

**Report for:** Cabinet Meeting 12th February 2019

**Item number:**

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

**Report**

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

**Lead Officer:** Oladapo Shonola, Lead Officer – Budget & MTFS Programmes  
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**Ward(s) affected:** All

**Report for Key/**

**Non/Key Decision:** Key decision

## **1 Describe the issue under consideration**

- 1.1 Cabinet received a report on the Draft Budget on 11<sup>th</sup> December 2018 which set out the need for further work to be undertaken in order to arrive at this report and members agreed that consultation be undertaken on the proposals in that report. The 2019/20 budget and 2019/24 MTFS proposed here have due regard to the subsequent corporate Equalities Impact Assessment and the consultation feedback.
- 1.2 The Council has a statutory requirement to set a balanced budget for 2019/20 and this report forms a key part of the budget setting process by setting out the likely funding and expenditure for that year. Additionally, in order to ensure the Council's finances over the medium term are built on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years (2020/24) in the form of a Medium Term Financial Strategy (MTFS). Cabinet's role in this is to recommend the budget and key policy proposals to Full Council for agreement and this report satisfies this duty.
- 1.3 In accordance with the Local Government Finance Act (LGFA) 1992, Full Council must approve the budget for the forthcoming year and agree the Council tax for that year, by the statutory deadline of 11<sup>th</sup> March.
- 1.4 Both the 2019/20 budget and 2019/24 MTFS have been developed with strong reference to the new Borough Plan 2019-2023, (being presented separately to Cabinet on this agenda) in order that the Council's resources are directed at supporting delivery of the new proposed priorities:
  - **Housing** - a safe, secure and affordable home for everyone, whatever their circumstances
  - **People** - Strong families, strong networks and strong communities nurture all residents to live well and achieve their potential
  - **Place** - Stronger connected communities where together we improve our environment by making it safer, cleaner and greener

- **Economy** - A growing economy which provides opportunities for all our residents and supports our businesses to thrive
- **Your Council** - The way the council works

- 1.5 Note the budget information including tables in this report are presented according to the current Corporate Plan priority structure pending approval of the new Borough Plan priority structure. Subsequently, the Budget will be structured so that from 1<sup>st</sup> April 2019 all financial information will be presented in the new Borough Plan priority structure.
- 1.6 The 2018/19 budget position provides the starting point for next year's financial planning. Members will be aware that the Quarter 2 forecast for the 2018/19 budget was an overspend of £9.3m after the application of £6.4m of the budget resilience reserve. An update will be provided to Cabinet in March. The corporate financial forecast is that while not all services will fully address their overspend before year end, other largely corporate financial developments will prevent the need for utilisation of the General Fund balance. This provides a positive opening position for the new budget/MTFS.
- 1.7 The Draft MTFS for 2019/24 comes after 8 years of reductions in funding and against a background of a rising demand for services, particularly for Adults and Children's Services. Demographic change continues to drive demand in Adults services, and to a degree in Children's services. The Council has also seen significant and ongoing pressures on budgets for temporary accommodation. Increasing housing costs combined with changes in the benefits and welfare system have placed more pressure on households. This leads to overcrowding, evictions and homelessness and makes it more difficult for families to cope. All these pressures further increase the support that families need from the Council, particularly in Children's and Housing services.
- 1.8 The planning work for the 2019/20 Budget and MTFS (2019/24) started early in recognition of the existing structural funding gap in the previous MTFS. This work has produced £7.1m of new budget reduction proposals for 2019/20 rising to £13m in 2024. Following the publication of the Draft Budget in December, officers and members continued to work to identify further budget reduction measures to mitigate the budget gap at that time. This exercise identified further service budget reductions/changes of £0.6m. Taking the above and pre agreed savings of £6m into account, the total budget reduction programme for 2019/20 is £13.7m.
- 1.9 Alongside this work, there was also a robust challenge of 2018/19 savings plans which led to Cabinet approving the write off of £9.8m of these. While this has meant that the ongoing structural gap has not significantly changed, there is greater confidence in the overall deliverability of the proposals now being taken forward. This coupled with the injection of close to £14m growth into the two people focussed directorates, should provide a sound basis for the Council to operate within the proposed 2019/20 budget envelope.
- 1.10 It should be noted that the £6.5m gap reported in December is now bridged in this report. The late solutions identified are a mixture of improvements in grant assumptions, technical changes and further service budget changes (one-off and on-going). There is an improvement to the cumulative ongoing budget gap over the 2020/24 period which is now £13.2m in 2020/21 (December – £18.4m) to £20.5m in 2023/24 (December - £26.4m).

- 1.11 Service pressures have meant that in the current year, both Adults and Children's budgets continue to overspend. Both services, and particularly children, have found it difficult to deliver some of the savings committed to in the previous MTFS as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern.
- 1.12 The 2019/20 budget process has acknowledged these factors and, when including new grants, additional council funding and write off of some previous savings proposals, builds in additional funding to these two key service areas with £7m for Adults and £7.6m for Children's before application of the newly proposed budget reduction proposals.
- 1.13 The budget also supports delivery of some key components of the administration's manifesto commitments. Investment is going into the youth services programme and a schools meals pilot. The financial impact of the commitment to becoming a London Living Wage employer has been recognised and the 2019/20 budget assumes an increase of 2.99% in the Haringey element of the council tax which will generate circa £3m additional resource part of which will be used to underpin the extension to the Council Tax Reduction Scheme (CTRS) to a maximum of 100% for least well-off families with children. The Housing Revenue Account (HRA) capital programme included within this report proposes expenditure of £965.8m over the next 5 years to fulfil its responsibilities in respect of its' housing stock but also importantly assumes delivery of a number of new council homes, again a key manifesto commitment.
- 1.14 The final 2019/20 Finance Settlement has confirmed the draft figures used in the December report. As highlighted in the December report, however, uncertainty from 2020/21 is significant as a result of national and international economic volatility created by Brexit, the impact of Spending Review 2019 (SR19) due in the Autumn, the outcomes of the Fair Funding review and reformation of the business rates retention system from 2020. Due to the absence of concrete information, the attached MTFS currently makes no assumptions around these but officers will provide updates in budget monitoring reports as more certainty emerges.
- 1.15 Planning work to address this future budget gap has already started and builds on some of the options and potential solutions outlined in the December report. This must now be augmented and further developed as a matter of urgency if the Council is going to be in a position to have a balanced budget for 2020/21 onwards. The proposed 2019/20 budget and MTFS assumes that the current General Fund reserve is maintained at a minimum level of £15m but does assume a contribution of £5.5m from the release of some earmarked reserves now assumed as not required. The continued reliance on reserves to balance budgets is not sustainable.
- 1.16 The MTFS proposes a significant increase in the Council's capital programme as this is seen as an increasingly important strand of the overall Council financial strategy. Capital budgets offer opportunities for the Council to really affect the lives of its residents and visitors for example by shaping the local environment (through the provision of new housing, traffic schemes, or regeneration schemes); positively impact people's lives (through creating appropriate housing for adults with learning difficulties or investment in parks); transform the way in which the Council interacts with local residents (through the libraries investment programme

or proposals for a new customer service centre); and deliver fit for purpose schools. They are also integral in underpinning the delivery of the more transformational budget reduction proposals assumed in the MTFS.

- 1.17 The report considers all relevant components of the Council's revenue budget including the Housing Revenue Account (HRA) which is a ringfenced account for the delivery of the Council's social housing activities. Since December more detailed work has been undertaken by officers on the opportunities and wider financial implications that the lifting of the cap on HRA borrowing has had and these are now included within this report.
- 1.18 The Dedicated Schools Budget (DSB) which is ring fenced for the delivery of education services is also discussed and now reflects the final schools settlement announced in December.
- 1.19 In summary, this report finalises the Council's General Fund and HRA 2019/20 Budgets and the Medium Term Financial Strategy (MTFS) for the period 2019/24, and proposes approval of the following constituent elements of the strategy to Full Council on 25th February 2019, together with the Council's capital budgets for 2019/20:
- Appendix 1 – General Fund Revenue MTFS 2019/20-2023/24
  - Appendix 2 – HRA Revenue Budget 2019/20
  - Appendix 2A – Detailed Summary of 2019/20 Service Charges
  - Appendix 3 – General Fund MTFS Capital Programme 2019/20-2023/24
  - Appendix 4 – HRA Capital Programme 2019/20
  - Appendix 5 – Dedicated Schools Budget 2019/20
  - Appendix 6 – General Revenue Budget 2019/20
  - Appendix 7 – Overview and Scrutiny Committee Recommendations and Proposed Response (To Follow)
  - Appendix 8 – Summary of Consultation Responses
    - Annexe 8A – Haringey Business Alliance Response
    - Annexe 8B – Haringey Defend Council Housing Response
  - Appendix 9 – Detailed Summary of MTFS Budget Reductions
  - Appendix 10 – Calculation of 2019/20 Council Tax Base
  - Appendix 11 – Flexible Use of Capital Receipts Policy
  - Appendix 12 – Equalities Impact Assessment (EqIA) Report
    - Annexe 12A – Detailed Summary of Budget Reduction EqIAs
    - Annexe 12B – Completed Full EqIAs Proformas
- 1.20 The report incorporates the views of the Overview and Scrutiny Committee and the results from the Council's budget consultation with residents, the business community and the voluntary and community sector. It reflects the latest financial information available and it reflects the detailed work undertaken by the Haringey Schools Forum who have considered and proposed the formula to be used for schools funding for 2019/20.

## 2 Cabinet Member Introduction

- 2.1 The proposals set out in this report contain our five-year Medium Term Financial Strategy (MTFS) for 2019-2024 which will provide a clear financial plan during this period of uncertainty for Local Authority budgeting. I am also pleased to confirm that we have bridged the £6.5m budget gap outlined in my last report to Cabinet and particularly that this has been achieved through very minimal recourse to additional savings, rather it has been met from late grant changes and a number of technical funding adjustments.
- 2.2 Over the last 8 years our budget has experienced unprecedented reduction. Whilst government say austerity is over in Haringey our funding is not keeping up with either rising costs and demand. Our population is growing and the demographic changes bring new pressures. The housing situation in London is becoming increasingly difficult particularly as more people are evicted by private landlords and we have to pay more to make sure we have enough accommodation. Increasing private sector rents and cuts to benefits have placed more and more stress on families which further increases demand for our services, and, alongside other trends like the increase in youth violence, means the cases we are dealing with are more complex.
- 2.3 It is becoming increasingly difficult to find budget reductions. There is a risk that further cuts will impact most on those with the greatest need of our support and also have a negative impact on the quality of life of residents. It may also become inevitable that further cuts may in themselves generate future overspends as we take away vital support which is why you will see that the new savings proposals appended to this report focuses as much as possible on delivering efficiencies or increasing income instead of service cuts.

### **Manifesto Priorities**

- 2.4 In its manifesto, the council's administration set out a number of priorities. While resources are limited, this Draft Budget still manages to propose some important new investments.
- 2.5 This Draft Budget supports the delivery of youth services. We have significantly increased the investment in projects and programmes, particularly through successful partnership working with the Mayor of London and other stakeholders, to keep our young people safe and ensuring that they can thrive and succeed. We are also proposing to invest more council resources into a youth services programme. Additionally, we are also proposing to invest in schools meals pilot.
- 2.6 We believe that everyone who works deserves a fair wage and secure conditions. We have already committed to becoming a London Living Wage employer, and this budget provides for that commitment to be delivered in a measured and sustainable way.
- 2.7 We have carried out our commitment to extend the Council Tax Reduction Scheme (CTRS) to a maximum of 100% for our least well-off families with children and Full Council approved the new CTRS on 31<sup>st</sup> January 2019. I am also proposing to increase the Haringey element of council tax by 2.99% in 2019/20, the first time for 9 years. This will generate circa £3m additional resource whilst the extension of the CTRS will protect those least able to pay.

- 2.8 The recent announcement to remove the HRA borrowing cap, which controls local authority borrowing for house building, from 29 October 2018 was welcomed as it will support us in fulfilling our commitment to deliver at least 1,000 new council homes at council rents by 2022 and build our own housing on our own land. The current HRA business plan has therefore been comprehensively reviewed.

### **Addressing budget pressures**

- 2.9 The budget monitoring reports I have presented to Cabinet this year underline the significant pressures that we face to continue to provide the statutory services for our residents and businesses; the conflict between driving through challenging and often transformational change to service design in order to deliver planned savings, whilst meeting the increases in demand and complexity. Children's services in particular are seeing an increase in SEND cases, heightened by the legislative changes contained within the Children and Families Act (2014), which extended the age ranges that the provision of services applies to.
- 2.10 Households are coming under more pressure from welfare reductions and rising housing costs and there are rising numbers of children needing support with more complex challenges. Making sure that every child is able to meet their potential is a clear priority for the Council, but the financial strain of the growing responsibility for children is placing great demands on budgets.
- 2.11 The budget consultation period has now ended, and I thank our residents, local businesses, community sector partners and any others that took the time to respond and engage with the process. I was particularly pleased that some had taken the time to put forward other proposals for consideration; as an administration we will review these and where appropriate build into future proposals.
- 2.12 I am pleased to report that we are now able to put forward a balanced budget in 2019/20, and that we now estimate that we will not utilise balances in 2018/19. The scale of the challenges we face for future years however should not be underestimated and it is essential that we start now on working on responding to these challenges as described in this report. Throughout all of this, I am determined that we make the best choices we can and that we direct the resources to make the greatest difference to our residents and play our role as place shapers and system leaders. We must look at all means available as to how we address the situation.

## **3 Recommendations**

- 3.1 Cabinet is asked to:
- 3.1.1 Consider the outcome of the budget consultation as set out in Appendix 8, to be included in the report to Council. Having taken this into account this report does not proposed any amendment to the budget proposed for 2019/20 nor to the MTFS 2019/24.
- 3.1.2 Approve the responses made to the Overview and Scrutiny Committee recommendations following their consideration of the draft budget proposals as set out in Appendix 7 and in a subsequent addendum to follow this report.
- 3.1.3 Note that the Quarter 3 corporate financial forecast is that the level of General Fund balance will remain unchanged at the end of 2018/19.

- 3.1.4 Propose approval to the Council of the 2019/20 Budget and MTFs 2019/24 Budget Reduction Proposals as set out in Appendix 9
- 3.1.5 Propose approval to the Council of the 2019/20 General Fund Revenue Budget as set out in Appendix 1, including specifically a General Fund budget requirement of £246.668m, but subject to final decisions of the levying and precepting bodies and the final local government finance settlement.
- 3.1.6 Propose approval to the Council of the General Fund Medium Term Financial Strategy (MTFS) 2019-2024 as set out in Appendix 1.
- 3.1.7 Propose approval to the Council that the Haringey element of Council Tax to be set by London Borough of Haringey for 2019/20 will be £1,319.89 per Band D property, which represents a 2.99% increase on the 2018/19 amount.
- 3.1.8 Note the Council Tax Base of the London Borough of Haringey, as agreed by the Section 151 Officer under delegated authority (Article 4.01(b), Part 2, of the Constitution), as 77,265 for the financial year 2019/20.
- 3.1.9 Propose approval to the Council of the 2019/20 Housing Revenue Account budget as set out in Appendix 2.
- 3.1.10 Approve the changes to the rent levels for General Needs Homes for Council tenants reflecting the regulations requiring a 1% rent reduction in 2019/20. This will reduce the average weekly rent from £102.85 to £101.82 as set out in Table 16.1.
- 3.1.11 Propose approval to the Council of service charges as set in Appendix 2A.
- 3.1.12 Propose approval to the Council of the 2019/20 – 2023/24 General Fund capital programme detailed in Appendix 3.
- 3.1.13 Propose approval to the Council of the 2019/20 – 2023/24 Housing Revenue Account (HRA) capital programme detailed in Appendix 4.
- 3.1.14 Propose approval to the Council of the Capital Strategy detailed in Section 14 of this report.
- 3.1.15 Propose approval to Council of the policy on the use of flexible capital receipts to facilitate the delivery of efficiency savings including capitalisation of redundancy costs (Appendix 11).
- 3.1.16 Note that Fees and Charges in respect of executive functions will be considered under a separate agenda item, and that Fees and Charges in respect of non-executive functions has been considered and approved by the Regulatory Committee and that the impact on the 2019/20 budget proposals is outlined within this report.
- 3.1.17 Propose to the Council the Dedicated Schools Budget (DSB) allocations for 2019/20 of £256.326m as set out in Appendix 5.
- 3.1.18 Agree the funding to be distributed to primary and secondary schools for 2019/20 based on the figures advised to Schools Forum and submitted to the Education Funding Agency in January 2019 set out in Section 17.

- 3.1.19 Agree the budgets (including the use of brought forward DSG) for the Schools Block, Central Services Block, High Needs Block and Early Years Block as per Appendix 5.
- 3.1.20 Delegate to the Director of Children Services, in consultation with the Cabinet Member for Children, Education and Families, the power to amend the Delegated Schools Budget to take account of any changes to Haringey's total schools funding allocation by the Education and Skills Funding Agency.
- 3.1.21 Delegate to the Section 151 officer, in consultation with the Cabinet Member for Finance, the power to make further changes to the 2019/20 budget proposals to Full Council up to a maximum limit of £1.0m.

## **4 Reasons for Decision**

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

## **5 Alternative options considered**

- 5.1 The Cabinet must consider how to deliver a balanced 2019/20 budget and sustainable MTFs over the five-year period 2019/24, to be reviewed and ultimately adopted at the meeting of Full Council on 25th February 2019.
- 5.2 Clearly there are options available to achieve a balanced budget and officers have developed the proposals contained in this report for determining levels of both income and service provision in this report. These take account of the Council's priorities, the extent of the estimated funding shortfall and the Council's overall financial position.
- 5.3 The proposals have been subject to consultation both externally and through the Overview & Scrutiny process. The outcome from these consultations have been reported to considered by Cabinet who received the reports on these outcomes contained in these appendices. After due regard Cabinet considers that the issues raised are addressed in its budget strategy and it is not therefore proposing any consequential changes.

## **6 Background information and national context**

### **Local Government Finance Settlement 2016/17 to 2019/20**

- 6.1 The 2016/17 local government finance settlement received in December 2015 provided Revenue Support Grant and other grant funding allocations for 2016/17 and indicative figures up to 2019/20. The consequent update of National funding figures (which exclude council tax but includes un-ring fenced grants) show a 1.7% national reduction in local government funding in 2019/20, as shown in Table 6.1 below. Although, not shown in the below table, it should also be noted that national funding figures have reduced every year since 2010.

Table 6.1: National Funding Figures (excludes council tax)

England				
	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m
<b>Total SFA</b>	<b>18,602</b>	<b>16,633</b>	<b>15,574</b>	<b>14,560</b>
<b>Plus Additional Funding</b>				
S31 Grant (2% cap in NDR)	165	175	275	400
New Homes Bonus (RSG)	1,485	1,252	947	918
Transition Grant	150	150	-	-
Improved Better Care Fund	-	1,115	1,499	1,837
Rural Services Delivery Grant	81	65	81	81
Adult Social Care Support Grant	-	241	150	-
Winter Pressure Grant	-	-	240	240
Social Care Grant	-	-	-	410
<b>Total Additional Funding</b>	<b>1,881</b>	<b>2,998</b>	<b>3,192</b>	<b>3,886</b>
<b>Total Funding</b>	<b>20,482</b>	<b>19,631</b>	<b>18,766</b>	<b>18,446</b>
Percentage Change	(11.7%)	(4.2%)	(4.4%)	(1.7%)

Source - Final LGF Announcement 29-01-19, CSP supporting info file

- 6.2 Settlement Funding Assessment (SFA) comprises the council's Revenue Support Grant for the year, its retained business rates and top up business rates updated year on year in line with RPI.
- 6.3 The equivalent national funding assumptions for Haringey are shown at table 6.2. Based on available information, The final local government funding settlement figures that all government funding support to Haringey will decrease by 3% in 2019/20.

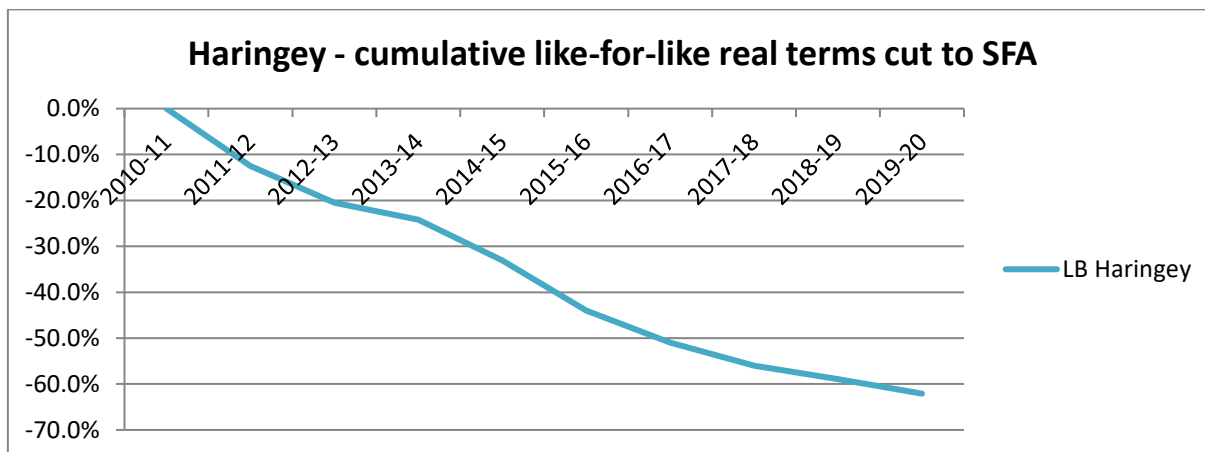
Table 6:2 – Haringey equivalent of national figures (excludes council tax)

Haringey	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
<b>Settlement Funding Assessment</b>	<b>126.0</b>	<b>115.2</b>	<b>109.1</b>	<b>102.3</b>
<b>Plus Additional Funding</b>				
S31 Grant (2% cap in NDR)	1.1	1.2	1.8	2.6
Improved Better Care Fund	-	5.4	7.1	8.4
New Homes Bonus - Local Forecast	6.9	5.7	2.7	2.5
2017-18 ASC Support Grant	-	1.2	0.7	-
Winter Pressure Grant	-	-	1.1	1.1
Social Care Grant	-	-	-	2.0
<b>Total Additional Funding</b>	<b>8.0</b>	<b>13.4</b>	<b>13.5</b>	<b>16.6</b>
<b>Comparable Resources</b>	<b>134.0</b>	<b>128.6</b>	<b>122.6</b>	<b>118.9</b>
Percentage Change	(9.5%)	(4.0%)	(4.7%)	(3.0%)

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

6.5 A further illustration of the level of funding reduction experienced by the council is shown in the below chart 1 which illustrates how the Settlement Funding Assessment (SFA) has reduced in real terms by £122m between 2010 and 2019. Although, the largest annual funding reductions happened in the early years, SFA to Haringey has continued to fall and will fall further in 2019/20.

**Chart 1 – Illustration of Formula Grant/SFA Reduction**



#### **Final Local Government Finance Settlement**

6.6 The report presented to Cabinet on 11<sup>th</sup> December 2018 gave detailed information in relation to the Local Government Settlement and this report provides updates where appropriate.

6.7 Following the final funding announcements on 29<sup>th</sup> January 2019, funding has been adjusted to reflect the latest funding position for the MTFs. The changes to external funding assumptions for 2019/20 since the Cabinet on 11<sup>th</sup> December 2018 total £0.75m are as follows:

- Levy Surplus Account payment (New) £1.24m
- New Homes Bonus has increased by £0.14m
- The level of business rates top up grant funding decreased by £0.51m
- Local lead flood authority grant has increased by £0.02m
- S31 Grants (including new retail discount) results in net decrease of £0.14m

6.8 The following were also announced:

- 18 new business rates pilots were announced, and the continuation of the London pilot was confirmed for 2019/20, albeit on a different basis.
- Two consultations: the Fair Funding Review (A review of local authority's relative needs and resources); Business Rates Retention Reform – the outcome of both expected to take effect from April 2020.
- The maximum council tax increase without holding a referendum was confirmed at 2.99% for 2019/20.

## Core Spending Power

- 6.9 At a national level the Core Spending Power<sup>1</sup> (CSP) figures (which includes Business Rates, Revenue Support Grant (RSG), Council Tax and un-ring fenced grants) has been announced and will rise by 2.8% in 2019/20. The increase in CSP is due to projected increases in council tax income nationally, even though central government funding support through Settlement Funding Assessment (comprising of the retained/top up business rates RSG only) continues to fall.
- 6.10 Looking to future years, the Council's assumptions on government funding are that it will continue at current levels as:
- i. The impact of Spending Review 2019, Fair Funding Review and Business Rates Retention Revaluation will be neutral on the Council;
  - ii. Funding for New Homes Bonus (NHB) and improved better care fund remain at current levels nationally.
- 6.11 We expect an increase in council tax income and modest growth in business rates income.
- 6.12 Core Spending Power for Haringey is projected to decrease by 3.1% since 2016/17 whereas CSP nationally is expect to rise by 3.6% over the same period. The primary reason for the difference (6.7%) between the national and Haringey CSP over that period is that the national calculation assumes that councils will increase their council tax up to the maximum allowable (before a referendum). Haringey had a council tax freeze across that period and up to 2018/19 which in itself accounts for 6% of the difference.
- 6.13 It is also important to note that:
- i. Revenue Support Grant continues to fall. In 2019/20, Haringey would have received £21.6m in RSG funding based on government figures. The Council received £51m of RSG in 2016/17, therefore RSG funding to the Council would have fallen by 58% (£29.4m) between 2016/17 and 2019/20.
  - ii. The Haringey council tax figures assume increases to the tax base and a nil increase per annum for the ASC precept for 2019/20;
  - iii. 2.99% increase in council tax for 2019/20 and modelled 1.99% thereafter on Haringey's element of the council tax.
  - iv. The New Homes Bonus Funding is subject to building new homes and therefore more residents to provide services to.

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<sup>1</sup> Core Spending Power describes the expected available revenue to fund expenditure. From 2016/17 onwards Core Spending Power is defined as the sum of the Settlement Funding Assessment (comprising NDR Baseline Funding Level and Revenue Support Grant), estimated Council Tax income, additional Council Tax income from the Adult Social Care flexibility, Better Care Fund, and the New Homes Bonus.

6.14 Core Spending Power figures for Haringey is set out in below table.

**Table 6.3: Core Spending Power totals for Haringey**

<b>Haringey</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Tax	87.2	93.8	101.9	102.0
Business Rates - Previously received as RSG	51.0	38.6	30.2	21.6
Business Rates -Others	75.0	76.6	78.9	80.1
s31 Grant (2% NDR Cap)	1.1	1.2	1.8	2.6
Improved Better Care Fund	-	5.4	7.1	8.4
New Homes Bonus	6.7	5.5	2.7	2.5
Adult Social Care Grant	-	1.2	0.7	-
Winter Pressure Allowance	-	-	1.1	1.1
Social Care Support Grant	-	-	-	2.0
<b>Core Spending Power</b>	<b>221.0</b>	<b>222.2</b>	<b>224.6</b>	<b>220.3</b>
In year change in funding %	-2.8%	0.5%	1.1%	-1.9%
Cumulative change in funding %	-2.8%	-2.3%	-1.2%	-3.1%
<b>National Figures</b>				
In year change in funding %	-2.3%	1.3%	1.8%	2.8%
Cumulative change in funding %	-2.3%	-1.0%	0.8%	3.6%

Note - Council tax and business rates figures are per Haringey MTFS not LGF figures

- 6.15 The Spending Review (December 2015) forecast funding set the level of residual RSG for Haringey at £21.6m for 2019/20 (£30.2m in 2018/19). The MTFS recognises that Council will not receive RSG from central government in 2019/20 as a consequences of the 75% business rates retention pool for London authorities. Instead, the London pool will provide the equivalent amount business rates to the Council.
- 6.16 The Council will also receive a number of specific or special grants in addition to its main funding allocation. The Council is mostly allowed to use these grants to fund any council services but some are ring-fenced, which means they can only be spent on specific services and these are included in service's net position.
- 6.17 It has been confirmed by the Minister for MHCLG that the New Homes Bonus (NHB) scheme or a variation of it will now continue indefinitely. The government provided one off funding support for adult social care grant by top slicing NHB in 2017/18, this resulted in a permanent reduction in funding to local authorities and consequently the Council as the top-sliced amount was not returned to fund NHB in subsequent years.
- 6.18 The government has confirmed the following on the NHB Scheme:
- Funding for 2019/20 remain at pre-announced levels;
  - Funding has been reduced from 5 years' worth of growth to 4 years' worth of growth – this change means that NHB funding for Haringey has reduced to £2.5m in 2019/20 (£2.7m - 2018/19).

6.19 A national baseline of growth was adopted below which no payment is made for the year in which growth was below the baseline. Although government reserves the right to change the threshold, the Minister for MHCLG has confirmed that the baseline growth threshold will be maintained at the current level 0.4% minimum growth.

#### **Fair Funding / Business Rates Retention Reviews**

6.20 The main corporate grant amounts (RSG and Business Rates Top Up) are based on historic needs assessment and the last time this assessment was undertaken was for the 2013/14 settlement. Since then it has been updated by inflation. Haringey's status is that it is a top up authority for business rates. The Council receives a top up grant to reflect the fact that the level of retained local business rates is less than what is assumed as being needed by the government based on the Council's needs.

6.21 MHCLG launched two consultation on 13<sup>th</sup> December 2018: the first on the formula for allocating funding to local authorities based on needs and local resources, and the second on the business rates retention system.

6.22 The outcomes of these consultations and the government responses are expected in the summer of 2019 and the new funding formula/revamped business rates retention system are expected to come into effect for the 2020/21 financial year. The impact of these changes is as yet unknown, and it is possible that authorities could gain or lose from this re-assessment of need/resources. In particular, for high population growth areas, such as Haringey and the majority of authorities in London, how population figures are determined and updated will be crucial in determining future funding allocations. The consultation points to a regular updating of the population data using the biennial Sub National Population Projection figures. This would likely be to the advantage of high population growth authorities such as Haringey.

6.23 The MTFs currently assumes that the review will be revenue neutral, as it is difficult to determine how the changes will impact at this early stage of the process. It is also likely that even where changes do occur, there will be transitional arrangements that will delay/dampen impact and any such impact may be mitigated nationally by the introduction of 75% business rates retention (the latest national target). Officers will monitor developments of this consultation and update forecasts accordingly. It is yet to be clarified as to how the rebasing of business rates will be put into effect when Revenue Support Grant will be replaced by Business Rates Retentions.

#### **Funding**

6.24 There are 6 main sources of funding for the Council:

- Council Tax
- Business Rates
- Core Grants
- Fees and Charges
- Use of Reserves
- Service Specific Grants

(NB. Service specific grants are included within service budgets; this report details the core grants only)

## **Council Tax Base**

- 6.25 Setting the council tax base is a statutory requirement and a fundamental part of the revenue budget and council tax setting process. It represents a measure of the taxable capacity of the area and when multiplied by the Band D council tax rate indicates the Council's tax generating potential for that year.
- 6.26 The Council as Billing Authority is required to calculate the tax base for the Borough in order for it to calculate its own council tax. The Council is also required to notify this figure to any major precepting authority (the Greater London Authority) as well as any levying body (Environment Agency, Lee Valley Regional Park Authority, North London Waste Authority, London Pension Fund Authority, and Financial Reporting Council) in order for them to calculate and set their own budgets and determine the level of precept/levy to be made to Haringey.
- 6.27 The calculation of the council tax base is prescribed by regulations. Put simply, it is the aggregate of estimated number of dwellings in each valuation band each year, subsequently adjusted to take account of the estimated number of discounts, disregards and exemptions that are likely to apply and any estimated increase / decrease in the list in the forthcoming year.
- 6.28 The Council levies a Council Tax based on dwellings in band D and thus the numbers for each valuation band are adjusted to the proportion, which their number is to band D; these proportions are set out in statute. Finally, the council must estimate its rate of council tax collection for the year and apply this figure to arrive at the council tax base figure.
- 6.29 The calculation above sets the tax base and not the council tax rate itself, which is due to be set on 25th February 2019 at Full Council.
- 6.30 The calculation of the tax base recommended in this report takes into account the revised Council Tax Reduction Scheme (CTRS) and the two changes to the discounts policy (unoccupied and unfurnished; unoccupied requiring/undergoing major repair/structural alteration) for 2019/20 that was agreed by Full Council on 31<sup>st</sup> January 2019.
- 6.31 The calculation is in two parts; 'A' (the Relevant Amount), which is the calculation of the estimated adjusted band D dwellings, and 'B', the estimated level of collection.
- 6.32 The calculation of 'A' – the relevant amounts for each band is complex and includes a number of calculations, which are shown in detail in Appendix 10. The resultant relevant amount per band is summarised in the table below:

**Table 6.4- Number of dwellings by Band**

Band	Relevant Amount (i.e. number of dwellings)
A	2,872
B	9,196
C	21,888
D	19,448
E	10,998
F	6,870
G	7,418
H	1,378
<b>TOTAL</b>	<b>80,067</b>

6.33 The relevant amount has decreased by 29 compared to the original 2018/19 equivalent number. This is predominately due to the projected increase in CTRS claimants following the approval by Full Council of a maximum 100% council tax relief to families with children under the 2019/20 CTRS.

6.34 The collection rate (B) is the council's estimate of the proportion of the overall council tax collectable for the year that will ultimately be collected. This is expressed as a percentage.

6.35 In arriving at a decision on the collection rate a number of factors need to be taken into account which includes:

- Appeals against valuation
- The mobility of the local population, particularly in the private rented sector
- The level and timeliness of information available when properties are sold, or let *and*
- The customers' ability to pay

6.36 2019/20 collection rates are forecast to be to 96.5% (96.25%, 2018/19). The tax base (T) is calculated by applying the following formula:

$$A \times B = T$$

Where:

A is the total amount of the relevant amounts for that year

B is the authority's estimate of its collection rate for that year.

T is the calculated tax base for that year

6.37 In accordance with the requirements of the regulations, the calculation of the Council Tax Base for the London Borough of Haringey in 2019/20 is as follows:

**Table 6.5 – Collection Rate**

	2019/20
Total of relevant amounts (A)	80,067
X	
Collection Rate (B)	96.50%
<b>Council Tax Base (T)</b>	<b>77,265</b>

### **Council Tax**

6.38 The 2019/20 budget includes the proposal that:

- The Council will increase council tax by 2.99% for 2019/20;
- Nil adult social care precept applied in 2019/20 (the Council had already raised the permitted ASC precept of 6% (3% in 2017/18 and 3% in 2018/19);
- The council tax base is forecast to grow by 1%;
- The collection rate will be 96.5% (this has been increased from 96.25% in 2018/19 to 96.5% for 2019/20 which provides an increased level of performance).

6.39 For financial modelling purposes only, the MTFS assumes that:

- Council tax will increase by 1.99% annually from 2020/21. Decisions on council tax for each financial year are taken by Full Council
- Nil additional adult social care precept in future years.

### **Council Tax Amount**

6.40 The Band D council tax amount is £1,319.89. This represents a 2.99% increase on the 2018/19 Band D council tax amount of £1,281.57. The Band D amount multiplied by the council tax base (77,265) gives a council tax requirement of £101,981,301.

6.41 The below table sets out the council tax amount for all bands.

**Table 6.6 – Council Tax (excluding Precept) by Band**

<b>Band</b>	<b>Ratio</b>	<b>Ratio as %</b>	<b>Amount (£)</b>
Band A	6/9	67%	879.93
Band B	7/9	78%	1026.58
Band C	8/9	89%	1,173.23
Band D	9/9	100%	1,319.89
Band E	11/9	122%	1,613.20
Band F	13/9	144%	1,906.51
Band G	15/9	167%	2,199.81
Band H	18/9	200%	2,639.78

6.42 The GLA is proposing an average Band D precept of £320.51 in 2019/20 – an increase of 8.93% on the amount of £294.23 in 2018/19. The increase in GLA precept comprises of a £24 and £2.28 increase in policing and non-policing elements respectively. The Band D council tax amount including GLA precept for 2019/20 is £1,640.40. The below table sets out the council tax amount including precept for all bands.

**Table 6.7 – Council Tax (including precept) by Band**

<b>Band</b>	<b>Ratio</b>	<b>Ratio as %</b>	<b>Council Amount £</b>	<b>GLA Precept £</b>	<b>Total Council Tax</b>
Band A	6/9	67%	879.93	213.67	1,093.60
Band B	7/9	78%	1,026.58	249.29	1,275.87
Band C	8/9	89%	1,173.23	284.90	1,458.13
Band D	9/9	100%	1,319.89	320.51	1,640.40
Band E	11/9	122%	1,613.20	391.73	2,004.93
Band F	13/9	144%	1,906.51	462.96	2,369.47
Band G	15/9	167%	2,199.81	534.18	2,733.99
Band H	18/9	200%	2,639.78	641.02	3,280.80

6.43 The resultant projections for council tax income are set out in the below table.

**Table 6.8 – Council Tax Modelling Assumptions 2019/20-2023/24**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Taxbase	78,916	80,096	80,067	80,868	81,677	82,493
Taxbase change	1.50%	-0.04%	1.00%	1.00%	1.00%	1.00%
Taxbase for year	80,096	80,067	80,868	81,677	82,493	83,318
Collection Rate	96.25%	96.50%	96.50%	96.50%	96.50%	96.50%
<b>Taxbase after collection rate</b>	<b>77,093</b>	<b>77,265</b>	<b>78,038</b>	<b>78,818</b>	<b>79,606</b>	<b>80,402</b>
Council Tax increase	0%	2.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	3%	0%	0%	0%	0%	0%
Band D rate	£1,281.57	£1,319.89	£1,346.15	£1,372.94	£1,400.26	£1,428.13
<b>Council Tax Before Surplus (£000)</b>	<b>£98,800</b>	<b>£101,981</b>	<b>£105,051</b>	<b>£108,213</b>	<b>£111,470</b>	<b>£114,825</b>
<b>Previous Year (Estimated) Surplus</b>	£3,118	£3,850	£2,150	£2,150	£2,150	£2,150
<b>Council Tax Yield (£000)</b>	<b>£101,917</b>	<b>£105,831</b>	<b>£107,200</b>	<b>£110,362</b>	<b>£113,619</b>	<b>£116,975</b>

### Business Rates

- 6.44 The MTFs recognises that RSG will not be paid by government in 2019/20, but an equivalent amount will instead be paid to the Council by the London business rates pool as part of the agreement to retain 75% of business rates in the region.
- 6.45 The London pilot scheme has been agreed by all participants (32 London boroughs, Corporation of City of London and the GLA). The no worse off principle that was guaranteed by government for the 2018/19 100% scheme has not been extended to the 2019/20 pilot. The cessation of this guarantee will likely not affect Haringey as a top authority and also because London as a whole generates more business rates income than its SFA level. The expected net gain in the region as a whole will be distributed in such a way that all partners receive a share of the benefits directly by allocating a proportion of the additional benefits on a per capita basis.
- 6.46 The impact of business rate revaluation and other proposed changes to the business rates system had previously been reported to members. Although, the Council continues to enjoy growth in its business rates income, it remains a grant 'top up' authority as the Council's baseline business rates level is lower than its business rates funding level.
- 6.47 The Council has revised its assumptions around business rates pooling in this MTFs. Previously, it was assumed that the London business rates pooling scheme will result in additional revenue income of £1.5m in 2019/20 rising to £3m per annum from 2020/21. The latest assumption is that the Council will receive a benefit of pooling, estimated at £3m under the 75% scheme, in 2019/20.
- 6.48 The figures in the MTFs are based on the latest available information which has been submitted to government. However, there remains risk around the revaluation changes mostly from appeals lodged by businesses.
- 6.49 Realisation of business rates income is dependent on collection performance, prevailing economic conditions and decisions on appeal by the Valuation Agency Office. Although some risk around bad debt and appeals have already been built into the target, these will have to be monitored throughout the year to ensure that actual performance is in line with MTFs assumptions.

- 6.50 The government has made clear that, nationally, it intends to get to 75% local business rates retention. As well as extending the duration of existing 100% business rates retention schemes, the Secretary of State approved 18 new pilots (including the London scheme) in 2019/20 at 75% retention. Therefore, the MTFS assumes that the 75% business rates retention model will be in place for the duration of the MTFS period or that any new arrangement will provide equivalent funding to the Council.
- 6.51 The business rates base was revalued in April 2017 and although, the revaluation was revenue neutral nationally, some businesses in Haringey were set to experience an increase in business rates charges. In order to smooth the impact of business rates revaluation, government provided transitional relief payments to businesses through the Discretionary Business Rates Relief Revaluation Support Policy. Officers will continue to monitor developments around the updated rateable values and the MHCLG's approach to appeals with a view to adjusting the medium term resources projection, where needed.
- 6.52 At the autumn budget, the Chancellor of the Exchequer announced that eligible (occupied retail units with a rateable value of less than £51,000) retailers will receive one third off their business rates bills for two years from April 2019. The potential loss of revenue to the Council from this national policy directive will be mitigated by government through payment of additional of section 31 grant.

#### **Core Grants**

- 6.53 **Public Health** – this grant must be used to enable local authorities in England to discharge their public health functions. The 2019/20 allocation is £19.965m (18/19 £20,209m).
- 6.54 **Levy Surplus Account Payment** - £1.2m. This is a one-off payment to all authorities of their share of the surplus on the business rates retention levy/safety net account.
- 6.55 **Housing Benefit & Council Tax Administration Subsidy Grant.** These grants are provided by the Department for Works and Pension to local authorities to support the costs of administering these functions. The 2019/20 allocation is £1.949m (18/19 £1.936m).
- 6.56 **Lead Local Flood Grant Funding** is paid to lead local flood authorities to carry out their duties under the Flood and Water Management Act 2010, and for their role as statutory consultee on surface water for major development. The 2019/20 allocation is £21.6k (18/10 £20.3k).

#### **Fees and Charges**

- 6.57 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.
- 6.58 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.

- 6.59 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.
- 6.60 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.
- 6.61 The impact of fees and charges increases have been included in the revenue income projections in the MTFs.

#### **Use of Reserves**

- 6.62 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.
- 6.63 The proposed 2019/20 budget utilises a total of £5.5m from two earmarked reserves to mitigate the level of savings needed to balance the budget this year. It is proposed that £4.6m will be released from the Financing (budget risk) Reserve. This reserve was established at the close of 2017/18 to mitigate potential shortfalls in expected capital receipts however, the latest forecast is that there are adequate capital receipts and therefore a lower level of financing reserve has been maintained to address the lower risk of capital receipts in future years. The second amount is £0.9m from a grants reserve no longer required.
- 6.64 In the 2018/19 MTFs, the budget resilience reserve was established to help manage the potential non-deliverability/slippage of planned budget reductions. An annual contribution of £7.2m was built into the MTFs for future years. At the end of 2017/18 a further £5m was added to this reserve, made possible by improvement to that year's finances identified at year end. This allows the proposed 2019/20 budgeted contribution from revenue to be reduced to £2.2m. Thereafter, it continues at £7.2m in future years. This strategy is in line with the principle of using specific earmarked reserves as a one-off measure to smooth the impact of savings deliverability.
- 6.65 The Council reaffirmed its previous decision to set non-earmarked General Fund balances at a minimum level of £15m in February 2018. The 2018/19 budget position provides the starting point for next year's financial planning. Members will be aware that the Quarter 2 forecast for the 2018/19 budget was an overspend of £9.3m after the application of £6.4m of the budget resilience reserve. An update will be provided to Cabinet in March. The corporate financial forecast is that while not all services will fully address their overspends before year end, other largely corporate financial developments will prevent the need for utilisation of the General Fund balance. This provides a positive opening position for the new budget/MTFs.
- 6.66 The overall reserves position will be reviewed again between now and the February Full Council budget setting report to ensure that the recommended level of reserves is still appropriate and commensurate with overall level of risk associated with the Council's 2019/20 budget and overall MTFs.

## Summary of Funding Assumptions

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

**Table 6.9 Summary of Funding Assumptions 2019/20 -2023/24**

<b>Source of Funding</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue Support Grant	30,202	-	-	-	-	-
Retained Business Rates	20,729	36,484	32,436	31,980	32,480	32,980
Top up Business Rates	56,702	65,196	65,165	66,060	67,560	69,060
Council Tax	98,800	101,981	105,051	108,213	111,470	114,825
New Homes Bonus	2,736	2,541	2,200	2,200	2,200	2,200
Adult Social Care Grant	718	-	-	-	-	-
Other core grants	16,497	11,453	10,586	10,601	10,601	10,601
<b>Core Spending Power</b>	<b>226,383</b>	<b>217,655</b>	<b>215,438</b>	<b>219,053</b>	<b>224,310</b>	<b>229,665</b>
Public Health	20,209	19,677	19,677	19,677	19,677	19,677
<b>TOTAL (External) Funding</b>	<b>246,593</b>	<b>237,332</b>	<b>235,116</b>	<b>238,731</b>	<b>243,988</b>	<b>249,343</b>
Council tax surplus	3,518	3,850	2,150	2,150	2,150	2,150
Contribution from Reserves	-	5,487	-	-	-	-
<b>TOTAL FUNDING</b>	<b>250,110</b>	<b>246,668</b>	<b>237,265</b>	<b>240,880</b>	<b>246,137</b>	<b>251,492</b>

## 7 Expenditure Assumptions

### 2018/19 Financial Performance – Revenue

- 7.1 At Quarter 2 (December 2018 Cabinet report) the Council was projecting a full-year deficit of £9.3m after corporate application of mitigations of £6.4m. A significant amount of this was driven by previously agreed savings no longer being deemed as achievable; the remainder is largely in Priorities 1 and 2 which continue to face on-going demand pressures. Cabinet in its December meeting approved the write off of £9.8m savings. The impact of this has been built into the 2019/20 budget & MTFs now presented.
- 7.2 The cost of providing support to our vulnerable residents continues to grow which is manifested in the level of overspend in adult and children social care. The assumptions underpinning the estimated increases built into the MTFs for adult and children social care are set out below. Homelessness also continues to be an issue in Haringey.
- 7.3 Close attention will continue to be paid over the remainder of the year for further mitigations that can help bring the final outturn to a balanced position.
- 7.4 An update will be provided to Cabinet in March on the corporate financial forecast. While not all services will fully address their overspends before year end, it is estimated that corporate financial developments will prevent the need for the utilisation of the General Fund balance. This provides clarity on the starting position for the new budget/MTFS.

## Budget Growth

- 7.5 The MTFs allows for budget growth to the extent that these can be afforded or cannot be avoided. This is summarised in the below table.

**Table 7.1 Analysis of Budget Growth**

Priority Area	Service Related £'000	Policy Priorities £'000	Savings Write Off £'000	Levies £'000	Treasury & Capital Financing £'000	Inflation £'000	Total £'000
Priority 1 - Children Services	2,679	300	4,631	-	-	-	7,610
Priority 2 - Adults Services	4,030	-	2,984	-	-	-	7,014
Priority X - Corporate Services	-	-	2,404	-	-	-	2,404
Council Wide	-	1,100	-	2,550	2,024	4,600	10,274
<b>Total</b>	<b>6,709</b>	<b>1,400</b>	<b>10,019</b>	<b>2,550</b>	<b>2,024</b>	<b>4,600</b>	<b>27,302</b>

## Service Related Budget Growth

- 7.6 Adults and Children's services have found it extremely difficult to deliver some of the savings committed to in the previous MTFs as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern. In recognition of the financial pressures within social care, the Government has committed to some short term funding increases in this area. It is important to note that these are not structural budget solutions, they are simply additional money for next year, as it stands. Two new grants have been announced recently – funding to adult social care specifically to reduce winter pressures on local NHS services, and a social care support. These grants provide some temporary diminution of the pressure on these acute services but do not provide a long term solution.
- 7.7 The government has stated that the new social care support grant should be used where necessary by local authorities to ensure that adult social care pressure do not create additional demand on the NHS. They can also use it to improve their social care offer to older people, people with disability and children. The government's recent annual Budget statement announced that this new grant will be a further £410m nationally in 2019/20 notionally for both adults and children's social care. Haringey is due to receive £1.96m. Children's Services have not yet benefitted from additional central grant funding in the same way as Adults Services but is subject to similar levels of service pressures. It is therefore proposed that the new social care support grant be equally divided between Adults and Children's Services. Adults Services will also receive additional corporate funding equivalent to the level of the grant channelled toward Children's Services.
- 7.8 For Children's Services the 2019/20 proposed MTFs acknowledges the pressures and includes £7.6m growth which is part funded (£1m) from 50% of the social care support grant and mainly funded through £6.6m of additional corporate resources giving growth of net £3m after adjusting for the write off of unachievable savings.
- 7.9 Similarly, for Adults Services, the MTFs proposes £7m growth which includes the other 50% of the social care grant, the additional improved better care fund and the winter pressures allowance; and additional corporate resources (namely the write offs of the undeliverable savings) giving growth of net £4m.
- 7.10 It is recognised that these commitments by the council inevitably increases the funding gap, putting pressure on these and other services to identify greater budget reductions both for 2019/20 and subsequent years.

### **Policy Priorities (£1.4m)**

7.11 Although, the council has very limited scope to put more funding into policy priorities, the MTFs provides funding for the following priority areas on an ongoing basis to support key areas of focus for the administration:

- Youth services programme - £0.25m
- School meals pilot - £0.05m
- Council Tax Reduction Scheme - £1.1m

### **Treasury and Capital Financing (£2m)**

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

### **Pensions (£nil)**

7.13 The MTFs assumes that given record stock market growth over the past two year, it will not be necessary to make additional contributions to the Pension Fund above current levels following the next triennial valuation in 2020/21.

### **Pay Inflation (£2.6m)**

7.14 Pay inflation assumption is for a minimum 2% increase for all employees of the Council in 2019/20 and similar levels in future years of the MTFs

### **Non-Pay inflation (£2m)**

7.15 For 2019/20 and future years, it has been assumed that services will broadly have to manage within existing budgets, thus absorbing any inflationary pressures. However, non-pay inflation growth has been assumed in the budget for a number of contracts and to mitigate any increased cost of service provision due to change in legislation.

### **Levies (£2.6m)**

7.16 A levy is an amount of money that the Council must collect (and included in its annual budget) on behalf of another organisation. The levying body may be a Government agency (such as the Environment Agency), a regional body (such as the Lee Valley Regional Park) or a local body (such as the North London Waste Authority). The main difference between a levy and a precept is that a precept (such as the GLA precept) will be stated as a separate item on the council tax bill.

7.17 The budget for 2019/20 includes £9.1m to meet the required contribution to levying bodies. The council received a one-off reduction of £2.6m in its waste levy from the North London Waste Authority in 2018/19 when the waste authority agreed to apply credit balances that Haringey had built up over the years to offset the annual waste levy. The 2019/20 waste levy amount is expected to increase by £2.6m back to the usual level. We are still awaiting confirmation of final levy charges for 2019/20.

7.18 For information, a breakdown of levying bodies to the council and charges for current year (2018/19) are set out in the table below.

**Table 7.2: Contributions to Levying Bodies**

<b>Organisation/Levying Body</b>	<b>Amount Due 2018/19 £'000</b>
Environment Agency	174
Lee Valley Regional Park Authority	186
London Borough Grants Scheme	211
London Pensions Fund Authority	270
North London Waste Authority (NLWA) *	8,311
<b>Total Paid/ Due</b>	<b>9,153</b>
* 2019/20 estimate	

## 8 Budgeting Changes Since 11<sup>th</sup> December Cabinet

8.1 The Council is required to approve a balanced annual budget. The December Draft Budget that was approved for consultation had a deficit of £6.5m which still needed to be resolved. The Council has been working to develop further budget reduction measures to address this deficit. Table 18.1 provides a summary of all the budget measures identified over the MTF5 period.

**Table 8.1: Total Budget Reductions Since December 2018**

<b>£'000</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Service Improvements	1,450	(800)	-	-	-
Grant Changes	1,838	(1,401)	-	-	-
Technical Adjustments	3,234	443	720	(84)	39
<b>Total</b>	<b>6,522</b>	<b>(1,758)</b>	<b>720</b>	<b>(84)</b>	<b>39</b>

(Change – service improvement to service budget changes)

8.2 To further detail these changes since December, a summary of additional service related budget changes that have been developed since December are detailed by priority below.

**Table 8.2: Service Budget Changes**

<b>Service Budget Changes (£'000)</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Priority Two</b> - Reduction in Adults growth provision	1,000	(1,000)	-	-	-
<b>Priority Three</b> - Parking budget adjustment Yr1, Car Pound Savings Yr 2	(150)	200	-	-	-
<b>Priority Four</b> - Strategic Property Services - Savings & Income	500	-	-	-	-
<b>Priority X</b> - Growing Libraries Income	100	-	-	-	-
<b>Total - Service Budget Changes</b>	<b>1,450</b>	<b>(800)</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 8.3 Following the provisional Local Government Finance Settlement (13<sup>th</sup> December 2018) which has now been confirmed by the Final Settlement announced on 29<sup>th</sup> January 2019, relevant funding assumptions have been updated to reflect the latest position. The below table sets out the changes to what was assumed in the 11<sup>th</sup> December Draft Budget/MTFS.

**Table 8.3: Grant Changes**

Grant Changes (£'000)	2019/20	2020/21	2021/22	2022/23	2023/24
Business Rates Top Up Adjustment	(512)	-	-	-	-
Housing Benefit/Council Tax Admin Subsidy	949	-	-	-	-
NHB Adjustment	141	(141)	-	-	-
Levy Surplus Payment	1,238	(1,238)	-	-	-
Lead Local Flood Authority Adjustment	22	(22)	-	-	-
<b>Total - Grant Changes</b>	<b>1,838</b>	<b>(1,401)</b>	-	-	-

- 8.4 A review of the application of a number of grants and income streams led to the identification of one off relief measures that when adopted provide mostly one off benefits in 2019/20. These are detailed below.

**8.5 Table 8.4: Technical Adjustment Related Budget Reductions Measures**

Technical Adjustments (£'000)	2019/20	2020/21	2021/22	2022/23	2023/24
Adjustment to council tax income (inc 0.25% increased collection rate)	878	(1,337)	909	(94)	(96)
Further Treasury & Borrowing Adjustments	532	271	(159)	10	135
Various	129	(535)	(30)	-	-
Amendments; Winter Pressure and Adults/Children's Social Care Grant - Budget Corrections	-	3,600	-	-	-
Flexible Use of Capital Receipts	556	(556)	-	-	-
Flexible Homelessness Support Grant application to offset Temp Accommodation risk	1,000	(1,000)	-	-	-
Changes due to National Non-Domestic Rate 1 form figures	139	-	-	-	-
<b>Total - Technical Adjustments</b>	<b>3,234</b>	<b>443</b>	<b>720</b>	<b>(84)</b>	<b>39</b>

## 9 Budget (2019/20) / MTFS (2019/24) Summary

- 9.1 Haringey, along with other local authorities has to manage within a tight funding envelope due to significant reduced government support. Nevertheless, the Council is focussed on delivering its key priorities despite financial challenges. As part of this process, the Council established a Transformation Reserve, which will be used to pump prime projects that will help reshape how services are delivered and also deliver recurring efficiency savings.
- 9.2 It is clear that as well as managing its expenditure, the Council must also have a strong focus on the key major local income sources that increasingly comprise its corporate funding, namely council tax and 75% retained business rates. Therefore, there is a need for increased concentration on growing businesses and homes in the borough to make the most of the opportunities provided by devolution.

9.3 The Council's Strategy has been to utilise, where necessary, reserves and balances to smooth the impact of funding reduction in the short to medium term however, the proposed budget for 2019/20 is not dependent on the General Fund balance being utilised. Further cost reduction/resource prioritisation have been identified and are being developed. These will form part of future refresh of the MTFs as the Council continues to work to close the structural budget deficit.

9.4 The summary General Fund Budget 2019/20 and MTFs 2019/24, including the post 11<sup>th</sup> December proposals is set out below.

**Table 9.1: Summary (Draft) Budget 2019/20 and MTFs 2019/24**

	2018/19 Budget £'000	2019/20 (Draft) Budget £'000	2020/21 Projected £'000	2021/22 Projected £'000	2022/23 Projected £'000	2023/24 Projected £'000
Priority 1 - Children Services	54,525	58,310	56,928	56,838	56,838	56,838
Priority 2 - Adults Services	79,241	82,312	79,201	79,196	79,235	79,135
Priority 3 - Environment & Neighbourhoods	27,920	26,652	24,887	24,287	24,217	24,147
Priority 4 - Regeneration & Growth	4,716	1,173	1,508	1,508	1,508	1,508
Priority 5 - Housing Services	19,833	18,888	18,180	17,606	17,606	17,606
Priority X - Corporate Services	38,281	35,805	33,856	33,831	33,825	33,819
Council Wide	25,594	23,528	35,876	41,597	51,003	58,909
<b>Net Budget Requirement</b>	<b>250,110</b>	<b>246,668</b>	<b>250,437</b>	<b>254,863</b>	<b>264,232</b>	<b>271,962</b>
Planned Contributions from Reserves	-	(5,487)	-	-	-	-
Further savings to be identified	-	(0)	(13,172)	(13,983)	(18,095)	(20,470)
<b>Total General Fund Budget</b>	<b>250,110</b>	<b>241,181</b>	<b>237,265</b>	<b>240,880</b>	<b>246,137</b>	<b>251,492</b>
New Homes Bonus	2,736	2,541	2,200	2,200	2,200	2,200
Adult Social Care Grant	718	-	-	-	-	-
Revenue Support Grant	30,202	-	-	-	-	-
Council Tax	102,317	101,982	105,051	108,213	111,470	114,825
Retained Business Rates	20,729	36,484	32,436	31,980	32,480	32,980
Top up Business Rates	56,702	65,196	65,165	66,060	67,560	69,060
<b>Total Main Funding</b>	<b>213,404</b>	<b>206,202</b>	<b>204,852</b>	<b>208,452</b>	<b>213,710</b>	<b>219,065</b>
Public Health	20,209	19,677	19,677	19,677	19,677	19,677
Other Coree Grants	13,847	11,453	10,586	10,601	10,601	10,601
Council Tax Surplus	2,650	3,850	2,150	2,150	2,150	2,150
<b>Total - Other Funding/Core Grants</b>	<b>36,706</b>	<b>34,979</b>	<b>32,413</b>	<b>32,428</b>	<b>32,427</b>	<b>32,427</b>
<b>TOTAL (External) Funding</b>	<b>250,110</b>	<b>241,181</b>	<b>237,265</b>	<b>240,880</b>	<b>246,137</b>	<b>251,492</b>
Opening General Fund Balance	15,493	15,493	15,493	15,493	15,493	15,493
Closing General Fund Balance	15,493	15,493	15,493	15,493	15,493	15,493

NB. The 2018/19 closing General Fund balance is the in-year position reported at Month 8

9.5 This the result of a number of technical adjustments in the way the budget is presented. It should be noted that the Budgeted Net Expenditure 2019/20 has decreased from £278m reported on 11<sup>th</sup> December to £247m above.

- Reduction in budgeted expenditure as part of closing the budget gap since December (£3.8m).
- Moved Service Specific Grants of £21.5m to net down relevant service budgets, instead of treating these as income (this is now consistent with other such treatments in the budget).
- Reduction in Budget Resilience Reserve contribution from £7.2m to £2.2m (now net of planned £5m from BRR) .
- Other (£1m)

9.6 This net expenditure figure for subsequent years have also reduced accordingly.

9.7 The MTFs assumes that £13.7m of budget reductions will be delivered in 2019/20. Therefore, future years projected budget gaps stated above are predicated on the full delivery of 2019/20 budget reductions. As detailed in Section 7 of this report, social care services continue to face pressures due to increased demand and market forces.

## 10 Budget Reduction Proposals 2019/20-2023/24

10.1 The Council must have a multi-year programme of budget reductions to mitigate the structural budget deficit – these reductions must be reviewed/refreshed annually. At its February 2018 meeting, Full Council approved budget reductions that extended to 2023. Below is a summary of pre-agreed budget reductions in prior year’s MTFs.

**Table 10.1: Prior Year Pre-Agreed Budget Reductions**

Priority Area	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services		-	-	-	-
Priority 2 - Adults Services	2,390	2,990	2,990	2,990	11,360
Priority 3 - Environment & Neighbourhoods	150	-	-	-	150
Priority 4 - Regeneration & Growth	-	-	-	-	-
Priority 5 - Housing Services	120	-	-	-	120
Priority X - Corporate Services	3,400	1,500	20	-	4,920
<b>Total</b>	<b>6,060</b>	<b>4,490</b>	<b>3,010</b>	<b>2,990</b>	<b>16,550</b>

10.2 Detailed budget reduction proposals were approved for consultation by Cabinet on 13<sup>th</sup> December 2018 as part of the consideration of the draft budget. Each proposal was supported by a pro-forma that detailed; the action/outcome of the proposal, the value of the savings, the impact on workforce and any risks/assumptions associated with the proposal.

- 10.3 The December draft budget reduction proposals set out in Appendix 9 have been subject to public consultation and scrutiny by the Overview and Scrutiny Committee set out in Appendices 7 and 8. Cabinet have considered these recommendations as part of their deliberations leading to this report. These budget reductions are summarised in the below table.

**Table 10.2: 2019/20 (New) Budget Reduction Proposals**

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

**Total Planned Budget Reductions (2019/20 – 20/2324)**

- 10.4 The Draft Budget assumes total service related budget reductions to be achieved in 2019/20 is £13.7m (including £7.7m of newly identified budget reductions). In total, budget reductions identified and incorporated into this MTFS is £30m by 2023/24. The below table analyses the 2019/20 budget reduction expectation and total savings expectation over the MTFS period.

**Table 10.3: Total Service (MTFS) Budget Reductions (2019/20 – 2023/24)**

Priority Area (£'000)	Pre Agreed Savings	New (2019/20)	Further Budget Measures	2019/20 Total MTFS	2020/21	2021/22	2022/23	2023/24	Total (All Years)
Priority 1 - Children Services	-	1,602	-	1,602	401	90	-	-	2,093
Priority 2 - Adults Services	2,390	2,000	-	4,390	4,039	3,185	3,270	100	14,984
Priority 3 - Environment & Neig	150	1,665	-	1,815	1565	600	70	70	4,120
Priority 4 - Regeneration & Gro	-	560	500	1,060	15	-	-	-	1,075
Priority 5 - Housing Services	120	920	-	1,040	708	573	-	-	2,321
Priority X - Corporate Services	3,400	319	100	3,819	1,505	25	6	6	5,361
<b>Total</b>	<b>6,060</b>	<b>7,066</b>	<b>600</b>	<b>13,726</b>	<b>8,233</b>	<b>4,473</b>	<b>3,346</b>	<b>176</b>	<b>29,954</b>

- 10.5 After the write off of £9.8m 2018/19 savings in the Qtr2 report in December, £5.9m of savings still remains to be delivered in 2018/19. The majority is forecast to deliver fully before the end of the financial year however, any balance outstanding would be slipped into 2019/20, increasing the above total service savings target.
- 10.6 Given the scale of the budgeted savings for 2019/20, the Council must maintain a constant focus on their implementation and look to respond during the course of the year to any delivery shortfalls, potentially necessitating other solutions. The Council agreed to establish a Budget Resilience Reserve (BRR) in 2018/19 to provide some financial resilience and help manage the risk associated with a significant budget reduction programme. It is proposed that this reserve is maintained at the pre-agreed level of £7.2m for 2019/20.

## 11 Summary Priority Revenue Budgets 2019/20-2023/24

- 11.1 The summary revenue budget position by priority area over the five-year period is shown in the table below.

**Table 11.1: Summary of Proposed Budgets/Cash Limit**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	54,525	58,310	56,928	56,838	56,838	56,838
Priority 2 - Adults Services	79,241	82,312	79,201	79,196	79,235	79,135
Priority 3 - Environment & Neighbourhoods	27,920	26,652	24,887	24,287	24,217	24,147
Priority 4 - Regeneration & Growth	4,716	1,173	1,508	1,508	1,508	1,508
Priority 5 - Housing Services	19,833	18,888	18,180	17,606	17,606	17,606
Priority X - Corporate Services	38,281	35,805	33,856	33,831	33,825	33,819
<b>Total Priority Cash Limit</b>	<b>224,516</b>	<b>223,140</b>	<b>214,561</b>	<b>213,267</b>	<b>213,230</b>	<b>213,054</b>
Council Wide	25,594	23,528	35,876	41,597	51,003	58,909
Savings to be identified	-	-	(13,171)	(13,983)	(18,095)	(20,470)
<b>Council Cash Limit</b>	<b>250,110</b>	<b>246,668</b>	<b>237,265</b>	<b>240,880</b>	<b>246,137</b>	<b>251,492</b>

- 11.2 Given the continued reduction in funding for the Council and need to continue to identify budget reduction opportunities, the overall cash limit for the Council in 2019/20 is projected to fall.
- 11.3 The growth in 'council wide' in later years to address inflationary increases (pay and non-pay), capital financing costs, increase in levies charged to the Council and other central service charges that are not specific to any one service. Budget provisions for inflation will be allocated to services in year to reflect the impact of inflationary pressures on services. This will in turn further increase each service's share of overall council spend and reduce the council-wide budget.

## 12 New Transformation Agenda

- 12.1 The Council has made very substantial reductions in our budget over the last 10 years. This year is no exception as our MTFs includes proposals here for a further £13.4m of measures. Over the last few years it has changed much of what it does and its way of doing things (efficiency), and there are further major change programmes under way. The Council has also markedly increased its level of income generation.
- 12.2 It is forecast that the Council will avoid drawing upon the General Fund balance in 2018/19 and has a balanced budget proposal for 2019/20. Significant budget reductions (£20.5m by 2023/24) will be necessary to ensure the Council remains financially sustainable.
- 12.3 In order to meet the Council's ambitions for improving outcomes for residents whilst managing a reducing resource base, significant and transformative change is required across everything we do. This combined imperative requires the Council to look at everything it does and identify ways of maximising its resources, further improving efficiency and finding ways of reducing demand for high cost services.

## **Transformation and Change**

- 12.4 The Council has already fundamentally changed much of what it is and substantially improved efficiency. Some change programmes are already underway, in other areas further change will be needed. The themes set out below bring together those areas where change is currently underway with areas for further focus and change in future.

## **People**

- 12.5 We spend nearly two thirds of our budget on our people priority - so we must identify ways to deliver good outcomes with less money:

- Good quality social work, and early help, particularly in children's services and improvement work in Children's Services which also responds to the action plan set out to meet the requirements of recent Ofsted inspections.
- Promoting independence so that adults are able to stay healthy for longer and are supported in the community rather than in hospital or residential settings wherever possible, and for as long as possible.
- Supporting the use of evidence based approaches to early intervention which must be supported by a business case which delivers within the period of the MTFS.
- Developing our 'community first' approach which aims to identify low cost, community based interventions that prevent people from entering into acute need, and which are joined up and easily accessible.
- Developing a new approach to working with 14-28 year olds who may need more support to prevent them requiring acute services later in life, and ending the cliff edge for young people when they turn 18.
- Ensuring all our commissioned services and contracts are routinely tested to ensure they continue to deliver the required outcomes and provide good value for money.

## **Housing**

- 12.6 Housing places very significant demands on the Council's finances – we will seek to manage the impact of this through:

- Meeting housing needs through an integrated housing model with different solutions to address different requirements and circumstances.
- Reducing the cost of temporary accommodation both by bringing down the numbers of people in TA and ensuring that the cost of individual units are cheaper (whilst sustaining or improving current quality)
- Prudently investing the ringfenced Flexible Homelessness Support Grant from Government in initiatives to reduce homelessness.

- Maintaining a business plan for the Housing Revenue Account which balances the need for investment in maintaining existing stock with the ambition for new development and taking advantage of the reduced restrictions on borrowing through a prudential approach to capital borrowing and investment.
- Recognising and acting upon the strong interdependencies between housing and homelessness and other areas of major investment and strategic focus, for example through employment programmes targeted at preventing homelessness, and a significant programme of investment in housing related support.
- Investing in a programme to deliver new Council homes.

## Place

- Potential for reform of the waste management agenda, reflecting changes in waste types/levels, designing collection services more efficiently and effectively and for street cleansing services to be designed around the needs of a local area.
- Developing the business case to roll out LED lighting across the borough, which potentially reduce energy use, reduce maintenance cost and have a longer life. Technological improvements together with a reduction in unit costs for LEDs could result in a reduction in energy both now and when considering future years. Other benefits of LEDs is that they require less maintenance, need replacing less and if replaced across the borough a central system of lighting control could be introduced.
- Using technology in parking services to ensure maximum efficiency.
- To ensure that all our services operate efficiently, understanding the markets they operate in, developing and expanding the core business whilst maximising potential income streams.

## Economy

12.7 Through its regeneration and economic development programmes, the Council has an opportunity to support and stimulate the local economy through its own direct investment and bring in significant external investment to support its strategic priorities, and to secure capital and revenue income for the Council itself, which can be reinvested in services for the borough. The Council's work in this area includes:

- A new focus on 'community wealth building', whereby the Council uses its own investment power to promote and develop local business, keeping money and employment in the borough wherever possible.
- Promoting business and job growth in the borough, creating thriving high streets and industrial estates, providing opportunities for local people, and boosting business rate income for the Council.

- Targeting investment and other interventions in locations where need and opportunity are greatest, most obviously in the priority regeneration areas of Tottenham and Wood Green.
- Ensuring that regeneration programmes combine physical change with social and economic interventions that help to ensure local people can benefit from opportunities both in the borough and further afield.
- Using the Council's own property both to support the businesses and activities which we want to see in the borough, and to generate income for reinvestment in other services.
- Attracting external investment, from the private and public sector, in new homes, new jobs, new infrastructure and improved public spaces, always ensuring that investment aligns with the Council's priorities for the borough.

### **Your Council**

12.8 Our future business plan and financial strategy must continue our focus on:

- Needs based, quality core services – ensuring that any services we provide or commission are essential to the outcomes we are seeking to deliver for residents, and that they provide good quality and value for money and deliver effectively the outcomes required.
- More creative – taking opportunities to generate income and adopt a commercial approach across all our priority areas, for instance across our place-based services and our property portfolio.
- Increasing productivity – increasing the productivity of our front office and back office services (customer services, revenues and benefits, and internal council services), so that services are delivered in the most efficient way and that we get it right first time. We will rationalise our property base to help ensure that retained locations can be maintained and operated to the standard required. We will ensure that we have the right management structure and right size services.
- A skilled workforce, supported by good management and with access to the right tools to enable us to reduce requirement for expensive office accommodation.
- Digital services which are easier for residents to use and reduce costs (ensuring that this does not exclude less digitally engaged residents). We will automate processes where possible and save cost (without compromising the service itself).
- Responding to demand – services will understand demand and effectively manage and respond to it. Effectively managing demand will be key elements of transformation in our People and Place priorities. This will be based on a significant intensification in our access to, and use of, data to

enable the council to identify potential demand and help people avoid the need to access expensive services.

- Effective commissioning decisions, including an assessment of insourcing potential to ensure value for money in service provision.

### **Budget Delivery and Live Budgeting**

- 12.9 The Council's planned delivery of its savings programmes over recent years has been below projection for a number of reasons. The new service budget reductions proposed in this Budget/ MTFs are considered to be deliverable. In order for these to be achieved, the Council will strengthen its management of this programme.
- 12.10 Despite this, there will inevitably be some plans that are not deliverable in full (or indeed possibly at all) due to changing circumstances. While this budget provides a level of financial capacity for dealing with such circumstances, it is important that the Council also looks to find alternative solutions (in year mitigations) as and when savings issues or base budget pressures arise. Similarly, it is important that the Council makes progress on both designing and, where possible, implementing the measures needed to address its future year's structural funding gap at the earliest point.
- 12.11 We are therefore presently considering how the Council's current budget setting and periodic corporate monitoring processes might be developed to support a "live budgeting" type of approach. This will help risk manage the in year budget delivery position and allow us to get the best start for the forthcoming year, and potentially enable better decision making. This will be subject to later clarification and potentially proposals for changes to the Council's budgeting approach.

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

- 13.1 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report to Full Council on the Council's budget on 25th February 2019. Given the increase in financial pressure falling upon this council's budget and the size of the gap still to be closed for 2020/21 onwards, this statutory role is acquiring more and more significance.
- 13.2 The main uncertainties and risks identified to date which may impact on the Council's budget over the period of the MTFs are:
- The on-going uncertainty over Brexit and the implication of whatever arrangement is put into place. The Council is actively assessing and planning as to how it might need to respond to consequences of Brexit. While the government has recently announced a grant of £210k over two years, the actual costs associated with dealing with the ramifications will almost certainly be higher. This provides a further case for ongoing BRR.

- The shift to Council Tax and Business Rates as the main funding drivers exposes the Council to risks such as collection rates, adverse changes in the size of the tax base, appeals and negative cashflows.
- The outcome of the Fair Funding Review & the consultation on the redesign of the Business Rates Retention scheme
- The implications arising from the 2019 Spending Review (SR19).
- The Council's Transformational Programmes do not deliver the required savings, do not deliver savings quickly enough, or are counteracted by demographic trends particularly in critical areas such as Children's and Adults Social Care and Temporary Accommodation.
- Increases in London Living Wage in future years.
- Any further deterioration in the forecast 2018/19 position.
- The impact of inflation pressures above current assumptions (e.g. energy costs which are currently estimated at well above the rate of inflation for 2019/20).
- Non delivery of 2019/20 budget reduction programme.
- General population increases that are expected over the next 5 years and any associated growth in demand - other than specifically allowed for – may lead to financial pressure.
- The need to balance revenue and capital priorities to ensure the most appropriate use of available resources and the risk that the required skilled workforce to deliver at pace is not available
- Continuing trend to on-line services in the business sector negatively impacts on our business rates base
- The impact of changes in legislation – for example the Homelessness Reduction Act and whether the funding provided to undertake the new responsibilities under the Act will be sufficient.
- Ability to work collaboratively with a number of partner organisations and for such collaborations to deliver much needed efficiency gains.
- Impact of NHS Sustainable Transformation Plans (STPs) may result in a transfer of costs.

## 14 Council's Capital Strategy and Capital Programme 2019/20-2023/24

### Introduction to Capital Strategy

- 14.1 This capital strategy report is a new report for 2019/20 as required by CIPFA. It gives a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of public services. It also provides an overview of how the associated risk is managed and the implications for future financial sustainability.

## Background

- 14.2 Capital expenditure in local government is defined in statute and accounting practices/codes and as such must operate with them. Within those rules capital budgets offer opportunities for Council's to affect the lives of its residents and visitors. 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); transform the way in which the Council interacts with local residents (e.g. through the libraries investment programme or proposals for a new customer service centre); and deliver fit for purpose schools.
- 14.3 The key objectives of the Council's capital programme are to deliver the borough plan and to assist the Council in meeting the financial challenges that it faces.

## Capital Expenditure & Financing

- 14.4 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. For 2019/20 the Council is planning to spend £255.1m as summarised in the table below.

**Table 14.1: Capital Expenditure Plans Overview 2019/20-2023/24**

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
General Fund	200,904	129,562	106,236	89,286	107,481	633,469
Council Housing (HRA)	54,183	119,257	365,215	236,314	190,840	965,809
<b>Total</b>	<b>255,087</b>	<b>248,819</b>	<b>471,451</b>	<b>325,600</b>	<b>298,321</b>	<b>1,599,278</b>

- 14.5 The capital programme is composed of individual priority programmes (most of which have been previously agreed by Cabinet and Council as part of the 2018/19 budget setting process or earlier). Within those priority totals there are schemes and within schemes there are individual projects. For instance, Scheme 302 Borough Roads, will contain individual projects on individual roads.
- 14.6 The inclusion of a scheme within the capital programme is not necessarily permission to spend. Most schemes will be subject to the completion of a satisfactory business case that validates the high-level estimates contained within the programme. An integral part of a satisfactory 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.
- 14.7 There are a range of schemes within the general fund capital programme that will only proceed if they produce a reduction in expenditure that includes reductions enough to cover the cost of financing the investment, known as self-financing schemes.
- 14.8 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that Council housing does not subsidise or is itself subsidised by other local services. HRA capital expenditure is recorded separately.

- 14.9 Service managers bid annually as part of the Council’s budget setting process. The Capital Board assesses the bids against their “fit” in relation to the borough plan and meeting the objectives of the medium-term financial strategy.
- 14.10 The main previously agreed General Fund schemes are the: ongoing work to the education estate; development of supported living accommodation to allow clients to live in appropriate homes; creation of a depot on the Marsh Lane site; continued investment in regeneration in Tottenham Hale; funding for the community benefit society (CBS) to provide high quality temporary accommodation; and a range of transformation projects to enable the Council to change the way it delivers services.

**Table 14.2: Capital Expenditure Plans by Priority**

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
Priority 1 - Children Services	11,752	20,713	17,686	8,566	13,011	71,729
Priority 2 - Adults Services	5,720	11,820	12,120	6,870	2,870	39,400
Priority 3 - Environment & Neighbourhoods	22,850	15,060	11,500	11,380	10,660	71,450
Priority 4 - Regeneration & Growth	118,110	66,480	52,140	51,870	70,990	359,590
Priority 5 - Housing Services	34,332	13,409	9,000	9,000	9,000	74,741
Priority X - Corporate Services	8,140	2,080	3,790	1,600	950	16,560
<b>Total General Fund</b>	<b>200,905</b>	<b>129,562</b>	<b>106,236</b>	<b>89,286</b>	<b>107,481</b>	<b>633,470</b>
Housing HRA	54,183	119,257	365,215	236,314	190,840	965,809
<b>Total - Council</b>	<b>255,088</b>	<b>248,819</b>	<b>471,451</b>	<b>325,600</b>	<b>298,321</b>	<b>1,599,279</b>

- 14.11 Appendix 3 contains a detailed list of the previously agreed and newly proposed schemes for the general fund capital programme. The following paragraphs highlight those new schemes that are being proposed for inclusion within the five-year capital programme.

### **Children’s Services**

- 14.12 There are two new schemes proposed for Children’s Services.
- i. Scheme 115, Fortismere Secondary School Development. This scheme is a proposed redevelopment of the Fortismere Secondary School site. The scheme involves the demolition and re-provision of sub-standard education accommodation. There would be residential development on the site which would pay for the re-provision of the education accommodation. The budgetary assumption is that this scheme will be self-financing with no call on the Council’s general fund resources. A business case is being developed that would need approval before the scheme progressed.
  - ii. 118, Education Estate. A strategic business case is being prepared for the whole of the education estate. As part of that business case preparation surveys have been undertaken and they have identified works that are required to be done now. The scheme will be combined with Scheme 102.

## Adult Services

14.13 There are six new schemes proposed for Adult Services.

- i. Scheme 211, Community Alarm Service. As part of the review of the revenue budget, costs were identified in the service that should be a charge to capital rather than revenue. These relate to the cost of the installation of the alarms.
- ii. Scheme 216, Homelessness Hub. Due to the need to relocate the Homelessness Assessment Centre from Dial House, new premises have been found. The costs in the capital programme are the estimated costs of fitting out the new facility.
- iii. Scheme 208, Supported Living Schemes. The budget is an allowance within the capital programme to fund either property acquisitions or refurbishment to enable clients who need 1-2-1 assistance to live in accommodation co-located with other clients with similar care characteristics. This will enable the same or higher levels of service to be provided at a reduced cost. At this stage property addresses are not known. Any decision to proceed will be subject to the completion of a satisfactory business case. The budgetary assumption is that the scheme will be self-financing.
- iv. Scheme 209, Assistive Technology. This scheme is to provide technological solutions that enable people to live in their homes for longer rather than transferring to other forms of accommodation or care. Spending on this budget is subject to the completion of a satisfactory business case and the budgetary assumption is that it is self-financing.
- v. Scheme 213, Canning Crescent Assisted Living. Cabinet has agreed to purchase this property (a former health service property) to create a 21 unit assisted living centre with drop in café. The acquisition of the building was funded from the 2018/19 capital programme. The scheme has c£1m of NHS grant contribution. The spend in future years is to convert the facility into a 21 unit assisted living scheme with café and is subject to the completion of a satisfactory business case. The budgetary assumption is that it is self-financing.
- vi. Scheme 214, Osborne Grove Nursing Home. Currently a feasibility study is being undertaken. The outcome of the feasibility work will be reported to Cabinet and at that point a decision will be made. The 2019/20 budget for this scheme is to undertake detailed design of the chosen option from the feasibility study outcome. The budgetary assumption is that it will be self-financing.

## Environment & Neighbourhoods

14.14 There are four new schemes proposed for Environment & Neighbourhoods.

- i. Scheme 322, Finsbury Park. This scheme has been included within the Council's capital programme to formalise the recording of the expenditure.
- ii. Scheme 307, CCTV. This scheme has been enhanced to include expenditure in upgrading the CCTV infrastructure of the borough. The budgetary assumption is that it will be self-financing.

- iii. Scheme 323, Parking Strategy. The scheme will include expenditure on delivering the new parking strategy for the borough and will encompass works required to the infrastructure of the borough. The budgetary assumption is that it will be self-financing.
- iv. Scheme 325, Parks Vehicles. This is for the re-provision of parks vehicles. The scheme will result in revenue savings to offset the capital expenditure incurred.

## **Growth & Employment**

### 14.15 There are five new or expanded schemes proposed for Growth & Employment

- i. Scheme 481, Strategic Investment Pot. The Council has been successful in bidding to this pot. The Council has received £3m of grant funding for the Productive Lea Valley (which provides loans and other assistance to businesses) and £2m for a workspace intensification scheme in Tottenham. The £0.8m balance is for a broadband project. These schemes are 100% externally financed.
- ii. Scheme 477, Strategic Regeneration & Community Assets. This budget is to enable the Council to respond swiftly to new initiatives in the arena of strategic regeneration and community assets. There are at this stage no firm expenditure plans. Any expenditure will be funded from the Council's own resources.
- iii. Scheme 474, Tottenham High Road Strategy. This scheme is composed of a range of projects, with the first one being the Enterprising High Road Project. This project has attracted GLA funding of £2m. The budgetary assumption is that the strategy will require the Council to use its own resources for part of the cost (approximately 70%). However, there are likely to be contributions to Council resources through higher levels of business rates and an uplift in rental rates for Council properties if the strategy is successful.
- iv. Scheme 480, Wood Green Regeneration. This scheme is composed of a range of projects with a range of funding streams which are being developed. The budgetary assumption is that the Council will fund approximately 60% of the cost but like the Tottenham High Road Strategy there could be consequential financial positives for the Council.
- v. Scheme 482, Strategic Property. This scheme has budget allowances for investments in the commercial property portfolio to increase rental yields and for the acquisition of several properties. Most of the budget relates to the acquisition of properties and as such is commercially confidential.
- vi. Scheme 464, Bruce Castle. This scheme is to fund improvements to Bruce Castle and the surrounding park. The proposed investment will be subject of a business case and the budgetary assumption is that the investment will be self-financing.

## Homes & Communities

### 14.16 There are three new schemes proposed for Homes & Communities

- i. Scheme 512, The Wholly Owned Company (WOC). This scheme was designed to facilitate the building of Council houses through utilising Council land, building the land out and then cross subsidising social rented properties through sales of properties. This structure was needed as there was insufficient financial capacity within the Council's housing revenue account (HRA) to create the required number of social rented properties. However, in October 2018 the government lifted the cap on the ability of HRA's to borrow and this will impact on the scale of the WOC's activities. The budgetary assumption is that there is still a role for the WOC in the Council's housing strategy and that the scheme is self-financing.
- ii. Scheme 513, Muswell Hill Flats. This scheme is to fit out 6 flats at 54 Muswell Hill as shared ownership properties. The budgetary assumption is that the scheme will make a positive contribution through the generation of capital receipts and other income.
- iii. Scheme 514, Notting Hill Housing Group (4 Ashley Road). This is a scheme to provide 33 affordable rented homes at 4 Ashley Road. The Council's contribution will be funded through retained right to buy receipts.

## Enabling

### 14.17 There are three new schemes proposed for Enabling

- i. Scheme 607, Financial Management System. This scheme is to provide a new financial management system. Scoping and other work is underway to prepare the business case to support the expenditure. It is anticipated that the investment will pay for itself through further revenue budget reductions.
- ii. Scheme 622, FOBO. The acronym stands for Front Office Back Office and is a transformational programme to radically change the way in which the Council works. This budget is to fund the creation of any physical assets needed to deliver on the FOBO agenda such as new digital platforms. This scheme is assumed to be self-financing. Funding for other elements of the FOBO programme are contained the flexible use of capital receipts schedule.
- iii. Scheme 639, Ways of Working. This scheme provides funding for alterations to existing Council assets to enable the Council to reduce its office footprint. This scheme is assumed to be self-financing.

## Financing

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

**Table 14.3: Financing the General Fund Capital Programme**

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000	Total (%)
External Sources	77,117	29,782	34,826	30,871	53,871	226,466	35.8%
Borrowing for Self financing schemes	87,525	61,670	47,155	39,747	34,253	270,349	42.7%
Borrowing for Non-Self financing Schemes	36,263	38,110	24,256	18,669	19,357	136,654	21.6%
<b>Total</b>	<b>200,904</b>	<b>129,562</b>	<b>106,236</b>	<b>89,286</b>	<b>107,481</b>	<b>633,469</b>	<b>100.0%</b>

14.19 The Council's capital programme is moving to a financing strategy that seeks to ensure that investment via the capital programme is self-financing. Of the new schemes added to the capital programme for 2019/20; borrowing for self-financing schemes has risen to 61% (up from 42.68%); borrowing for non self-financing schemes has reduced to 19% (down from 22%); and funding from external sources has declined to 21% (down from 35%). The decline in external sources is reflective of reduced expenditure across the public sector of which reductions by TfL is a good example.

14.20 The self-financing schemes will normally only proceed if they produce a reduction in expenditure that includes reductions sufficient to cover the cost of financing the investment. This is necessary to ensure that the investment contributes to meeting the financial challenges that the Council faces.

14.21 As debt needs to be repaid the Council is required to set aside from its revenue account an annual amount sufficient to repay borrowings, this is known as the minimum revenue provision (MRP). The MRP for the period is set out below.

**Table 14.4: Estimated MRP**

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000
MRP	2,777	4,788	7,602	10,091	14,301

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

**Table 14.5. Prudential Indicator: Estimates of Capital Financing Requirement**

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000
CFR	685,977	822,382	971,044	1,211,119	1,401,108

### Asset Management

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

### Asset Disposals

- 14.24 When a capital asset is no longer needed, it may be sold and the proceeds (known as capital receipts) can be spent on new assets or the repayment of debt. Repayments of grants, loans and non-treasury investments also generate capital receipts. The Council is currently permitted, by legislation, to spend capital receipts on service transformation initiatives until 2021/22. This is known as the flexible use of capital receipts.
- 14.25 As stated above, capital receipts can be used to fund capital expenditure or repay debt, but 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 will be used to fund transformation initiatives. There is a separate policy statement and schedule of proposed schemes to utilise capital receipts flexibly.

### Treasury Management

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

### Borrowing Strategy

- 14.28 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting as the Council seeks to strike a balance between cheap short-term loans and long-term fixed loans where the future cost is known but higher.
- 14.29 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 14:6. Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/18 Actual £'000	31/3/19 Forecast £'000	31/3/20 Budget £'000	31/3/21 Budget £'000	31/3/22 Budget £'000
Debt (incl. PFI & leases)	403,115	492,863	626,012	770,450	1,006,784
Capital Financing Requirement	591,940	685,977	822,382	971,044	1,211,119

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

## Affordable Borrowing Limit

- 14.31 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 14.7: Prudential Indicator: Authorised limit and operational boundary for external debt**

	2018/19 Limit £'000	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000	2022/23 Limit £'000
Authorised limit – borrowing	618,366	752,382	901,044	1,141,119	1,331,108
Authorised limit – PFI & leases	43,261	39,935	34,998	30,062	25,125
Authorised limit – total external debt	661,627	792,317	936,042	1,171,180	1,356,233
Operational boundary - borrowing	568,366	702,382	851,044	1,091,119	1,281,108
Operational boundary – PFI & leases	39,934	36,305	31,817	27,329	22,841
Operational boundary – total external debt	608,300	738,687	882,861	1,118,447	1,303,949

- 14.32 Although capital expenditure is not charged directly to the revenue budget, 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 14.8: Prudential Indicator: Proportion of financing costs to net revenue stream**

	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
Financing costs General Fund (£'000)	7,655	9,205	10,687	11,991	15,028
Proportion of net revenue stream	3.10%	3.50%	4.30%	4.80%	5.80%
Financing costs HRA (£'000)	10,638	10,557	12,316	18,373	22,192
Proportion of net revenue stream	9.70%	10.40%	11.80%	16.80%	19.10%

- 14.33 It can be seen that over the MTFs period that the general fund ratio increases. However, whilst the costs of financing investment increases there will be off setting revenue savings from those schemes that 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. The business plan will come back to Cabinet for agreement and will be monitored in the normal course of events and this indicator will form part of that monitoring.

## Governance

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

## 15 Flexible Use of Capital Receipts Strategy

- 15.1 This Strategy sets out the statutory guidance on the flexible use of capital receipts and its application within this Council.
- 15.2 Capital receipts can only be used for specified purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which is made under Section 11 of the Local Government Act 2003. The main permitted use of capital receipts is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
- 15.3 The Secretary of State is empowered to issue directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts.
- 15.4 The then Secretary of State for the Department for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms over how capital receipts can be used to finance expenditure. The direction allows for the following expenditure to be financed by utilising capital receipts:
- “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”*
- 15.5 In order to comply with this direction, the Council must consider the Statutory Guidance issued by the Secretary of State. The Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from the 1<sup>st</sup> April 2016 with future strategies included within future annual budget documents.
- 15.6 The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project that is intended to be funded via this flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated prudential indicators.
- 15.7 The Council’s strategy on the flexible use of capital receipts is set out in appendix 11.

## 16 Housing Revenue Account (HRA)

16.1 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.

### Housing Rents

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

16.3 From 2 April 2017, all rents including sheltered housing and affordable rents will be reduced by 1%. However, shared ownership rents will increase by 3.4% (CPI rate at September 2018 plus 1%) as the Act exempts these properties from the rent reductions.

### General needs and sheltered / supported housing

16.4 This is the last financial year that rents in general needs properties are to be reduced by 1% but the third and last year of rent reduction for tenants living in sheltered/supported housing. Under the original rent restructuring regime, these rents would have increased by 3.4%.

16.5 Proposed rents for general needs and sheltered/supported housing for 2019/20 have been calculated so that the rent paid by existing tenants is reduced by 1% from the 2018/19 levels. On this basis, the current average weekly dwelling rent will reduce by £1.03 from £102.85 to £101.82. The potential rental income budget for 2019/20 will reduce by £1.98m against the budget for 2018/19. The table below, Table 14.4, sets out the average weekly dwelling rents for 2019/20 by property size.

Table 16.1: Proposed rents for general needs and sheltered / supported housing

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

- 16.6 The government announced in September 2018 that annual increases in social housing rents will return to CPI plus 1% for the next five years after the statutory rent reduction ends in March 2020. This provides certainty regarding rental income in the short to medium term.

The current policy of increasing rents to the 2015/16 formula rent (adjusted for 1% reduction each 19/20) on re-let to new secure tenants will continue.

### Affordable Rent Housing

- 16.7 Phase 1 of the New Build Infill Programme has delivered eighteen new homes, which are let at affordable rents. From 1 April 2019, affordable rents must reduce by 1% from their current levels. The current average weekly affordable rent will reduce by £2.49 from £249.15 to £246.65 per week. There is a range of affordable rents across different sizes of properties. The table below, Table 14.6, sets out the provisional average weekly affordable rents for 2019/20 by property size.

**Table 16.2: New build Average Weekly Affordable Rent (2019/20)**

Number of Bedrooms	Number of Properties	Current average weekly rent 2018/19	Provisional average weekly rent 2019/20	Proposed average rent decrease	Percentage decrease
1	1	£207.32	£205.25	-£2.07	-1%
2	5	£230.44	£228.13	-£2.31	-1%
3	7	£231.13	£228.82	-£2.31	-1%
4	3	£289.93	£287.03	-£2.90	-1%
5	2	£318.70	£315.51	-£3.19	-1%
<b>All dwellings</b>	<b>18</b>	<b>£249.15</b>	<b>£246.65</b>	<b>-£2.49</b>	<b>-1%</b>

### Temporary Accommodation in Council-owned Properties

- 16.8 All council-owned properties that are used as temporary accommodation or social housing will continue to have rents reduced by 1% from their current levels. These are mainly council-owned hostels used as temporary accommodation.

### Licences and Non-Secure Tenancies

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

### Service charges

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

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

16.12 Tenants currently pay for the services listed below:

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

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

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

16.14 A detailed summary of proposed tenant's service charges including proposed increases for 2019/20 are set out in Appendix 2A.

#### **Water rates**

16.15 Tenants paid weekly water rates with their rent if the water supply to their home is unmetered. The amount for each property varied and was set by Thames Water Utilities Ltd based on the rateable value for the property.

16.16 Thames Water has notified their intention to discontinue this arrangement from 1 April 2019 and tenants will be billed directly for water rates. Tenants will be notified accordingly.

16.17 This will lead to a £1m budget loss to the HRA and this impact has been factored into the 2019/20 budget and the five-year MTFs. Officers are reviewing this in order to mitigate the real impact of this loss to the HRA. The budget loss amount does not take into consideration the impact of uncollected water rates, the cost of collection or the financial benefit to the Council of refocussing on collecting rents and service charges.

### **Rent Consultation**

- 16.18 The Council must give written notice to tenants at least four weeks before the new rents for 2019/20 start on 1 April 2019 (the first Monday in April).
- 16.19 Under the previous rent restructuring regime, HfH consulted tenants informally on behalf of the Council from late December to mid-January. In the past, HfH sent letters to the various Residents Associations asking for their views on rent increase proposals. The consultation was also published on HfH website to invite comments from tenants.
- 16.20 No informal consultation was undertaken in 2016/17, 2017/18 and 2018/19 due to the mandatory 1% social housing rent reduction. Similarly, no consultation is planned for 2019/20, as there are no alternative options for which HfH could seek tenants' opinions.

### **Commercial Rents**

- 16.21 Following the Cabinet decision in July 2017, most of the commercial portfolio within the HRA has been transferred to the General Fund. Therefore, most of the income and expenditure relating to Commercial properties is now accounted for in the General Fund.

### **HRA Expenditure**

- 16.22 The Council's Arms' Length Management Company (ALMO), Homes for Haringey (HfH) manages the dwellings stock and garages on behalf of the Council. The management fee the council pays for these services is budgeted at £42m for 2019/20. This includes £20m for repairs and about £2m for housing demand.
- 16.23 Other significant items of expenditure include the capital financing charge and depreciation. The capital financing charge is the interest on HRA loans and internal funding and is budgeted at a higher level than 2018/19 due to borrowing rates associated with increased level of capital works programme and New build programme.

### **Development of HRA Business Plan**

- 16.24 The Council maintains a statutory Housing Revenue Account (HRA) in which it accounts for all its social housing activity (management and maintenance, health & safety works, rent collection, major repairs etc.). The government recently announced the lifting of the restrictions, that had been in place, on the ability of HRA to borrow money (known as the borrowing cap). This change has provided the opportunity a for fundamental review of HRA Business Plan.
- 16.25 A new HRA business plan is being developed initially with a 10-year focus, in order to determine how the council might best use the new HRA borrowing capability (still of course constrained by the prudential borrowing code) to both fulfil its responsibilities in respect of its existing stock and deliver the council's new housing provision objectives. Indeed, the lifting of the borrowing cap enables the Council to use the HRA as the vehicle both for developing and holding new council homes; until recently the Council had expected to carry out both functions through a separate wholly owned company using General Fund borrowing. While this company will still be created, its role in the programme will be much smaller in light of these removed restriction.

16.26 Though this HRA Business Planning work is yet to be finalised, and indeed will change frequently over time as the Council’s income and investment business plans evolves, the HRA budget and MTFS has been prepared to incorporate its anticipated financial implications and to provide the necessary financial framework for its delivery. This includes its implication both to the HRA revenue budget and HRA capital programme.

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

16.27 The HRA budget for 2019/20 is a balanced budget maintaining a reasonable revenue contribution to capital of £16.4m. This report sets out the proposed HRA 5 years Budget/MTFS in Appendix 2. It accommodates the scale of development presently assumed within the business planning in terms of its impact of the future years HRA revenue position.

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

16.28 This represents the capital implications of the emerging new business plan, focused on both the delivery of new homes and improvement of existing stock. The HRA MTFS is geared towards maximising the use of other available resources and use borrowing as last resort. The MTFS capital programme funding assumes a mix of grant funding, revenue contribution and prudential borrowing. The total capital investment in 2019/20 is £54.2m fully funded from revenue contribution, grants, Major repairs reserve and borrowing. Appendix 4 provides a detailed summary of the five year HRA capital programme.

**17 Dedicated Schools Budget (DSB)**

17.1 The Dedicated Schools Budget is mainly funded from the ring-fenced Dedicated Schools Grant (DSG) and two other funding streams, namely the Pupil Premium and Post 16 Grant. The DSG allocation to the Schools block equates to 77% of grant, which is based on school characteristics and pupil numbers. Spending must be consistent with the prevailing Funding Regulations and the Schools Forum has a decision-making or a consultative role in determining budget levels for each year.

17.2 The in-year revenue position reported to Schools Forum in January 2019 sets out the budget pressures which are all within the High Needs Block and are creating a net overspend of £3.5m.

17.3 Table below sets out Haringey’s Dedicated Schools Grant allocations for 2018-19 and 2019-20.

**Table 17.1: Haringey’s Dedicated Schools Grant Allocation**

<b>Block (£'000)</b>	<b>2018-19 Funding allocation as at 19 Dec 2018</b>	<b>2019-20 Funding allocation as at 19 Dec 2018</b>
Schools Block	195,300	196,970
Central School Services Block	3,090	3,030
Early Years Block	20,290	20,280
High Needs Block	35,470	36,050
<b>Total DSG</b>	<b>254,150</b>	<b>256,330</b>

- 17.4 Previously, those items now categorised under the Central Schools Service Block (CSSB) formed part of the Schools Block. This funding has now been disaggregated into two separate Blocks, under the National Funding Formula instructions and is stated in the table above.
- 17.5 Overall, Haringey received a provisional increase of 0.86% in its DSG allocation, which is equivalent to £2.18m. These figures are based on the October 2018 pupil number census.
- 17.6 The 2019-20 funding allocation to Haringey for Schools block and High Needs Block increased by £1.67m and £0.58m respectively.
- 17.7 In December 2018 the Education and Skills Funding Agency (ESFA) provided a further £625k in both 2018-19 and 2019-20, as additional support for the High needs block and this is included on the table above.
- 17.8 The CSSB and the Early Years Block element of the DSG remained relatively static.
- 17.9 DSG Reserve**  
DSG Reserve is forecast to close with a deficit of £2.6m at the end of 2018-19, with the deficit forecast to increase to £3.9m by the end of 2019-20. This is a significant deterioration from the £1.4m surplus closing position reported 2017-18.
- 17.10 The picture is replicated nationally, and Central Government have recently been in consultation with council's regarding their financial position, with a view to instructing those with deficits of greater than 1% of their total DSG allocation, to provide a 3-year financial recovery plan. This would mean any deficit greater than £2.6m for Haringey, which is very close to what is currently being forecast would require a recovery plan.

**Table 17:2 Projected DSG Reserves Position at 31 March 2019**

Block (£'000)	Opening DSG Reserves at 01/04/18	Schools Forum agreed transfer between blocks	One-off transfer from Reserves	Revised DSG Reserves after Adjustments	Q3 Forecast	Closing DSG Reserves at Q3
Schools block	(1,267)	400	488	(379)	(273)	(652)
Central Schools Services Block	-	-	-	-	(15)	(15)
Early years block	(1,653)	1,100	-	(552)	6	(547)
High needs block	1,500	(1,500)	-	-	3,809	3,809
<b>Total</b>	<b>(1,419)</b>	<b>-</b>	<b>488</b>	<b>(931)</b>	<b>3,527</b>	<b>2,595</b>

## 18 MTFs Consultations Outcomes and Findings

- 18.1 In December 2018, the Cabinet agreed to begin the statutory consultation on the Medium Term Financial Strategy and proposals set out in that report, running from 18<sup>th</sup> December 2018 through to January 20<sup>th</sup> 2019.

18.2 Detailed information was made available in the following ways:

- Dedicated pages on our website;
- An on-line survey available on the Haringey Council;
- Hard copies of the budget proposals were available at all libraries in the borough;
- Regular social media promotion;
- Engagement with local media;
- Publicised through our partners and volunteer organisations;

18.3 A more detailed summary of the consultation process together with a breakdown of responses, is appended to the Cabinet report at Appendix 8. Having taken these into account, this report not propose any amendments to the proposals consulted upon.

## 19 Overview and Scrutiny

19.1 As part of the Council's governance arrangements for scrutiny of the Medium Term Financial Strategy, the Council's Overview and Scrutiny Committee and Panels have scrutinised all of the savings proposals presented to the 11<sup>th</sup> December 2018 Cabinet.

19.2 Following consideration by Cabinet, all four Scrutiny Panels met in December 2018 and January 2019 to scrutinise the draft budget proposals that fell within their portfolio areas:

- Children and Young People Scrutiny Panel (Priority 1)
- Adults and Health Scrutiny Panel (Priority 2)
- Environment and Community Safety Scrutiny Panel (Priority 3)
- Housing and Regeneration Scrutiny Panel (Priority 4 and Priority 5)

19.3 In addition, the Overview and Scrutiny Committee met on 14<sup>th</sup> January to consider proposals relating to Priority X (Enabling).

19.4 Cabinet Members, senior officers and finance leads were in attendance at each meeting to present proposals and to respond to questions from members. For some of the proposals, additional information was requested. These were considered by the Overview and Scrutiny Committee on 28<sup>th</sup> January, along with emerging recommendations from each Panel, ahead of final recommendations being agreed and referred to Cabinet.

19.5 The key recommendations from the Overview and Scrutiny Committee and Cabinet Member responses are attached at Appendix 8.

- 19.6 A further meeting of the Overview and Scrutiny Committee is planned for the 5<sup>th</sup> February 2019 to enable scrutiny of the additional proposals identified since the 11<sup>th</sup> December 2018 Cabinet report. The outcome of this meeting will be published as an addendum to this report.

## 20 Statutory Officers' comments

### Chief Finance Officer Comments

- 20.1 As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.
- 20.2 Ensuring the robustness of the Council's 2019/20 budget and its MTFS 2019/24 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable and that they will be achieved in a number of ways including consideration of the budget setting process itself, the quality and extent of both statutory and non-statutory consultation, the assessment and management of risks, feedback and challenge via scrutiny processes, and the coherence of the working papers supporting budget proposals.
- 20.3 The basis for the £20.5m underlying recurrent budget deficit is set out clearly in this report and flows largely from funding reductions, and from expenditure pressures due to local demographic and demand increases at which have been set out in some detail above. The final pressures on the authority has worsened by the recognition that £9.8m of previously agreed savings will now no longer be achieved. We have refreshed all previous financial assumptions, including identifying new saving proposals, to ensure a sound base for the development of this MTFS.
- 20.4 Importantly, it is proposed that further significant growth is built into the Children's and Adults, recognising the pressures on these services. The updating of savings proposals, provision for pressures and maintenance of the Council's capacity to deal with budget issues via the BRR and if needs be other reserves, makes the proposed budget adequately resilient.
- 20.5 As I have sought to make clear throughout this report, the council should be concerned at the remaining size of the structural funding gap remaining beyond 2019/20 and continue to identify and approve new solutions at pace. Furthermore, senior officers and Cabinet it needs to ensure that the 2019/20 agreed budget reduction proposals are delivered in accordance with the agreed profile to avoid the further need to draw down on balances or to increase further the gap in future years.

### Assistant Director of Corporate Governance Comments

- 20.6 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.
- 20.7 The Council must ensure that it has due regard to its Public Sector Equalities Duty under the Equalities Act 2010 in considering whether to adopt the recommendations set out in this report.

20.8 Where detailed savings proposals are yet to be developed, the Cabinet will need to ensure that where necessary, consultation is carried out and equalities impact assessments are undertaken, and the outcomes of these exercises inform any final decisions.

### **Equalities Comments**

20.9 Haringey council has a consistent approach to equality analysis across service areas and ensures that the impacts of individual budget decisions on legally protected groups are evaluated.

20.10 The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advancing equality of opportunity between those with 'protected characteristics' and those without them
- Fostering good relations between those with 'protected characteristics' and those without them.

20.11 The 'protected characteristics', as determined by the Equality Act 2010, are: age, disability, ethnicity, gender, gender reassignment, marriage civil partnership, pregnancy, maternity, sexual orientation, religion or belief.

20.12 In addition, the Council complies with the Marriage (same sex couples) Act 2013.

20.13 Haringey Council also has a 'Specific Duty' to publish information about people affected by our policies and practices.

20.14 By law, our assessment of the impact of policy/procedure/practice on equality must:

- Contain enough information to enable the Council to demonstrate it has due regard for the aims of the equality duty in its decision making
- Consider ways of mitigating or avoiding any adverse impacts

20.15 EqlAs need to be proportionate to the decision being made, hence all proposals for, or changes in, policy, practice, procedure or projects are screened to establish whether a full EqlA is needed to inform the decision taker.

20.16 Further detail on EqlAs in Haringey Council, including contextual information, published EqlAs and how to complete an EqlA, is available on the Haringey website.

### **Equalities profile of Haringey**

20.17 The total population of the borough is 254,926 according to the 2011 Census.

20.18 In terms of equality, demographics break down as follows:

Gender:

- There is a relatively equal gender split in Haringey, just over half of the population is female (50.5%), in line with England and London

Age:

- Haringey has a relatively young population with a quarter of the population under the age of 20
- 91% of the population is aged under 65 (89% London; 83% England)

Ethnicity:

- Haringey is the 5th most ethnically diverse borough in the country. Over 65% of residents come from non-White British communities (55% for London; 20% England)
- The proportion of non-White British communities varies across the different wards from 35.2% in Muswell Hill to 83.4% in Northumberland Park

Religion:

- Haringey is one of the most religiously diverse places in the UK
- The most common religion was Christianity, accounting for 45% of residents (London 48.4%; England 59.4%)
- The next most common religions were Muslim (14.3%) - higher than London (12.3%) - and Jewish (3%)
- Haringey had a lower percentage of residents who were Hindu (1.8%) and Sikh (0.3%) than London (5.0% and 1.5%, respectively)
- A quarter of Haringey residents stated that they did not have a religion, higher than London (20.7%)

Disability:

- 14% of residents have a long-term health problem that limits their day to day activity, lower than England but in line with London
- 5.7% of residents report being in bad health, slightly higher than England and London

Marital Status and Civil Partnership

- Haringey has a higher proportion of couples in a registered same sex civil partnership than England and London: 0.6% or 1,191 residents (London 0.4%; England 0.2%)

Sexual Orientation

- As per the ONS Integrated Household Survey, 3.2% of London residents aged 16 or over identified themselves as lesbian, gay or bisexual in 2013. In Haringey this would equate to 6,491 residents

20.19 Further detail on the equalities profile of Haringey is available on the Haringey website .

20.20 In line with the Equality Act 2010 and in order to ensure that proposed budget reductions do not have a negative impact on equality within Haringey, the Council has completed the following process when developing the Budget and associated savings:

- The Council has focused as far as possible on achieving savings through efficiencies and income generation. In doing so, the aim has been to minimise cutting frontline services.
- The Council has evaluated the impact of MTFS proposals following the appropriate equality impact assessment (EqIA) process, conducting equalities screenings and full EqIAs where applicable
- For MTFS proposals where full EqIAs have been applicable and so potential impacts on equalities been identified, a range of mitigation actions have been proposed to compensate for such potential impacts
- In addition, the Council is seeking to minimise the burden on those who can least afford to pay through the annual review of Fees & Charges, and revisions to the Council Tax Reduction Scheme
- The Borough Plan 2019/2023 explicitly addresses inequality through its Equality Principles and Objectives section. In addition, a wide range of outcomes and objectives within the different priority areas explicitly take these principles forward.

#### Review of Fees and charges

20.21 Every year the Council reviews the level of fees and charges levied on service users. Where increases were proposed for 2019/20, relevant services conducted equality screenings on their proposals. In a few instances, the equality screenings identified small impacts and proposed satisfactory mitigating actions. In only one case the initial screening pointed at the possibility of the proposal impacting on the Council's Equality Duty and therefore the relevant service carried out a full EqiA. In this case the assessment demonstrated the policy was robust and there was no potential for discrimination or adverse impact.

#### Council Tax Reduction scheme

20.22 Following the abolition of Council Tax Benefit by the then Conservative-Lib Dem coalition UK Government in 2013, many of the lowest income households in Haringey became liable to pay at least 19.8% of the Council Tax charge according to the band in which their property falls.

20.23 In response to the abolition of Council Tax Benefit at a national level, local Council Tax Reduction Schemes have been developed by individual local authorities. Haringey Council developed its own Council Tax Reduction Scheme (CTRS) in 2012/13 and decided to protect working-age claimants on a prescribed disability-related or disability premium. Those working age claimants received the same maximum level of CTR as those of pensionable age (100%).

20.24 As an enactment of the new administration's commitment in 2018 to redistribute the burden of Council Tax, Haringey Council has amended its 2019/20 CTRS in order to provide more financial support to working age claimants with children and so re-instating extra support for over 6,000 families in Haringey on low income.

20.25 The Council's preferred option going forward which was approved by Full Council in Feb 2019, is to:

- i. Increase the maximum level of Council Tax Reduction from 80.2% to 100% for working age claimants with children
- ii. Update the CTRS to align with some national welfare changes.

20.26 The maximum level of Council Tax Reduction would continue to be 100% for pensioners and working age claimants in receipt of disability related benefits, as it is under the existing CTRS.

20.27 An EqiA on the proposal demonstrated there was no potential for discrimination or adverse impact.

#### Council Tax Increase

20.28 Haringey Council is proposing to increase council tax by 2.99% from 2019/20 in order to create an additional £3m to deliver local services. For the previous nine years council tax had been frozen, except for a precept for the previous three years specifically to fund adult social care. Because council tax proportionately affects those with the lowest income, the Council is proposing to extend the CTRS to 100% for its least well-off families with children as detailed above in section 2.3.

#### Borough Plan 2019-2023: Equality Principles

20.29 The Borough Plan 2019-2023, to be published in February 2019, sets the organisational priorities for the next four years. In addition to these, the Plan presents a set of Equality Principles reflecting Haringey Council's commitment to the principles of equality and opportunity, fairness and quality of life for all, both in terms of the work carried out with the community and in the role as an employer.

20.30 These principles establish that the Council will challenge discrimination, support people with protected characteristics, promote equality of opportunity, monitor and assess the impact of Council's activity on equalities, and ensure the requirements of the Equality Act 2010 are well communicated in the borough. The principles run through everything the Council does.

20.31 More [detail on the Equality Principles and Objectives and the full draft Borough Plan](#) is available on the Haringey website<sup>2</sup>.

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<sup>2</sup> Haringey Council. 2019. *Borough Plan 2019-2023 - Consultation*. [ONLINE] Available at: <https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation>. [Accessed 11 January 2019].

## 21 Use of Appendices

- Appendix 1 – General Fund Revenue MTFS 2019/20-2023/24
- Appendix 2 – HRA Revenue Budget 2019/20
- Appendix 2A – Detailed Summary of 2019/20 Service Charges
- Appendix 3 – General Fund MTFS Capital Programme 2019/20-2023/24
- Appendix 4 – HRA Capital Programme 2019/20
- Appendix 5 – Dedicated Schools Budget 2019/20
- Appendix 6 – General Revenue Budget 2019/20
- Appendix 7 – Overview and Scrutiny Committee Recommendations and Proposed Response (To Follow)
- Appendix 8 – Summary of Consultation Responses
  - Annexe 8A – Haringey Business Alliance Response
  - Annexe 8B – Haringey Defend Council Housing Response
- Appendix 9 – Detailed Summary of MTFS Budget Reductions
- Appendix 10 – Calculation of 2019/20 Council Tax Base
- Appendix 11 – Flexible Use of Capital Receipts Policy
- Appendix 12 – Equalities Impact Assessment (EqIA) Report
  - Annexe 12A – Detailed Summary of Budget Reduction EqIAs
  - Annexe 12B – Completed Full EqIAs Proformas

## 22 Local Government (Access to Information) Act 1985

### 22.1 Background papers are as follows:

- Budget reduction proformas - <http://www.minutes.haringey.gov.uk/mgAi.aspx?ID=59349>

### 22.2 For access to the background papers or any further information, please contact Oladapo Shonola, Lead Officer – Budget and MTFS; Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

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

	2018/19 Budget	Movement	2019/20 Projected	Movement	2020/21 Projected	Movement	2021/22 Projected	Movement	2022/23 Projected	Movement	2023/24 Projected
<b>Services</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Priority 1	54,525	3,786	58,310	(1,382)	56,928	(90)	56,838	0	56,838	0	56,838
Priority 2	79,241	3,071	82,312	(3,111)	79,201	(6)	79,196	39	79,235	(100)	79,135
Priority 3	27,920	(1,268)	26,652	(1,765)	24,887	(600)	24,287	(70)	24,217	(70)	24,147
Priority 4	4,716	(3,543)	1,173	335	1,508	0	1,508	0	1,508	0	1,508
Priority 5	19,833	(945)	18,888	(708)	18,180	(573)	17,606	0	17,606	0	17,606
Priority X	38,281	(2,477)	35,805	(1,949)	33,856	(25)	33,831	(6)	33,825	(6)	33,819
Non Service Revenue	25,594	(2,066)	23,528	12,348	35,876	5,721	41,597	9,406	51,003	7,906	58,909
Further Savings to be identified	0	(0)	(0)	(13,171)	(13,172)	(811)	(13,983)	(4,112)	(18,095)	(2,375)	(20,470)
<b>Total Budget Requirement</b>	<b>250,110</b>	<b>(3,442)</b>	<b>246,668</b>	<b>(9,403)</b>	<b>237,265</b>	<b>3,615</b>	<b>240,880</b>	<b>5,257</b>	<b>246,137</b>	<b>5,355</b>	<b>251,492</b>
<b>Funding</b>											
New Homes Bonus	(2,736)	195	(2,541)	341	(2,200)	0	(2,200)	0	(2,200)	0	(2,200)
Adult Social Care Grant	(718)	718	0	0	0	0	0	0	0	0	0
Revenue Support Grant	(30,202)	30,202	0	0	0	0	0	0	0	0	0
Council Tax	(101,917)	(3,914)	(105,831)	(1,370)	(107,201)	(3,162)	(110,363)	(3,257)	(113,620)	(3,355)	(116,975)
Retained Business Rates by Pool	(20,729)	(15,755)	(36,484)	4,048	(32,436)	457	(31,980)	(500)	(32,480)	(500)	(32,980)
Top up Business Rates	(56,702)	(8,494)	(65,196)	31	(65,165)	(895)	(66,060)	(1,500)	(67,560)	(1,500)	(69,060)
<b>Total Main Funding</b>	<b>(213,004)</b>	<b>2,953</b>	<b>(210,052)</b>	<b>3,050</b>	<b>(207,001)</b>	<b>(3,601)</b>	<b>(210,602)</b>	<b>(5,257)</b>	<b>(215,859)</b>	<b>(5,355)</b>	<b>(221,214)</b>
Public Health	(20,209)	532	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)
Other core grants	(16,897)	(42)	(16,939)	6,353	(10,586)	(14)	(10,601)	0	(10,601)	0	(10,601)
<b>TOTAL FUNDING</b>	<b>(250,110)</b>	<b>3,442</b>	<b>(246,668)</b>	<b>9,403</b>	<b>(237,265)</b>	<b>(3,615)</b>	<b>(240,880)</b>	<b>(5,257)</b>	<b>(246,137)</b>	<b>(5,355)</b>	<b>(251,492)</b>

## HRA Revenue MTFs (2019 – 2023/24)

Housing Revenue Account (HRA) 5 Yr Budget	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
<b>Income</b>						
Dwellings Rent Income	(79,648)	(82,188)	(86,583)	(92,096)	(96,684)	(437,199)
Void Loss	557	574	608	644	681	3,064
Hostel Rent Income	(2,299)	(2,358)	(2,418)	(2,481)	(2,545)	(12,101)
Service Charge Income	(11,140)	(11,385)	(11,887)	(12,513)	(13,005)	(59,930)
Leaseholder Income	(6,842)	(7,085)	(7,327)	(7,569)	(7,817)	(36,640)
Other Income (Garages /Aerials/Interest)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(9,565)
<b>Total Income</b>	<b>(101,285)</b>	<b>(104,355)</b>	<b>(109,520)</b>	<b>(115,928)</b>	<b>(121,283)</b>	<b>(552,371)</b>
<b>Expenditure</b>						
Repairs	20,020	20,454	21,356	22,480	23,365	107,676
Housing Management	20,461	20,904	21,826	22,975	23,880	110,046
Housing Demand	1,879	1,879	1,879	1,879	1,879	9,395
<b>Management Fee (HfH)</b>	<b>42,361</b>	<b>43,237</b>	<b>45,061</b>	<b>47,333</b>	<b>49,124</b>	<b>227,116</b>
Estates Costs (Managed)	8,834	9,011	9,191	9,375	9,563	45,974
Provision for Bad Debts (Tenants)	724	734	752	774	793	3,777
Provision for Bad Debts (Leaseholders)	18	18	19	20	20	95
<b>Total Managed Expenditure</b>	<b>9,576</b>	<b>9,763</b>	<b>9,962</b>	<b>10,169</b>	<b>10,376</b>	<b>49,846</b>
Other Costs (GF Services)	3,626	3,699	3,773	3,848	3,925	18,871
Other Costs (Property/Insurance)	1,983	2,023	2,063	2,104	2,146	10,319
Capital Financing Costs	10,594	12,388	17,769	21,597	24,769	87,117
Capital Financing Costs (Debt Repayment - RTB)	1,278	1,364	1,247	1,330	1,417	6,636
Contribution to Major Repairs (Depreciation)	15,506	15,761	18,706	20,330	21,499	91,802
Revenue Contributions to Capital	16,361	16,119	10,939	9,217	8,028	60,664
<b>Total Expenditure</b>	<b>101,285</b>	<b>104,355</b>	<b>109,521</b>	<b>115,928</b>	<b>121,283</b>	<b>552,371</b>
<b>HRA (Surplus) / Deficit</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Proposed Tenants' Service Charges (2019/20)

Tenants' service charges	Current Weekly Charge 2018/19	Proposed Weekly Charge 2019/20	Increase/ (decrease)	Draft Budget 2019/20
Concierge	£15.64	£16.80	£1.16	£1,667,700
Grounds Maintenance	£2.77	£3.05	£0.28	£1,433,000
Caretaking	£4.02	£4.30	£0.28	£1,648,300
Street Sweeping	£4.42	£5.12	£0.70	£2,186,700
Integrated Reception Service (Digital TV)	£0.77	£0.77	£0.00	£348,200
Estates Road maintenance	£0.57	£0.58	£0.01	£270,500
Light and Power (Communal Lighting)	£2.39	£2.40	£0.01	£1,097,900
Gas (Elderly Person)	£9.59	£9.75	£0.17	£191,400
Gas (Not Elderly Person)	£9.17	£9.33	£0.16	£52,800
GLC Heating	£10.49	£10.67	£0.18	£33,800
District Heating 6	£9.38	£9.54	£0.16	£500
Oil/Electricity (Elderly Person)	£7.50	£7.63	£0.13	£15,400
TV aerial maintenance	£0.18	£0.31	£0.13	£138,900
Door entry system maintenance	£0.63	£0.89	£0.26	£334,000
Sheltered housing cleaning service	£2.06	£1.77	-£0.29	£84,000
Good neighbour cleaning service	£1.00	£1.28	£0.28	£28,400
Window cleaning	£0.50	£0.55	£0.05	£38,300
Converted properties cleaning	£1.02	£1.93	£0.91	£74,800
<b>Total Property Charge Income</b>				<b>£9,644,600</b>
Sheltered Housing Charge	£28.31	£28.31	£0.00	£1,100,400
Good Neighbour Charge	£12.64	£12.64	£0.00	£388,500
Additional Good Neighbour Charge	£2.76	£2.76	£0.00	£6,100
<b>Total Support Charge Income</b>				<b>£1,495,000</b>
<b>Tenants' Service Charge Income Budget - 2019/20</b>				<b>£11,139,600</b>

<b>Capital Programme 2019/20 - 2023/24</b>		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Overall Total</b>
<b>SCHEME REF</b>	<b>SCHEME NAME</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>Priority One (Childrens)</b>							
103	Primary Sch - new places	162	39	-	-	-	201
110	Devolved Sch Capital	531	531	531	531	531	2,655
114	Secondary Sch - mod & enhance (Inc SEN)	3,552	4,200	750	110	-	8,612
104	Early years	93	93	-	-	-	187
109	Youth Services	14	-	-	-	-	14
101	Primary Sch - repairs & maintenance	1,030	1,000	1,000	1,000	1,000	5,030
102	Primary Sch - mod & enhance (Inc SEN)	5,970	4,800	5,355	1,525	1,480	19,130
115	Secondary Estate Mixed Development	400	10,050	10,050	5,400	10,000	35,900
<b>Total - Priority One (Children's)</b>		<b>11,752</b>	<b>20,713</b>	<b>17,686</b>	<b>8,566</b>	<b>13,011</b>	<b>71,729</b>
<b>Priority Two - Adults</b>							
201	Aids, Adap's & Assistive Tech -Home Owners (DFG)	2,193	2,193	2,193	2,193	2,193	10,965
211	Community Alarm Service	177	177	177	177	177	885
216	Homelessness Hub	100	-	-	-	-	100
208	Supported Living Schemes	1,500	1,500	1,500	1,500	-	6,000
209	Assistive Technology	500	500	500	500	-	2,000
213	Canning Crescent Assisted Living	500	4,200	1,750	250	-	6,700
214	Osborne Grove Nursing Home	500	1,500	6,000	2,250	500	10,750
215	Hornsey Town Hall Supported Living	250	1,750	-	-	-	2,000
<b>Total - Priority Two (Adults)</b>		<b>5,720</b>	<b>11,820</b>	<b>12,120</b>	<b>6,870</b>	<b>2,870</b>	<b>39,400</b>
<b>Priority Three - Environment &amp; Neighbourhoods</b>							
309	Local Implementation Plan(LIP)	2,500	2,500	2,500	2,500	2,500	12,500
310	Developer S106 / S278	750	750	750	750	750	3,750
301	Street Lighting	1,300	1,300	1,300	1,300	1,300	6,500
302	Borough Roads	4,189	3,689	3,689	3,689	3,689	18,945
303	Structures (Highways)	394	0	0	0	0	394
304	Flood Water Management	590	620	650	680	710	3,250
305	Borough Parking Plan	322	0	0	0	0	322
311	Parks Asset Management:	300	300	300	300	300	1,500
313	Active Life in Parks:	230	230	230	230	230	1,150
314	Parkland Walk Bridges	1,000	1,000	0	0	0	2,000
316	Asset Management of Council Buildings	4,326	1,991	651	331	381	7,680
322	Finsbury Park	600	600	600	600	600	3,000
307	CCTV	2,109	0	830	1,000	200	4,139
319	Bull Lane MUGA	2,520	1,080	0	0	0	3,600
323	Parking Strategy	1,000	1,000				2,000
325	Parks Vehicles	720					720
<b>Total - Priority 3 (Environment &amp; Neighbourhoods)</b>		<b>22,850</b>	<b>15,060</b>	<b>11,500</b>	<b>11,380</b>	<b>10,660</b>	<b>71,450</b>

<b>Capital Programme 2019/20 - 2023/24</b>		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Overall Total</b>
<b>Priority 4 - Growth &amp; Employment</b>							
421	HRW business acquisition	54,580	15,521	15,670	12,770	32,830	131,371
427	White Hart Lane Public Realm (LIP)	500	-	-	-	-	500
430	Wards Corner CPO	5,000	-	-	-	-	5,000
481	Strategic Investment Pot	1,750	1,400	2,650	-	-	5,800
434	Wood Green Regeneration	100	-	-	-	-	100
435	Wood Green Station Road	120	-	-	-	-	120
438	Vacant possession Civic Centre	72	-	-	-	-	72
444	Marsh Lane	821	9,323	4,700	266	-	15,110
447	Alexandra Palace - Maintenance	470	470	470	470	470	2,350
464	Bruce Castle	1,000	500	4,000	6,000	8,500	20,000
472	JLAC Match Fund	500	500	-	-	-	1,000
475	Tottenham Green Public Realm Scheme Phase 2	-	156	-	-	-	156
477	Strategic Regeneration & Community Assets	3,000	3,000	-	-	-	6,000
411	Tottenham High Rd & Bruce Grove Stn	150	-	-	-	-	150
474	Tottenham High Road Strategy	1,638	5,402	3,980	1,027	1,027	13,074
480	Wood Green Regen (2)	2,997	4,632	5,901	12,141	13,610	39,279
401	Tottenham Hale Green Space	4,990	5,946	900	2,680	600	15,116
402	Tottenham Hale Streets	9,017	7,683	5,097	1,363	450	23,609
429	Site Acq (Tott & Wood Green)	10,000	8,867	-	-	-	18,867
452	Low Carbon Zones	15	-	-	-	-	15
465	District Energy Network (DEN)	800	-	1,500	6,500	3,500	12,300
470	Wood Green HQ, Library & Customer Service Centre	950	2,400	6,000	8,400	10,000	27,750
482	Strategic Property	19,640	680	1,273	254	3	21,850
<b>Priority 4 - Growth &amp; Employment</b>		<b>118,110</b>	<b>66,480</b>	<b>52,140</b>	<b>51,870</b>	<b>70,990</b>	<b>359,590</b>
<b>Priority Five - Housing</b>							
514	Notting Hill Housing Group (4 Ashley Road)	2,970	-	-	-	-	2,970
509	CPO - Empty Homes	650	1,000	1,000	1,000	1,000	4,650
510	Temporary Accommodation Acquisition Programme	25,000	4,409	-	-	-	29,409
512	Wholly Owned Company	5,000	8,000	8,000	8,000	8,000	37,000
513	54 Muswell Hill Flats	712	-	-	-	-	712
<b>Total - Priority 5 (Housing)</b>		<b>34,332</b>	<b>13,409</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>74,741</b>
<b>Priority X - Enabling</b>							
604	Continuous Improvement	950	950	950	950	950	4,750
606	Hornsey Library Refurbishment	1,882	-	-	-	-	1,882
621	Libraries IT and Buildings upgrade	1,056	25	85	-	-	1,166
698	Responsiveness Fund	2,000	-	-	-	-	2,000
699	P6 - Approved Capital Programme Contingency	1,500	-	-	-	-	1,500
607	Financial Management System Replacement	-	350	2,000	650	-	3,000
622	FOBO Programme	500	500	500	-	-	1,500
639	Ways of Working	252	255	255	-	-	762
<b>Total - Priority 6 (Enabling)</b>		<b>8,140</b>	<b>2,080</b>	<b>3,790</b>	<b>1,600</b>	<b>950</b>	<b>16,560</b>
<b>Total General Fund Capital Programme</b>		<b>200,904</b>	<b>129,562</b>	<b>106,236</b>	<b>89,286</b>	<b>107,481</b>	<b>633,469</b>

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Capital Investment	£'000	£'000	£'000	£'000	£'000	
Existing Stock Investment (Haringey Standard)	52,293	56,532	57,663	58,816	59,992	285,296
New Homes Build Programme	1,890	11,246	180,590	27,714	26,036	247,476
New Homes Acquisitons	0	51,479	126,962	149,784	104,812	433,037
<b>Total Capital Investment</b>	<b>54,183</b>	<b>119,257</b>	<b>365,215</b>	<b>236,314</b>	<b>190,840</b>	<b>965,809</b>
<b>Capital Investment Financing</b>						
Grants (GLA Bid)	228	8,100	43,462	11,068	0	62,858
Grants (Additional Bid)	0	6,848	16,064	22,428	17,276	62,616
Major Repairs Reserves	15,506	15,761	18,706	20,330	21,499	91,802
Revenue Contributions	16,361	16,119	10,939	9,217	8,028	60,664
Balances & Reserves	4,439	0	0	0	0	4,439
Leaseholder Contributions to Major Works	2,551	2,656	2,709	2,763	2,818	13,497
LLR Disposals (at cost)	0	8,600	69,805	41,570	13,401	133,376
Market Sales Receipts (at cost)	0	0	22,921	0	20,676	43,597
Borrowing	15,098	61,173	180,609	128,938	107,142	492,960
<b>Total Capital Financing</b>	<b>54,183</b>	<b>119,257</b>	<b>365,215</b>	<b>236,314</b>	<b>190,840</b>	<b>965,809</b>

## 5 Year Capital Programme Details:

Works/Projects	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Boilers	3,640	3,719	3,793	3,869	3,946	18,967
Mechanical and Electrical	1,249	1,063	1,084	1,105	1,128	5,628
Lifts	210	212	217	221	226	1,086
Health & Safety/Structural works	2,602	2,656	2,709	2,764	2,819	13,550
Health & Safety/Structural works	229	234	238	243	248	1,192
Health & Safety/Structural works	1,560	1,594	1,626	1,658	1,691	8,129
Professional Fees	390	381	388	396	404	1,958
<b>Health &amp; Safety/Compliance works</b>	<b>9,880</b>	<b>9,858</b>	<b>10,055</b>	<b>10,256</b>	<b>10,461</b>	<b>50,511</b>
Capitalised voids	520	531	542	553	564	2,710
High value voids	522	531	542	553	564	2,712
Internal works programme	5,833	5,950	6,069	6,190	6,314	30,357
Noel Park	4,689	4,781	4,877	4,974	5,074	24,395
External/communal	27,719	31,648	32,281	32,927	33,586	158,162
Professional Fees	1,674	1,744	1,779	1,815	1,851	8,864
<b>Stock Investment Programme</b>	<b>40,957</b>	<b>45,187</b>	<b>46,090</b>	<b>47,012</b>	<b>47,952</b>	<b>227,199</b>
<b>Adaptations</b>	<b>1,456</b>	<b>1,487</b>	<b>1,517</b>	<b>1,548</b>	<b>1,579</b>	<b>7,587</b>
<b>Total Existing Stock</b>	<b>52,293</b>	<b>56,532</b>	<b>57,663</b>	<b>58,816</b>	<b>59,993</b>	<b>285,297</b>
<b>New Homes Build Programme</b>	<b>1,890</b>	<b>11,246</b>	<b>180,590</b>	<b>27,714</b>	<b>26,036</b>	<b>247,476</b>
<b>New Homes Acquisitons</b>	<b>0</b>	<b>51,479</b>	<b>126,962</b>	<b>149,784</b>	<b>104,812</b>	<b>433,037</b>
<b>Total Capital Programme</b>	<b>54,183</b>	<b>119,257</b>	<b>365,215</b>	<b>236,314</b>	<b>190,840</b>	<b>965,809</b>

## Dedicated Schools Budget (2019/20)

Allocation agreed by Schools Forum	Proposed Budget 2019-20 (£'000)	Proposed Budget 2019-20 (£'000)
<b>Amount distributed to Primary and Secondary Schools after de-delegation and central education services (former ESG)</b>		<b>195,137</b>
Support for Underperforming Ethnic Minority Group	0	
Early Help	350	
Growth Fund	933	
ESG transferred to DSG - Statutory Education Welfare Service	172	
Attendance and Welfare Service	122	
Contingency for Schools in Financial Difficulty	179	
Trade Union Facilities Time - Primary	117	
<b>Total De-delegation</b>		<b>1,873</b>
<b>Total budget allocation for Schools Block</b>	<b>1,873</b>	<b>197,010</b>
ESG transferred to DSG - Other Statutory and Regulatory Duties	378	
School Standards	344	
LAC Placements	800	
Servicing of Schools Forum	10	
Admissions	300	
Governor Support	130	
Music & Performing Arts	168	
Support Costs	192	
CLA & MPA Licences	173	
Contribution to HNB	490	
<b>Total Central School Services Block</b>		<b>2,985</b>
<b>Funding for settings</b>		
3 & 4 Year olds base rates	11,180	
3 & 4Year olds supplements	3,551	
3 & 4 Year olds Children Centres	527	
2 Year Olds Programme	2,745	
Early Years Pupil Premium	131	
Supplementary funding for Maintained Nursery Schools (MNS)	1,249	
Disability Access Fund	60	
<b>Centrally Retained budgets</b>		
Early Years Quality Team	441	
EH Commissioning	228	
Support costs	16	
TU Representation	18	
Contingency	135	
<b>Total budget allocation for Early Years Block</b>		<b>20,282</b>
Recoupment for SEN places from EFA	2,516	
High Needs Placement Funding (Maintained)	4,360	
Local Authority Services	1,900	
Alternate Provision Commissioning	1,634	
Independent & Voluntary Special Schools	5,718	
High Needs Top-up Funding	15,718	
SEN Contingency	1,300	
Early Years SEN	274	
<b>Centrally Retained budgets</b>		
Attendance and Welfare Service	177	
Early Help	880	
Tuition Service	550	
Hospital education	220	
Support costs	800	
TU Representation	2	
<b>Total budget allocation for High Needs Block</b>		<b>36,049</b>
<b>Total Dedicated Schools Budget Allocation 2019/20</b>		<b>256,326</b>

## HARINGEY COUNCIL BUDGET PLAN TO MARCH 2020

	2018/19 (Original Cash Limit)	Unavoidable Growth	Pre-Agreed Savings	Additional Savings	Policy Priorities	Corporate Adjustments	Other Budget Adjustments	2019/20 (Draft Cash Limit)
<b>Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Priority 1	54,525	2,679		(1,602)	300	4,631	(2,222)	58,310
Priority 2	79,241	7,792	(2,510)	(2,000)	0	1,621	(1,832)	82,313
Priority 3	27,920	0	(900)	(1,665)	0	(539)	1,836	26,652
Priority 4	4,716	0	0	(600)	0	(1,043)	(1,900)	1,173
Priority 5	19,833	0	0	(1,070)	0	0	125	18,888
Enabling	38,281	0	(2,650)	(129)	0	(247)	549	35,805
Non Service Revenue	25,594	0	0	0	1,100	(3,247)	80	23,528
<b>Priority Total</b>	<b>250,110</b>	<b>10,471</b>	<b>(6,060)</b>	<b>(7,066)</b>	<b>1,400</b>	<b>1,177</b>	<b>(3,364)</b>	<b>246,668</b>
<b>Funding</b>								
Core Grants	(37,106)						490	(36,616)
New Homes Bonus	(2,736)						195	(2,541)
Adult Social Care Grant	(718)						718	-
Revenue Support Grant	(30,202)						30,202	-
Council Tax	(101,917)						(3,914)	(105,831)
Retained Business Rates	(20,729)						(15,755)	(36,484)
Top Up Business Rates	(56,702)						(8,494)	(65,196)
Budget Surplus / (Shortfall)	-						0	-
<b>Total Funding Available</b>	<b>(250,110)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,442</b>	<b>(246,668)</b>

**Overview and Scrutiny Committee Budget Recommendations (To Follow)**

## Budget Proposals 2019/20 – Consultation Report

### Context

As part of the Medium Term Financial plan 2023/24, the Council put together options for consultation on how the council would meet the budget reductions required in order to achieve a balanced budget, linked to the priorities set out in the draft Borough Plan.

The purpose of consultation was to seek views of resident on our budget proposals for the short and medium term.

The consultation launched on 18 December 2018 and set out:

- Purpose of consultation – to seek views from residents and businesses, specifically the Haringey Business Alliance and the Chamber of Commerce.
- Our Budget – showing how much the Council was budgeted to spend in 2017/18, reductions in spend already made, and what we need to reduce further in coming years.
- Budget proposals, including proposals for specific services.

### Consultation Activities

The consultation ran from 18 December 2018 to 20 January 2019.

Consultation Methods:

- Online questionnaire – promoted on the Council’s website and social media platforms.
- Hard copy consultation booklet with questionnaire – the booklet outlined the council financial challenges and illustrated current budget. Proposals were put forward such as an increase in council tax, budget reductions required and intended savings over the next 5 years. Savings proposals were outlined across each of the services. This information was duplicated on the dedicated webpages on the council’s website.

The Council publicised the consultation through a number of channels:

- The council specifically sought feedback from business representatives and the Haringey’s Business Alliance and Chamber of Commerce were asked for their feedback on the councils proposals
- Press release – accompanied the launch of the consultation which was picked up by the Ham and High, Tottenham Community Press
- The Council’s social media accounts (Facebook and Twitter) – regular updates to inform residents about the drop-in sessions and to encourage residents to share and participate in the consultation.
- The Council’s website homepage – as a homepage feature on the carousel
- Local Library posters - Displayed prominently at reception desks and notice boards
- Haringey People magazine – Main news piece in the October/November edition. This is distributed to every household in the borough, including every household in receipt of Council Tax Reduction.
- Haringey People Extra newsletter Several news items to signpost people to the consultation web pages and to encourage them to respond to the consultation

- In-Haringey – a bulletin for council staff
- Partners and Stakeholder Newsletter
- Wider circulation – the consultation was communicated to the Haringey Business Alliance and Chamber of Commerce

## **Analysis of responses**

The preferred method of responding to the consultation was through the Council's online questionnaire, which tallies with a majority of the Council's recent borough-wide consultations. Of the 49 responses to the consultation, only 1 response was received by post delivered to library receptions.

### Equality Monitoring

The Council included an equality-monitoring questionnaire in the consultation. Of the 49 respondents, 41 of respondents chose to complete this section.

The findings of this section of the consultation questionnaire will be included in the Council's final Equality Impact Assessment.

## **Consultation Responses**

### Summary of findings

The consultation feedback indicated that many of the respondents had a good understanding of the Council's financial challenge. Overall, there was broad support for many of the proposals. Of the 49 respondents there were approximately 9 respondents who stated they were not in support of any of the proposals.

The main points raised throughout were in relation to the proposed increase in council tax, and the proposals on street cleanliness, children's services and adult social care.

The Haringey Business Alliance submitted their views on the budget proposals on 24<sup>th</sup> January 2019. Refer to appendix 3.

## **Break down by question**

### **Q1. Which proposals do you support?**

There were 35 individual responses received to this question, for nine of which the response was "none".

Some respondents commented on the difficulty of responding to the consultation without seeing more detail on the proposals, although it is unclear whether or not these respondents had read the full report available online that set out the detail for each of the budget reduction proposals.

Other comments:

- Council Tax increase – 6 respondents suggested they supported the proposal to increase council tax.
- Deletion of senior posts – the reduction in senior management and staffing from external consultants was supported where mentioned.
- Children's Services – "Reducing budget for children services will always be counter-productive." Many supported the additional funding into the pot.
- Adult services – "Whilst the council has a role to play in delivering adult support services I do not believe this should be at the sacrifice of a Safe & Clean Borough."

- Ward budgets – A couple of respondents who spoke about ward budgets said there was no need for them.
- HMO licensing - respondents supported this proposal.
- Regeneration – respondents did not support less funding for regeneration, stating that certain areas in the borough are in need of change

## **Q2. Are there any specific proposals you think we should not progress and why?**

Of the 49 respondents 40 answered question 2. Two respondents said that they were unable to fully answer the question as they didn't understand what all the proposals meant.

The most common proposals respondents expressed their opposition to were:

- Council tax increase - Council tax should not rise because it will cause low income families and the elderly the most hardship.
- Reduction in street cleaning and rubbish collection – one respondent said any cuts to rubbish collections would seriously impact certain parts of the borough more, Tottenham is overrun with rubbish and the streets east of the borough have a ridiculous level of fly tipping and dumping.
- CPZ extensions – many people said they were against any more restrictions on parking in the borough. Some already struggle to pay for permits and visitor permits, also it is detrimental for local business whose customers cannot park anywhere.
- Housing cuts - Haringey has severe issues with housing, especially with standards in the private rented sector and the growing number of HMOs. How can you reduce the cost of temporary accommodation before providing more social housing?

Other points raised:

- None of them – suggesting that they did not support any of the budget proposals.
- Ward budgets - they mean a lot to local organisations, plus it is only a small amount overall but provides the ability to focus on local priorities – we need the ward budgets.
- Regeneration – one respondent said £3.8 million is a tiny sum going towards regenerating communities and this is where more money should be spent to address the neglect of areas. Run down areas will only lead to more crime.
- Children's Services - reduction in children's services, removal of 160 agency staff without the introduction of permanent staff is not acceptable.
- Adult Services - it is difficult to say without seeing the proposed redesign of Adult Social Care. Cutting Housing Support for adult services might leave vulnerable people without the day to day help they need to manage independently.
- Leisure centre concessions - should not be removed because they play an important role in diverting anti-social behaviour and keeping people healthy. This is especially important for communities in less affluent parts of the borough
- Gypsy and traveller – one respondent was concerned over the “undetailed” cuts to services for Gypsy, Traveller and Roma (GTR) people, another saying that the Council should not cut the Travelling People's Team. The last GRT needs assessment undertaken by Haringey identified real need. Haringey has one of the largest GRT populations in London. This service is vital. There is also a duty under the PSED to provide it

## **Q3. Are there any changes or proposals we haven't included that you think we should consider?**

32 respondents chose to respond to the question. The majority of comments suggested methods of income generation the council should consider. Comments included:

- One wrote that bringing the ALMO, Haringey Homes, back into Haringey Council had previously been assessed as providing at least £500,000 in savings per year from the additional Chief Executive post and his Executive Assistants alone.
- Debt collection - collecting council tax from those that do not pay
- Fewer ward councillors
- More free parking in and around Wood Green, there seems to be plenty in Crouch End
- More prevention and strategy towards revenue raising rather than just cuts
- Private developers need to contribute more locally
- Increase business rates on betting shops - they exploit poverty
- Increase business tax
- Increase council tax on empty properties
- Weekly rubbish collections in Tottenham- the streets are filthy

**Q4. In considering our proposals please let us know if you think there will be any specific equality impacts**

30 respondents answered this question. Many of them suggested that the budget proposals would unfairly burden certain sections of Haringey residents. One respondent said that all cuts in resources would inevitably have an impact on vulnerable people. Points mentioned included:

- Regeneration - unfair to invest less in regenerating our poor areas; that's where the problem lies with crime and upset.
- Adult social care – further cuts would have a huge impact on the disabled and elderly.
- Leisure centre concessions - should not be removed. They play a very important role in diverting anti-social behaviour and keeping people healthy. This is especially important for communities in less affluent parts of the borough and also for less affluent communities.
- BAME residents – cuts would disproportionately affect these residents the most.
- Specific equality impacts pertain to Gypsy, Traveller and Roma groups with specific relation to intersectional issues, e.g. disabled, elderly, youth, pregnancy, gender, etc.
- The Travelling community will be greatly impacted by these proposals

**Annexes**

**Annexe 8A** Response from Haringey Business Alliance – Roger Ward (Chair)

**Annexe 8B** Response from Haringey Defend Council Housing

# HARINGEY BUSINESS ALLIANCE

*THE **HBA** RESPONSE TO:*

**“Your Haringey  
Your Future”**

***CONSULTATION PROCESS  
ON THE 2019/20 BUDGET &  
FINANCIAL STRATEGY  
2023/24***

## INTRODUCTION

The Haringey Business Alliance recognises our Council's imperative to honour its key manifesto commitments within an increasingly tight set of budget parameters.

HBA welcomes the opportunity to participate in the Council's consultation exercise on its 2019/20 Budget and Financial Strategy up to 2023/24.

We do so in the spirit of constructive criticism.

## HARINGEY'S BUSINESS BASE

Unlike any other London borough Haringey's business structures are dominated by micro, small, small to medium, and mostly independent shops, cafes, restaurants, retail and other business outlets. These sole trader and limited companies function primarily through our recognised town centre high streets. They combine to make up nearly 90% of Haringey's entire business sector.

HBA businesses are the essential economic heartbeat of our town centres in Wood Green, Turnpike Lane, Tottenham, Green Lanes, Highgate, Bruce Grove, Tottenham Hale, Hornsey, Stroud Green, Crouch End and Muswell Hill as well as the numerous groupings of shops adjacent to our main thoroughfares.

Haringey's business tax rates already generate 46% of our borough's total non-hypothecated income. HBA calculates that at least 70% of all business rate tax payers live within Haringey's borders. This means the majority of our business owners pay council tax as well as business rates. HBA businesses really do need to be recognised by Haringey Council leaders as key stakeholders in the borough's economy.

Not only do we pay two sets of tax to the Finance Department's coffers we also employ thousands of Haringey residents. We continually strive to expand our enterprises despite harsh economic circumstances. We could do even more with greater Council cooperation.

HBA businesspeople and their families are deeply embedded in virtually every aspect of our borough's broad and complex social, healthcare, religious, education, ethnic and economic amalgam. Everything in the Council's budget impacts upon some element of our lives in one way or another.

HBA business owners are investors in Haringey, and not solely in financial terms. We ask that the HBA response to the budget will be interpreted within this wider social context as well as the unique make up of our borough's business sector.

## HARINGEY BUDGET METHODOLOGY

HBA recognises that each Director on the Council's Senior Management Team will have contributed their respective directorate's line by line entries into the budget process with the need to protect front line services uppermost in their minds.

We assume Haringey's SMT members will have signed off their directorate's submissions to the Chair of Finance, Finance Director and the Finance Department budget team officers using a variant of outcome based budgeting techniques. This would be in line with many other London boroughs planning for 2019/20 and beyond. Such a transparent approach will have involved detailed evidence based examination of how each Director can achieve their key outcomes with reduced resources against which progress can be regularly monitored.

The HBA would be pleased to learn how the Council will manage such monitoring procedures and whether results will be made available on a monthly or quarterly basis.

## 2019/20 BUDGET

*Guiding Principles* – HBA believes the guiding principles adopted in the budget preparation are appropriate in the circumstances. We assume they incorporate impact assessment criteria to examine the implications of outcome based budgeting techniques upon the borough's numerous

business classifications and sub-sets therein. In the unlikely event this is not the case please advise HBA officers accordingly.

*Council Tax* – HBA businesses note the increase in Council Tax after a nine year freeze. On balance we believe this is inevitable despite the fact that Haringey still has one of the highest sets of tax bands. HBA's responses to previous budget proposals regularly pointed out that instead of a freeze it may well have been wiser to raise this tax by smaller annual increments in order to benefit from the compound income multiplier effect.

*Fees and Charges Additional Income Generation* – HBA businesses pay substantial sums annually for a range of Council fees and service charges. We believe we already effectively fund many of these services through our business rates tax. We question the continued existence of this form of double taxation on Haringey's commercial, manufacturing, service and retail sectors. Please provide the HBA with a comprehensive list of each Council Directorates' current fees and charges levied against us so we may commence negotiations towards the ultimate elimination of this negative and regressive tax burden.

*Summary* – The HBA will follow progress on the budget's implementation and raise questions as and when appropriate.

## 2023/24 FINANCIAL STRATEGY

HBA assumes this will follow basic value for money guidelines when reviewing expenditure headings and exploring additional income sources. We anticipate that cost cutting, eliminating waste, maximising potential from the Council's own office block stock and commercial property portfolio as well as other efficiency improvements must continue across all service delivery points including the procurement and commissioning processes.

## CONCLUSION

HBA seeks a practical and dynamic strategic approach to the economic revival of Haringey. One which reflects and underpins the new Council's decent social priorities. One in which our Council works with its business community in a programme of short, medium and long term strategic planning. One which promotes the employment of Haringey residents into Haringey job vacancies. One which uses the power of local authority procurement policies to support Haringey businesses. One which involves our Councillors in a regular and structured dialogue with their own ward's town centre business leaders and one which positively markets the benefits of working and investing in Haringey.

The HBA hopes Haringey's budget proposals and strategic planning will be reviewed by Cabinet and then the full Council from the point of view that a flourishing Haringey business sector should be actively encouraged and incentivised.

## Response to Budget Consultation 2019/20 from Haringey Defend Council Housing

### COUNCIL TENANT SERVICE CHARGES

#### **We need proper consultation on council tenant service charges**

#### **There should be no increases in tenant service charges for 2019-20**

1: Until 2014, Haringey Council consulted council tenants annually, on its proposed service charge amounts.

2: Since 2015, the Council has refused to do so. This year, the Council has refused even to advise us of what is being proposed, until the February Cabinet papers come out.

3: The Cabinet report of December 2018 claims that service charges simply reflect the cost of providing services which are not covered by the rent. This is not so, because economic costs can be calculated in many different ways; and because the tenant service charging agenda has provided a means for social landlords to increase their income at tenants' expense, despite government controls over the amounts of local authority gross rents.

4: The problem is that higher service charges are a key strategy of the neoliberal makeover of public services. The economists doing the costings work for organisations which have an interest in maximising their corporate incomes.

5: The interests of tenants are therefore neglected, and the voices of tenants are going unheard.

#### **Even some High Service-chargers believe in Consultation**

6: Housemark, the social housing consultancy jointly owned by the Chartered Institute of Housing and the National Housing Federation, has published two relevant documents. *Managing Your Service Charges Effectively* (2013) and *Maximising Income From Service Charges* which make the industry's approach to service charges very clear.

<http://www.cih.org/resources/Consultancy/Maximising%20income2.pdf>

<http://www.cih.org/resources/PDF/ConsultCIH/ManagingYourServiceChargesEffectively.pdf>

7: Although focused on maximising landlord income from tenants, *Managing Your Service Charges Effectively* gives 'ten top tips' to getting service charge management right (para 3.1).

8: The first of them is 'Involve tenants and leaseholders at an early stage in setting the service charges', and the last is 'consult individual tenants and residents as well as their recognised residents' association (under Section 29, Landlord and Tenant Act 1985).' We say, Haringey Council should adopt this best practice on consultation.

9: The same report also warns landlords that the Regulator of Social Housing expects local authorities to ensure that there are 'stronger tools for tenants to hold landlords to account', including on service charges; but in Haringey, why are we offered no way to hold our landlord to account?

#### **Opportunistic Service Charging**

10: Since the 'Price is Right' document of the then Labour government recommended the unpooling of service charges from social rents in 2002, these charges have been used by some social landlords in an opportunistic, un-monitored and under-researched bid to levy charges outside the rent, by 'service charging to the max'.

11: Other social landlords have chosen not to follow this route, and instead have avoided the complexities of multiple charges to their tenants. Service charging has not been automatic or unproblematic as council

officers claim, instead this has been a political choice; and some councils have avoided or minimised their service-charging activities.

### **Haringey has been one of the highest service charging boroughs**

12: Haringey has been one of the highest service charging boroughs in the last 5 years. Haringey Council tenants pay the third highest service charges in London. Please see the attached dataset of median average charges, from CORE – the continuous recording of details of new social tenancies. Haringey has been in the top three, in each of the last five years that these figures have been published.

13: In 2017-18, on average, new tenants of Haringey Council paid £106.70 in weekly rent, and an additional £14.50 in service charges. Whereas, of the 27 London local authorities responding to CORE, 14 had median service charges lower than £8.00 weekly.

14: Service charges are paid disproportionately by tenants in flats, in high rise estates, and especially, in sheltered and supported accommodation. Where this writer stays, on the tenth floor, eligible service charges are 28.8% of the Net Rent in 2018-19. The proportion in supported housing is probably higher. Those are very high proportions to be refused consultation on.

15: When services were unpooled from Haringey Council rent accounts in 2003, we were told that this was not a hidden rent increase. Rents were decreased, and service charges were introduced to match. Tenants, we were told, would not lose out. After five years, we were told that overheads and back office costs had been miscalculated, and big increases were then pushed through. The average 2008 increase for Haringey Council net rent (rent and service charges) was 9.1%.

16: In 2017, Haringey Council warned its tenants on the Love Lane demolition estate of seven new or higher service charges after estate renewal.

17: In April 2018, Haringey Council tenants had the introduction of six new weekly service charges. These charges affected between 538 and 8,700 tenants in each case, and were set to bring in an additional landlord income of £598,000 in the first year.

### **Consultation works: the Council listens sometimes**

18: In June 2008, eight additional service charges for things like sweeping and litter picking on bank holidays, more weeding of planted areas, and more weed spraying of paths. 7 of the 8 charges were not proceeded with, after consultation. It was clear that the landlord's concern was not to provide additional services, but to be able to charge for them; while the Council was unable to deliver adequately the services which we were already paying for.

### **Poverty research on Housing Costs**

19: The report *Housing in London: 2017*, The evidence base for the Mayor's Housing Strategy, states, 'Rents for new general needs social rent tenancies have risen rapidly in recent years. The average rent for a new social rented tenancy in London increased 43% between 2007/08 and 2015/16.'

20: A Joseph Rowntree Foundation report, *The links between housing and poverty: An evidence review* (2013) said, 'Low rents, such as council and housing association rents, make an important contribution to reducing the degree of 'housing cost induced poverty' and material deprivation amongst social tenants. Social housing is highly targeted on people with low incomes and has been shown to be the most 'pro-poor' and redistributive major aspect of the entire welfare state.'

21: The institute of Fiscal Studies report, *Living standards, poverty and inequality in the UK: 2018*, shows that increasing social and affordable rents are a major source of higher housing costs for households with children in the lowest two income quintiles. From 2002-03 to 2016-17, social and affordable renters amongst

this group of households had higher increases in housing costs than either private renters or owner-occupiers.

22: We believe that when poverty researchers write about rising social sector rents, they really mean rising social and affordable Net Rents, including services charges. People in Haringey with low and uncertain incomes, and without savings or in debt, need council and social housing at the existing social rent regime, without excess service charging – and with democratic accountability, and proper consultation on any service charge increases.

**Recommendations:**

23: There should be no increases in tenant service charges for 2019-20.

24: The council should carry out a proper consultation on any changes in tenant service charges which may be proposed for 2019-20.

**SCRAP HARINGEY COUNCIL'S SKY HIGH 'AFFORDABLE RENT'**

25: As detailed on p66 of the December Cabinet reports pack, the Council has 15,160 social rent tenancies, and just 18 so-called 'Affordable Rent' tenancies, for which the rents are more than double Social Rents.

26: These are NOT intermediate tenancies aimed at those with somewhat higher incomes, instead they are an attempt by the Conservative-led government to replace and increase Social Rent, a project that the previous Council administration complied with by setting these rents at such sky-high levels in 2014.

27: The previous administration initially promised that these properties would be at Council Social Rent, but when costs were higher than expected, they jumped at the chance of imposing some of the highest council rents in London on a handful of properties.

28: These rents are not 'London Affordable Rent' which is £50pw/50% higher than Council social rent, they are 80% of market, and £100pw/100% higher than Council social rent.

29: The use of these high-rent tenancies is part of a government agenda of raising all council, social and affordable rents, with potentially devastating consequences of social exclusion, social cleansing, and poorer child and family welfare.

30: The annual cost of applying Council social rents to these 18 tenancies is an estimated maximum of £120,000 in a full year.

**Recommendation:**

31: Haringey Council should adopt a policy of Social Rent for all Council tenancies, including these 18 properties. Let us stand up and give a clear lead against creeping council, social and affordable rent increases, across London.

## Detailed Summary of Budget Reduction Proposals

Summary of Savings Proposals: MTFS 2019/20 - 2023/24									
Housing				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
HO1	Temporary accommodation reduction plan	Other	Reduce TA costs, as detailed in the TA Reduction Plan. Proposals include initiatives to prevent homelessness, improve economic position of those in TA, and help support those in TA to move on. Revenue costs covered by the Flexible Homelessness Support Grant. Plan also includes proposals to increase supply of low cost TA through new purchase, repair and management joint venture partnership, and capital investment in new Community Benefit Society. Please note that due to the additional costs incurred due to unforeseen works at BWF, it may not be possible to meet the projected savings.	(2,201)	(920)	(708)	(573)	-	-
<b>Housing Totals</b>				<b>(2,201)</b>	<b>(920)</b>	<b>(708)</b>	<b>(573)</b>	<b>-</b>	<b>-</b>
People (Children)									
				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PC1	Reduce the number of agency staff	Efficiency Saving	Reduce the the number of agency staff through delivering an effective recruitment and retention strategy.	(257)	(196)	(61)	-	-	-
PC2	Reduce operational costs	Efficiency Saving	Reduce operational costs through streamlining management and staffing and improving efficiency in teams	(597)	(347)	(250)	-	-	-
PC3	Reduce the costs of placements	Efficiency Saving	Reduce the costs of placements through an effective inhouse foster carer recruitment and retention strategy and through effective brokerage and negotiation of placements	(926)	(746)	(90)	(90)	-	-
PC4	Safeguarding and Social Care and Early intervention and preventing demand	Other	Prevent demand and costs through an effective prevention and intervention approach that means children and families are supported to avoid the care system and that where children are in care (particularly young adolescents) they are supported to return home safely wherever possible.	(290)	(290)	-	-	-	-
PC5	Increase income generation	Income Generation	Increase income through delivering services to schools and work with partners to ensure fair contributions to services for children.	(23)	(23)	-	-	-	-
<b>People (Children) Totals</b>				<b>(2,093)</b>	<b>(1,602)</b>	<b>(401)</b>	<b>(90)</b>	<b>-</b>	<b>-</b>

Appendix 9

People (Adults)				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PA1	Charging for Managed Accounts	Income Generation	Introduce an administration fee for setting up and maintenance of care packages for Appointeeships and Self Funders. the fee would be comparable to existing charges levied for Deputyship clients.	(120)	(120)	-	-	-	-
PA2	Fast tracking financial assessments	Efficiency Saving	Speed up the process of financial assessment so that charging starts as soon after the start of services as possible. The saving lies largely in reducing levels of debt and the costs of recovering overpayments rather than any additional costs to the user of this approach.	(140)	(140)	-	-	-	-
PA3	Capitalisation of CAS	Other	Capitalise the majority of the operating and equipment costs of the Community Alarms Service. Because installation of a CAS solution can be considered the provision or adaptation of fixed assets for the benefit of our residents, there is scope for capitalisation of associated spending within financial regulations	(177)	(177)	-	-	-	-
PA4	Housing Related support	Efficiency Saving	Fund housing advice and support currently provided from Adult Social Care budgets through the Flexible Homelessness Support Grant whilst we transform these services and create longer term, more sustainable funding routes over the next 3 years.	(600)	(600)	-	-	-	-
People (Adults) - continued				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PA5	In-House Negotiator	Efficiency Saving	Expand in house Care Negotiator capacity to work with providers reducing the cost of care packages in relation to overcharging against service user needs.	(460)	(116)	(344)	-	-	-
PA6	Transfer of High Cost Day Opps	Efficiency Saving	Lease three ex-day centre premises to a local provider to support 15-20 service users at reduced cost, and closer to their existing support networks.	(540)	-	(525)	(15)	-	-
PA7	Public Health (Sexual Health)	Efficiency Saving	Realise savings based on efficiencies already achieved in the provision of open access sexual health services	(267)	(267)	-	-	-	-
PA8	Investment of drug and alcohol savings in preventative services for adults and families, targeting health inequalities	Efficiency Saving	Retendering of the three core substance misuse adult contracts has created savings, available from January 2019. Use these savings for investment in areas to improve health and wellbeing, with a split between cashable savings and investments in preventative services that reduce health inequalities	(600)	(400)	-	-	(100)	(100)
PA9	Further savings to be delivered by Adults Services	Efficiency Saving	Further action by service to reduce cost of adult social care over the next 5 years ( <i>re-profiled existing savings</i> )	(720)	(180)	(180)	(180)	(180)	-
<b>People (Adults) Totals</b>				<b>(3,624)</b>	<b>(2,000)</b>	<b>(1,049)</b>	<b>(195)</b>	<b>(280)</b>	<b>(100)</b>

## Appendix 9

Place				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PL1	Additional HMO Licensing Scheme for HMO	Income Generation	Extend the current Additional Licensing scheme for HMOs not governed by Mandatory Licensing and introduce a Selective Licensing scheme to 20% of its geographical area for all other private sector dwellings covered by the Housing Act 2004. All licensing schemes are intended to address the impact of poor quality housing, rogue landlords and anti-social tenants.	(400)	-	(400)	-	-	-
PL2	Review and Extension of CPZ coverage	Income Generation	The proposal is an accelerated programme this year to 'catch up', which will allow us to deliver to residents and Member expectations, make appropriate provision for running costs, dealing with current budget gaps, while generating a surplus to be treated as new savings.	(500)	(500)	-	-	-	-
PL3	Waste, CS & Enforcement: Efficiency Savings on Veolia Contract	Efficiency Saving	Efficiency savings secured in recent contract negotiations with Veolia. Will be delivered with no impact on services or performance.	(100)	(100)	-	-	-	-
PL4	Increase in Moving Traffic Enforcement	Income Generation	The parking and traffic enforcement service enforces moving traffic contraventions at a number of locations. Moving traffic enforcement is undertaken by CCTV camera. Capital investment £40k - Infrastructure measures	(300)	(260)	(40)	-	-	-
PL5	Healthmatic Toilets	Efficiency Saving	Savings accruing from removal of two automated WCs (already agreed and achieved)	(30)	(30)	-	-	-	-
PL6	Extending parking enforcement	Income Generation	This is an invest to save bid. The parking on-street, off street and CCTV enforcement operations are run in-house. Additional staffing, including management is required. This will increase enforcement capacity, and associated income which will cover staffing costs and mitigate some of the current income deficit.	(350)	(350)	-	-	-	-
Place - continued				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PL7	Litter Enforcement	Income Generation	The proposal is to consider the option for an in-house service provision based on a pilot with an external contractor, Kingdom, from November 2016 to September 2017. An in-house litter enforcement provision would enable the Council to retain 100% of all Fixed Penalty Notice (FPN) income received.	(100)	-	(100)	-	-	-
PL8	Soft FM Efficiency	Efficiency Saving	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	(100)	(25)	(25)	(50)	-	-
PL9	Leisure centre concessions	Reduction / Change in service provision	Reduce the number of people eligible for concessionary rates at Fusion Leisure Centres.	(190)	-	-	(50)	(70)	(70)
PL10	London Construction Programme Revenue	Income Generation	Over-achieved income from subscriptions to the new Dynamic Purchasing System for the London Construction Company, managed by Haringey's Procurement service.	(200)	(200)	-	-	-	-
PL11	Flexible Police Resourcing	Other	The proposal is to not extend the current contract for Flexible Police Resourcing beyond March 2019. The funding for the team enables the tasking of police officers along with the wider partnership i.e. trading standards, CCTV, ASB enforcement to hotspots in the borough. The service also uses the team to deal with Travellers and to support partnership enforcement activities.	(200)	(200)	-	-	-	-
PL12	Waste Service Programme	Efficiency Saving	Review of all waste and street cleansing services to identify potential savings	(500)		(500)			
PL13	Parking Transformation Programme	Income Generation	Parking Transformation Programme to deliver significant improvements to this service over the coming three years. Includes a CPZ rollout programme taking the borough to 100% coverage, and extending parking permit charging models to tackle emissions from Diesel vehicles	(1,000)		(500)	(500)		
<b>Place Totals</b>				<b>(3,970)</b>	<b>(1,665)</b>	<b>(1,565)</b>	<b>(600)</b>	<b>(70)</b>	<b>(70)</b>

## Appendix 9

Economy				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
EC1	Carbon Management	Other	Saving £60k from the Carbon Management Service's base budget, replacing this with an income of the same amount from Planning Service. The Carbon Management Service will increase its support to the Planning Service through advice and technical specification on planning applications and issues related to carbon reduction, energy and sustainability.	(60)	(60)	-	-	-	-
EC2	Reduction in consultancy budget	Other	Saving £75k from central budget typically allocated to cover large contracts and project delivery requirements. As some Tottenham Regeneration activities shift from a focus on initial strategies and feasibility work to delivery stage, there is increasing scope to explore funding these types of contracts from other sources, including but not limited to capitalisation of costs, utilising both internal and external funding sources.	(75)	(75)	-	-	-	-
EC3	Deletion of senior post	Efficiency Saving	The Strategic Director of Regeneration, Planning & Development was re-designated as Director of Housing, Regeneration and Planning, and along with this, it was proposed to delete the Director of Regeneration post.	(225)	(225)	-	-	-	-
EC4	Tackling uncrystallised debt	Income Generation	This proposal comprises an opportunity to achieve new income potential by starting a process of tackling the uncrystallised debt in the commercial portfolio	(50)	(50)	-	-	-	-
EC5	Outdoor media advertising	Income Generation	Proposal to generate new income from outdoor media, utilising the council's landholdings by identifying sites suitable for outdoor installations. It is estimated that net income in 2019/20 would be at least £100k, and increasing significantly over future years.	(15)	-	(15)	-	-	-
EC6	Explore opportunities to capitalise development team costs	Other	Proposal to charge salaries of staff within housing development and enabling team to the Housing Revenue Account, as their work is now focused on bringing forward sites for direct housing development. Approximately 40% of salaries are currently funded by the HRA, and it's proposed to increase this to 100%.	(150)	(150)	-	-	-	-
EC7	Strategic Property Services	Efficiency Saving	This proposal comprises a number of activities to drive out efficiencies in the service, including; better management of Hornsey Town Hall,	(500)	(500)	-	-	-	-
<b>Economy Totals</b>				<b>(1,075)</b>	<b>(1,060)</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Your Council				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
YC1	Out of home advertising income generation	Income Generation	The proposal is to recommission the street furnishing advertising contract. Moving to digital display to ensure communication messages can be updated quickly, and to remove printing costs.	(151)	(129)	(5)	(5)	(6)	(6)
YC2	Remove ward budgets	Reduction / Change in service provision	Remove existing provision for Ward Budgets to fund community projects	(190)	(190)	-	-	-	-
YC3	Growing Libraries Income	Income Generation	To grow the level of income from libraries estate as part of a developing libraries strategy.	(100)	(100)	-	-	-	-
<b>Your Council Totals</b>				<b>(441)</b>	<b>(419)</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>(6)</b>



## Flexible Use of Capital Receipts Strategy

1. The Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:
  - a. “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”
  
2. The detail of the the Council’s proposed use of flexible capital receipts for 2019/20 onwards and the associated savings arising from the use of the flexibility is set out at below.
  - a) These are the anticipated staffing restructure costs, largely arising from the FOBO (Front Office Back Office) initiative.
  - b) The Council is reviewing its commercial property portfolio to ensure that it achieves a higher rental yield.
  - c) The Council operates in an environment where increasingly it needs to respond to request from external funders for match funding. This budget is to allow for the employment of a post to ensure that the Council maximises the match funding opportunities that are around.
  - d) Demand Management in Children’s Services. The budget is expected to provide investment capacity for a range of initiatives such as purchasing specialist software to optimise the transport routes for children with SEND to a revised in-house foster care service to reduce the demand for agency foster care and the need for residential placements.
  - e) Demand Management in Adult Services. This budget is to support initiatives such as increasing day opportunities to reduce the demand for higher cost care solutions and through the employment of care negotiators who reduce the cost of high demand placements.
  - f) The London Counter Fraud Hub is a London wide initiative to reduce the level of fraud perpetrated on London Councils through a data sharing and analytics service.
  - g) Strategic Asset Management Planning. The budget will fund a borough wide review of the Council’s non-commercial property portfolio to ensure that the authority retains the assets that are needed these have asset management plans that allow for programmed maintenance so as to prevent expensive unplanned repairs and potential loss of assets due to building element failure (such as boilers).
  - h) FOBO is the Front Office Back Office transformation programme that will change the way in which the Council it interacts with residents and how it undertakes its processes resulting in reduced cost of service delivery and processes.
  - i) FWoW is the Future Ways of Working programme that is seeking to reduce the Council’s administrative offices to reduce revenue expenditure. The budget will fund physical alterations to buildings to enable them to function more efficiently.

The guidance requires that the impact on the Council’s prudential indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. The indicators that will be impacted by this strategy are set out below:

- a. The Capital Financing Requirement will increase as these capital receipts would otherwise have financed capital expenditure or reduced borrowing.
- b. Financing costs as a percentage of the net revenue stream will rise as more borrowing is undertaken but the savings generated by the schemes will offset the costs arising from the additional borrowing. Therefore, there is no impact on Council Tax.

The prudential indicators show that this strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.

## Appendix 11

		Investment Expenditure (one-off)						Estimated Savings (Recurrent)					
		2018/19	2019/20	2020/21	2021/22	2022/23	Total	2018/19	2019/20	2020/21	2021/22	2022/23	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
a	Restructure costs (1)	1,950	3,400	743	0		4,143						0
b	Commercial Property Review		100				100			500	500	500	1,500
c	Match Funding Co-ordinator		50	50			100		125	150	175	175	625
d	Demand Management In Children's Services (2)		1,000	1,000			2,000						0
e	Demand Management in Adults Services (2)		289	277			566		1,104	1104	1104	1104	4,416
f	London Counter Fraud Hub		90	90	90		270		367	734	734	734	2,570
g	Strategic Service Asset Management Planning		125	125			250			250	350	350	950
h	FOBO	500	2,500	2,950	938		6,388	250	2750	4,250	4250	4250	11,500
i	FWoW	0	250	250	250		750		300	300	300	300	900
	HEP	875	0	0	0		0						0
		3,325	7,804	5,485	1,278	0	14,567	0	1,846	5,788	7,413	7,413	22,461

## Equalities Impact Assessment of Budget Reductions

### 1. Introduction

#### 1.1. Purpose of report

This report considers the implications of the proposals in the 2019/20 Budget Report and Medium Term Financial Strategy Proposals (MTFS) on groups of residents with protected characteristics in terms of equality law, including any potential cumulative impact of these decisions.

Wherever relevant, service areas have carried out EqlAs for each individual MTFS proposal. This report considers the cumulative impact of those savings and the ways in which negative impacts across the Council might be minimised or avoided.

In addition, this report considers the wider context internal and external to Haringey Council in terms on potential impact on equalities.

Beyond this report, as MTFS proposals are developed further, each service area will assess the equality impacts and potential mitigating actions in more detail and final EqlAs will be published alongside decisions on specific proposals – after the budget is agreed in February 2019, final EqlAs will be required in order to implement the proposals.

#### 1.2. Legal aspects and the process of EqlAs

Haringey council has a consistent approach to equality analysis across service areas and ensures that the impacts of individual budget decisions on legally protected groups are evaluated.

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advancing equality of opportunity between those with 'protected characteristics' and those without them
- Fostering good relations between those with 'protected characteristics' and those without them.

The 'protected characteristics', as determined by the Equality Act 2010, are: age, disability, ethnicity, gender, gender reassignment, marriage civil partnership, pregnancy, maternity, sexual orientation, religion or belief.

In addition, the Council complies with the Marriage (same sex couples) Act 2013.

Haringey Council also has a 'Specific Duty' to publish information about people affected by our policies and practices.

By law, our assessment of the impact of policy/procedure/practice on equality must:

- Contain enough information to enable the Council to demonstrate it has due regard for the aims of the equality duty in its decision making
- Consider ways of mitigating or avoiding any adverse impacts

EqlAs need to be proportionate to the decision being made, hence all proposals for, or changes in, policy, practice, procedure or projects are screened to establish whether a full EqlA is needed to inform the decision taker.

Further [detail on EqlAs in Haringey Council, including contextual information, published EqlAs and how to complete an EqlA](#), is available on the Haringey website<sup>3</sup>.

### 1.3. Equalities profile of Haringey

The total population of the borough is 254,926 according to the 2011 Census.

In terms of equality, demographics break down as follows:

#### Gender:

- There is a relatively equal gender split in Haringey, just over half of the population is female (50.5%), in line with England and London

#### Age:

- Haringey has a relatively young population with a quarter of the population under the age of 20
- 91% of the population is aged under 65 (89% London; 83% England)

#### Ethnicity:

- Haringey is the 5<sup>th</sup> most ethnically diverse borough in the country. Over 65% of residents come from non-White British communities (55% for London; 20% England)
- The proportion of non-White British communities varies across the different wards from 35.2% in Muswell Hill to 83.4% in Northumberland Park

#### Religion:

- Haringey is one of the most religiously diverse places in the UK
- The most common religion was Christianity, accounting for 45% of residents (London 48.4%; England 59.4%)
- The next most common religions were Muslim (14.3%) – higher than London (12.3%) – and Jewish (3%)
- Haringey had a lower percentage of residents who were Hindu (1.8%) and Sikh (0.3%) than London (5.0% and 1.5%, respectively)
- A quarter of Haringey residents stated that they did not have a religion, higher than London (20.7%)

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<sup>3</sup> Haringey Council. 2019. *Equality Impact Assessments (EqlA)*. [ONLINE] Available at: <https://www.haringey.gov.uk/local-democracy/about-council/equalities/equality-impact-assessments-eqla>. [Accessed 11 January 2019].

#### Disability:

- 14% of residents have a long-term health problem that limits their day to day activity, lower than England but in line with London
- 5.7% of residents report being in bad health, slightly higher than England and London

#### Marital Status and Civil Partnership

- Haringey has a higher proportion of couples in a registered same sex civil partnership than England and London: 0.6% or 1,191 residents (London 0.4%; England 0.2%)

#### Sexual Orientation

- As per the ONS Integrated Household Survey, 3.2% of London residents aged 16 or over identified themselves as lesbian, gay or bisexual in 2013. In Haringey this would equate to 6,491 residents

Further detail on the [equalities profile of Haringey](#) is available on the Haringey website<sup>4</sup>.

## 2. Internal context

### 2.1. Borough Plan 2019-2023: Equality Principles

The Borough Plan 2019-2023, to be published in February 2019, sets the organisational priorities for the next four years. In addition to these, the Plan presents a set of Equality Principles reflecting Haringey Council's commitment to the principles of equality and opportunity, fairness and quality of life for all, both in terms of the work carried out with the community and in the role as an employer.

These principles establish that the Council will challenge discrimination, support people with protected characteristics, promote equality of opportunity, monitor and assess the impact of Council's activity on equalities, and ensure the requirements of the Equality Act 2010 are well communicated in the borough. The principles run through everything the Council does.

More [detail on the Equality Principles and Objectives and the full draft Borough Plan](#) is available on the Haringey website<sup>5</sup>.

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<sup>4</sup> Haringey Council. 2019. *Equalities Profile of Haringey*. [ONLINE] Available at: [https://www.haringey.gov.uk/sites/haringeygovuk/files/equalities\\_profile\\_of\\_haringey.pdf](https://www.haringey.gov.uk/sites/haringeygovuk/files/equalities_profile_of_haringey.pdf). [Accessed 11 January 2019].

<sup>5</sup> Haringey Council. 2019. *Borough Plan 2019-2023 - Consultation*. [ONLINE] Available at: <https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan-2019-2023-consultation>. [Accessed 11 January 2019].

## 2.2. Review of Fees and charges

Every year the Council reviews the level of fees and charges levied on service users. Where increases were proposed for 2019/20, relevant services conducted equality screenings on their proposals. In a few instances, the equality screenings identified small impacts and proposed satisfactory mitigating actions. In only one case the initial screening pointed at the possibility of the proposal impacting on the Council's Equality Duty and therefore the relevant service carried out a full EqiA. In this case the assessment demonstrated the policy was robust and there was no potential for discrimination or adverse impact.

## 2.3. Council Tax Reduction scheme

Following the abolition of Council Tax Benefit by the then Conservative-Lib Dem coalition UK Government in 2013, many of the lowest income households in Haringey became liable to pay at least 19.8% of the Council Tax charge according to the band in which their property falls.

In response to the abolition of Council Tax Benefit at a national level, local Council Tax Reduction Schemes have been developed by individual local authorities. Haringey Council developed its own Council Tax Reduction Scheme (CTRS) in 2012/13 and decided to protect working-age claimants on a prescribed disability-related or disability premium. Those working age claimants received the same maximum level of CTR as those of pensionable age (100%).

As an enactment of the new administration's commitment in 2018 to redistribute the burden of Council Tax, Haringey Council has now proposed to amend its 2019/20 CTRS in order to provide more financial support to working age claimants with children and so re-instating extra support for over 6,000 families in Haringey on low income.

The Council's preferred option going forward, to be approved by Feb 2019, is to:

- a) Increase the maximum level of Council Tax Reduction from 80.2% to 100% for working age claimants with children
- b) Update the CTRS to align with some national welfare changes.

The maximum level of Council Tax Reduction would continue to be 100% for pensioners and working age claimants in receipt of disability related benefits, as it is under the existing CTRS.

An EqiA on the proposal demonstrated there was no potential for discrimination or adverse impact.

## 2.4. Council Tax rise

Haringey Council is proposing to increase council tax by 2.99% from 2019/20 in order to create an additional £3m to deliver local services. For the previous nine years council tax had been frozen, except for a precept for the previous three years specifically to fund adult social care. Because council tax proportionately affects those with the lowest income, the Council is proposing to extend the CTRS to 100% for its least well-off families with children as detailed above in section 2.3.

### 3. External context

The impact of the council budget proposals cannot be seen in isolation. The challenging macro-economic climate is also likely to impact on some legally protected groups, e.g. tax and welfare reform, unemployment, increasing unaffordability of housing, etc., and add to the cumulative impact of council proposals.

A more detailed view of the impact of tax and welfare reform is offered in subsection 3.1 below.

#### 3.1. Impact of tax and welfare Reform

Tax and welfare reforms brought forward by the UK Government since 2010 have had an impact on equality.

The Equality and Human Rights Commission conducted an analysis<sup>[4]</sup> of these welfare reforms (both implemented and proposed) and related government spending decisions as well as of the potential impacts on different groups protected under the Equality Act 2010. The key findings of this analysis are:

*Overall, changes to taxes, benefits, tax credits and Universal Credit (UC) announced since 2010 are regressive, however measured – that is, the largest impacts are felt by those with lower incomes. This is true even when increases in gross earnings from the NLW are taken into consideration.*

*Those in the bottom two deciles will lose, on average, approximately 10% of net income, with much smaller losses for those higher up the income distribution.*

*Moreover, the changes will have a disproportionately negative impact on several protected groups, including disabled people, certain ethnic groups, and women:*

- Negative impacts are particularly large for households with more disabled members, and individuals with more severe disabilities, as well as for lone parents on low incomes.*
- For some family types, these losses represent an extremely large percentage of income. For example, for households with at least one disabled adult and a disabled child, average annual cash losses are just over £6,500 – over 13% of average net income.*
- The impact of changes to direct taxes and benefits is to reduce the income of Bangladeshi households by around £4,400 per year on average.*
- At an individual level, women lose on average considerably more from changes to direct taxes and benefits than men. Women lose about £400 per year on average, and men only £30, although these figures conceal very substantial variation within both genders.*
- Lone parents in the bottom quintile (bottom fifth) of the household income distribution lose around 25% of their net income, or one pound in every four, on average.*
- On average, disabled lone parents with at least one disabled child fare even worse, losing almost three out of every ten pounds of their net income. In cash terms, their average losses are almost £10,000 per year.*
- Around one and a half million more children are forecast to be living in households below the relative poverty line as a result of the reforms.*

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<sup>[4]</sup> Equality and Human Rights Commission. 2018. *The cumulative impact of tax and welfare reforms*. Available at: <https://www.equalityhumanrights.com/en/publication-download/cumulative-impact-tax-and-welfare-reforms>. This report is a cumulative impact assessment of the distributional impacts of tax and spending decisions on people sharing different protected characteristics. The analysis covers all policy changes made between May 2010 and January 2018, which will have been implemented by the financial year 2021–22.

*In addition, there will be particularly negative impacts on intersectional groups who experience multiple disadvantages (for example, lone parents with disabled children).*

These negative impacts are largely driven by changes to the benefit system, in particular the freeze in working-age benefit rates, changes to disability benefits and reductions in UC rates. The changes are also likely to lead to significant increases in the number of children (in particular) below a minimum acceptable standard of living.

## 4. Cumulative EqIA of Medium-Term Financial Strategy and Savings Proposals

### 4.1. Budget reduction and MTFs proposals

Since 2010, Haringey Council has seen a 59% real terms reduction in government funding, with the central government grant funding reduced by £122m in real terms.

This reduction is set against a background of rising demand, particularly for Adults' and Children's Services and services related to homelessness, including temporary accommodation.

As a result, in 2018/19 both adults' and children's budgets overspent. The Council's draft budget for 2019/20 acknowledges this and so, when including new grants, additional council funding and writing off previous savings, the budget available to Adults Services will increase by £7.8 million and Children's by £7million less savings. However, it is unavoidable that these services will also have to contribute to the Council's overall budget reduction program, which is required to close the budget gap.

In 2019/20 Haringey Council needs to make savings of £19.6 million (roughly 8% in relation to its £250.1 million budget in 2018/19).

The MTFs proposals considered in this report put forward budget reductions rising to £13m when fully implemented.

Looking beyond next year to future financial years, the forecast is that the Council will still have to put in place further budget reductions of between £18m-£26m.

The budget reduction proposals that have been developed through the budget setting process are summarised below:

#### *People (Children's Services)*

Although Children's Services will get more funding in 2019/20, there will be budget reductions to make. The proposals include plans to enable the service to more effectively support children and young people through targeted and evidenced based service provision. This includes increasing the support available to our families and looked after children, alongside the recruitment of more foster carers where care is needed. The Council will also ensure its workforce continues to reflect the level of need in the borough and through a targeted support and social care practice it will be able to better support families at the time they need it.

#### *People (Adult Services)*

The service is proposing several strands of budget reductions under broad headings of: income maximisation; further back-office efficiency; appropriate use of capital funding; and an ongoing commitment to achieving value for money in negotiating contract prices, including in Public Health services.

### Place – Clean and Safe borough

The budget reduction proposals include reviewing and consulting on parking schemes and cleaner streets and traffic enforcement. Further budget reduction are proposed relating to efficiencies and changes to existing and retendered contracts in the areas of waste, leisure and facilities management.

### Housing & Economy – Housing, Growth and Employment

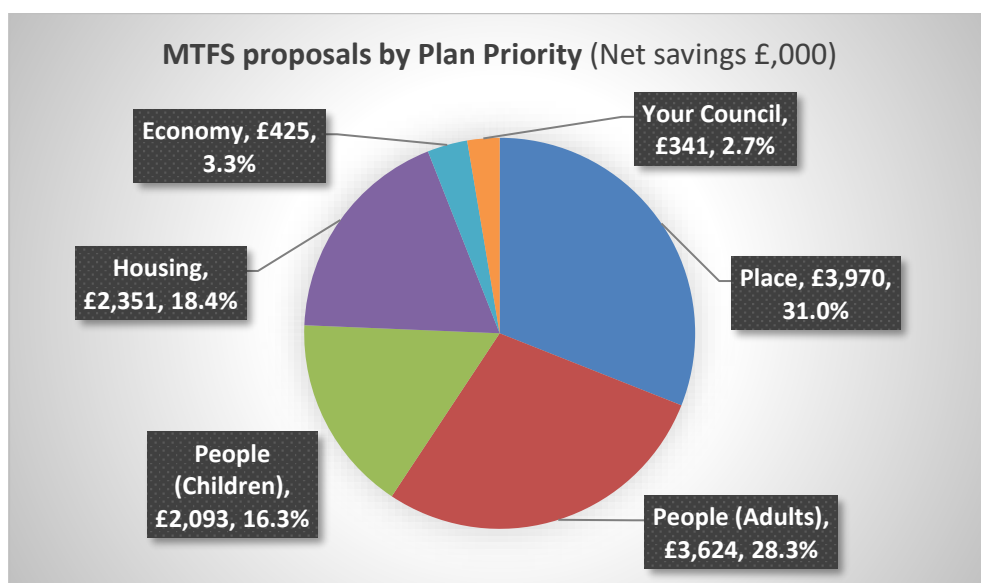
Budget reductions include proposals to reduce consultancy, senior management posts, tackling uncrystallised debt, capitalisation of development costs and reduction in temporary accommodation costs.

### Your Council – Enabling Savings

The budget reductions proposed take into account additional income generated from a new street furniture advertising contract and from removing the existing provision for ward budgets.

The chart below shows the breakdown of net savings proposed in the MTFS by 2019-2023 Borough Plan priority:

Fig. 1.



More detail on [the budget reduction required and how the Council is intending to save over the next 5 years](https://www.haringey.gov.uk/local-democracy/policies-and-strategies/your-haringey-your-future/budget-proposals#reduction) is available on the Haringey website<sup>6</sup>.

#### 4.2. MTFS proposals by category

In proposing the MTFS, the Council has focused on savings made as far as possible through optimised efficiencies in service delivery and through income generation. In doing so, the aim has been to avoid cutting frontline services and to limit the potential impact on the most vulnerable among Haringey's residents and those within protected characteristic groups.

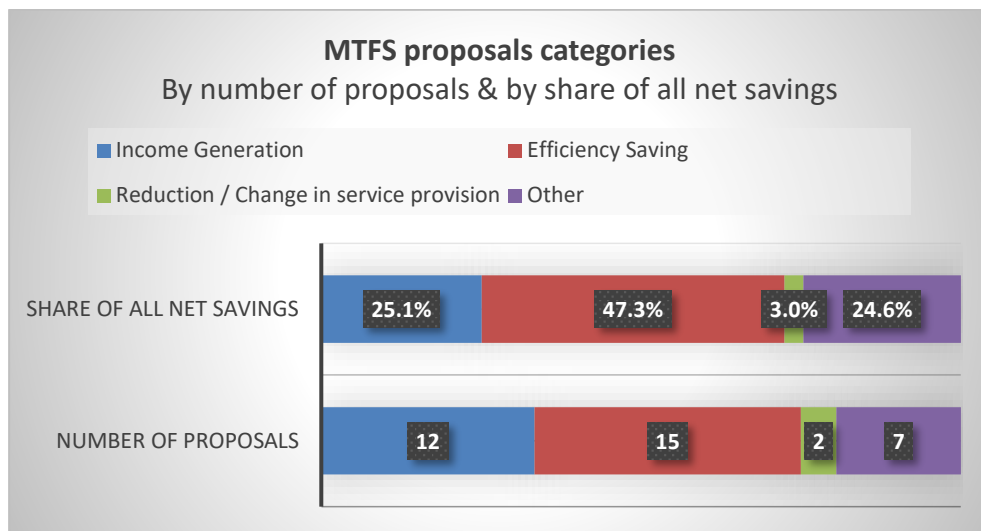
<sup>6</sup> Haringey Council. 2019. *Budget Proposals*. [ONLINE] Available at: <https://www.haringey.gov.uk/local-democracy/policies-and-strategies/your-haringey-your-future/budget-proposals#reduction>. [Accessed 14 January 2019].

Of a total of 36 MTFS proposals, only 2 are categorised as ‘reduction / change in service provision’. Moreover, these two proposals added together represent just 3% of all MTFS aggregated net savings.

In contrast, the 15 proposals making the ‘Efficiency saving’ category all together represent nearly half of all MTFS aggregated net savings. In addition, 12 ‘Income generation’ proposals represent a further quarter of all MTFS aggregated net savings.

The remaining quarter of net savings is represented by 7 proposals categorised as ‘Other’.

The chart below provides further detail on the breakdown by MTFS proposals category:  
Fig. 2.



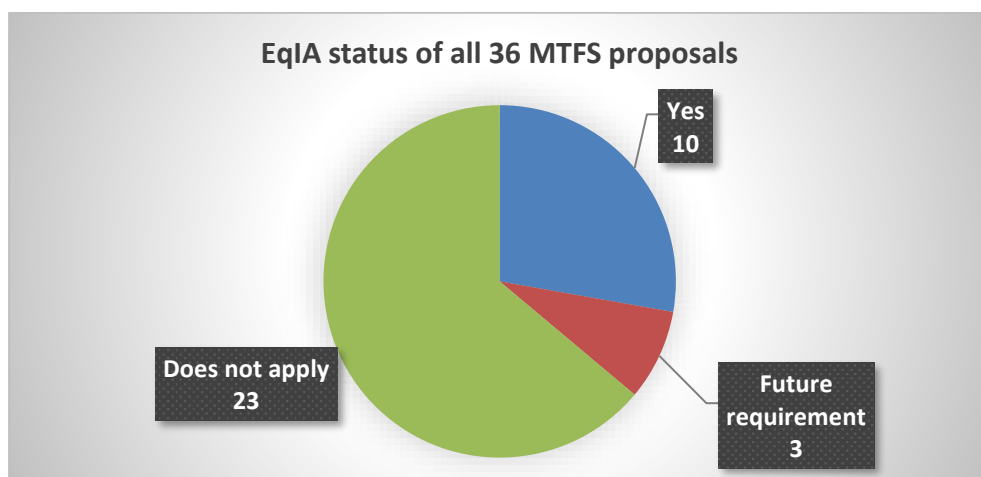
#### 4.3. Assessing impact of MTFS proposals on equalities

The extent of the assessment of the 36 MTFS proposals in terms of impact on equalities breaks down as follows:

- 23 were deemed not to require a full EqIA
- 10 had a full EqIA conducted
- 3 will have a full EqIA once the relevant proposal is developed further in the next months

The chart below provides an overview of the extent of equalities assessment conducted on MTFS proposals. Further detail is available on the spreadsheet featured in Appendix 1. ('Record of MTFS proposals and equality assessment conducted').

Fig 3.



#### 4.3.1. Proposals with full EqlAs conducted

10 MTFS proposals had a full EqlA conducted. Of these, 5 were categorised as 'Income generation' and 4 as 'Efficiency saving'. Altogether, this subset of 10 proposals represents 34.3% of all MTFS aggregated net savings.

Figure 4 below shows the detail of the 8 MTFS proposals that had a full EqlA conducted:

Fig. 4

Priority name	Title	Category	Net Saving (All) £,000	Net Saving (All) %
<b>People (Adults)</b>	In-House Negotiator	Efficiency Saving	£460	3.6%
<b>People (Adults)</b>	Charging for Managed Accounts	Income Generation	£120	0.9%
<b>People (Adults)</b>	Transfer of High Cost Day Opps	Efficiency Saving	£540	4.2%
<b>People (Children)</b>	Reduce operational costs	Efficiency Saving	£597	4.7%
<b>People (Children)</b>	Reduce the costs of placements	Efficiency Saving	£926	7.2%
<b>Place</b>	Additional HMO Licensing Scheme for HMO	Income Generation	£400	3.1%
<b>Place</b>	Review and Extension of CPZ coverage	Income Generation	£500	3.9%
<b>Place</b>	Extending parking enforcement	Income Generation	£350	2.7%
<b>Place</b>	Increase in Moving Traffic Enforcement	Income Generation	£300	2.3%
<b>Place</b>	Flexible Police Resourcing	Other	£200	1.6%
<b>MTFS with full EqlAs</b>			<b>£4,393</b>	<b>34.3%</b>
All MTFS proposals			£12,804	100.0%

#### 4.3.2. Proposals for which EqiAs do not apply

With regards to those 23 proposals for which an equality assessment does not apply:

- 4 had an EqIA already conducted as part of a wider programme to which the proposal belongs
- 9 had gone through fresh EqIA screening with the result of no full EqIA required
- 10 were reported not to require any equality assessment given the nature of the proposals

Altogether, this subset of proposals represented 52.5% of all MTFS aggregated net savings.

#### 4.4. Mitigation of impact of MTFS on equalities

There are several ways in which the Council has worked to prevent or mitigate the potential impacts of MTFS proposals on equalities:

- The Council has mitigated impact by minimising MTFS proposals of the 'service reduction' type (as per section 4.2. above)
- Where MTFS proposals had a full EqIA conducted, specific mitigations tailored to the relevant proposal were outlined to compensate for any potential impact. In all cases, the overall outcome of the assessments considered that the relevant proposal was robust and that ultimately there was no potential for discrimination or adverse impact and all opportunities to promote equality had been taken. Having said that, a number of potential impacts, both negative and/or positive, have been highlighted in the process of the assessment and so ensuing mitigating actions outlined wherever applicable. These mitigations included a diverse range of activities such as improving data collection for better monitoring, stepping up individual assessments, providing discounts, communication campaigns, etc. To be noted, some of the potential impacts mentioned affected individuals with protected characteristics, but others were identified as affecting low income segments of the population. Further detail on identified potential impacts and proposed mitigations is provided in Appendix 2 ('Compilation of all full EqIAs conducted for MTFS proposals').
- In addition, the Council is mitigating the overall impact of proposed savings by reviewing its Fees & Charges policy and Council Tax Reduction Scheme (as per sections 2.2 and 2.3 above)

## 5. Summary

In 2019/20 Haringey Council needs to make savings of £19.6 million (a reduction of roughly 8% in relation to its £250.1 million budget in 2018/19).

The 36 Medium-Term Financial Strategy (MTFS) proposals considered in this report put forward budget reductions rising to £13m when fully implemented.

In line with the Equality Act 2010 and in order to ensure that proposed budget reductions do not have a negative impact on equality within Haringey, the Council has completed the following process:

- The Council has **focused as far as possible on achieving savings through efficiencies and income generation**. In doing so, the aim has been to minimise cutting frontline services.
- The Council has evaluated the **impact of MTFS proposals following the appropriate equality impact assessment (EqIA) process**, conducting equalities screenings and full EqIAs where applicable
- For MTFS proposals **where full EqIAs have been applicable and so potential impacts on equalities been identified**, a range of mitigation actions have been proposed to compensate for such potential impacts
- In addition, the Council is **seeking to minimise the burden on those who can least afford to pay through the annual review of Fees & Charges, and revisions to the Council Tax Reduction Scheme**
- **The Borough Plan 2019/2023 explicitly addresses inequality through its Equality Principles and Objectives section**. In addition, a wide range of outcomes and objectives within the different priority areas explicitly take these principles forward.

## 6. Annexe 12A: Record of MTFS proposals and equality assessment conducted

This appendix contains a table listing all MTFS proposals providing a description of the proposal, the all years' net savings figure and the extent to which assessment of equalities impact has been conducted for each proposal.

## 7. Annexe 12B: Compilation of all full EqIAs conducted for MTFS proposals

This appendix contains the 10 full EqIAs conducted for MTFS proposals in one single document.

## Detailed Summary of Budget Reduction EqIAs

Priority name	Priority	Ref	Old Ref	Description	Net Saving £'000 (All)	EqIA received?	
						Yes / Does not apply / Future req	EqIA screening conducted?
<b>HOUSING</b>							
Housing	P5	HO1	P501	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.	2,201	Does not apply	EqIA already completed as part of wider programme
Housing		HO2	P5C	Proposal to charge salaries of staff within housing development and enabling team to the Housing Revenue Account, as their work is now focused on bringing forward sites for direct housing development. Approximately 40% of salaries are currently funded by the HRA, and it's proposed to increase this to 100%.	150	Does not apply	EqIA screening conducted
<b>PEOPLE (CHILDREN'S)</b>							
People (Children	P1	PC1	P1G1	Reduce the the number of agency staff through delivering an effective recruitment and retention strategy.	257	Does not apply	
People (Children	P1	PC2	P1G2	Reduce operational costs through streamlining management and staffing and improving efficiency in teams	597	Yes	
People (Children	P1	PC3	P1G3	Reduce the costs of placements through an effective inhouse foster carer recruitment and retention strategy and through effective brokerage and negotiation of placements	926	Yes	
People (Children )	P1	PC4	P1G4	Prevent demand and costs through an effective prevention and intervention approach that means children and families are supported to avoid the care system and that where children are in care (particularly young adolescents) they are supported to return home safely wherever possible.	290	Does not apply	
People (Children	P1	PC5	P1G5	Increase income through delivering services to schools and work with partners to ensure fair contributions to services for children.	23	Does not apply	

## Annexe 12A

Priority name	Priority	Ref	Old Ref	Description	Net Saving £'000 (All)	EqIA received?	
						Yes / Does not apply / Future req	EqIA screening conducted?
<b>PEOPLE (ADULTS)</b>							
People (Adults)	P2	PA1	P203	Introduce an administration fee for setting up and maintenance of care packages for Appointeeships and Self Funders. the fee would be comparable to existing charges levied for Deputyship clients.	120	Yes	
People (Adults)	P2	PA2	P207	Speed up the process of financial assessment so that charging starts as soon after the start of services as possible. The saving lies largely in reducing levels of debt and the costs of recovering overpayments rather than any additional costs to the user of this approach.	140	Does not apply	Does not apply
People (Adults)	P2	PA3	P211	Capitalise the majority of the operating and equipment costs of the Community Alarms Service. Because installation of a CAS solution can be considered the provision or adaptation of fixed assets for the benefit of our residents, there is scope for capitalisation of associated spending within financial regulations	177	Does not apply	Does not apply
People (Adults)	P2	PA4	P210	Fund housing advice and support currently provided from Adult Social Care budgets through the Flexible Homelessness Support Grant whilst we transform these services and create longer term, more sustainable funding routes over the next 3 years.	600	Does not apply	EqIA already completed as part of wider programme
People (Adults)	P2	PA5	P212	Expand in house Care Negotiator capacity to work with providerson reducing the cost of care packages in relation to overcharging against service user needs.	460	Yes	
People (Adults)	P2	PA6	P215	Lease three ex-day centre premises to a local provider to support 15-20 service users at reduced cost, and closer to their existing support networks.	540	Yes	
People (Adults)	P2	PA7	P216	Realise savings based on efficiencies already achieved in the provision of open access sexual health services	267	Does not apply	EqIA already completed as part of
People (Adults)	P2	PA8	P2A	Retendering of the three core substance misuse adult contracts has created savings, available from January 2019. Use these savings for investment in areas to improve health and wellbeing, with a split between cashable savings and investments in preventative services that reduce health inequalities	600	Does not apply	EqIA already completed as part of wider programme
People (Adults)	P2	PA9	P2M	Further action by service to reduce cost of adult social care over the next 5 years ( <i>re-profiled existing savings</i> )	720	Does not apply	Does not apply

## Annexe 12A

Priority name	Priority	Ref	Old Ref	Description	Net Saving £'000 (All)	EqIA received?	
						Yes / Does not apply / Future req	EqIA screening conducted?
<b>PLACE</b>							
Place	P3	PL1	P301	Extend the current Additional Licensing scheme for HMOs not governed by Mandatory Licensing and introduce a Selective Licensing scheme to 20% of its geographical area for all other private sector dwellings covered by the Housing Act 2004. All licensing schemes are intended to address the impact of poor quality housing, rogue landlords and anti-social tenants.	400	Yes	
Place	P3	PL2	P302	The proposal is an accelerated programme this year to 'catch up', which will allow us to deliver to residents and Member expectations, make appropriate provision for running costs , dealing with current budget gaps , while generating a surplus to be treated as new savings.	500	Yes	
Place	P3	PL3	P303	Efficiency savings secured in recent contract negotiations with Veolia. Will be delivered with no impact on services or performance.	100	Does not apply	EqIA screening received
Place	P3	PL4	P304	The parking and traffic enforcement service enforces moving traffic contraventions at a number of locations. Moving traffic enforcement is undertaken by CCTV camera. Capital investment £40k - Infrastructure measures	300	Yes	
Place	P3	PL5	P306	Savings accruing from removal of two automated WCs (already agreed and achieved)	30	Does not apply	EqIA screening received
Place	P3	PL6	P307	This is an invest to save bid. The parking on-street, off street and CCTV enforcement operations are run in-house. Additional staffing , including management is required. This will increase enforcement capacity , and associated income which will cover staffing costs and mitigate some of the current income deficit.	350	Yes	
Place	P3	PL7	P308	The proposal is to consider the option for an in-house service provision based on a pilot with an external contractor, Kingdom, from November 2016 to September 2017. An in-house litter enforcement provision would enable the Council to retain 100% of all Fixed Penalty Notice (FPN) income received.	100	Does not apply	EqIA screening received
Place	P3	PL8	P311	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	100	Does not apply	Does not apply
Place	P3	PL9	P318	Reduce the number of people eligible for concessionary rates at Fusion Leisure Centres.	190	Future requirement	
Place	P3	PL10	P319	Over-achieved income from subscriptions to the new Dynamic Purchasing System for the London Construction Company, managed by Haringey's Procurement service.	200	Does not apply	Does not apply
Place	P3	PL11	P320	The proposal is to not extend the current contract for Flexible Police Resourcing beyond March 2019. The funding for the team enables the tasking of police officers along with the wider partnership i.e. trading standards, CCTV, ASB enforcement to hotspots in the borough. The service also uses the team to deal with Travellers and to support partnership enforcement activities.	200	Yes	
Place	P3	PL12	P325	Review of all waste and street cleansing services to identify potential savings	500	Future requirement	
Place	P3	PL13	P326	Parking Transformation Programme to deliver significant improvements to this service over the coming three years. Includes a CPZ rollout programme taking the borough to 100% coverage, and extending parking permit charging models to tackle emissions from Diesel vehicles	1,000	Future requirement	

Priority name	Priority	Ref	Old Ref	Description	Net Saving £'000 (All)	EqIA received?	
						Yes / Does not apply / Future req	EqIA screening conducted?
<b>ECONOMY</b>							
Economy	P4	EC1	P401	Saving £60k from the Carbon Management Service's base budget, replacing this with an income of the same amount from Planning Service. The Carbon Management Service will increase its support to the Planning Service through advice and technical specification on planning applications and issues related to carbon reduction, energy and sustainability.	60	Does not apply	EqIA screening conducted
Economy	P4	EC2	P402	Saving £75k from central budget typically allocated to cover large contracts and project delivery requirements. As some Tottenham Regeneration activities shift from a focus on initial strategies and feasibility work to delivery stage, there is increasing scope to explore funding these types of contracts from other sources, including but not limited to capitalisation of costs, utilising both internal and external funding sources.	75	Does not apply	EqIA screening conducted
Economy	P4	EC3	P403	The Strategic Director of Regeneration, Planning & Development was re-designated as Director of Housing, Regeneration and Planning, and along with this, it was proposed to delete the Director of Regeneration post.	225	Does not apply	EqIA screening conducted
Economy	P4	EC4	P404 a	This proposal comprises an opportunity to achieve new income potential by starting a process of tackling the uncrystallised debt in the commercial portfolio	50	Does not apply	EqIA screening conducted
Economy	P4	EC5	P404 b	Proposal to generate new income from outdoor media, utilising the council's landholdings by identifying sites suitable for outdoor installations. It is estimated that net income in 2019/20 would be at least £100k, and increasing significantly over future years.	15	Does not apply	EqIA screening conducted
<b>YOUR COUNCIL</b>							
Your Council	PX	YC1	PX01	The proposal is to recommission the street furnishing advertising contract. Moving to digital display to ensure communication messages can be updated quickly, and to remove printing costs.	151	Does not apply	Does not apply
Your Council	PX	YC2	PX04	Remove existing provision for Ward Budgets to fund community projects	190	Does not apply	Does not apply