

REPORT TO OVERVIEW AND SCRUTINY – RESPONDING TO THE RECESSION IN HARINGEY

APPENDIX 2 – TABLE OF EVIDENCE AND PROPOSED MITIGATING ACTIONS

BUSINESS UNIT	EVIDENCE/ISSUES	ACTIONS
Corporate Income – how will the council’s revenue and capital receipts be affected?		
Corporate Property	<p>Capital receipts from strategic Council owned land and other property disposals –Some landowners are deferring land from being put on the market as a strategy to deal with the current uncertainty in the property market. However this does not necessarily suit regeneration need.</p> <p>There is in fact no guarantee that deferral of a disposal will produce a greater receipt particularly if the decline in property values continues for a number of years. Some areas of the property market in Haringey are likely to be less hit by the recession than other parts of London/UK due to their social and economic profile. In previous downturns, it has taken the property market up to 7 years to fully recover to its previous highest level, and the current indicators are that this may be the case with the current market.</p>	<p>Strategies to manage and minimize financial impact of any further property market falls and market uncertainty (e.g. Phasing of developments, Minimum Land Values or guaranteed rental agreements, upward only reviews, temporary lets to reduce holding costs or transfer of risks to Developers or tenants, investment to enhance site value, planning consents prior to marketing of sites, etc).</p> <p>Periodic Monitoring of Property Market activity (e.g. Performance indicators from Land Registry on transactions in Haringey), with a market commentary included in any reports where a decision on a land or building disposal is being made.</p>
Corporate Finance	<p>Treasury investment income – Currently £171m invested. Whilst this is set to generate a surplus of £700k above budget in the current year, this is mainly as a result of interest being earned on fixed interest deals that were agreed when base rates were much higher. Up to September 2008 we were regularly investing at rates of between 5 and 6% and now they have fallen to between</p>	

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	0.8 and 2%.	
Corporate Finance	<p>Sundry debts – The impact on the collection of the council’s sundry debt is expected to be minimal. This is due to the following reasons:-</p> <ul style="list-style-type: none"> • Approximately 22% of our debt is with other public sector bodies e.g. other LA’s, NHS etc. • 22% of the debt on the ledger is with Haringey schools. • 26% of the debt relates to sundry debt, but a significant proportion of this relates to adults social care debt where the majority of the debt is due from older people who may not be as severely impacted on as others e.g. they are not at risk of job losses. • The remaining 30% relates to leaseholders where there is no apparent impact at present. <p>Of the sundry debt not relating to adults social care there is a small risk of increased non-payment due to the economic situation, however to date there has been no effect on the collection of this, and if there is an impact, we would expect it to be minimal.</p>	<p>Ongoing monitoring. Mitigation against increasing debt can be made by more pro-active management of the Council’s debt and this is being reviewed at present to see what additional measures can be put into place.</p>
Corporate Finance	<p>Planning and building control income – Building Control Income - Period 8 YTD income is £417K, a small decrease of £30K over the same period last year.</p> <p>Planning Application – Income and Cases received –</p> <ul style="list-style-type: none"> • Period 8 YTD fees banked is £620K, an increase of £182K over the same period last year. 	<p>Much of our income is determined by demand for services, but also by regulatory changes. Leisure Fees income have shown an increase because of attractive pricing, but Building Control and Parking fees income have decreased. It is yet to be determined how we mitigate for loss of income as a result of the credit crunch, however where we can market the services better or make them more</p>

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	<ul style="list-style-type: none"> Period 8 YTD cases received 1539 compared to 1398 over the same period last year; decrease of 141 cases. <p>It appears that applications for planning permissions are still coming in but these are not immediately being actioned which is resulting in a reduction in Building Control applications. Overall it is anticipated that the planning fee income will achieve its target for 2008/09 of £1.03M, but Building Control's target of £790k will be short by approx £100k.</p> <p>Leisure Fees – Period 9 YTD income is £2.3m; an increase of £250K over the same period last year. Main contributing factors are change in pricing structure and promoting payments by direct debit. However it is still early days to assess the effects of the recession as this could take 8 to 9 months to reflect in the income figures.</p> <p>Car parking (off street) – Up to close of period 9 there has been a reduction in car parking income of £27k when compared with the same period in 2007/08 and the year end projection is for a reduction of £67k compared to last year. However the budget was reduced in 2008/09 for parking income by £37k so the real like with like reduction is an anticipated £30k for the full year. Whether this is as a direct consequence of the economic downturn is not possible to answer but it is logical that as consumers reduce their spending and visits to the High Streets this will impact on car park income generated.</p>	<p>attractive and accessible this should be considered.</p>

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	<p>Licence (premises) income – Licensing Act 2003 - We deal with 4 new applications on average per month, most of the applications fall into Band B which is £190 per application. In December there were 7 new/variation applications received, but this is probably more to do with timing to take advantage of people being away on hols etc and thereby attracting less public interest. There have been no real changes that we can pin point at the moment. The annual fees for those already granted are coming in steadily month by month dependant on when the licence was initially granted.</p> <p>The Gambling Act 2005 – we have had 5 premises close last year, only 1 operator closed 3 of his premises as they were no longer financially viable, the others were closed due to the operators moved to bigger premises.</p>	
<p>Debt and poverty – how many residents are on the poverty line, to what extent are these residents at risk of slipping below that line as a result of economic downturn.</p>		
<p>Strategic Housing</p>	<p>Homelessness – In November 2008, the levels of homeless applications were no higher than the same period in 2007. However, it is possible that the full effects of this economic downturn may not be felt for some months.</p> <p>There is a risk that the levels of homelessness will increase and jeopardise the achievement of the temporary accommodation reduction target. However, with early intervention and the successful and timely implementation</p>	<p>Early intervention will enable either the prevention of homelessness or planned moves into private sector housing options. By maximising the potential to acquire private sector properties for Assured Short-term Tenancy schemes (frequently reviewing targets), the impact should be minimised and allow the continued reduction of existing households in temporary accommodation.</p> <p>Refresh empty property publicity to maximise take-up and work to acquire properties under Compulsory purchase</p>

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	of the above actions, the impact will be significantly minimised.	schemes where appropriate.
Strategic Housing	<p>Demands for Housing Advice</p> <p>Mortgage arrears – internal data shows that the number of people seeking advice for this reason has been consistently higher in August, September, October and November 2008 than the same period in 2007. As the Council of Mortgage Lenders is forecasting that the number of households at least three months in arrears will more that double by the end of 2009, the demand for housing advice and intervention is expected to increase.</p> <p>Rent arrears - Although the data does not currently show an increase in demand for advice on rent arrears, it is anticipated that the full impact of the economic downturn will be felt in 6-12 months' time.</p> <p>Over the coming months, increased redundancies and the loss of overtime are likely to result in an increase in the number of private tenants and social housing tenants applying for Housing Benefit. The time taken to assess and pay claims may result in an increase in the number of tenants in rent arrears and, as a consequence, more requests for advice.</p> <p>Disrepair – Landlords' response to disrepair may also be affected, as many have less money available for property maintenance and repair. This is likely to lead to an increase in requests for advice and intervention for</p>	Need to examine resources and schemes (including mortgage advice and mortgage rescue) to address demand and to work with local advice agencies to ensure that people access advice services early, when there is more scope to prevent homelessness.

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	tenants, but may also result in an increase in the number of empty properties.																	
Haringey Citizen's Advice Bureau	<p>Financial advice requests – Citizens Advice Bureau</p> <p><u>October 08 – December 08</u></p> <table data-bbox="387 459 739 606"> <tr> <td>Welfare benefits</td> <td>754</td> </tr> <tr> <td>Debt</td> <td>335</td> </tr> <tr> <td>Housing</td> <td>253</td> </tr> <tr> <td>Employment</td> <td>198</td> </tr> </table> <p>A comparison with the first period in 2007 would show a % change as follows:</p> <table data-bbox="387 754 795 901"> <tr> <td>Welfare benefits</td> <td>+ 66%</td> </tr> <tr> <td>Debt</td> <td>+ 26%</td> </tr> <tr> <td>Housing</td> <td>+ 35%</td> </tr> <tr> <td>Employment</td> <td>+ 104%</td> </tr> </table> <p>It is clear from these figures that 2008 has seen a rapid rise in the need for advice on virtually all fronts. It is interesting that employment enquiries are likely to have doubled from April 2007 to April 2009.</p>	Welfare benefits	754	Debt	335	Housing	253	Employment	198	Welfare benefits	+ 66%	Debt	+ 26%	Housing	+ 35%	Employment	+ 104%	<p>We have been active in promoting benefit take up over the last year or so and this is reflected in the increase in welfare benefit enquiries. These figures are additional to any undertaken by our various projects including the Reaping the Benefits project.</p>
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Benefits and Local Taxation and Corporate Policy	<p>Benefits take up – data from Benefits and Local Taxation shows that in the period upto October 2008, the number of new claims made for housing and/or council tax benefit had increased by nearly 100% compared to the same point in 2007. There was a marked increase in September 2008 and this coincides with the Wood Green Claim It campaign</p>	<p>On-going publicity about the Council's 'Claim It' campaign is currently appearing in the Council magazine and on street sign banners and using the Haringey website to sign-post people to the web based benefits checker Entitled To.</p>																

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	<p>and 13 events hosted by Benefits and Local Taxation, providing advice to 536 people.</p>	<p>Running the Reaping the benefits campaign in eight different venues in Northumberland Park, Bruce Grove and Noel Park. Addressing some of our most deprived areas.</p> <p>Employing a Benefits Campaign manager to identify the best methods of increasing benefit take up in the borough and targeting those most in need. A launch event is planned for 15th January 2009. Sending out a mail shot in January 2009 to working housing benefit claimants and/or council tax claimants who do not appear to be claiming child tax credit or working tax credit.</p>
<p>Corporate Policy</p>	<p>Fuel Prices and Fuel Poverty – Fuel Poverty occurs where more than 10% of a household’s income is spent on fuel to maintain a satisfactory heating system. The price of fuel and light has increased by 23% since quarter 3 of 2007 (Department of Business, Enterprise and Regulatory Reform), over that same period average earnings rose by 3.3% (Office for National Statistics). There is clearly a squeeze for benefit claimants, job-seekers, the low-paid and the elderly living on Pensions. In the borough this amounts to a substantial number of people, including:</p> <ul style="list-style-type: none"> ▪ 36,495 housing/Council Tax Benefit claimants ▪ 7,024 JobSeekers Allowance claimants – ▪ 25,000 Older People of which 3,982 live in three of our most deprived wards (source: Office for National Statistics) 	<p>Promoting the Warm Front scheme and the Warmth and Comfort scheme which provide heating and insulation improvements for those eligible through:</p> <ul style="list-style-type: none"> ○ Energy Efficiency road shows will be held in February and March 2009 to promote take up of these grants. ○ Direct mailing of those in receipt of benefits which would qualify them for the Warmth and Comfort scheme to encourage take up. <p>Attending Access to Service events to publicise the assistance available with heating and insulation.</p> <ul style="list-style-type: none"> ○ Distributing 5000 Home Energy Efficiency Advice booklets annually. ○ Distributing many thousands of low energy light bulbs annually. ○ Distributing 2000 thermometers to older and vulnerable people.

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<p>Adult services/ Commissioning and strategy</p>	<p>Adult social care and commissioned services - More need for and pressure on services (for people with physical and/or learning disabilities, mental health needs and older people and carers) as recession affects people's health and well-being physically and mentally. People with social care needs may be disproportionately affected by the recession as they are already more likely to have higher living costs arising from ill-health and/ or disability and higher rates of unemployment.</p> <p>Increased need for assessment of people's need by care management teams likely especially in mental health.</p> <p>Increased poverty among service users.</p>	<p>Increase focus on income maximisation and advocacy on behalf of service users by:</p> <ul style="list-style-type: none"> • Financial assessment teams ensuring that all service users have income maximisation assistance. • Benefits take up outreach such as recent <i>Claim it</i> campaign • Joint working protocol between Department of Work and Pensions and ACCS Financial Assessment team.
<p>Corporate Policy</p>	<p>Free School Meals – at December 2008, School Catering Services reported that 75% of eligible pupils were claiming Free School Meals. You may be eligible if you:</p> <ul style="list-style-type: none"> ▪ Income Support ▪ income-based Jobseeker's Allowance ▪ support under Part VI of the Immigration and Asylum Act 1999 ▪ Child Tax Credit, provided they are not entitled to Working Tax Credit and have an annual income (as assessed by HM Revenue & Customs) that does not exceed £15,575 ▪ the Guarantee element of State Pension Credit 	<p>Publicising Free School Meals, supporting families in making claims and reviewing take up.</p>
<p>Land and property – how have residential and commercial property prices been affected and have land values increased or decreased for developers.</p>		

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Corporate Property	<p>Letting of vacant properties –The current vacancy level in the commercial portfolio review is 10% which amounts to 112 units. It is anticipated that there will be a reduction in the take up of vacant units as a result of the current economic downturn in the property market and the potential impact of the recession.</p> <p>Lease Renewals The renewal of leases expiring have been affected by the economic downturn as some of the tenants have decided to close down their businesses that are not economically viable. There have been approximately 40 tenancies not renewed in the past twelve months some of which will be as a result of the economic downturn. This trend is expected to continue throughout 2009.</p>	<p>Our strategy to minimise the financial risk to the Council is to continue with the intensive marketing of the vacant units and offer incentives such as flexible leases, rent free periods and phased rents to prospective tenants to take up the units.</p>
Corporate Property	<p>Rent Reviews – We currently have approximately 76 rent reviews to complete by end of 2009. Their will be an impact on tenants ability to pay rents on review and backdated rents.</p>	<p>The Council takes action to mitigate the financial risk by offering phased rents and payment plans to tenants. It is estimated that about 20% of the tenants will be offered phased rents and 50% payment plans by the end of this year.</p>
Strategic Housing	<p>Registered Social Landlords/ Affordable Housing Supply - Housing Associations (RSLs) are finding it hard to raise the capital needed for new projects as borrowing is less available and lenders become more risk averse. This applies equally to the development of shared ownership as well as open market homes and is therefore affecting overall housing supply.</p> <p>RSLs are already experiencing difficulty with completed shared ownership properties. Sales are slow as potential</p>	<p>Support for RSLs with unsold or under construction shared ownership homes for HCA funding to allow the units to be let under the Rent to Homebuy scheme.</p> <p>Support for RSLs to acquire directly from developers unsold new build for use either as affordable rented accommodation or Rent to Homebuy as appropriate to the size and location of developments.</p> <p>Support for RSLs to acquire vacant properties on the open</p>

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	<p>buyers wait for further reductions in house prices and are unable to obtain mortgages or provide increased levels of cash deposit. The recent cut in interest rates may help the situation but the more immediate problem is the lack of confidence and the banks unwillingness to loan.</p> <p>In Haringey RSLs and developers stopping their site acquisition programmes and requesting tenure changes from sale to rent for existing consents and unsold completed units due to the shared ownership and open market stagnation. Additionally we are receiving requests to develop new schemes at 100% affordable rent rather than at policy levels of 50/50 market/affordable with a 70/30 rent/sales split of the affordable. However, in most cases this is not considered to be an acceptable solution as, due to land values, the majority of schemes occur in the East of the borough, with already above average levels of rented social housing.</p>	<p>market for use as affordable rented family homes to reduce local needs and particularly overcrowding of the existing social housing stock.</p> <p>We are aware via the Empty Homes Team of a substantial number of un-occupied properties and are considering extending the use of compulsory purchase powers and enforced sales to bring more of these properties into use as affordable housing. Again we are speaking to the HCA about enhanced levels of grant to RSLs allowing onward disposal of those properties that may otherwise be unviable allowing recovery of the Council's costs and further CPOs.</p> <p>To address an overcrowded rental market. RSLs are being advised to follow the recently introduced rent to buy model which is a form of deferred purchase that allows buyers, to rent for a period of up to 5 years prior to a shared ownership purchase.</p>
	<p>Section 106 income - The supply and provision of new housing, and s106 agreements is monitored by the Council as an on-going process. It is too early to make any firm conclusions about the impact of the economic downturn, but it is reasonable to state that it is likely to have the following impact:-</p> <ol style="list-style-type: none"> 1. The submission of planning applications for new residential developments and the implementation of existing planning permissions for such are likely to decrease. 2. The economic downturn is likely to make residential 	<p>The Council continues to work pro-actively with its partners to promote and secure acceptable forms of development, including the provision of housing and infrastructure to support such housing.</p>

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	<p>developments less economically viable. Hence, it is reasonable to assume that the level of monetary contributions local authorities will be able to reasonably negotiate as part of future s106 agreement will be reduced.</p> <p>3. Existing s106 agreements, that have already been negotiated and signed, only come into effect once planning permissions are implemented. Hence, a reduction in the implementation of planning permissions will impact on s106 contributions.</p>	
<p>Local Economy – what is the impact on the borough’s enterprises and employers?</p>		
<p>Economic Regeneration (Business and Enterprise)</p>	<p>VAT registration rates – the registration rate has been in decline for the last 5 years, however there was a significant jump in registrations in 2007. Data is annual and with 2007 data not corresponding to recent trends, it is difficult to forecast for 2008 and 2009. Overall over 7,000 of the boroughs 8,500 businesses are VAT registered. This is an indicator of business growth in the borough and at the moment it is a stable figure. There is neither significant growth or decline based on data up to the end of 2007.</p>	<p>In 2008/09 £60k of Area Based Grant was allocated to projects that were promoting VAT registration to small business. For 2009/10 additional ABG resources will be made available to reflect that this one Haringey’s LAA indicators (NI 171). Meeting with local bank managers in late January 2009 to discuss support for local businesses.</p> <p>Details of support available for businesses to be circulated with annual rate request in February 2009.</p> <p>New business pack to be circulated to Haringey businesses in March 2009, outlining relevant council services and support available from other agencies.</p> <p>Increased support to give local businesses more chance of</p>

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		successfully tendering for public contracts and the Olympic procurement programme, CompeteFor.
Benefits and Local Taxation	<p>Business Rate Recovery – The collection of business rates for 2008/09 had been holding up in line with our target. However, recent collection profiling indicates a slowdown and dip in collection and this is attributed to two factors; the economic climate affecting businesses and the changes in legislation brought in April 2008 in respect of empty properties. Comparison with the other London authorities in respect of in year collection is regularly reviewed and overall the London authorities report a downturn in collection performance. This is expected to become more evident over the final quarter to March 2009.</p> <p>It has been noted that some ratepayers are cancelling their direct debit arrangements. The number of recalls and direct debit cancellations has increased by 10% in comparison with 2007/08.</p> <p>Legislative changes are planned to take place with effect 1st April 2009. These include an exemption from empty property rates for properties with Rateable Values of less than £15,000 for the 2009/10 year.</p> <p>Council Tax Recovery – The collection of council tax for 2008/09 has been holding up, however there was a downward trend in December 2008.</p>	<p>The recovery of business rates follows legislated guidelines. The information sent with bills and recovery documentation was updated in October 2008 and now provides a link to the Council's website in respect of information to businesses. In addition, staff are advising customers of this information as necessary in dealing with enquiries. In December 2008 all small business ratepayers who were not in receipt of small business rate relief and not known as non-eligible were provided a further opportunity to apply for the relief. Applications in response are now being received and will be processed accordingly.</p> <p>In circumstances where the ratepayer is experiencing genuine difficulty in paying their current business rates, staff are offering extended instalments to the end of the financial year. Ratepayers are advised to make contact with the team at the earliest opportunity to enable a revised repayment arrangement to be made prior to the debt being referred to enforcement agents.</p> <p>A policy for hardship exists and two applications have been received in the second half of the year. Both applications were turned down as the criteria was not met. Consideration will be given to future applications in line with the policy on an individual basis.</p>
Benefits and	Insolvency and liquidation – The business rate team are	Meeting with local bank managers in late January 2009 to

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<p>Local Taxation and Economic Regeneration (Business and Enterprise Team)</p>	<p>again led by legislation. It has been noted that businesses are suffering due to the reduced ability to borrow and two formal requests have been made for extended or rate-free periods to alleviate this problem. These applications have included Woolworths. The second organisation, Bridisco being a local business established for 49 years for whom an extended repayment arrangement was allowed earlier this year. Unfortunately, this business has recently called in administrators and the outstanding business rates are at risk of non recovery.</p> <p>In comparison with 2007/08 the team have dealt with 33 cases resulting in debts being written off due to insolvency/liquidation an increase of 27% on the previous year for the same period. This excludes Woolworths and Bridisco.</p>	<p>discuss support for local businesses.</p> <p>Details of support available for businesses to be circulated with annual rate request in February 2009.</p> <p>New business pack to be circulated to Haringey businesses in March 2009, outlining relevant council services and support available from other agencies.</p> <p>Increased support to give local businesses more chance of successfully tendering for public contracts and the Olympic procurement programme, CompeteFor.</p>
<p>Economic Regeneration (Employment and Skills Team)</p>	<p>Employment Rates - The most recent labour market data show that at November 2008, 7,024 people were claiming Job Seekers Allowance (JSA) in Haringey – the highest level since September 2007. Since May 2008, the JSA claim rate has risen by 750 (or 12.0 per cent). These figures are expected to increase further as the national level of Job Seekers Allowance claimants is predicted by many observers to rise to at least 2m by 2010.</p> <p>Less recent data show some deterioration in Haringey’s residential employment rate. In the year to June 2008, 66.5 per cent of Haringey’s working age population was in employment, down from 69.2 per cent the previous year but up from 65.8 per cent in the period covering the year to</p>	<p>Launch of the Employer Zone in early 2009 to support residents and open up increased employment opportunities to Haringey Guarantee participants.</p> <p>Extra consideration to be given to funding projects through the Haringey Guarantee that specifically focus on engaging with people who have become recently unemployed.</p> <p>Closer working relationship with Jobcentre Plus so that appropriate jobseekers are referred to the Haringey Guarantee.</p> <p>Extra engagement with residents through the Haringey</p>

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	June 2006.	<p>Guarantee programme after outreach venues were increased to 40.</p> <p>Increased support to be offered to Homes for Haringey to help it further develop its apprenticeship scheme after a recent request for applicants attracted more than 200 responses.</p> <p>A requirement for all contractors involved in the Building Schools for the Future (BSF) programme to engage apprentices on their schemes.</p>
<p>The Voluntary Sector – a key sector in the delivery of services to particularly deprived communities, the vulnerable and those with acute health and educational needs. How is funding for the sector being affected and capacity to deliver these key services?</p>		
<p>Corporate Voluntary Sector Team</p>	<p>Funding Availability – So far there has been no direct impact on Voluntary Agencies seeking funding support. However as funding become tighter to statutory agencies and as priorities consequently change there is likely to be a knock on impact on local voluntary groups, the majority who do not provide statutory service. Charities and Trust who are dependent on investment income will be less able to provide preventative funding and will be less inclined to fund local or high risk initiatives.</p>	<p>We will need to keep abreast of national funding trends through national bodies that support the VCS and regularly meet with HAVCO to monitor trend locally.</p>
<p>Corporate Voluntary Sector Team</p>	<p>Service Demand – As the voluntary sector is often the first port of call for many communities, with the possible rise in unemployment, house repossessions and debt problems there is likely to be a rise in the demand for the services from local organisations, particularly those who are able to</p>	<p>It may be necessary to make further investment in local advice agencies to support increased demand on already overstretched services. In Lewisham further investment has been linked to Economic Regeneration.</p>

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	provide advice and guidance.	