undertaken~~.~~ In response to further questions on this, officers agreed to circulate the text of the advice that they received from Civica. **(Action: Peter O'Brien).**

j. The Panel asked the Cabinet Member for House Building, Place-Making and Development whether she would consider a re-run of the ballot in light of the issues raised by the Panel. In response, Cllr Gordon advised that there was no reason to overturn the ballot, as the Scrutiny Panel had received multiple assurances from officers about the integrity of the process and the fact that all of the relevant guidance had been followed. The Cabinet Member reiterated that there was no evidence of any irregularities having taken place.

k. In response to alleged photographs on social media, the Panel was advised that officers did not carry around a bag or box to put ballots in as part of the election process. Officers advised that any ballot box for in-person ballots would have been with Civica staff and would have been clearly labelled with CES on it, rather than Haringey Council. Officers set out that the Council had absolutely nothing to do with ballot boxes and the management thereof.

l. The Panel recommended to the Cabinet Member that the collection of sealed ballots by officers was not done again in any future ballot process, regardless of whether this was permissible or within the relevant guidance.

m. The Panel also recommended that the Cabinet Member for House Building, Place-Making and Development give consideration to re-running the ballot in light of the concerns raised during the meeting.

RESOLVED

That the report was noted.

22. WORK PROGRAMME UPDATE

The panel reviewed its work programme.

RESOLVED

I. That the work programme was agreed.

II. That the Scoping Document for the Scrutiny Review on Wards Corner was agreed and that this should be sent to Overview and Scrutiny Committee for formal approval.

23. NEW ITEMS OF URGENT BUSINESS

N/A

24. DATES OF FUTURE MEETINGS

9th December
28th February

CHAIR: Councillor Matt White

Signed by Chair ……………………………

Date …………………………………

Report for: Scrutiny Panels – Budget Scrutiny

- Housing and Regeneration Scrutiny Panel, 9th December 2021
- Environment and Community Safety Scrutiny Panel,14th December 2021
- Adults and Health Scrutiny Panel, 16th December 2021
- Children and Young People Scrutiny Panel, 4th January 2022
- Overview and Scrutiny Committee, 13th January 2022
- Overview and Scrutiny Committee, 20th January 2022

Item number:

Title: Scrutiny of the 2022/23 Draft Budget / 5 Year Medium Term Financial Strategy (2022/23-2026/27)

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 2022/23 Draft Budget / 5-year Medium Term Financial Strategy (MTFS) 2022/23 – 2026/27 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 2022/23 Draft Budget/MTFS 2022/23-2026/27 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 recommendations shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC.

b. A lead OSC member from the largest opposition group shall be responsible for the co-ordination of the Budget Scrutiny process and recommendations made by respective Scrutiny Review Panels relating to the budget.

c. Overseen by the lead member referred to in paragraph 4.1.b, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the 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 on 20th January 2022 containing their recommendations/proposals in respect of the budget for ratification by the OSC.

e. The recommendations from the Budget Scrutiny process, ratified by the OSC, shall be fed back to Cabinet. As part of the budget setting process, the Cabinet will clearly set out its response to the recommendations/ proposals made by the OSC in relation to the budget.

5. 2022/23 Draft Budget & Medium Term Financial Strategy (MTFS) 2022/27

5.1 The approach taken to the financial planning process has been markedly different this year, planned to lead to what is now a very different kind of budget being proposed. We have been clear from the onset that we need to continue our council change agenda, particularly in light of the ongoing effects of the Covid-crisis and change in needs that that has brought about. We have also recognised that this type of change is difficult and takes time, and that the Council-wide huge exercise that is now starting to consider how the new four year borough plan should be framed will provide the essential new plan for that change. Our 2022/23 budget strategy also allows us to better focus on the delivery of the next year of our already agreed savings strategy, which in itself represents £12m.

5.2 Our strategy therefore has been to look to align fundamental future budget decisions with knowledge of our fundamental future funding position, in the context of that new borough plan, which means that next year's MTFS will be pivotal in this. We have also gone into this budget round knowing that the Council as part of its outturn for 20/21 was able to assign £10m into the Strategic Budget Planning reserve, in anticipation of the timescales that would be associated with such future change.

5.3 This planned approach to our multiyear financial planning, coupled with a short term improvements in the assumable level of government grant funding, allows a draft budget for next year which addresses essential budget growth requirements totalling of £11.8 in 2022/23 across most parts of the organisation, over and above that already assumed in the existing MTFS. This strategy does require a short-term use of balances in the 22/23 financial year to make this possible.

5.4 This considered use of one-off funding will enable the Council to have more time and space to determine the new programme of change required to address the structural c. £20m gap in the medium term, which will align with the launch of the Council's new Borough plan.

5.5 The revenue growth within this budget will address, not just the pressures in our main demand led services (Adults, Children's and temporary accommodation), but also bolster budgets where necessary to ensure that we are a sustainable, stronger and fit for purpose organisation in the best position to tackle the sizeable change required to meet the structural funding gap in the medium term. The priorities that have framed this budget are:

- Ensuring that we can meet the growing need of our most vulnerable residents – through substantial additional investment in children's and adult's services; and in resources for the provision of temporary accommodation and with our partners investing in earlier intervention and early years.
- Enhances support for women and girls impacted by domestic abuse and other forms of violence
- Supports our ambitious plan to play our part in tackling the climate emergency
- Invests where necessary to ensure we are a sustainable and fit for purpose organisation able to deliver the high-quality services our residents, businesses and partners expect, with co-production running through everything we do
- Invests for the long term in our public realm including roads, pavements and parks; our schools and young people's services; and our Civic Centre.

5.6 The Spending Review announcements in late October (SR21) provided some level of financial improvement to this and other authorities for next year's budget however, beyond 2022/23 the majority of funding remains cash flat. This means that for 2023/24 and 2024/25, increasing their Council Tax level is the only means by which local authorities, including this council, can generate more corporate funding to protect services and respond to demand led growth. 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 1% (the maximum allowed by Government), which give a total Haringey Council Tax charge increase of 2.99% for 2022/23, with the same assumptions built into the draft MTFS for the following two years for modelling purposes. This proposed increase for 2022/23 forms part of the budget consultation.

5.7 In summary, 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 20th January 2022 for discussion, prior to approval and referral to Cabinet for consideration in advance of the Full Council meeting on 22nd February 2022. 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

5.8 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.

5.9 **Appendix B** is the Draft 2022/23 Budget & 2022/27 MTFS considered by Cabinet on 7th December 2021. This report sets out details of the draft Budget for 2022/23 and Medium-Term Financial Strategy (MTFS) 2022/27, including proposed revenue budget adjustments and capital proposals. This includes details of estimated funding for 2022/23 and the remainder of the planning period and highlights areas of risk.

5.10 **Appendix C** provides details of the new revenue budget proposals relevant to each Panel/Committee.

5.11 **Appendix D** provides details of the new capital investment proposals relevant to each Panel/Committee. Details of the proposed funding source are clearly identified. The Council's Capital Programme provides a framework for spend but does not constitute the approval to spend on specific projects. Approval to spend on particular projects is usually granted by cabinet decisions (e.g., contract awards). All capital projects must be financed, for example by external sources such as grants, or S106/CIL, or if no external funding is available, the Council can borrow to fund the project.

5.12 Where we do have to borrow to finance a project, there is an ongoing cost to the Council's revenue budget to repay the debt and pay interest on the borrowing costs: a rule of thumb for an average project is that for each £1m of capital financed by borrowing there is a £55k per annum revenue cost. Many of the schemes within the capital programme are 'self-financing': these schemes are funded by borrowing however, they will generate an ongoing revenue betterment to the Council, which will offset the costs of borrowing once the scheme is completed.

5.13 **Appendix E** lists the proposed 2022/23-2026/27 capital programme relevant to each Panel/Committee. This includes previously agreed investment plus the additional investment identified as part of this financial planning process and detailed in Appendix D.

5.14 **Appendix F** lists the previously agreed MTFS savings relevant to each Panel/Committee.

5.15 Attention is also drawn to the 2021/22 Quarter 2 Finance Update Report presented to Cabinet on 7th December 2021 which provides a summary of the in-year budget implications facing the authority which has informed the 2022/23 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 2022/23 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's priorities are underpinned by a focus on tackling inequality 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 and / or vulnerable residents, such as the proposed over £6m in Children's, Adults and Temporary Accommodation and £0.6m for the Violence against Women and Girls agenda.

7.8 Any comments received will be taken into consideration and included in the Budget report presented to Cabinet on 22nd February 2021.

8. Use of Appendices

Appendix A – Key lines of enquiry for budget setting

Appendix B – 2022/23 Draft Budget &2021/26 Medium Term Financial Strategy Report (presented to Cabinet 8th December 2020)

Appendix C – 2022/23 New Revenue Budget Proposals

Appendix D - 2022/23 New Capital Budget Proposals

Appendix E – Proposed 2022/23-2026/27 Capital Programme

Appendix F – Previously agreed MTFS savings

9. Local Government (Access to Information) Act 1985

Background papers: 2021/22 Quarter 2 Finance Update Report - Cabinet 7th December 2021
https://www.minutes.haringey.gov.uk/documents/s128419/Q2%20Finance%20Update%20Report%20Cabinet%207%20Dec%2021%20ver1.0%20FINAL.pdf

2021/22 Budget Book
https://www.haringey.gov.uk/sites/haringeygovuk/files/council_budget_for_2021-22.pdf

Appendix A

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?

Report for: **Cabinet 07 December 2021**

Title: **2022-23 Budget and 2022-2027 Medium Term Financial Strategy**

Report authorised by : Jon Warlow, Director of Finance

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring & Thomas Skeen, AD Finance

Ward(s) affected: All

Report for Key/ Non Key Decision: Key

1. Describe the issue under consideration

1.1 This report sets out details of the draft General Fund (GF) Budget for 2022/23 and Medium Term Financial Strategy (MTFS) 2022/27, including estimated income (funding) and expenditure adjustments and new and revised capital proposals at a Priority level. The report recommends that budget proposals are released for public consultation and Scrutiny consideration.

1.2 Whilst life is returning more to normal following the pandemic, the impacts of Covid continue to be felt in our communities and by the council. Central Government funding has been received for many of the direct costs of Covid but the social impacts of the pandemic are driving high levels of need in our borough and this leads to ongoing rising demand for our services. The in year budget update is forecasting overspends on both Children's and Adults care services, a not insignificant amount of which is driven by Covid legacy issues.

1.3 Haringey has also seen some of the sharpest rises in the number of people claiming Universal Credit of anywhere in the UK and seen a significant rise in the number of families entitled to Free School Meals and the Council Tax Reduction Scheme. We know the cost of living rises and cut to Universal Credit will mean it will be a very challenging winter for many of our residents.

1.4 The approach taken to the financial planning process has been markedly different this year, planned to lead to what is now a very different kind of budget being proposed. We have been clear from the onset that we need to continue our council change agenda, particularly in light of the ongoing effects of the Covid-crisis and change in needs that that has brought about. We have also recognised that this type of change is difficult and takes time, and that the Council-wide huge exercise that is now starting to consider how the new four year borough plan should be framed will provide the essential new plan for that change. Our 2022/23 budget strategy also allows us to better focus on the delivery of the next year of our already agreed savings strategy, which in itself represents £12m.

1.5 Our strategy therefore has been to look to align fundamental future budget decisions with knowledge of our fundamental future funding position, in the context of that new borough plan, which means that next year's MTFS will be pivotal in this. We have also gone into this budget round knowing that the Council as part of its outturn for 20/21 was able to assign £10m into the Strategic Budget Planning reserve, in anticipation of the timescales that would be associated with such future change.

1.6 This planned approach to our multi year financial planning, coupled with a short term improvements in the assumable level of government grant funding, allows a draft budget for next year which addresses essential budget growth requirements totalling of £11.8 in 2022/23 across most parts of the organisation, over and above that already assumed in the existing MTFS. This strategy does require a short term use of balances in the 22/23 financial year to make this possible.

1.7 This considered use of one-off funding will enable the Council to have more time and space to determine the new programme of change required to address the structural c. £20m gap in the medium term, which will align with the launch of the Council's new Borough plan.

1.8 The revenue growth within this budget will address, not just the pressures in our main demand led services (Adults, Children's and temporary accommodation), but also bolster budgets where necessary to ensure that we are a sustainable, stronger and fit for purpose organisation in the best position to tackle the sizeable change required to meet the structural funding gap in the medium term. The priorities that have framed this budget are:

- Ensuring that we can meet the growing need of our most vulnerable residents – through substantial additional investment in children's and adult's services; and in resources for the provision of temporary accommodation and with our partners investing in earlier intervention and early years.
- Enhances support for women and girls impacted by domestic abuse and other forms of violence
- Supports our ambitious plan to play our part in tackling the climate emergency
- Invests where necessary to ensure we are a sustainable and fit for purpose organisation able to deliver the high-quality services our residents, businesses and partners expect, with co-production running through everything we do
- Invests for the long term in our public realm including roads, pavements and parks; our schools and young people's services; and our Civic Centre.

1.9 Included within this £11.8m is funding for:

- Significant investment to support vulnerable residents, with over £6m in our demand led budgets in Children's and Adults Social care and Temporary Accommodation.
- Investment in our Violence Against Women and Girls agenda of £0.6m
- Investment in our climate and physical environment with increased funding of £0.5m for proactive tree maintenance, and £0.3m investment in highways drainage cleansing and maintenance

- Ensuring we remain a sustainable and fit for purpose organisation Investment of over £1m in our back office functions such as legal, information governance, procurement and social care commissioning to ensure we are able to support and enable the organisation
- Recognising the strategic importance of coproduction and participating with investment of £0.1m in this area.

1.10 The draft Budget incorporates the Council's current best estimate of the implications of the Spending Review 2021 (SR21) and highlights the key risks that could impact upon the financial plans now proposed. The detailed funding allocations will be announced in the Local Government Funding Settlement after this report is published. Variations from the current assumptions will be taken into consideration before the Final Budget for 2022/23 and Medium Term Financial Strategy (MTFS) 2022/27 are considered by Cabinet, including its response to the consultation, and Full Council for ratification in March 2022.

1.11 The SR21 provides some level of financial improvement to this and other authorities for next year's budget however, beyond 2022/23 the majority of funding remains cash flat. This means that for 2023/24 and 2024/25, increasing their Council Tax level is the only means by which local authorities, including this council, can generate more corporate funding to protect services and respond to demand led growth. 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 1% (the maximum allowed by Government), which give a total Haringey Council Tax charge increase of 2.99% for 2022/23, with the same assumptions built into the draft MTFS for the following two years for modelling purposes. This proposed increase for 2022/23 forms part of the budget consultation.

1.12 The Council's fees and charges have been reviewed and are dealt with elsewhere on this meeting agenda, however in summary there are no new significant charges proposed as part of this draft budget report, the default position will be that fees and charges will increase in line with inflation (3.5%), except where there are good reasons to depart from this.

1.13 The Council always maintains a five year future forecast of its finances via its MTFS. After the above assumptions it is still forecasting a gap of circa £10m for 2023/24 after the forecast application of £4m reserves; then increasing to nearly £25m by the end of the MTFS period. This points towards a demanding 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 future 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 Our capital programme also provides important opportunities to address our communities' needs, however the Council's finances are tightly constrained, so affordability is a key consideration when additions are made to this. The report also sets out proposed additions to the current General Fund Capital Programme totalling over £102m (£27m in 2022/23) including funding for:

- Investment to support our most vulnerable young people with £6.2m for residential care provision in Children's Social care
- Investment in our climate with over £0.5m investment in wildflower meadow and tree planting
- Ensuring we remain a sustainable and fit for purpose organisation with £9m investment in digital projects and a new data centre
- Significant ongoing investment in our public realm with over £3m investment in parks and park assets, £2.4m in the New River Sports Centre, £28m investment in roads and highways assets, and £30m investment to secure the future of the Civic Centre and bring this back into use as the Council's primary office location

1.16 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 Dedicated Schools Grant (DSG) grant announced for 2022/23 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 working with small numbers of authorities with the most significant HNB overspends each year to address their HNB positions (Haringey's level of overspend does not presently make it eligible to join this cohort), however this will not address the systemic pressures faced by large numbers of authorities including Haringey.

1.17 The report includes the draft Housing Revenue Account (HRA) revenue budget and HRA Capital programme, including the future years' 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. The Council has the ability under the social housing rent standards to increase rent by no more than September CPI plus 1%. Given that the CPI at September 2021 is 3.1%, rents in council-owned housing stock would increase by no more than 4.1% (CPI plus 1%) from 4 April 2022 (the first Monday in April).

1.18 The 2022/23 Budget and 2022/27 MTFS will continue to be refined between now and mid-February when the final plans will be presented to Cabinet for consideration before recommending to Full Council on 1 March 2022 for ratification. This report will include the detailed implications of the local government funding settlement figures and the Cabinet's response to consultation.

1.19 The developments most likely to impact on the final 2022/23 Budget plans presented in this February report are:
- further clarity on the funding announcements contained within SR21
- 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 other major developments or significant change in current assumptions impacting on the organisation's budgets including further responses required to the Covid-19 pandemic

2. Cabinet Member Introduction

2.1 The Council's approach to its annual budget setting has been markedly different this year, reflecting the fundamentally changed environment we operate in as we recover from the pandemic. Our communities will continue to feel the ongoing effects of the pandemic for many years to come, and this will translate into increased demand for our services on many fronts, but particularly in our demand led areas (Children, Adults and Temporary Accommodation). Taking into account this increased demand, our funding position looking forward will remain challenging, and we are therefore clear that the Council will need to progress a change agenda to ensure we continue to best support residents in a financially sustainable way. We have therefore adopted a strategy which makes calculated investments in key priority service areas and will enable the Council to focus on developing its change agenda for delivery in future years, which will align with the launch of the Council's new borough plan.

2.2 Whilst the spending review announcements in October did announce some additional funding for the sector, and which we assume will be of benefit to Haringey as is set out in this report, the level of this is in no way anticipated to allow the Council to set a balanced budget in future years without the need for further savings to be delivered. This follows on from a decade of austerity measures, and in the new context of rising demand for our service post the pandemic, exacerbating the financial challenges we face.

2.3 The spending review also made clear that the sector as a whole will have no new additional funding for the 23/24 and 24/25 financial year, besides that which is raised from local taxpayers from business rates and Council tax. It is disappointing that the Council will not be able to anticipate any increased core government grant funding for the second and third years of our MTFS.

2.4 As part of this budget the Council proposes to raise Council tax by 2.99% (which includes an adult's social care precept increase of 1%). The increase for a Band D property (excluding the GLA element) will be 83 pence per household per week, and we continue to have a comprehensive Council Tax Reduction Scheme that means that over 16,000 residents pay no Council Tax at all. 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 our support and services for the most vulnerable in our borough. We do not believe that this is the right thing to do.

2.5 In summary, I am pleased to be able to present here the Draft 2022/23 Budget and 2022/23-26/27 MTFS: despite unprecedented organisational challenges we have adopted a realistic budget strategy, to support the work of the Council.

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 2022 and also to incorporate further budget changes as required;

b) Note the Draft General Fund 2022/23 Budget and MTFS (2022-27) detailed in this report and Appendix 1;

c) Note the Draft revenue and capital budget growth proposals summarised in Sections 7 and 8 and Appendices 2 and 5;

d) Note the Draft General Fund Capital Programme for 2022/23 to 2026/27 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 2022/23 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 2021 and January 2022 for scrutiny and comments;

h) Agree to commence consultation with residents, businesses, partners, staff and other groups on the 2022/23 Budget and MTFS 2022-2027;

i) Note that an updated 2022/23 Budget and MTFS (2022-27) will be put to Cabinet on 22nd February 2022 to be recommended for approval to the Full Council meeting taking place on 1st March 2022;

j) Delegate the final decision on whether or not to participate in the proposed 8 borough business rates pool from 1 April 2022 to the Director of Finance in conjunction with the Lead Member for Finance.

4. Reasons for decision

4.1 The Council has a statutory requirement to set a balanced budget for 2022/23 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 2022/23 Budget and sustainable MTFS over the five-year period 2022/27, to be reviewed and ultimately adopted at the meeting of Full Council on 1st March 2022.

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, the estimated impact of wider environmental factors such as the Covid-19 pandemic 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. Background information

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

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

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

6.2 The following paragraph provides an update on the Spending Review 2021 (SR21) including current assumptions about the pending Provisional Local Government Finance Settlement, which is not expected to be received until mid December, after the publication of this report.

6.3 This is then followed by a section on each of the main sources of funding which set out the assumptions made in this draft 2022/23 Budget & MTFS.

SR21 and Local Government Finance Settlement 2022/23

6.4 On 27 October 2021 the Chancellor delivered the Spending Review 2021 (SR21) and the Autumn Budget. The latter set out the Governments' taxation and public expenditure plans for the year ahead, and SR21 confirmed departmental resource and capital budgets for the three years 2022-23 to 2024-25 and Devolved Administration's block grants for the same period. For the previous two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic.

6.5 The published Autumn Budget and SR2021 document is laid out across the following key themes:

- Investing in growth
- Supporting people and businesses

- Building back greener
- Levelling up
- Advancing Global Britain
- Seizing opportunities for Brexit

6.6 The Government also announced its top priorities in the SR21 to where much of the additional funding has been allocated which includes:

- **Health & Social Care** - with SR21 reconfirming previous commitments on a new Health and Social Care Levy and confirming £4.2bn over the next three years for 40 new hospitals and over 70 hospital upgrades.
- **Education** – SR21 confirms an additional £4.7bn by 2024/25 for the core schools' budget in England, over and above the SR19 settlement for schools. In addition, SR21 makes available £2.6bn over the period for new school places for children with special educational needs and disabilities (SEND) in England.
- **Housing** – SR21 reconfirms previous announcements on the Affordable Homes Programme (£7.5bn across SR21) and remediation to the highest risk buildings with unsafe cladding (£3bn across SR21); and also provides £639m in funding by 2024/25, a cash increase of 85% compared to 2019/20, as part of the government's commitment to end rough sleeping.
- **Criminal justice** – SR21 provides an extra £540m by 2024/25 to recruit the final 8,000 police officers to meet the government's commitment of 20,000 additional officers by 2023; and provides funding for an additional £785m in 2024/25 to manage the increased number of offenders being brought to justice and reduce waiting times in the criminal courts.
- **Local government** – providing a multi-year settlement and an average real-terms increase of 3% a year in core spending power.

6.7 The UK's economy and public finances have recovered faster than expected in the Office for Budget Responsibility's (OBR) November 2020 and March 2021 forecasts. The vaccines' effectiveness, combined with consumers and businesses adapting to public health restrictions has led to upwards revisions on overall output. GDP is expected to grow by 6.5% in 2021. However, the rebound in demand has been met with supply constraints driven by changes in migration and trading in the context of Brexit, thus leading to higher prices and pressure on wages.

6.8 CPI inflation has risen sharply from 0.9% last year to an expected peak of 4.4% in the second quarter of 2022. This is then likely to fall and stabilise around the MPC's 2% target from 2024 onwards. Unemployment is set to peak at 5.5% in the fourth quarter of 2021, thereafter, it is set to drop and stabilise at around 4.2 in the medium-term, still higher than the pre-pandemic levels.

6.9 The funding allocations to Local Government are summarised in the following two tables. The first shows Core Spending Power (CSP), which includes core grants, business rate income and council tax. The latter shows Local Government Departmental Expenditure Limits (DEL).

Core Spending Power

Table 2 – Local Government Core Spending Power (cash values)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Cash change (2021-22 to 2024-25)	Real terms change (2021-22 to 2024-25)
CSP	**46.2**	**49.1**	**50.4**	**53.7**	**56.6**	**58.9**	**8.5**	**4.7**
Annual change £bn		2.9	1.3	3.3	2.9	2.3		
Annual change %		6.3%	2.6%	6.5%	5.4%	4.1%	5.3%	3.0%

- **Core Spending Power for local authorities is estimated to increase by £8.5bn from £50.4bn in 2021-22 to £58.9bn in 2024-25 - an average of 3% p/a in real terms** (5% in cash terms). (NB - this includes assumptions about council tax which won't be confirmed until the PLGFS in December).

Local Government DEL

Table 3 – Local Government DEL (cash values)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Cash change (2021-22 to 2024-25)	Real terms change (2021-22 to 2024-25)
Underlying LG DEL	7.5	8.6	9.1	9.0	9.1	9.1		
Total LGDL Growth				1.8	3.0	3.6		
o/w ASC reform				0.2	1.4	2.0		
o/w Other growth				1.5	1.5	1.5		
o/w Supporting Families				0.04	0.07	0.09		
o/w Cyber Resilience				0.01	0.01	0.01		
Total LG DEL	**7.5**	**8.6**	**9.1**	**10.8**	**12.1**	**12.7**	**3.6**	**2.8**
Change £bn		1.1	0.5	1.7	1.3	0.6		
Change %		14.7%	5.8%	18.7%	12.0%	5.0%	11.9%	9.4%

- DLUHC civil servants have confirmed the figures in the LG DEL in Table 3 above, which includes:
  - **£4.8bn of new grant funding** (averaging £1.6bn per annum) over the SR21 period
  - **£3.6bn of funding as part of the adult social care reforms** (see next section)
  - **£200m for the Supporting Families programme** (rising from £40m to £90m by 2024-25).
  - **£38m for cyber security challenges**, cyber resilience, and data protection.

6.10 The announcements in the SR21 which are more pertinent to setting the 2022/23 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.

6.11 The government stated that all departments would receive real terms funding increases over the 3 years with local government receiving an average real terms increase of 3% per annum. This increase is based on calculated core spending power (CSP) which includes core grants, business rate income and council tax. The increase in CSP is largely driven by three factors:

- £4.8bn new grant funding averaging £1.6bn per annum. Some of this is assumed to fund the change to employer national insurance contributions and,

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due to the funding profile, only improves our spending power in Year 1 of the MTFS;

- £3.6bn new grant funding for Adults Social Care changes. This will not be a budget betterment for local authorities as it will be required to cover new costs (in particular reduced income). This is the main driver of 'spending power increases' in Years 2 and 3;
- Council Tax and Adults Social Care Precept (ASC) increases, funded by local residents.

6.12 Overall, the stated 'increase in core spending power' only partially improves Haringey's budget position and it should be noted that in years 2 and 3 of the MTFS the real betterment is all driven by increased Council Tax assumptions.

6.13 The referendum threshold for increases in council tax will remain at 2% for 2022/23 which is in line with the existing MTFS. Additionally, the SR21 announced that local authorities will be able to levy a 1% adult social care precept in each of the 3 years of the SR. Full details of the council tax referendum principles and adult social care precept flexibility will be provided in the Provisional Local Government Finance Settlement along with detailed allocations of most grants.

6.14 The SR21 made announcements for all government departments some of which is likely to impact Haringey although at this point, it is not possible to make any firm assumptions about the financial impact for Haringey and any changes arising from these will need to be reflected in the March 2022 report.

6.15 In summary, the sectoral view is that SR21 did not address existing or future demand led social care pressures nor did it proffer any solution to the national DSG High Needs Block position (besides new capital funding for SEND). There was no mention of any further direct C19 funding for local government although it did confirm the freezing of the multiplier in 2022/23 along with a new temporary relief directed at retail, hospitality and leisure. Finally, there were no announcements made about the wider funding reform including the expected significant changes to the business rates system.

Business Rates

6.16 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.

6.17 The intention was for business rates baselines to be reset from April 2020 however, both SR19 and SR20 confirmed annual delays. The last formal announcement was for a reset in April 2022. While the SR21 was silent on this point the wider local government sector expects another postponement and this has been modelled in the current draft budget with the expectation that S31 grants continue at a similar level to 2021/22. As Haringey is a top up authority, even if this assumption proves incorrect, it is expected that a similar level of funding will accrue from a redistribution of business rates income in the form of additional/alternative grant.

6.18 The Council participated in the London Pool for three years (2018/19 – 2020/21). London chose not to continue the Pool in 2021/22 due to the significant impact that the C19 pandemic had had on the business community and therefore forecast revenues. A London-wide pool for 2022/23 was modelled but wasn't able to make a sufficiently robust economic case for taking forward. However, the Council has been invited to be part of a smaller 8 London borough pool, which as an initiative is still at a developmental stage, but work to date does suggest a much-improved risk reward profile than the previous London wider pool. The decision to proceed or not does not need to be taken until 28 days after the publication of the provisional local government finance settlement when all parties will have the full funding details not announced at SR21. It is therefore proposed that the final decision to participate in the pool is delegated to the Director of Finance and Lead Member. Given the uncertainty over the actual financial benefit, and indeed if the pool will actually proceed, nothing has been built into the Budget/MTFS model which is a prudent approach.

6.19 Currently, the MTFS assumes a 1.9% increase in business rates income, including RSG, across the MTFS period.

6.20 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.

6.21 The estimated mandatory reliefs applied to Haringey businesses are c. £4.0m in 2022/23. These reliefs cover, among others, discounts for small businesses and will be fully reimbursed via Section 31 Grants by Central Government.

6.22 SR21 announced a continuation of the freeze to the business rates multiplier in 2022/23. The Council will be fully reimbursed for this via a Section 31 grant. The final figures will be reflected in the February report.

6.23 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 Income Forecast	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Revenue Support Grant	22,115	22,118	22,561	23,012	23,472	23,941
Business Rates Top Up	58,412	61,695	62,915	64,134	65,416	66,724
Retained Business Rates	22,137	21,218	21,642	22,291	22,737	23,192
NNDR Surplus/(Deficit)	(225)	(225)	(225)	-	-	-
S31 Grants / Redistributed Growth Funding (post reset)	6,515	4,000	4,000	4,000	4,000	4,000
Share of Pool Growth	-	-	-	-	-	-
Total	**108,954**	**108,807**	**110,892**	**113,437**	**115,625**	**117,857**

6.24 There continues to be uncertainty around the business rates regime beyond 2022/23 although SR21 and recent announcements suggest that no large-scale amendments to the model as it exists are to be expected. However, a date for the business rate baseline reset is still to be confirmed as is the outcome of the Fair Funding Review. This will impact on business rates as it derives each authority's baseline funding against which growth is measured.

6.25 Because of the uncertainty beyond 2022/23, the assumptions in Table 6.1 and their impact on the MTFS are open to significant risk.

Council Tax

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

- A 1.99% increase in Council Tax in 2022/23 and for each subsequent year is assumed (subject to the referendum limits set by Government)
- A 1% increase in ASC Precept for 2022/23 to 2024/25 inclusive, as announced in the SR21
- The tax base is forecast to grow by 3.5% in 2022/23 after a budgeted reduction of 1.5% in 2021/22 due to assumptions about the negative impact on the building trade caused by the C19 pandemic. 1.5% is assumed in 2023/24 whereafter assumed growth returns to 1% pa to the end of the MTFS planning period
- The collection rate is now assumed to improve to 95.75% for 2022/23 and 96.0% 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 surplus was refined and reduced as part of last year's financial planning process to reflect the forecast impact of the C19 pandemic on revenues. These forecasts remain unchanged in this Budget and MTFS.

6.27 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 2022 and formal Council ratification of Council Tax Rates in March 2022.

Table 6.2 Council Tax Assumptions

COUNCIL TAX ASSUMPTIONS						
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Taxbase before collection rate	81,392	80,151	82,956	84,200	85,042	85,892
Taxbase change	-1.5%	3.5%	1.5%	1.0%	1.0%	1.0%
Taxbase for year	80,151	82,956	84,200	85,042	85,892	86,751
Collection Rate	95.50%	95.75%	96.00%	96.50%	96.50%	96.50%
Taxbase after collection rate	**76,544**	**79,430**	**80,832**	**82,066**	**82,886**	**83,715**
Council Tax increase	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	3.00%	1%	1%	1%	0%	0%
Band D rate	£1,441.05	£1,484.13	£1,528.50	£1,574.19	£1,605.51	£1,637.45
Council Tax Before Surplus (£000)	**£110,304**	**£117,884**	**£123,552**	**£129,187**	**£133,074**	**£137,079**
Previous Year (Estimated) Surplus	£1,925	£1,925	£1,925	£2,175	£2,175	£2,175
CIPFA Counter Fraud Income	£25	£25	£25	£25	£25	£25
Council Tax Yield (£000)	**£112,254**	**£119,834**	**£125,502**	**£131,387**	**£135,274**	**£139,279**

Grants

6.28 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

6.29 Some estimated inflationary increases are applied to the values in Table 6.3 below, however the SR 21 announced that specific grants would remain 'cash flat'. This is subject to confirmation at the Draft Local Government Finance Settlement in December and will need to be kept under review and the MTFS will be updated when further details emerge. Forecast figures for 2023/24 onwards remain uncertain and should these assumptions not materialise, it could have a significant impact on the current forecast gap across those years.

6.30 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

Original Grant Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'001
Better Care Fund (BCF) - (CCG Contribution)	6,017	6,047	6,138	6,138	6,138	6,138
Improved Better Care Fund (iBCF)	9,518	9,566	9,709	9,709	9,709	9,709
Social Care Support Grant	6,960	6,995	7,100	7,100	7,100	7,100
Additional Social Care Support Funding	1,766	1,766	1,766	1,766	1,766	1,766
Total	**24,261**	**24,373**	**24,713**	**24,713**	**24,713**	**24,713**

Core Grants

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

- The Local Council Tax Support Administration grant, the Housing Benefit Admin grant are assumed to be cash flat but continue across the MTFS;
- The Public Health grant is currently still assumed as cash flat across the MTFS however SR21 indicated an inflationary increase to this grant. This funding is ring-fenced to Public Health activites and the MTFS will be updated for the February 2022 report to reflect the actual allocations;
- The Council Tax Support grant ceases as this was provided purely to mitigate the impact of the C19 pandemic on numbers eligible for council tax support schemes;
- Business rates S31 grants – this has been addressed in section 6.17;
- New Homes Bonus and the Lower Tier Services Grant – the current MTFS already assumed that these grants would be phased out. This continues to be the thinking however, based on the SR21 announcements, the draft MTFS assumes that a similar level of funding will be provided along with an estimated step up of £5.5m. Until the provisional local government finance settlement is published these remain estimates. Final figures will be included in the February report.

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

Table 6.4 – Core Grants

Grant Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'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	20,353	20,353	20,353	20,353	20,353	20,353
New Homes Bonus (NHB)	1,208	656	0	0	0	0
Business Rates - Section 31 Grants	6,515	4,000	4,000	4,000	4,000	4,000
Council Tax Support Grant	3,606	0	0	0	0	0
Lower Tier Services Grant / NHB Replacement	756	7,464	7,464	7,464	7,464	7,464
Total	**34,385**	**34,421**	**33,765**	**33,765**	**33,765**	**33,765**

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Fees and Charges

6.33 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.

6.34 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.

6.35 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.

6.36 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.

6.37 The impact of fees and charges increases have been included in the MTFS projections.

Use of Reserves

6.38 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.

6.39 In setting a balanced budget for 2022/23 the Council would use £5.8m of reserves which had been previously earmarked for this purpose. As part of its outturn for 2020/21 the council was able to assign £10m into the Strategic Budget Planning Reserve in anticipation of the timescales that would be associated with future budget changes. The 2023/24 General Fund forecast presently assumes that the balance of this £10m will be required in that year.

6.40 The March 2022 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

6.41 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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		£'000	£'000	£'000	£'000	£'000	£'000
Table 6.1	Revenue Support Grant	22,115	22,118	22,561	23,012	23,472	23,941
	Top up Business Rates	58,412	61,695	62,915	64,134	65,416	66,724
	Retained Business Rates	22,137	21,218	21,642	22,291	22,737	23,192
	NNDR Growth	-	-	-	-	-	-
	NNDR Surplus/(Deficit)	(225)	(225)	(225)	-	-	-
Table 6.2	Council Tax	110,302	117,884	123,552	129,187	133,074	137,079
	Council Tax Surplus	1,950	1,925	1,925	2,175	2,175	2,175
Table 6.4	New Homes Bonus	1,208	656	0	0	0	0
	Public Health	20,353	20,353	20,353	20,353	20,353	20,353
	Other Core Grants	12,825	13,411	13,411	13,411	13,411	13,411
	Total (External) Funding	**249,077**	**259,037**	**266,134**	**274,564**	**280,639**	**286,876**
	Contribution from Reserves	1,688	5,879	4,121	-	-	-
	TOTAL FUNDING	**250,765**	**264,916**	**270,255**	**274,564**	**280,639**	**286,876**

7. General Fund Revenue Assumptions

7.1 2021/22 Financial Performance – General Fund Revenue

7.1.1 The 2021/22 Budget Update report, also part of this Cabinet agenda, provides an update on the Quarter 2 budget position. It continues to differentiate between the General Fund (GF) direct impact of C19 on agreed budgets and MTFS savings as distinct from other base budget issues (although it should be noted that many of these base budget issues will be a consequential rather than direct impact of the pandemic).

7.1.2 The overall GF forecast variation from budget stands at £23.0m with £12.87m attributable to C19 and £10.2m to base budget pressures. The former has remained in the line with the forecast provided at Qtr1 and the £9.1m un-ringfenced emergency C19 grant plus other specific grants and income compensation are still expected to offset the £12.87m in full.

7.1.3 More worryingly, the forecast base budget pressure has increased by £5m compared to Qtr1 and now stands at £10.2m. The largest impact continues to be felt in the two care service priorities, accounting for £9m of the £10.2m; much of this appears driven by the legacy impact of C19. However, all other priority areas are forecasting pressures of over £1m totalling £15m gross. This figure is netted down to the £10.2m by expected underspends on corporate budgets, predominately interest payments due to the lag in capital programme spend.

7.1.4 A further, as yet unquantified potential pressure has been highlighted in the Temporary Accommodation (TA) budgets which has seen a reduction in rent collection rates.

7.1.5 Included within the GF forecast pressures described above is a £5.8m shortfall in MTFS savings delivery representing 55% of the total plan. Currently the relevant services have largely described these as slippage in delivery however a small number of proposals are now not thought to realistically able to be achieved as planned largely due to the impact of C19 on the economic environment. The draft 2022/23 Budget now proposed acknowledges these forecasts and plans to re-profile £1.250m with a further £0.750m permanently written out. This position will be kept under review and will be revisited as part of the final February budget report.

7.1.6 Covid-19 is also expected to continue to impact on Business Rates and Council Tax (Collection Fund) income, both in year and arrears and the forecast impact has been built into the draft proposals presented in this report. The 2021/22 Budget and 2022/26 MTFS agreed last year spread the estimated business rates deficit over three years and this assumption has been reviewed and reaffirmed. It should also be noted that as part of the 2020/21 year end process bad debt provisions for all the council's key income streams were augmented to recognise as far as possible the estimated impact of C19 on individuals and businesses to fully settle their accounts with the council. With the ever increasing reliance on local tax revenues and other fees and charges to fund services a close watch will be kept on collection rates and any required adjustments to this draft Budget will be advised as part of the final budget report in February 2022.

7.1.7 The year end Dedicated Schools Grant (DSG) forecast continues to be in deficit against the agreed budget. At Qtr2 £6.3m is forecast, all against the High Needs Block which continues to be driven by the increasing number of Education, Health and Care Plans (EHCP) in recent years. It should be stressed that following clear guidance last year, this is not a pressure that statutorily impacts the GF however it remains a significant concern for the whole sector.

7.1.8 In summary, the key underlying budget pressures that have manifested during this financial year to date, which services cannot mitigate, have been taken account of and built in to the 2022/23 budget setting process.

7.2 The 2022/23 Budget and 2022-26 MTFS Strategy

7.2.1 The approach taken to the financial planning process has been markedly different this year, planned to lead to what is now a very different kind of budget being proposed. We have been clear from the onset that we need to continue our council change agenda, particularly in light of the ongoing effects of the Covid-crisis and change in needs that that has brought about. We have also recognised that this type of change is difficult and takes time, and that the Council huge exercise that is now starting to consider how the new four year borough plan should be frames will provide the essential new plan for that change. Our budget strategy also allows us to better focus on the delivery of the next year of our already agreed savings strategy, which in itself represents £12m for 2022/23.

7.2.2 Our strategy has been to look to align fundamental future budget decisions with knowledge of our fundamental future funding position, in the context of that new borough plan, which means that next year's MTFS will be pivotal in this. We have also gone into this budget round knowing that the Council as part of its outturn for 20/21 was able to assign £10m into the Strategic Budget Planning reserve, in anticipation of the sorts of timescales that would be associated with such future change.

7.2.3 The authority's advanced multi year financial planning, coupled with a short term improvements in the assumable level of government grant funding, now makes it possible to have a draft budget which, for next year, can address essential budget growth requirements totalling of £11.8 in 2022/23, over and above that already assumed in the existing MTFS across most parts of the organisation. This strategy does require the short term use of balances in the 22/23 financial year to make this possible.

7.2.4 Looking forward, this judicial use of one-off funding will enable the Council to achieve a stronger platform to approach the new programme of change required to address the structural c. £20m gap in the medium term, which will align with the launch of the Council's new Borough plan.

Budget Growth / Pressures

7.3 The main corporate assumptions across the MTFS period are outlined below followed by a section focussing on the policy priorities and service specific items.

7.4 Pay Inflation

7.4.1 The pay deal for 2021/22 has still to be agreed as an offer of 1.75% was rejected and put to a ballot of members. Based on this challenge and also the forecasts for inflation next financial year alongside well documented increases in cost of living, the budget available for the pay award in 2022/23 has been increased to allow for c. 3%. This falls back to c. 2% pa across the remainder of the MTFS period.

7.5 Non-Pay Inflation

7.5.1 The impact of inflationary increases in the demand led services is addressed as part of the overall annual demand modelling exercise. For all other non-pay inflation, the assumption continues that the services will broadly have to manage within existing budgets, thus absorbing any inflationary pressures. However, in recognition that some contracts include inflation-linked increases and utility costs continue to be volatile and difficult to predict an annual allowance is built into the budget to address these items should they arise. Due to the inflation forecasts provided in SR21 which suggests that RPI could reach 4.4% an increased sum has been built in for 2022/23 totalling c£2.6m. Thereafter the annual allowance returns to £1m pa.

7.6 Employer Pension Contributions

7.6.1 The outcome of the last triennial valuation, which covered the period 2020/21 – 2022/23, confirmed that the Pension Fund performance allowed for a decrease in the Council's contribution rate of 0.5% each year for those three years, equating to a saving of c. £0.5m per annum each year. No assumptions have been made about the next triennial valuation.

7.7 Treasury & Capital Financing

7.7.1 The MTFS 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.

7.7.2 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 March 2022 & the final Treasury Management Strategy Statement presented to Full Council later that month. Government funding announcements with further detail following SR21 may also cause some of these figures to be revisited (for example where it becomes clear that grant funding will be made available to fund certain capital schemes).

7.8 Levies

7.8.1 The current assumption is that all Levy costs except the North London Waste Authority (NLWA) levy will remain broadly in line with the 2021/22 figures across the period.

7.8.2 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 2021/22 budget was increased by £0.7m to address the step up for that year. No further increases were built into the existing MTFS but the Budget now presented includes a further £0.5m p.a. from 2022/23, a prudent estimate due the forecast impact of increased borrowing costs associated with the new facility which must be met by the levy.

7.8.3 The 2020/21 Levy was lower than the council's budgeted figure and it was agreed for this amount to be transferred to the council's reserve in order to smooth the future financial pressure. This will be drawn on when required. The budget assumptions across the MTFS period will be revisited before February, when the intended Levy levels will be announced for 2022/23.

7.9 Policy Priorities

7.9.1 Since 2018/19, 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
- Free Schools Meals £0.3m funding in 2022/23 and 2022/23
- Welfare Assistance Scheme £0.3m funding in 2022/23 and 2022/23
- Voluntary and Community Sector – £0.25m in 2022/23 only
- Youth Services – £0.25m in 2022/23 only
- Haringey University Bursary Scheme - £0.12m over 3 years
- Recruit Local People - £0.10m over 2 years

7.9.2 Despite the significant challenges to set a balanced budget for 2022/23, £300k of policy growth has been incorporated into the draft budget and MTFS as follows:-

- Residents & Communities Engagement and Participation (£0.1m):
  The pandemic emphasised the importance of residents & communities engagement and participation. This investment will enable us to further develop their involvement in local decision making, shaping the services they use and be part of co-producing the borough of the future.
- Environment/climate investment (£0.2m):
  The Council is investing in the public realm and playing our part in tackling the climate emergency, and will invest our resources strategically in these areas.

7.10 Service Budget Adjustments Required

Service Growth Budget Adjustments

7.10.1 As stated above, the 2022/23 Budget process has focussed on stabilising the Council's overall position by recognising existing and newly manifested pressures, many of which are products of the pandemic and on-going structural underfunding at a national level.

7.10.2 An extensive exercise was carried out over the summer and autumn to gather data and evidence to enable informed decisions to be made about where to direct the limited resources; not all items of growth put forward were able to be accommodated however the proposed budgets are as realistic as possible.

7.10.3 The existing MTFS had a certain level of growth assumed (£8.609m for 2022/23 alone) which have been reviewed but found to still be sound.

7.10.4 The table below summarises the new service specific growth proposals highlighted as part of this year's process.

Table 7.1 – New Service Growth Budget Adjustment Proposals

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	TOTAL (£000)
Adults and Health	2,409	(42)	0	2,789	2,821	**7,977**
Children	4,172	144	420	620	20	**5,376**
Housing, Regeneration & Planning	2,070	(460)	(375)	0	(30)	**1,205**
Environment & Neighbourhood	1,401	51	(100)	0	0	**1,352**
Customer, Transformation & Resources + Corporate	1,797	(500)	0	0	550	**1,847**
	11,849	**(807)**	**(55)**	**3,409**	**3,361**	**17,757**

7.10.5 As clear from the table, the service areas requiring the most growth continue to be the People related priorities of Adults, Health and Children. Some of this will be met from the application of the additional 1% ASC precept that is proposed to be levied in 2022/23.

7.10.6 However, unavoidable or demand growth has been identified in all directorates. The following provide a flavour of what this growth will be used for with the full detail set out in Appendix 2:

- Significant investment to support vulnerable residents, with over £6m in our demand led budgets in Children's and Adults Social care and Temporary Accommodation.
- Investment in our VAWG agenda of £0.6m
- Investment in our climate and physical environment with increased funding of £0.5m for proactive tree maintenance, and £0.3m investment in highways drainage cleansing and maintenance
- Ensuring we remain a sustainable and fit for purpose organisation Investment of over £1m in our back-office functions such as legal, information governance, procurement and social care commissioning to ensure we are able to support and enable the organisation

7.11 Budget Reduction Proposals / Savings

7.11.1 The Council has previously agreed **£13.3m** of savings to be delivered across the period 2022-2026 and these are set out below.

Table 7.2 – Agreed Savings 2022-2026

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			Total		
Priority	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Total Savings**
	£000	**£000**	**£000**	**£000**	**£000**
Housing	340	51	12	1	404
People - Adults	4,161	535	-	-	4,696
People - Children	1,679	130	230	0	2,039
Place	2,649	(1,370)	1,360	170	2,809
Economy	100	100	100	70	370
Your Council	751	6	-	-	757
Total Savings - Priorities	**9,680**	**(548)**	**1,702**	**241**	**11,075**
Cross-Cutting Proposals	2,250				2,250
Total Savings	**11,930**	**(548)**	**1,702**	**241**	**13,325**

7.11.2 No new budget reduction proposals are proposed for 2022/23 in line with the agreed financial planning strategy; instead focus has been placed on robustly challenging the existing agreed savings programme identifying where slippage might occur, how this could be mitigated and also acknowledging any savings that, largely due to wider economic conditions, were no longer deemed deliverable.

7.11.3 This review highlighted £1.250m savings slippage and £0.750m undeliverable. The impact of this has been built into the draft 2022/23 Budget but work will continue between now and the final report in February to further refine the figures.

7.12 Summary Revenue Budget Position 2022/23 – 2026/27

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

Table 7.3 – Summary Revenue Budget Position

	2021/22 Budget	2022/23 Draft Budget	2023/24 Projected	2024/25 Projected	2025/26 Projected	2026/27 Projected
Priority Area	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Housing	16,102	16,939	16,888	16,876	16,875	16,875
People - Children	58,289	60,359	60,609	61,299	61,919	61,939
People - Adults	83,208	82,164	83,625	86,727	89,516	92,337
Place	23,999	22,142	23,569	22,115	21,945	21,945
Economy	6,166	7,154	6,854	6,429	6,359	6,329
Your Council	32,995	36,333	35,452	35,452	35,452	36,002
Non-Service Revenue	30,006	39,825	53,544	60,366	67,722	74,922
Council Cash Limit	**250,765**	**264,916**	**280,541**	**289,264**	**299,788**	**310,349**
Planned Contributions from Reserves	(1,688)	(5,879)	(4,121)			
Further Savings to be Identified	-	(0)	(10,286)	(14,700)	(19,149)	(23,473)
Total General Fund Budget	**249,077**	**259,037**	**266,134**	**274,564**	**280,639**	**286,876**
Council Tax	110,302	117,884	123,552	129,187	133,074	137,079
Council Tax Surplus	1,950	1,925	1,925	2,175	2,175	2,175
RSG	22,115	22,118	22,561	23,012	23,472	23,941
Top up Business Rates	58,412	61,695	62,915	64,134	65,416	66,724
Retained Business Rates	22,137	21,218	21,642	22,291	22,737	23,192
NNDR Surplus/(Deficit)	(225)	(225)	(225)	-	-	-
Total (Main Funding)	**214,691**	**224,616**	**232,369**	**240,799**	**246,875**	**253,112**
Core/Other External Grants						
New Homes Bonus	1,208	656	0	0	0	0
Public Health	20,353	20,353	20,353	20,353	20,353	20,353
Other core grants	12,825	13,411	13,411	13,411	13,411	13,411
TOTAL (Core/Other External Grants)	**34,386**	**34,421**	**33,765**	**33,765**	**33,765**	**33,765**
Total Income	**249,077**	**259,037**	**266,134**	**274,564**	**280,639**	**286,876**

7.12.1 The draft General Fund Budget 2022/23 presently has a budget gap of £5.879m, which is expected to be covered from reserves.

7.12.2 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.

7.13 Review of assumptions and risks 2022/23 – 2026/27

7.13.1 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report on the Council's budget in March 2022 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.

7.13.2 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.

7.13.3 The main uncertainties and risks identified to date which my impact on the Council's budget for 2022/23 and over the period of the MTFS are:

- Funding assumptions for 2022/23 are subject to the final local government settlement expected in January 2022 and therefore there may be changes; at this point we have yet to receive the provisional figures which places more risk on the current assumptions.
- On-going uncertainty about the final impact of the Covid-19 pandemic on 2021/22 budgets and also future years.
- The ongoing economic impacts of Brexit may continue to put pressure on costs and increase inflation; staffing in critical social care & health services, on local tax income levels
- Uncertainty over whether the London wide business rates pool will be reconstituted from 2023/24 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 to be funded by general fund resources
- The expected Fair Funding Review and redesign of the Business Rates Retention scheme did not complete during 2021/22 as expected. The impact on funding for the Council on the eventual outcomes of both are not known at this time although these could be overtaken by the Levelling Up agenda and associated funding distribution methodologies
- Increases in London Living Wage, or the minimum wage impacting the Council directly or through contracted spend 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. Conversely, in the immediate term, falls in numbers of families with children living in the borough are creating ongoing pressures for schools which are funded on a per pupil basis from the Government.

- 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 2021/22 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 2022/23 – 2026/27

8.1 Introduction

8.1.1 This is the fourth capital strategy report that has been prepared since it became a mandatory requirement upon local authorities. 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 deliverability of the Council's capital strategy, but the council has responded to the new challenges. In particular the capital programme for 2021/22 has continued 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 and works around school streets to make them safe. Despite the pandemic significant works have been undertaken to 8 schools and Pendarren.

8.1.3 Looking forward the Council's capital investment proposals include continued investment in the school estate, new investment in creating an in-borough Children's residential care provision, and increased investment in the infrastructure of the borough's parks and streets. Historically the Council received significant funding from TfL to support the highways of the borough. The pandemic hit TfL's finances hard, and it has not been able to provide the same level of support to boroughs. The Council's proposals allow for funding of the type of work previously funded by TfL in 2022/23 to be met by Council borrowing. In future years it has been assumed that external grant will be available to fund these works, in line with announcements made at SR21.

8.1.4 The Council has an accommodation strategy that is responding to the new ways of working and service demands. The strategy assumes that it will consolidate the Council's offices into the Civic Centre. This would be achieved through the necessary refurbishment of the Civic Centre and the creation of a new annex. There is also further investment in property to enable the Council to maximise the value of its property on Station Road. It is anticipated that investment in the annex will generate savings that will pay for the investment.

8.1.5 The Council is also investing in its digital offering to ensure that our customers receive the best possible service.

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.

Background

8.1.7 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.

8.1.8 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 locality provision); and deliver fit for purpose schools. The Council continues to plan for its use of capital expenditure to positively impact people's lives.

8.1.9 The key objectives for the Council's capital programme are to deliver the outcomes described in the borough plan and assist the Council in meeting the financial challenges that it continues to face. However, affordability is also a key consideration, as investment in capital schemes which requires the Council to borrow to fund the schemes impacts on Council revenue budgets.

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, and 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 2022/23-2026/27 which shows the continued and growing capital investment that is being undertaken to support the achievement of the borough plan objectives and to improve people's lives.

Table 8.1: Capital expenditure plans overview 2022/23 - 2026/27

	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	Total (£'000)
Previously Agreed							
General Fund Account (GF)	288,854	190,863	150,613	120,687	67,469		**818,485**
Housing Revenue Account (HRA)	277,033	346,575	334,086	375,571	222,787		**1,556,052**
Total =	**565,887**	**537,438**	**484,699**	**496,258**	**290,256**		**2,374,537**
Proposed							
General Fund Account (GF)		233,320	214,368	158,079	101,153	23,519	**730,439**
Housing Revenue Account (HRA)		397,264	356,920	276,158	213,540	197,193	**1,441,075**
Total =		**630,584**	**571,288**	**434,237**	**314,693**	**220,712**	**2,171,514**

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 attract 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 2022/23-2026/27 the Council is planning to spend £92.9m on schools, of which approximately £28.9m is funded through government grant leaving a borrowing requirement of £64m. The majority of the cost of the increased investment in schools falls on the Council's revenue account through increased borrowing costs.

8.2.7 The Adults Services capital programme is £72.8m, the majority of the programme is self-financed at £56m. In addition there is £13.9m grant funded expenditure.

8.2.8 Within the Place priority the proposed capital programme for the period 2022/23-2026/27 is broadly estimated at £103.6m of which approximately £30.7m is externally funded.

8.2.9 The Economy capital programme has an estimated value of £367m, of which £133.5m is funded externally and £184.2m is self-financing. Council borrowing in this part of the capital programme is proportionately lower than in others at £49.3m. 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.

8.2.10 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.

8.2.11 The General Fund Housing programme has no schemes that rely on borrowing as they are all self-financing.

8.2.12 The Your Council capital programme is estimated at £92.1m with the majority, £59.7m funded through borrowing. £43.3m of this borrowing relates to the asset management function of the Council and the Civic Centre refurbishment, with investment of £15.4m in ICT to improve services.

8.2.13 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.

8.2.14 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 borrowing 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.

8.2.15 Services 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.

8.2.16 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

	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	Total (£'000)
People - Children's	25,421	26,694	24,671	14,301	1,831	**92,916**
People - Adults	17,956	40,474	8,515	3,471	2,377	**72,794**
Place	25,594	22,445	20,688	18,988	15,861	**103,576**
Economy	131,619	101,474	81,306	52,643	0	**367,042**
Housing (GF)	1,000	1,000	0	0	0	**2,000**
Your Council	31,731	22,281	22,900	11,750	3,450	**92,112**
Total General Fund (GF)	**233,320**	**214,368**	**158,079**	**101,153**	**23,519**	**730,439**
Housing (HRA)	**397,264**	**356,920**	**276,158**	**213,540**	**197,193**	**1,441,075**
Overall Total	**630,584**	**571,288**	**434,237**	**314,693**	**220,712**	**2,171,514**

8.2.17 Appendix 4 includes the previously agreed schemes plus any changes since the last budget (up to and including the December 2021 Cabinet), plus the new schemes proposed. It also indicates how each scheme is financed.

8.2.18 Appendix 5 provides details of the new schemes proposed. The following paragraphs provide a high-level description of each priority's new capital proposals.

8.2.19 **Children's Services**

There is one new scheme proposed for Children's Services and that is for the creation of an in-borough residential centre. This would provide high quality provision at a lower cost. The site or sites for the provision have not been identified at this time. The scheme is included in the capital programme as self-financing.

Adult Services

The continued focus of the Adults Services capital programme is to enhance the lives of disabled and older adults. The 2021/22 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.

8.2.20 **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 parks to provide greener and more comfortable spaces. The programme also allows for the continuation of investment in street lighting and borough roads. The funding for the highways scheme and the accident reduction scheme are included in the programme as being funded by Haringey borrowing in 2022/23. In future years it has been assumed that there will be external funding provided to undertake the works, in line with announcements from SR21 about national funding for works for highways, potholes, resurfacing and bridges.

8.2.21 **Economy**

The new proposal, in relation to the HALS service and builds on this existing programme of funding of the Good Economy Recovery Plan.

8.2.22 **Your Council**

The initial proposals contain significant investment in Council assets and services. There is a new proposal for an annex to the Civic Centre which will consolidate most all Council offices onto one site and at the same time allow for new uses for the buildings on Station Road. The proposals also have significant investment in IT systems and infrastructure to ensure that the customer experience is a good as it can be.

8.2.23 **Financing**

All capital expenditure must be financed from either and external source (government grant or 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 wherever possible. The draft capital programme for 2022/23-2026/27 is analysed in the table below and shows that the majority of schemes being proposed (68%) are either self-financing or funded via external resources:

Table 8.3: Financing Strategy

	General Fund Borrowing		External	Total
	Met from General Fund (£'000)	Self-Financing met from Savings (£'000)	(£'000)	(£'000)
People - Children's	57,808	6,200	28,908	**92,916**
People - Adults	2,885	56,020	13,889	**72,794**
Place	64,473	8,413	30,690	**103,576**
Economy	49,318	184,237	133,487	**367,042**
Housing - GF	0	2,000	0	**2,000**
Your Council	59,662	32,450	0	**92,112**
Total	**234,146**	**289,319**	**206,974**	**730,439**

8.2.24 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 (council borrowing). 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.

8.2.25 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

	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)
MRP	8,734	13,379	19,414	23,469	26,629	28,903

8.2.26 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 was addressed in detail in the Treasury Management Strategy considered by Council in February 2021.

Table 8.5: Prudential Indicator: Estimates of Capital Financing Requirement

	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)
CFR	1,365,827	1,471,470	1,874,703	2,121,746	2,219,544	2,256,741

8.3 Asset Management

8.3.1 The Council maintains an approved Asset Management Plan, which has previously been approved by Cabinet.

Asset Disposals

8.3.2 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. This is known as the flexible use of capital receipts and this flexibility is currently due to expire on the 31st March 2025.

8.3.3 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 31st March 2025) 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

8.3.4 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.

8.3.5 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

8.3.6 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.

8.3.7 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

	31/3/21 Actual (£'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)	31/3/27 Budget (£'000)
Borrowing Debt	555,915	811,902	1,300,494	1,689,734	1,935,338	2,030,955	2,064,909
PFI & Lease Debt	27,303	28,164	19,471	15,297	10,938	8,421	7,921
Total Debt	**583,218**	**840,066**	**1,319,965**	**1,705,031**	**1,946,276**	**2,039,376**	**2,072,831**
Capital Financing Requirement	837,822	1,365,827	1,471,470	1,874,703	2,121,746	2,219,544	2,256,741

8.3.8 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

8.3.9 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

	2021/22 limit (£'000)	2022/23 limit (£'000)	2023/24 limit (£'000)	2024/25 limit (£'000)	2025/26 limit (£'000)	2026/27 limit (£'000)
Authorised limit – borrowing	1,272,356	1,381,999	1,789,406	2,040,807	2,141,123	2,178,820
Authorised limit – PFI & leases	30,981	25,702	20,192	14,438	11,116	10,456
Authorised limit – total external debt	**1,303,337**	**1,407,701**	**1,809,598**	**2,055,246**	**2,152,239**	**2,189,276**
Operational boundary - borrowing	1,222,356	1,331,999	1,739,406	1,990,807	2,091,123	2,128,820
Operational boundary – PFI & leases	28,164	23,366	18,356	13,126	10,106	9,506
Operational boundary – total external debt	**1,250,521**	**1,355,365**	**1,757,762**	**2,003,933**	**2,101,228**	**2,138,325**

8.3.10 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

	2021/22 Budget (£'000)	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)
Financing Costs General Fund	12,198	15,807	22,108	25,424	26,174	29,374
Proportion of net revenue stream	4.86%	6.01%	8.36%	9.26%	9.33%	10.24%
Financing Costs HRA	16,242	16,333	22,737	27,474	30,027	31,469
Proportion of net revenue stream	15.10%	14.42%	18.97%	21.22%	21.75%	21.94%

8.3.11 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

8.3.12 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.

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.

Draft HRA Financial Plan Overview

9.2 This revised financial plan encapsulates the council's HRA 5-year Revenue & Capital Budget/MTFS. It is supported by 30-Year Financial model developed this year, which enables the council to take a longer-term view of the HRA. This is particularly important in the context of sustained existing stock maintenance & housing development and allows us to plan for the future of our housing stock more accurately and sustainably.

9.3 This revised financial plan encapsulates the council's HRA 5-year Revenue & Capital Budget/MTFS. It is supported by 30-Year Financial model developed this year, which enables the council to take a longer-term view of the HRA. This is particularly important in the context of sustained existing stock maintenance & housing development and allows us to plan for the future of our housing stock more accurately and sustainably.

9.4 The Plan enables the modelling of the revenue and capital implications of all planned work in the HRA to deliver Borough Plan priorities and provided the basis for understanding the affordability of current capital programme delivery plans and assessing options to ensure a viable HRA over a longer period.

9.5 Assumed rents on new builds and acquisition reflect recent valuation exercise across wards where development is taking place. Forecasts of the PWLB borrowing rate and updated inflation (CPI) which informs the existing homes rent charges and affects cost have been incorporated.

9.6 This Financial Plan supports the greater proportion of the new homes being developed for social rents, which has increased from 75% to 82%. This is made possible by increased grant in the Affordable Homes Programme (AHP) 2021-26, forecast reductions in borrowing costs, and council rent increase.

9.7 There is a proposed increase in spend on Major works (existing homes), and Carbon reduction, which further highlights the Councils commitment to improving the quality of life of residents, ensuring residents live healthier lifestyle and combating climate change.

9.8 The comprehensive financial plan addresses 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.

9.9 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 are also reflected in the HRA financial plan.

9.10 Built into this revised financial plan is an increase in the level of HRA working balance to £20m next year, in recognition of the potential financial risk associated with such an extensive expansion programme in the HRA. There is also a provision for one off cost of insourcing of housing services, as currently managed by Homes for Haringey (HfH).

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

Housing rents

9.11 The Council sets the rents in council-owned properties every year, in accordance with the government's social housing rent policy. The government, through the Regulator of Social Housing, prescribes the formula for calculating social housing rents. These rents are also called national formula rents and exclude service charges.

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9.13 The national formula for setting social rent is intended to enable LAs to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock (to at least Decent Homes Standard) and continue to operate a financially viable HRA, including meeting their borrowing commitments.

9.14 The formula is complex and uses national average rent, relative average local earning, relative local property value, and the number of bedrooms to calculate the formula rent.

9.15 Formula rents are subject to a national social rent cap. The rent cap is the maximum level to which rents can be increased to in any one financial year, based on the size of the property. Where the formula rent would be higher than the rent cap for a particular property, the national social rent cap must be used instead. Rent caps for 2022/23 are as follows:

Number of bedrooms	Rent cap
1 and bedsits	£155.73
2	£164.87
3	£174.03
4	£183.18
5	£192.35
6 or more	£201.50

Rents in Existing Council Homes - General Needs & Sheltered/Supported Housing

9.16 Individual council rents in Haringey are below the formula rents in many properties. This is because historically Haringey rents were set lower than the formula rent. In contrast, many social landlords, particularly Housing Associations, have historic rents that were set higher than formula rent. To create a level playing field, the government introduced rent restructuring in 2003 to converge actual rents towards the formula rent. The government abandoned rent restructuring in 2015/16, when it imposed a 1% rent reduction for four years, under the Welfare Reform and Work Act 2016. The Council complied with the legislation and the 1% rent reduction ended in 2019/20.

9.17 The Rent Standard permits Local Authorities in England to increase tenants' rents every year by no more than the CPI at September of the previous year plus 1%, at least until 2024/25. Therefore since 2020/21, existing council tenants' rents could only increase by no more than CPI inflation plus 1%. However, the government allows Local Authorities to charge formula rents on homes when they are re-let following a vacancy.

9.18 The current rent for 2021/22, approved by Cabinet on 9 February 2021, was set at the 2020/21 rent uplifted by 1.5%. The rent increase is due to the CPI (inflation) rate in September 2020 of 0.5% plus 1% allowed by the government.

9.19 The Council has the ability under the social housing rent standards to increase rent by no more than September CPI plus 1%. Given that the CPI at September 2021 is 3.1%, rents in council-owned housing stock would increase by no more than 4.1% (CPI plus 1%) from 4 April 2022 (the first Monday in April).

9.20 Applying this rent increase of 4.1% would give £3.4m of additional income to the Housing Revenue Account (HRA) from tenants' rents. This has been reflected in the HRA Financial plan. There is also an assumed annual rent increases of current CPI of 2% plus 1% in the forecasts for 2023/24 and 2024/25. Then a reversion to CPI of 2% only for the remaining life of the HRA financial plan.

9.21 Provisional rents for existing general needs and sheltered/supported housing tenants for 2022/23 have been calculated on the basis that their weekly rents increase by no more than 4.1% from 4 April 2022. As such the average weekly rent would increase by £4.35 from £106.14 to £110.49.

9.22 There is a range of rents across different sizes of properties. Table 1 sets out the proposed average weekly rents and the average rent increases for 2022/23 by property size.

Table 1

Number of Bedrooms	Number of Properties	Current average weekly rent 2021/22	Proposed average weekly rent 2022/23	Proposed average rent increase	Proposed percentage increase
Bedsit	136	£86.11	£89.64	£3.53	4.1%
1	5,367	£91.20	£94.94	£3.74	4.1%
2	5,139	£106.29	£110.65	£4.36	4.1%
3	3,725	£121.71	£126.70	£4.99	4.1%
4	603	£138.57	£144.25	£5.68	4.1%
5	109	£162.10	£168.75	£6.65	4.1%
6	15	£168.45	£175.36	£6.91	4.1%
7	2	£159.39	£165.93	£6.54	4.1%
8	1	£180.44	£187.84	£7.40	4.1%
All dwellings	**15,097**	**£106.14**	**£110.49**	**£4.35**	**4.1%**

The council will continue to charge formula rents on re-lets to new secure tenants.

Rents in New Council Homes – General Needs & Sheltered/Supported Housing

9.23 The Council has an ambitious council housing delivery programme, and over the next few years, a large number of newly built and newly acquired council homes will be delivered and ready for new tenants.

9.24 The maximum weekly rent allowed by the government for a tenant granted a tenancy in a new home for the first time is formula rent (subject to national rent cap). The HRA financial plan includes additional rental income at the average formula rent for the new homes in the delivery programme.

9.25 The council will continue to let new homes at the relevant formula rent for the new homes and the HRA financial plan is built on that basis.

Rents in Temporary Accommodation

9.26 All properties acquired since 1 April 2019 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.

9.27 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, with the normal annual rent increases of CPI, as these properties are assumed will revert to the HRA after 7 years of lease.

9.28 From 4th April 2022, all other council-owned properties used as temporary accommodation but not leased to HCBS will have their rents increased by 4.1% from their current levels.

Tenants' Service Charges

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

9.30 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.

9.31 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.

Tenants currently pay for the following services:

- Concierge
- Grounds maintenance
- Caretaking
- Street sweeping (Waste collection)
- Light and power (Communal lighting)
- Heating
- 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

9.32 The applicable charges for 2022/23 will be calculated and presented for Cabinet approval in February 2022 when the budgeted costs of providing each service is agreed.

Rent consultation

9.33 There is no requirement for tenant consultation because Haringey Council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges. However, tenants must be given at least four weeks' notice before the new rents for 2022/23 start on 4 April 2022.

9.34 This will follow the consideration by Cabinet in February 2022 and will include:

- Council housing rent charges for 2022/23
- Proposed weekly tenants service charges for 2022/23
- HRA hostel rent charges for 2022/23

HRA Expenditure

9.35 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 £41.8m for 2022/23. This includes £19.7m for repairs and about £1.9m for housing demand functions. Cabinet will be deciding on whether to bring HfH back in-house. It is expected that this will bring efficiency and financial saving but this not quantifiable at this time.

9.36 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 almost the same level as 2021/22 due to low interest rate forecast for next year's potential borrowings.

9.37 The proposed HRA capital programme supports the delivery of over £2bn investment in our existing stock over the next 30 years, and now supports the delivery of about 3,771 homes, of which about 3,105 are for social rent. This is 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.

9.38 There are of course 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. Importantly, HRA budget and forecasts continue to assume 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 an increased working balance of £20m.

9.39 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 2022/23 included here.

9.40 A finalised version will be presented to Cabinet and Full Council for approval in February 2022 and March 2022 respectively. 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 (2022/23-2026/27)

9.41 The HRA budget for 2022/23 is a balanced budget maintaining a reasonable revenue contribution to capital of £10.5m. 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 the September CPI and its impact in next year's rent charges.

Table 9.3 - Draft HRA 5-Year Revenue Budget (2022/23 – 2026/27)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	**Total**
Income & Expenditure	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Income						
Dwellings Rent Income	(90,004)	(96,012)	(104,539)	(112,101)	(116,692)	**(519,348)**
Void Loss	900	960	1,046	1,121	1,167	**5,194**
Hostel Rent Income	(2,342)	(2,402)	(2,464)	(2,506)	(2,549)	**(12,263)**
Service Charge Income	(11,721)	(12,263)	(13,074)	(13,881)	(14,368)	**(65,307)**
Leaseholder Income	(7,850)	(7,882)	(8,107)	(8,337)	(8,574)	**(40,750)**
Other Income (Garages /Aerials/Interest)	(2,242)	(2,282)	(2,323)	(2,366)	(2,409)	**(11,622)**
Total Income	**(113,259)**	**(119,881)**	**(129,461)**	**(138,070)**	**(143,425)**	**(644,096)**
Expenditure						
Repairs	19,700	20,095	20,924	22,215	22,994	**105,928**
Housing Management	20,158	20,214	20,119	20,988	21,610	**103,089**
Housing Demand	1,917	1,955	1,994	2,034	2,075	**9,975**
Management Fee (HfH)	**41,775**	**42,264**	**43,037**	**45,237**	**46,679**	**218,992**
Estates Costs (Managed)	10,720	10,935	11,153	11,376	12,079	**56,263**
Provision for Bad Debts (Tenants)	2,820	2,976	3,198	3,397	3,517	**15,908**
Provision for Bad Debts (Leaseholders)	188	189	195	200	206	**978**
Total Managed Expenditure	**13,728**	**14,100**	**14,546**	**14,973**	**15,802**	**73,149**
Other Costs (GF Services)	5,379	5,487	5,597	5,708	5,823	**27,994**
Other Costs (Property/Insurance)	4,552	3,011	2,561	2,612	2,664	**15,400**
Capital Financing Costs	16,333	22,737	27,474	30,027	31,469	**128,040**
Contribution to Major Repairs (Depreciation)	20,955	21,915	23,365	24,816	25,684	**116,735**
Revenue Contributions to Capital	**10,537**	**10,367**	**12,881**	**14,697**	**15,304**	**63,786**
Total Expenditure	**113,259**	**119,881**	**129,461**	**138,070**	**143,425**	**644,096**
HRA (Surplus) / Deficit	0	0	0	0	0	0

Draft HRA 5 Years Capital Programme (2022/23 – 2026/27)

9.42 This represents the capital implications of the new draft 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.

9.43 The HRA MTFS is geared towards maximising the use of other available resources and use of borrowing as last resort, while maintaining a working balance of £20m. The MTFS capital programme funding assumes a mix of grant funding, S106 monies, revenue contribution and prudential borrowing. The total capital investment in 2022/23 is £397m, fully funded from revenue contribution, grants, RTB retained receipt, Major Repairs Reserve and borrowing.

Table 9.4 - Draft HRA 5 Year Capital Programme (2022/2 – 2026/27)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investment & Financing	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Capital Investment						
Major Works (Haringey Standard)	44,967	57,049	60,024	61,425	62,742	**286,207**
Carbon Reduction Works (Affordable Energy)	6,265	6,242	6,367	6,495	6,624	**31,993**
Fire Safety Works	6,120	5,470	7,573	7,577	7,729	**34,469**
Broadwater Farm Works	17,156	11,653	22,394	15,458	1,127	**67,788**
Total Existing Stock Investment	**74,508**	**80,414**	**96,358**	**90,955**	**78,222**	**420,457**
New Homes Build Programme	177,150	219,668	123,152	31,627	18,335	**569,932**
New Homes Acquisitions	111,390	22,280	21,744	55,007	63,606	**274,027**
TA Acquisitions	34,216	34,558	34,904	35,951	37,030	**176,659**
Total Capital Investment	**397,264**	**356,920**	**276,158**	**213,540**	**197,193**	**1,441,075**
Capital Investment Financing						
Grants (GLA)	59,752	53,020	73,768	31,150	23,275	**240,965**
Major Repairs Reserve	20,955	21,915	23,365	24,816	25,684	**116,735**
Revenue Contributions	10,560	10,367	12,881	14,697	15,304	**63,809**
RTB Capital Receipts	11,231	11,344	11,458	11,781	12,034	**57,848**
Leaseholder Contributions to Major Works	6,679	9,548	10,144	8,198	7,180	**41,749**
S.106 Contributions	1,000	152	0	0	0	**1,152**
Market Sales Receipts	529	1,937	12,660	84,373	60,535	**160,034**
Borrowing	286,558	248,637	131,882	38,525	53,181	**758,783**
Total Capital Financing	**397,264**	**356,920**	**276,158**	**213,540**	**197,193**	**1,441,075**

Major Works – Haringey Standard

9.44 The major works investment standard has been designed to ensure that the Council maintains its statutory and legal duties and keeps homes safe and warm. It comprises internal, external and works to communal areas, including all items affecting decency.

Carbon Reduction Works

9.45 The budget provision would support extensive measures including internal and external solid wall insulation, loft and cavity wall insulation, and renewables e.g., installation of solar panels.

Fire Safety Works

9.46 The proposed £35m is to ensure that all housing stock continues to meet changing statutory requirements. The programme includes front entrance door replacements, window infill panel replacements, automatic Fire Detection (AFD) to street properties, automatic Fire detection and compartmentation works to timber clad buildings, Intrusive Fire Risk Assessments (FRA) and follow up works.

Broadwater Farm Works

9.47 This allocation of £68m is to address major safety and refurbishment works on the estate, including the demolition of three blocks, strengthening and refurbishment works of remaining blocks, a new Decentralised Energy System, upgrade to cold water supply, and redesign works for the entire estate. The cost of replacement homes in Northolt, Tangmere and Stapleford North (Broadwater Farm) will be contained within the New Homes build budget.

New Homes Build and Acquisition

9.48 This Financial plan continues to provide to meet the Council's commitment to the delivery of high-quality Council homes at social rents. This is an integral part of the Council's core HRA business, with a delivery programme that is viable in the long term. The total estimated cost of new build homes and acquisition in the financial plan is £844m over the period of the MTFS.

Existing Homes Acquisitions – TA

9.49 The Council's TA acquisition programme is based on the purchase of homes and subsequent leasing to the Haringey Community Benefit Society ('the CBS') to provide housing to households in housing need nominated to it by Haringey Council. This scheme will generate adequate rental income to cover the cost of capital and associated cost. There is also a General Fund (GF) saving generated by the provision of homes to homeless households in the HRA via reduction in the use of privately-owned temporary accommodation in GF. This Financial plan has allocated £177m over the MTFS period for this scheme.

10. Dedicated Schools Budget (DSB)

10.1 Schools budgets are 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 2021-22 sets out the forecast year end position. This highlights the budget pressures in the High Needs Block which is estimated to add an additional £6.9m to the existing deficit of £17.0m to give a forecast deficit of £23.9m by the end of 2021-22.

10.3 Table 10.1 below sets out Haringey's Dedicated Schools Grant allocations for 2020-21, the minimum rebased DSG baseline allocation for 2021-22 and the provisional National Funding Formula (NFF) allocation for 2022-23.

Table 10.1 Haringey's Dedicated Schools Grant Allocation

Gross Dedicated Schools Grant	2020-21 £m	2021-22 £m	2022-23 Provisional NFF £m
Schools Block	**200.15**	****212.17**	**214.99**
Central School Services Block	**2.95**	**2.91**	**2.84**

Early Years Block ***	**20.83**	**21.04**	**21.04**
High Needs Block	**40.99**	**45.52**	**49.47**
Total DSG	**264.92**	**279.67**	**288.34**

** The 2021-22 Schools Block includes £6.19m Teachers Pay and Pension grant rolled into the DSG and continues to be rolled into DSG for 2022-23
*** The Early Years Block allocation for 2021-22 has not yet been announced but is assumed to be at the same rate for 2022-23

10.4 Before 2021-22 the teachers pay and pension grants were paid as separate grants. This has now been rolled into the DSG and any teachers pay awards or pledges to increase the starting salary for newly qualified teachers will need to be met from the overall DSG grant.

10.5 Overall, Haringey's provisional NFF allocation for 2022-23 is an increase of 3.1% equivalent to £8.67m. This is based on the October 2020 pupil census numbers and the final allocation will be based on the October 2021 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 1.33% equivalent to £2.8m.
- Central School Services Block - has lost 2.5% equivalent to £0.07m.
- Early Years Block – Not applicable as the funding is to be announced.
- High Needs Block – uplift of 8.67% equivalent to £3.95m.

10.6 The actual financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2022-23, which is due in December 2021.

10.7 The Schools Forum will consider these figures at their December 2021 and January 2022 meetings.

10.8 The 2021 spending review (SR21) announced additional money for schools. This appears to be an increase of around 2% in real terms to the overall school system. Details are still to be released and it is unclear how much additional money will be available to schools once pay awards and increases in National Insurance Contributions are taken into account.

10.9 The DfE have consulted on the implementation of the hard National Funding Formula from 2023-24, which focuses on reforms to the School Block and Central School Services Block. The Council supports a funding system that continues to enable local discretion on the allocation of schools funding so that decisions being made are more responsive to the needs of schools.

DSG Reserves

10.10 As at Quarter 2, the DSG Reserves is expected to close with a cumulative deficit of £23.4m at the end of 2021-22. The pressure is in the High Needs Block (HNB) and is mainly due to the increase in the number of children with Education, Health and Care Plans (EHCPs) within the borough. The HNB funding allocation has increased by over 8% in 2021-22 compared to 2020-21, however the increase in costs due to the increase EHCPs is greater than the funding available.

Table 10.2 2021-22 Year End DSG reserves forecast

Blocks	Opening DSG deficit at 01/04/2021 £m	Q2 2021-22 Forecast £m	Forecast closing DSG deficit 2021-22 £m
Schools Block	**0.00**	**0.00**	**0.00**
Central School Services Block	**0.08**	**0.00**	**0.08**
Early Years Block **	**-0.11**	**0.00**	**-0.11**
High Needs Block	**-16.99**	**-6.38**	**-23.37**
Total DSG	**-17.02**	**-6.38**	**-23.40**

** The Early Years Block has not yet been announced, however projected to be all passported to providers

10.11 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 Council is producing a DSG Management Plan which will be coproduced with various stakeholders, including School's Forum and shared with the DFE, which will detail the various actions to manage the DSG deficit. The plan is a live document which will continue to be shared periodically with 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 2022 to finalise its recommendations on the budget package. These will be reported to Cabinet for their consideration. Both the recommendations and Cabinet's response will be included in the final Budget report recommended to Full Council in March 2022.

12. Statutory Officers comments

Finance

12.1 Ensuring the robustness of the Council's 2022/23 budget and its MTFS 2022/23 – 2026/27 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.

12.2 The draft General Fund Budget 2022/23 requires a planned draw down from reserves of £5.9m in order to be balanced and this position will be reviewed in the February report.

12.3 The formal Section 151 Officer assessment of the robustness of the council's budget, including sufficiency of contingency and reserves to provide against future risks will be made as part of the final budget report to Council in March.

Procurement

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

Legal

12.5 The Head of Legal & Governance has been consulted in the preparation of this report, and makes the following comments.

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

12.7 The Council must ensure that it has due regard to its public Sector Equalities Duty under the Equality Act 2010 in considering whether to adopt the recommendations set out in this report.

12.8 In noting at paragraph 7.11.2 of the report that no new budget reduction proposals are proposed for 2022/23, were that to change then 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 on any proposals developed. In addition, the process set out in the Budget and Policy Framework Procedure Rules at Part 4 Section E of the Constitution will need to be followed in order to make In-year changes to the budget framework.

12.9 In view of the conclusion reached by the Director of Finance at paragraph 12.2 above on the ability to set a balanced budget for 2022/23, coupled with the assurance provided at paragraph 7.13.1 above, and the Equalities comments below, 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 2022/23 and MTFS to 2026/27, including budget adjustments and capital proposals.

12.4 The proposed decision is for Cabinet to note the budget proposals detailed and agree to commence consultation with residents, businesses, partners, staff and other groups on the 2022/23 Budget and MTFS. The decision is recommended in order to comply with the statutory requirement to set a balanced budget for 2022/23 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 Council's priorities are underpinned by a focus on tackling inequality 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 and / or vulnerable residents, such as the proposed over £6m in Children's, Adults and Temporary Accommodation and £0.6m for the Violence against Women and Girls agenda.

12.6 During the proposed consultation on Budget and MTFS proposals, there will be a focus on considering the implications of the proposals on individuals with protected characteristics, including any potential cumulative impact of these decisions. Responses to the consultation will inform the final package of savings proposals presented in February 2022.

13. Use of Appendices

Appendix 1 – Summary of Draft Revenue 2022/23 Budget and Medium Term Financial Plan 2022-2027
Appendix 2 – Summary of new Revenue budget growth proposals

Appendix 3 – Summary of total agreed Revenue budget reduction proposals 2022-2027
Appendix 4 – Draft General Fund Capital Programme 2022/23 – 2026/27
Appendix 5 – Summary of new proposed capital investment
Appendix 6 – Budget Consultation Plan

14. Local Government (Access to Information) Act 1985

2021/22 Qtr 1 and Qtr 2 Budget Reports
2021/22 Budget & MTFS 2021-2026

Description of Revenue Growth	Directorate	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	TOTAL (£000)
Council Landlord Functions Pressures This growth is to allow essential additional investment in Council properties and to deal with backlogs in maintenance/repairs.	Housing, Regeneration & Planning	580	(200)	(325)		(30)	**25**
Temporary Accommodation The legacy impact of the pandemic, coupled with changes to legislation and the introduction of Universal Credit have created pressure within the temporary accommodation budget. The Council's Housing Benefit subsidy offset payment has increased in recent years due to increasing numbers of individuals migrating to universal credit, and is forecast to create a financial pressure of £500k. The end of the eviction ban in July 2021 is driving additional demand for temporary accommodation as eviction proceedings have now resumed at the courts. It is anticipated that this could amount to 300 additional TA bookings this financial year at a projected cost of £380k. The new Domestic Abuse Act places new duties on the Council to provide TA to affected households and is anticipated to generate an additional 100 TA placements this financial year at a cost of £125k and at least twice that number next financial year an beyond at a cost of at least £250k.	Housing, Regeneration & Planning	1,130					**1,130**
Planning Policy and production of the Local Plan This proposal will provide one-off funding to enable the Council to meet it's statutory duties in relation to the production of the Local Plan and emergency planning and provides a small on-going budget for the Planning team in order for them to comply with other statutory requirements associated with planning policy.	Housing, Regeneration & Planning	285	(185)	(50)			**50**
		1,995	**(385)**	**(375)**	**0**	**(30)**	**1,205**

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New Capital for 20222/23 MTFS Programme

Description of Capital Bids	Directorate Area	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	Total (£'000)	Indicative annual Revenue Cost of Borrowing £000	Funding Source (LBH Borrowing, External, Self Financing, TBC)
"Out of the Box" outreach services This is a joint application by the Haringey Library Service and the Haringey Adult Learning Service (HALS) to procure 3 mobile digital units that can be used as pop up digital inclusion facilities in libraries, and provide digital outreach in venues including residential settings (adults and children's), youth and community centres and one off local events. Although each digital inclusion programme will be co-designed with external partners, the Library Service and HALS envisage the digital inclusion activity focusing on helping participants access local services, secure advice (on matters ranging from employment to debt, fuel poverty or domestic violence), manage shopping and finances, upgrade their work-related digital skills through formal training, become more active citizens, stay connected to their families and communities, inform local placemaking activity and stay safe online through building media/information literacy. This bid is funded by Council borrowing.	Housing Regen and Planning	46	0	0	0	0	**46**	**3**	LBH Borrowing
Asset Management of Council Buildings This bid is for ongoing investment in the Councils built assets held in the corporate / operational estate. This includes the repair, refurbishment or replacement of fixed assets including M&E, and building fabric, to ensure the buildings remaining in an operationally acceptable state and support the Council's accommodation strategy and the Council's service delivery buildings. It may also include minor works to deliver improvements, alterations and funding for essential safety & compliance works. This bid is funded by Council borrowing.	Housing Regen and Planning	4,700	3,000	1,500	2,100	2,000	**13,300**	**732**	LBH Borrowing
Civic Centre Annex The estimated cost of the overall Civic Centre & Civic Centre Annex project is currently estimated at £54m. There is currently £24m within the approved GF capital programme. This bid is to ensure that there is sufficient budget provision to complete the project. This scheme is funded by Council borrowing but the scheme is included in the capital programme on the basis that it will be self-funding through the savings achieved after paying back the cost of financing the investment.	Housing Regen and Planning	9,000	9,000	9,000	2,500	500	**30,000**		Self-Financing

Description of Capital Bids	Directorate Area	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	Total (£'000)	Indicative annual Revenue Cost of Borrowing £000	Funding Source (LBH Borrowing, External, Self Financing, TBC)
		13,746	12,000	10,500	4,600	2,500	43,346	734	

APPENDIX E: 2022/23 - 26/27 DRAFT CAPITAL PROGRAMME

Key for Source of Funding	
H	Haringey Borrowing
S	Self-Financing
E	External

Economy - Growth & Employment

SCHEME REF	SCHEME NAME	BRIEF DESCRIPTION	2022/23 Budget £,000	2023/24 Budget £,000	2024/25 Budget £,000	2025/26 Budget £,000	2026/27 Budget £,000	2022/23 - 26/27 Total £,000	Source of Funding
401	Tottenham Hale Green Space	This budget is to deliver improvements to Down Lane Park and the Paddock green spaces	4,406	2,055	4,849	0	0	**11,309**	**H & E**
402	Tottenham Hale Streets	This budget is to deliver public realm improvements in Tottenham Hale	9,143	800	1,319	0	0	**11,261**	**H & E**
4003	Tottenham Hale Housing Zone Funding	This budget funded by GLA is to invest in public realm within the Tottenham Hale Housing Zone	10,989	0	3,203	0	0	**14,192**	**E**
404	Good Economy Recovery plan	This scheme is to provide interventions in high streets, to promote economic activities.	500	100	0	0	0	**600**	**H & E**
411	Tottenham Heritage Action Zone (HAZ)	This budget funded by Historic England is to deliver shop front improvements, heritage restoration and public realm improvements within Bruce Grove Conservation Area	2,000	1,200	0	0	0	**3,200**	**E & H**
421	HRW Acquisition	The budget is for the acquisition of properties as part of the HRW redevelopment. The costs will be met by the developer.	3,940	6,830	6,000	4,600	0	**21,370**	**E**
429	Site Acq (Tott & Wood Green)	The budget is to provide the capacity to respond to opportunities to acquire properties. The spending of the budget is subject to a business case.	14,000	10,000	12,000	0	0	**36,000**	**S**
453	New workspace scheme at Stoneleigh Road car park	This budget is for the provision of mixed use workspace and housing. This budget is for the workspace element	1,000	0	0	0	0	**1,000**	**S**
458	SIP - Northumberland PK BB & WorkSpace/Biz Support	This is a grant funded project to deliver broadband and Workspace/business support.	1,490	0	0	0	0	**1,490**	**E**
464	Bruce Castle	The funding it to match fund eternal funding (should there be any) and spend is subject to a successful business case	6,000	8,500	5,000	0	0	**19,500**	**S**
465	District Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	6,500	3,500	1,771	0	0	**11,771**	**S & E**

SCHEME REF	SCHEME NAME	BRIEF DESCRIPTION	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2022/23 - 26/27 Total	Source of Funding
			£,000	£,000	£,000	£,000	£,000	£,000	
470	Wood Green Library & Customer Service Centre	This budget is for the development of the WG headquarters and associated works	6,400	7,000	6,000	0	0	**19,400**	**S**
473	Enterprising Tottenham High Road (ETHR)	This budget funded by GLA is to invest in workspace in Bruce Grove	451	0	0	0	0	**451**	**H**
474	Tottenham High Road Strategy	The budget is the LBH contribution to support delivery of projects within Tottenham High Road strategy area	587	0	0	0	0	**587**	**H**
480	Wood Green Regen (2)	This budget is to facilitate the wider regeneration of the WG area.	8,000	7,750	8,664	7,627	0	**32,040**	**H & E**
481	Strategic Investment Pot	This is funding provided the Corporation of London for economic development purposes	1,950	0	0	0	0	**1,950**	**E**
482	Strategic Property	This is funding for works to the commercial portfolio	254	3	0	0	0	**257**	**H**
488	Liveable Seven Sisters (LSS)	This budget is to deliver public realm and parks improvements in Seven Sisters	2,250	1,019	0	0	0	**3,269**	**H & S**
493	Bruce Grove Yards (BGY)	This budget is to deliver public realm improvements in Bruce grove	1,670	218	0	0	0	**1,888**	**H**
4002	Northumberland Park estate area public realm	This funding is to improve the public realm in this area	500	0	0	0	0	**500**	**E**
4005	SME Workspace Intensification	The funding is to intensify use of the Council's industrial estate and spend is subject to a successful business case	3,500	4,000	0	0	0	**7,500**	**S**
4006	Acquisition of head leases	The funding is to acquire headleases and any acquisition will be subject to a successful business case	12,000	13,000	0	0	0	**25,000**	**S**
4007	Tottenham Hale Decentralised Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	3,129	5,000	7,000	7,500	0	**22,629**	**E & S**
4008	Wood Green Decentralised Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	2,529	2,500	7,500	7,500	0	**20,029**	**E & S**
4009	Additional Carbon Reduction Project	This budget is to assist other capital schemes to become more carbon efficient and it is self-funded.	3,000	3,000	3,000	4,000	0	**13,000**	**S**
4010	Selby Urban Village Project	The funding is to support the redevelopment of the Selby Centre and associated works	25,000	25,000	15,000	21,416	0	**86,416**	**E & S**

SCHEME REF	SCHEME NAME	BRIEF DESCRIPTION	2022/23 Budget £,000	2023/24 Budget £,000	2024/25 Budget £,000	2025/26 Budget £,000	2026/27 Budget £,000	2022/23 - 26/27 Total £,000	Source of Funding
4993	Pride in the High Road (PITHR)	This budget is to deliver placemaking / identity projects along Tottenham High Road	432	0	0	0	0	**432**	**H**
Economy - Growth & Employment			**131,619**	**101,474**	**81,306**	**52,643**	**0**	**367,042**	

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APPENDIX E: 2022/23 - 26/27 DRAFT CAPITAL PROGRAMME

Key for Source of Funding	
H	Haringey Borrowing
S	Self-Financing
E	External

Housing (GF) Homes & Communities

SCHEME REF	SCHEME NAME	BRIEF DESCRIPTION	2022/23 Budget £,000	2023/24 Budget £,000	2024/25 Budget £,000	2025/26 Budget £,000	2026/27 Budget £,000	2022/23 - 26/27 Total £,000	Source of Funding
509	CPO - Empty Homes	The budget is to allow the Council to undertake CPO on properties should it be required	1,000	1,000	0	0	0	**2,000**	**S**
Housing (GF) Homes & Communities			**1,000**	**1,000**	**0**	**0**	**0**	**2,000**	

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MTFS Agreed Savings 2021/22 - 2025/26
Priority: Economy

MTFS Savings Ref	Saving proposal	Description	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	Total £'000
Economy								
20/25-EC01	Head Lease Acquisition Programme	The proposal is to allocate capital budget to enable the acquisition by the Council of as many head-leases as possible on sites where the Council already owns the freehold, in order for the Council to stop paying rent to these landlords and to receive all of the passing rent from those properties which are tenanted by commercial or other tenants.	0	100	100	100	70	**370**
20/25-EC08	Strategic Property Unit – New Income Outdoor Media	This proposal comprises an opportunity to achieve new income potential by securing rental payments from outdoor media companies. This includes digital billboards and an innovative building wrap with a digital display for advertising purposes and council messages.	(100)					**(100)**
PL8	Soft FM Efficiency	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	(25)					**(25)**
20/25-PL08	FM Transformation	Terminating the Amey contract for FM Services and bringing Soft FM back in-house, and transferring Hard FM to Homes for Haringey. Approximately 100 staff will be in scope for a TUPE transfer. The proposed saving will be achieved through improved efficiency and returning Amey overhead and profit to the council. The transformation will include purchase of a new Property IT system, and service improvements particularly relating to building repairs and maintenance.	(150)					**(150)**
EC101	Additional Recharge to Housing Services		300					**300**
EC102	Additional Planning income from introducing new charges		200					**200**
EC103	Reduction in Energy Consumption on corporate buildings		50					**50**
Total: Economy			**275**	**100**	**100**	**100**	**70**	**645**

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MTFS Savings Tracker (2021/22 - 2025/26)
Priority: Economy

Saving fully/partially unachievable	Red
Saving achievable but full/partial slippage required	Amber
Saving met in full and on time	Green

MTFS Savings Ref	Saving proposal	Description	2021/22 £'000s	2021/22 Saving achieved YTD £'000s	2021/22 Projected Full Year Savings £'000s	2021/22 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2020/21 Saving)
Economy							
20/25-EC08	Strategic Property Unit – New Income Outdoor Media	This proposal comprises an opportunity to achieve new income potential by securing rental payments from outdoor media companies. This includes digital billboards and an innovative building wrap with a digital display for advertising purposes and council messages.	(100)			(100)	
PL8	Soft FM Efficiency	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	(25)			(25)	
20/25-PL08	FM Transformation	Terminating the Amey contract for FM Services and bringing Soft FM back in-house, and transferring Hard FM to Homes for Haringey. Approximately 100 staff will be in scope for a TUPE transfer. The proposed saving will be achieved through improved efficiency and returning Amey overhead and profit to the council. The transformation will include purchase of a new Property IT system, and service improvements particularly relating to building repairs and maintenance.	(150)			(150)	
EC101	Additional Recharge to Housing Services		300			300	Green
EC102	Additional Planning income from introducing new charges		200			200	Amber
EC103	Reduction in Energy Consumption on corporate buildings		50			50	Amber
Total: Economy			**275**	**0**	**0**	**275**	

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MTFS Savings 2021/22 - 2025/26
Priority: Housing

MTFS Savings Ref	Saving proposal	Description	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	Total £'000
Housing								
HO1	Temporary accommodation reduction plan	Reduce TA costs, as detailed in the TA Reduction Plan. Proposals include initiatives to prevent homelessness, improve economic position of those in TA, and help support those in TA to move on. Revenue costs covered by the Flexible Homelessness Support Grant. Plan also includes proposals to increase supply of low cost TA through new purchase, repair and management joint venture partnership, and capital investment in new Community Benefit Society. Please note that due to the additional costs incurred due to unforeseen works at BWF, it may not be possible to meet the projected savings.	573					**573**
20/25-HO01	Transferring PSLs to HfH	Private Sector Leasing properties are leased by the Council from private landlords for between one and five years with a guaranteed rent for the term of the lease. Leases are mainly based on 90% of the 2011 LHA plus a £40 a week management fee (the latter being a transfer from FHSG). The CBS has been established to lease properties purchased by the Council to use them as TA or to discharge homelessness. Unlike the Council, the CBS can charge the current (2019) Local Housing Allowance (LHA) for the area the property is located in. Therefore moving these leases could mean total additonal rental income of £1.19m if all leases were transferred. This would require, in each case, the landlords agreement to do so and additonal incentives may be required. A reduction in savings of 25% has thus been included to account for this and additonal costs	272	272	0	0		**544**
HO101	Housing Team Salaries - increase HRA contribution		274	0	0	0	0	**274**
HO102	HfH taking over the lease of PSL properties on their expiry		209	68	51	12	1	**341**
Total: Housing			**1,328**	**340**	**51**	**12**	**1**	**1,732**

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MTFS Savings Tracker (2021/22 - 2025/26)
Priority: Housing

Saving fully/partially unachievable	Red
Saving achievable but full/partial slippage required	Amber
Saving met in full and on time	Green

MTFS Savings Ref	Saving proposal	Description	2021/22 £'000s	2021/22 Saving achieved YTD £'000s	2021/22 Projected Full Year Savings £'000s	2021/22 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2020/21 Saving)
Housing							
HO1	Temporary accommodation reduction plan	Reduce TA costs, as detailed in the TA Reduction Plan. Proposals include initiatives to prevent homelessness, improve economic position of those in TA, and help support those in TA to move on. Revenue costs covered by the Flexible Homelessness Support Grant. Plan also includes proposals to increase supply of low cost TA through new purchase, repair and management joint venture partnership, and capital investment in new Community Benefit Society. Please note that due to the additional costs incurred due to unforeseen works at BWF, it may not be possible to meet the projected savings.	573			573	Green
20/25-HO01	Transferring PSLs to HfH	Private Sector Leasing properties are leased by the Council from private landlords for between one and five years with a guaranteed rent for the term of the lease. Leases are mainly based on 90% of the 2011 LHA plus a £40 a week management fee (the latter being a transfer from FHSG). The CBS has been established to lease properties purchased by the Council to use them as TA or to discharge homelessness. Unlike the Council, the CBS can charge the current (2019) Local Housing Allowance (LHA) for the area the property is located in. Therefore moving these leases could mean total additonal rental income of £1.19m if all leases were transferred. This would require, in each case, the landlords agreement to do so and additonal incentives may be required. A reduction in savings of 25% has thus been included to account for this and additonal costs	272			272	Amber
HO101	Housing Team Salaries - increase HRA contribution		274			274	Green
HO102	HfH taking over the lease of PSL properties on their expiry		209			209	Amber
Total: Housing			1,328	0	0	1,328	0

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Housing and Regeneration Scrutiny Panel

Work Plan 2021 - 22

1. **Scrutiny review projects;** These are dealt with through a combination of specific evidence gathering meetings that will be arranged as and when required and other activities, such as visits. Should there not be sufficient capacity to cover all of these issues through in-depth pieces of work, they could instead be addressed through a "one-off" item at a scheduled meeting of the Panel. These issues will be subject to further development and scoping. It is proposed that the Committee consider issues that are "cross cutting" in nature for review by itself i.e. ones that cover the terms of reference of more than one of the panels.

Project	**Comments**	**Status**
Broadwater Farm	A short scrutiny review was proposed at the Panel's meeting in Sep 2021 to make recommendations to Cabinet on repair and maintenance issues on the Broadwater Farm estate. It was proposed that this would involve a one-day evidence gathering session, including a site visit to the estate. A site visit was conducted on 21st October. The Panel is in the process of drafting the recommendations.	Evidence gathering completed
Wards Corner	A short scrutiny review was proposed at the Panel's meeting in Sep 2021 to make recommendations to Cabinet on the future of the Wards Corner market. It was proposed that this would involve a two-days of evidence gathering, including a site visit to the market.	Started
The Future of Housing Management in Haringey	A report to Cabinet in July 2021 recommended the approval of a consultation process with tenants and leaseholders on a proposal to bring Homes for Haringey back in-house. This Review will be comparing different models of housing management in local government to make recommendations for the future approach in Haringey.	TBC

Sheltered Housing – Care and Support (Adults & Health Scrutiny Panel)	To review the current arrangements for the provision of sheltered housing in Haringey including the care and support provided to residents living in sheltered housing. This Review is being conducted by the Adults & Health Scrutiny Panel but members of the Housing & Regeneration Scrutiny Panel may wish to provide some input given the overlap with its remit. Evidence sessions started in September 2021 – led by the Adults Panel.	Started

2. **"One-off" Items; These** will be dealt with at scheduled meetings of the Panel. The following are suggestions for when particular items may be scheduled.	
Date	**Agenda Items**
2021-22	
8 July 2021	• Update - High Road West • Update - Wards Corner • Update - Broadwater Farm • Update - HfH repairs service • Update - New Local Plan • Work Planning; To discuss items for the work plan for the Panel for 2021/22
13 September 2021	• Wards Corner Scrutiny Review – Follow up • Update – Broadwater Farm (Stapleford consultation) • Update – Broadwater Farm (Maintenance issues) • Update – HfH Repair Contracts

4 November 2021	• Update – St Ann's Development • Climate Change – contribution to reducing carbon emissions from Cabinet Member portfolios • Love Lane estate ballot
9 December 2021 (Budget Meeting)	• Budget scrutiny.
28 February 2022	• Noel Park Scrutiny Review – Follow up

Possible items to be allocated to Panel meetings:

- Procurement in the Housing sector (including the London Construction Programme)
- Financing of housing developments
- Monitoring of progress - Accommodation Strategy
- Practice of separating social tenants from other private residents in the same housing developments
- Sheltered housing (Joint meeting with Adults & Health Scrutiny Panel)
- Creation of Residents Forums (one each to represent different tenures)
- Haringey Covid-19 Development Intelligence Group
- Fire safety in HfH estates
- Policy on demolition of existing council housing in order to build new properties through the housing delivery programme
- Tottenham Hale District Centre Framework
- Converted Properties cleaning service charge
- Decent Homes Plus
- Housing support services provided by local community organisations

- Empty homes
- Asset Management Strategy
- Funding models relating to the General Fund and the Housing Revenue Account
- Homelessness