Report for: **Cabinet 6 February 2024**

Title: **Final 2024-25 Budget and 2024-29 Medium Term Financial Strategy**

Report authorised by : **Jon Warlow, Director of Finance**

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

Ward(s) affected: **All**

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

1. **Describe the issue under consideration**

1.1. This report sets out details of the final proposed General Fund (GF) Budget for 2024/25; the Medium Term Financial Strategy (MTFS) 2024/29; the HRA Budget 2024/25 and its Financial Plan, as well as the capital programmes for both funds. It also includes proposed dedicated schools budgets for 2024/25.

General Fund Revenue Budget

1.2. As Members will know, the financial situation for local authorities is as difficult at this time as perhaps it has ever been, as evidenced by the increasing number of authorities who are needing, or near to issuing, a Section 114 statement regarding their inability to set a legal budget. This has been the backdrop to our budgetary process for the 2024/25 year.

1.3. With a £16.3m budget gap in the December Draft General Fund Budget, considerable further work has been undertaken to identify additional savings and actions to close the gap. Consequently, the budget position has improved by c.£10.4m since December, requiring the Council drawdown of £5.9m from the Strategic Budget Planning Reserves in order to set a balanced budget for 2024/25. The main changes are briefly summarised in this section below.

1.4. The primary reason for the December gap was the need for growth in Directorate budgets. This was predominately in the three demand led services with £25.5m growth being built into this Budget solely for these, namely: £20.4m for Adult social care; £3.0m for Temporary Accommodation and £2.1m for Children’s.

1.1. The Provisional Local Government Finance Settlement (PLGFS) was announced on 18th December and has proposed a 6% increase in Core

Spending Power (CSP) in 2024/25 for Haringey, below the national average of 6.5% costing us £1.5m a year compared to the national average. CSP measures the core revenue funding available for local authorities and includes assumptions around Council Tax and locally retained business rates and allocations for Revenue Support Grant and other core grants such as New Homes Bonus and Social Care Grants.

1.2. The CSP figures assume that local authorities will apply the full Council Tax and Adults Social Care (ASC) precept increases which the PLGFS confirmed as 2.99% for Council Tax and 2% for ASC (this total increase was assumed in our December Budget). This 2024/25 Budget continues to recommend that both increases are adopted.

1.3. The overall funding announced for Haringey in the PLGFS is £3.7m worse than assumed in the Draft December Budget. This is due to £2.7m less than assumed for the Services Grant, £2.3m notional deterioration in Business Rates related funding, £0.2m deterioration in the New Homes Bonus and £1.3m more than assumed for the Adults Market Sustainability & Improvement Fund and Social Care Grant. Grant allocations still to be announced include Public Health Grant and the Homelessness Prevention Grant. As yet the government has not announced any future Household Support Fund (HSF). The current year's Haringey HSF allocation is £4.8m and if this does not continue for 2024/25, will result in further loss in vital government funding.

1.4. This year's provisional settlement follows the details provided at the Autumn Statement 2023 and the Policy Statement on 5th December 2023. The PLGFS only provides funding allocations for the single financial year 2024/25. This information has been used to model the 2024/25 assumptions for Haringey. Beyond that year, most grant funding is assumed as cash flat.

1.5. On 24 January 2024, the Government announced an increase in funding for 2024/25 over and above that included in the PLGFS. The largest sum is £500m for authorities with social care responsibilities and will be distributed via the social care grant. Although the actual additionality for Haringey will not be confirmed until the publication of the final settlement, the sector as a whole assumes the allocation methodology will follow that previously used. A late adjustment has been made to this Budget report to build in an assumed additional £2.0m of social care grant which will offset the significant growth that the Council has had to build into the social care budgets for 2024/25. We have also allocated the additional £1.3m increased market sustainability and social care grant funding in full to Adults social care and reflected the impact of the reduced Services grant on the overall budget position.

1.1. Modelling was undertaken during September which showed that the continuation to participate in the 8 Borough business rate pool for 2024/25 is beneficial and as such £2m additional income was assumed in December. This is still a sound assumption, and the decision has now been formally ratified by the Director of Finance following consultation with the Lead Member for Finance.

1.2. Since the last report, and subject to the approval of Full Council, there have been some improvements to the Council Tax assumptions: £0.9m from the impact of applying Premium on Empty Homes, £0.8m from an increased council taxbase and a one-off from the estimated 2023/24 surplus.

1.3. Additionally, further due diligence has been undertaken against key corporate budgets such as pay, general inflation, treasury, borrowing and the main contingency budgets. Even though this is normal practice, given the financial challenges we face and the current economic volatility this has assumed greater importance. We have improved forecasts in interest received, Concessionary fares and non-pay inflation. The Capital programme was reviewed for options for further reductions resulting in minimal changes and we revisited the North London Waste Authority (NWLA) levy assumptions, which are now higher compared to the December Draft Budget.

1.4. Turning now to the extensive further work undertaken since December on service and directorate budgets. Following receipt of the most up to date in-year forecasts and improved confidence in the impact of mitigation to reduce known pressures, growth assumptions for 2024/25 in Social Care and Temporary Accommodation were also revisited.

1.5. Through an extensive and collaborative exercise across the council, additional directorate savings and management actions of £4.7m in 2024/25 have been identified since the December Draft Budget, rising to an additional £13.0m over the course of the MTFS. There is also an estimated £3.5m improvement of budgeted client contributions in Adult Social Care Services, of which a total £0.250m of that income will be earmarked for two years to deliver the Adults Debt Recovery project. There has also been additional unavoidable corporate growth of £0.715m, predominately due to card fees on bank charges and increased external audit fees and it should be noted that all the previously described growth in the December Draft Budget continues to form part of this final Budget.

1.6. The Budget and MTFS now presented also take due regard of the consultation feedback, recommendations from the Council's Overview and Scrutiny Committee and the results of the Equalities Impact Assessment. All budget changes made in total since December have improved the overall budget position by c.£10.4m since December. To enable the Council to set a balanced budget for 2024/25 there will be a drawdown of £5.9m from the Strategic Budget Planning Reserves.

1.7. In accordance with the Local Government Finance Act (LGFA) 1992, Full Council must approve the Budget for the forthcoming year and agree council tax for that year by the statutory deadline of 11th March. This report forms a key part of this budget setting process by setting out the planned funding and expenditure for that year. 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. Full Council will consider the Budget package contained in this report at their meeting on 4th March 2024.

1.8. In order to ensure the Council's finances over the medium term are built on a sound basis, the Council always maintains a five –year future forecast of its finances via its MTFS. The 2024/25 Budget has significant growth allocated to care service budgets (mainly Adults) and addresses the assumed demand in care services, underpinned by a significant savings programme and use of £5.9m reserves. Similarly, to previous years, there has been limited progress to address the structural budget gap which is forecast to reach c£28m by 2026/27 (Given the degree of economic and future funding uncertainties, our projections beyond this point were not able to be soundly modelled). The gap for 2025/26 is £16.9m alone.

1.9. This has been a tough budget round for the Council, as is self evident by the need for an extensive second round since December. Looking forward to 2025/26, our forecast gap of £16.9m is greater than it has been for Year 2 of our MTFS (last year it was £6.3m). Given the value of savings that the Council has already made since 2010, next year must represent the most challenging financial position yet for the Council. This is exacerbated by lack of certainty about its funding levels and cost and demand increases, a situation shared with many other authorities. The Council will need to commence its next stage of financial and savings planning early in this new year (as indeed it normally does) and continue to monitor this situation closely. Without the necessary increase in funding from government and given our reducing reserves, the Council's future financial position looks very difficult.

1.10. The Council must therefore continue to focus on delivering its agreed programme of savings which are vital in helping the ongoing financial sustainability of the authority in the longer term.

Capital

1.11. Our capital programme provides important opportunities to address our communities' needs, however the Council's finances are tightly constrained, and so affordability is a key consideration.

1.12. Investment in capital expenditure can support the Council to deliver on key priorities and can support the delivery of permanent revenue savings. However, in the current financial climate, it is more important than ever that the Council ensures that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable.

1.13. The current economic environment has also had major implications for the existing and future GF Capital Programme. Borrowing costs have increased and inflation has impacted the cost of raw materials and the tightness in the supply chain for capital works (labour and materials) has added both cost and time to schemes.

1.14. In response, the Council has undertaken a fundamental review of the existing capital programme, removing or deferring a number of schemes. A robust approach has been taken to the inclusion of any new proposed investment.

1.15. Given the extent of the financial challenge still facing the authority and following further review of the Capital Programme since December, there has been a further £28.7m proposed budget reduction across schemes from the Children's and Young People's Services (CYPS), Environment and Resident Experience (ERE) and Placemaking and Housing Directorates over the MTFS period. These changes continue to put the Capital Programme on a more affordable footing. These proposed further reductions to the Capital Programme will be kept under review and reconsidered as part of the future MTFS processes to ensure the Council is able to continue to meet their statutory duties and protect the most vital services to residents.

1.16. The impact of this rigour can be seen when comparing the latest capital programme projection to 2027/28 (£583m) with that agreed in March 2023 (£1,008m), a reduction of £425m.

HRA

1.17. The prevailing economic situation is also forecast to impact on the current HRA financial plan with increases in energy costs, inflation and interest rate rises presenting a level of challenge and difficulty in delivering the capital programmes now and the viability of our HRA in the medium to long-term.

1.18. To be able to invest in the management and maintenance of our homes and maintain the long-term sustainability of the HRA, the Council has reviewed its charges to tenants.

1.19. The proposed Plans now presented, despite the forecasted challenges, maintain an adequate annual surplus (though decreased in future years), providing an appropriate level of in-year financial cover.

1.20. The new HRA capital plan places a strong emphasis on meeting the needs of the existing tenants and addressing the condition of the existing stock. It also focuses on the delivery of new homes, renewal of the Broadwater Farm ("BWF") estate, carbon reduction in existing stock, and fire safety of the entire stock. Capital investment for 2024/25 alone is £239m and is geared towards maximising the use of other available resources and use of borrowing as last resort.

Dedicated Schools Budget

1.21. Since the proposed budget shared in December, national figures for 2024/25 schools have been announced. Overall, Haringey's National Funding Formula (NFF) allocation for 2024/25 is an increase of 8.6% excluding rolled in grants equivalent to £7.12m. This is based on the December 2023 published allocations, with the final school finance settlement confirmed usually in July 2024 for the updated Early Years Block census.

Conclusion

1.22. In summary, this report finalises the Council's General Fund and HRA 2024/25 Budgets and Medium-Term Strategies for 2024/2029.

1.23. The only items not confirmed at this stage are:

- Notification of final levy sums however, we are not forecasting any levies to be significantly different to the sums budgeted for;
- Confirmation of the GLA council tax element;
- Final 2024/25 Local Government Finance Settlement (LGFS) announcement and any other late notifications from government departments.

1.24. Due to the very recently received announcement of additional funding from Government for 2024/25, there could be more budget adjustments post the publication of this report than in prior years. A full update and an assessment of the implications for Haringey, including any final required adjustments, will be included in the Full Council report on 4th March.

2. Cabinet Member Introduction

2.1. We have recently estimated that over the past 14 years of government austerity, real terms funding for our borough has been reduced by c.£143 million compared to 2010/11 levels. Haringey is among the boroughs with the highest levels of deprivation in London, with corresponding higher need for social care and other services. Rising need and high inflation are driving up what we must spend on statutory services. We have always been clear that if government is unwilling to step up for the people of Haringey, we will do so.

2.2. Haringey Council is ambitious for our borough's future. Our council house building programme remains on track, and we will deliver our key commitment of 3000 new Council homes by 2031. This investment will make a real difference to local people; affordable, high-quality, modern, eco-friendly homes will support families out of temporary accommodation and homelessness. We will continue to pursue our climate and air quality goals; creating more school streets and increasing tree planting; making our homes climate-change proof through retrofitting and smart design; and encouraging active travel through installing more cycle lanes and bike hangars. Pollution is generally higher in lower income areas. Poorly insulated homes hit the pockets of people on lower incomes hardest. Travel by foot or bike or bus is the most affordable way to get around – and most people in low income neighbourhoods don't own a car. Climate justice is social justice – and this administration's commitment to building a fairer, greener Haringey remains at the heart of all our decision making.

2.3. I would like to extend my thanks to all the residents who participated in the budget consultation, whose feedback shaped our thinking and approach. I'm grateful to the Council officers who, through their hard work identifying efficiencies, have helped us once again set a balanced budget this year. After 14 years of austerity, every year of funding cuts compound to make each budget round more demanding than the last.

2.4. As a Council, we are focused on delivering value for money by continuing to drive down spending on agency staff, consultants, and senior managers. Local authorities across the political spectrum have campaigned for government to provide fairer funding, in response the government has called on councils with budget shortfalls to use their reserves to fill the gap. This is not a sustainable long-term solution. Reserves can only be spent once, so as a responsible local authority we have sought to minimise their use as much as possible. The government has notified an intention to increase funding via the Social Care Grant, which for Haringey amounts to just £2m this year. While any increase in funding is welcome, this is nowhere near enough to cover the increased cost of delivering adult social care, and does nothing to address future funding pressures.

2.5. Efficiency savings and the use of reserves have not been enough to address the overwhelming pressure on our budget, and some difficult decisions must be made. To set a balanced budget we must find savings in our services and be prudent about the affordability of borrowing. However, with the current available resources we will not be able to do everything we previously planned, and some projects will have to be delayed to a time when the cost of borrowing is lower. Despite all the challenges we will proudly continue to resource our fantastic libraries, children's centres, parks, leisure facilities, affordable homes, and youth services. This budget invests in the local services that our communities value and invests in Haringey's future as a fairer, greener borough.

3. Recommendations

Cabinet is asked to:

3.1 Consider the outcome of the budget consultation as set out in Appendix 7, to be included in the report to Council.

3.2 Approve the responses made to the Overview and Scrutiny Committee recommendations following their consideration of the draft budget proposals as set out in Appendix 8.

3.3 Propose approval to the Council of the 2024/25 Budget and MTFS 2024/29 Budget new growth and savings proposals as set out in appendices 2a, 2b 3a and 3b.

3.4 Propose approval to the Council of the 2024/25 General Fund Revenue Budget as set out in Appendix 1, including specifically a General Fund budget requirement of £279.305m, but subject to final decisions of the levying and precepting bodies and the final local government finance Settlement.

3.5 Propose approval to the Council of the General Fund Medium Term Financial Strategy (MTFS) 2024/2029 as set out in Appendix 1.

3.6 Propose approval to the Council that the overall Haringey element of Council Tax to be set by London Borough of Haringey for 2024/25 will be £1,635.92 per Band D property, which represents a 2.99% increase on the 2023/24 Haringey element and with an additional 2% for the Adult Social Care Precept amount.

3.7 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 81,875 for the financial year 2024/25 (Appendix 10).

3.8 Propose approval to the Council of the 2024/25 Housing Revenue Account budget as set out in Table 9.6.

3.9 Propose approval to the Council of the Housing Revenue Account Medium Term Financial Strategy (MTFS) 2024/2029 as set out in Table 9.6.

3.10 Approve the changes to the rent levels for residents in temporary accommodation, Council tenants in General Needs and Sheltered/Supported homes and shared ownership rents. Following compliance with the notification provisions contained in s103 Housing Act 1985, this will increase the average weekly rents as set out in Section 9.

3.11 Agree the changes to service charges to tenants as set out in Tables 9.4 and 9.5, which will come into effect following compliance with the notification provisions contained in s103 Housing Act 1985.

3.12 Propose approval to the Council of the 2024/25 – 2028/29 General Fund capital programme detailed in Appendix 4.

3.13 Propose approval to the Council of the 2024/25 – 2028/29 Housing Revenue Account (HRA) capital programme detailed in Table 9.7.

3.14 Propose approval to the Council of the Capital Strategy detailed in Section 8 of this report.

3.15 Propose approval to Council of the strategy on the use of flexible capital receipts to facilitate the delivery of efficiency savings including capitalisation of redundancy costs (Appendix 6).

3.16 Propose to the Council the Dedicated Schools Budget (DSB) allocations for 2024/25 of £234.04m as set out in Table 10.1.

3.17 Note the funding to be distributed to primary and secondary schools for 2024/25 based on the figures advised to Schools Forum and submitted to the Education Funding Agency in January 2023 set out in Section 10.

3.18 Note the budgets (including the use of brought forward DSG) for the Schools Block, Central Services Block, High Needs Block and Early Years Block set out in Table 10.1.

3.19 Delegate to the Director of Children Services, following consultation with the Cabinet Member for Children, Education and Families, authority 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.

3.20 Delegate to the Section 151 officer, following consultation with the Cabinet Member for Finance, authority to make further changes to the 2024/25 budget proposals to Full Council up to a maximum limit of £1.0m.

4. Reasons for decision

4.1 The Council has a statutory obligation to set a balanced budget for 2024/25 and this report forms a key part of the budget setting process by setting out the final forecast funding and expenditure for that year. Additionally, in order to ensure the Council's finances for the medium term are maintained on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium-Term Financial Strategy. The Budget/MTFS report will be presented to Full Council on 4 March 2024 for approval.

5. Alternative options considered

5.1 The Cabinet must consider how to deliver a balanced 2024-25 Budget and sustainable MTFS over the five-year period 2024-29, to be reviewed and ultimately adopted at the meeting of Full Council on 04 March 2024.

5.2 The Council has developed the proposals contained in this report in light of its current forecasts for future income levels and service demand. These take account of the Council's priorities; the extent of the estimated funding shortfall; the estimated impact of wider environmental factors such as inflation, interest rates, the cost of living crisis on households and, in some service areas, the legacy of the Covid-19 pandemic; and finally, the Council's overall financial position. It is this appraisal that has led to this report.

5.3 These final proposals now presented take into consideration the funding allocations announced in the Provisional Local Government Finance Settlement, the responses to the budget consultation and the initial Overview & Scrutiny process. There is not an option to do otherwise as the Council has a legal duty to set a balanced budget by 11 March each year.

6. Background information and Funding Assumptions

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

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

6.2 Business Rates and Grant funding levels are largely driven by the outcome of Spending Reviews (SR), Budget Statements and the Local Government Finance Settlement (LGFS). There has been no SR this year.

6.3 The Autumn Budget Statement announced on 22 November 2023 provided updates on the state of public finances and the performance of the economy. Inflation was predicted to reach the government's target of 2% CPI by the second quarter 2025. The decrease is largely attributed to the following factors: lower wholesale energy prices; a fall in food and other goods inflation; and loosening of the labour market. Real household disposable income is not predicted to recover to pre-pandemic levels until 2027-28.

6.4 Announcements in the Autumn Statement directly relevant to local government include:

- There was **no new funding for 2024-25 for adult or children's social care or any general local government funding**, beyond what was announced last year.
- Resource Departmental Expenditure Limit (DEL) budgets will increase by 1.0% in real terms over the medium term to 2028-29, **implying real-terms cuts for unprotected departments like the Local Government DEL**.
- Local Housing Allowance rates will be raised to a level covering 30% of local market rents.
- Additional funding of £120m for homelessness prevention (UK-wide) in 2024-25 (details TBC).
- Local Authority Housing Fund to be extended with a third round worth £450m to deliver new housing units and temporary accommodation for Afghan refugees.
- For the Housing Revenue Account, there is a rate extension of £5m to June 2025 of the Public Works Loan Board policy margin announced in Spring 2023.
- There are plans to allow local authorities to be able to fully recover the cost of planning fees for major planning applications if decisions are made within certain timelines.
- Local Planning Authorities to receive £32m to tackle planning backlogs.
- Benefits will increase by 6.7% in 2024/25 in line with September inflation rate.
- The standard business rate multiplier will be increased by September CPI (6.7%) and the small business rate multiplier will be frozen for a fourth consecutive year. The 75% Retail, Hospitality and Leisure relief will be extended for 2024-25. Local authorities will be fully compensated for the loss of income because of these two measures.

6.5 The Government published a local government Policy statement on 5 December 2023. This largely confirmed announcements already made in the December 2022 Policy statement and confirmed that draft authority level details to be provided in the PLGFS to be announced before parliament recess.

6.6 The **PLGFS for 2024/25** was announced on 18 December 2023 and again provided funding allocations for one year only. Much of the PLGFS is focused on **‘Core Spending Power’** (CSP) which is a Government measure of the resources available to local authorities to fund service delivery. It includes the following:

- Revenue Support Grant (RSG) and <u>notional</u> Business rates (both income retained locally and the top up received from Government). These are collectively known as ‘Settlement Funding Assessment’ (SFA);
- Section 31 grants (estimated) in relation to business rates to compensate authorities for government decisions on business rate reliefs and holding the multiplier below inflation (under indexation);
- Council Tax Requirement – a calculated <u>notional</u> figure based on national taxbase growth levels and assumption that all authorities have and will apply the maximum council tax increase;
- Specific grants – including Social Care related grants, the New Homes Bonus and the Services grant *and*
- Adjustments for any rolled in grants and adjustments to deliver the 3% CSP funding guarantee.

6.7 **Core Spending Power (CSP) will increase by 6.5% across England and 6.4% for London boroughs** in 2024-25. **Haringey’s CSP** will increase by only **6%.**

6.8 The Council Tax referendum threshold will remain at 3%. Eligible local authorities can set an adult social care precept of up to 2% without a referendum. This is in line with the assumptions included in the December Draft Budget report.

6.9 The PLGFS postponed any plans to reform its assessment of need and resources or to reset the business rates retention scheme until the next parliament (i.e. 2025-26 at the earliest).

6.10 The key implications for Haringey from the PLGFS are:

- £1.5m **more** than assumed for Social Care Grant and Market Sustainability & Improvement Fund.
- £2.7m **less** than assumed for Services Grant.
- £0.2m **deterioration** in assumptions on New Homes Bonus (NHB)
- Overall, a **£1m deterioration** in grant funding compared to the assumptions in the draft Budget report.
- A <u>notional</u> £2.3m deterioration in Business Rates related funding – final figure dependent on completion of key grant return (NNDR1) at the end of January 2024

- Grant allocations not announced in the PLGFS: Public Health Grant, Homelessness Prevention Grant, Schools Funding.

6.11 The PLGFS revised grant allocations have been incorporated into the 2024/25 Budget and 2024/2029 MTFS presented in this report.

6.12 On the 24 January 2024, the Secretary of State for Levelling Up, Housing and Communities published a written statement, announcing an increase in funding that will be reflected in the final 2024/25 local government finance settlement. This package includes:

- £500 million for social care authorities, aimed at children's social care and distributed through the social care grant;
- A £15 million increase to the rural services delivery grant;
- An increase in the minimum funding increase guarantee threshold from 3% to 4%;
- £3 million in support for local authorities experiencing significant difficulties due to internal drainage board levies, to be delivered outside of the settlement; and
- A specific funding uplift for the Isles of Scilly and the Isle of Wight (amount not specified).

6.13 Overall, the Government estimates that this package will amount to about £600 million in additional funding, with additional services grant funding making up the balance.

6.14 The final local authority level allocations will not be confirmed until the final local government finance settlement is published, which will be after the publication of this report. However, on the assumption that the £500 million social care grant uplift will be apportioned based on the standard adult social care relative needs formula, an additional £2m of Social Care Grant has been built into this final Budget reflecting Haringey's estimated share. This will obviously be used to offset the considerable growth that has had to be built into the social care budgets for 2024/25.

6.15 The final Budget report to Full Council on 4 March will reflect the impact of the **final** funding allocations.

6.16 In addition to the funding increases, the written statement also announced that all local authorities will have to produce productivity plans, setting out how they will 'improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money'.

6.17 The Government is aiming to require local authorities to produce these plans by the Parliamentary summer recess (late July) and will design a process for local authorities to follow. The Government will provide more information on these requirements for local authorities at the final Settlement.

6.18 The Department for Levelling Up, Housing and Communities will be establishing an expert panel to advise the Government on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association. The panel will review local authority productivity plans and advise the Government on best practice in this area.

Business Rates and Revenue Support Grant

6.19 When the new localised business rates system was introduced in 2013, it set a ‘baseline’ for each local authority against which growth could be measured. It was recognised that the baseline would need to be re-visited after a number of years to ensure that the incentive to grow businesses in local areas was maintained.

6.20 The intention was for business rates baselines to be reset from April 2020 however, both SR19 and SR20 confirmed annual delays. SR21 was silent on the reset, and it wasn’t implemented for 2022/23. The Government progressed with a revaluation of business rates from 1 April 2023, but the reset did not take place. The 2024/25 PLGFS postponed any plans to reset the business rates retention scheme until the next parliament (i.e. 2025-26 at the earliest) and therefore, the Budget continues to assume a reset in 2025. This will be kept under review and amended as new announcements are received. However, as Haringey is a top up authority, even if this assumption proves incorrect, it is expected that a similar level of funding will accrue from a redistribution of business rates income in the form of additional/alternative grant.

6.21 Revenue Support Grant (RSG) and the amount provided to local government is just one part of the overall amount of funding determined during a Spending Review. However, for local authorities, since the introduction of the Business Rate Retention Scheme, Revenue Support Grant is the primary source of funding from central government and is calculated via the Settlement Funding Assessment (SFA) which consists of the local share of business rates, and Revenue Support Grant. The SFA is uprated year on year in line with the change in the small business multiplier which more recently has been based on the September CPI figure. This was 6.7% in September 2023 and the PLGFS confirmed this figure. Therefore, no change has been made to the RSG figure in this final 2024/25 Budget.

6.22 The Council participated in the London Pool for three years (2018/19 – 2020/21). London chose not to continue the Pool in 2021/22 due to the significant impact that the Covid 19 pandemic had had on the business community and therefore forecast revenues. Pooling was revisited for 2022/23 and, while a London-wide pool was not deemed viable, a smaller pool consisting of Haringey and 7 other London boroughs was put into place for that year. This continued in 2023/24.

6.23 Modelling was undertaken during September which showed that the continuation of this 8 Borough pool is expected to have a similar financial benefit in 2024/25 to the current year of c.£2.0m. The draft Budget presented to Cabinet in December confirmed the Council's support for the continuation of the smaller pool for 2024/25 and delegated the final decision to participate to the Director of Finance in consultation with the Cabinet Member for Finance. This decision has now been made. The £2m benefit was already built into the draft Budget for one year only.

6.24 The PLGFS confirmed a 6.7% inflationary increase to business rates income including RSG, in 2024/25. This was already the assumption in the draft Budget, so no changes required to this assumption. Given on-going uncertainty about inflation for next year, funding across these budget heads from 2025/26 have been assumed as broadly flat for now and will be revisited at the next MTFS update.

6.25 In terms of net growth in the business rates taxbase / hereditaments, the planning assumption across the MTFS period is that there will be no net growth. This is in line with the previous assumptions.

6.26 Collection rates have improved post pandemic and the forecast collection rate for 2024/25 has been set at 97%, which will represent a further improvement on current performance.

6.27 The resulting forecast income from business rates related income, including revenue support grant, is shown in table 6.1 below.

6.28 As noted above, we have not felt it possible at this point to amend projections beyond 2025/26.

Table 6.1

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Revenue Support Grant	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
RSG	(25,635)	(27,353)	(27,517)	(27,517)	(27,517)	(27,517)
NNDR Top Up Grant	(59,451)	(63,686)	(95,991)	(95,991)	(95,991)	(95,991)
NNDR Income & Fees	(19,800)	(22,288)	(22,414)	(22,414)	(22,414)	(22,414)
Section 31 Grants	(21,546)	(22,251)	(0)	(0)	(0)	(0)
Bus Rates Pool Benefit	(2,000)	(2,000)	-	-	-	-
NNDR (Surplus)/Deficit	1,271	-	-	-	-	-
Total	**(127,162)**	**(137,578)**	**(145,922)**	**(145,922)**	**(145,922)**	**(145,922)**

Council Tax

6.29 The current assumptions about Council Tax are set out below.

- A 2.99% increase in Council Tax in 2024/25 after which it reduces to 1.99% across the MTFS period.
- A 2% increase in ASC Precept for 2024/25 after which it is assumed to discontinue.
- The tax base for 2024/25 is forecast to grow by a slightly higher rate of 1.65% than the 1% assumed in the draft Budget report. This is forecast

to yield an additional £0.850m compared to the draft budget assumption. Thereafter, the planning assumption is 1% growth per annum across the remaining MTFS period.

- The 16 January 2024 Cabinet meeting approved the adoption of a revised definition of a long-term empty dwelling, which is subject to approval by Full Council in March 2024. This is estimated to deliver an additional £0.9m council tax per annum from April 2024 and this sum has now been built into the Budget proposals.
- The collection rate is assumed to continue on a post pandemic improvement and is forecast at 97% in 2024/25. This collection rate is assumed across the remainder of the MTFS period. No change has been made since the draft Budget report.
- The Revenues service have been given one-off resources to focus on the collection of arrears. On the back of this, a one-off £1m additional income has been assumed as deliverable in 2024/25 and was included in the December draft budget report.
- Following the calculation of the final Council Tax 2022/23 and the estimated 2023/24 position, a surplus of £2.6m due to Haringey is forecast. Given that the 2023/24 figure is an estimate at this time, the final 2024/25 Budget only builds in a £1.5m one-off sum. This is a further improvement to the overall Council Tax income assumed in the draft report.

6.30 The resulting projections for Council Tax income and Band D rates are set out in Table 6.2 below. Compared to the draft Budget assumptions, there has been a £3.25m improvement for 2024/25 from the amendments outlined above. These figures are still subject to the formal Council ratification of Council Tax Rates in March 2024.

Table 6.2

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Taxbase before collection rate	82,823	83,038	84,408	85,252	86,105	86,966
Taxbase change	0.26%	1.65%	1.00%	1.00%	1.00%	1.00%
Taxbase for year	83,038	84,408	85,252	86,105	86,966	87,836
Collection Rate	96.00%	97.00%	97.00%	97.00%	97.00%	97.00%
Taxbase after collection rate	**79,716**	**81,876**	**82,694**	**83,522**	**84,357**	**85,201**
Council Tax increase	2.99%	2.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	2.00%	2.00%	0.00%	0.00%	0.00%	0.00%
Band D rate	1,558	1,636	1,668	1,702	1,736	1,736
Council Tax Before Surplus	**124,502**	**135,533**	**139,562**	**143,715**	**147,992**	**149,456**
Arrears Improvement		**2,500**				
Council Tax Yield	**124,502**	**138,033**	**139,562**	**143,715**	**147,992**	**149,456**

Grants

6.31 The Council receives a number of grants in addition to its main funding allocation. Some of these grants are ring-fenced, which means they can only be spent on specific services. The most significant specific grants are discussed below.

Social Care Grants

6.32 The SR21 announced that specific grants would remain 'cash flat' although the subsequent Policy statement included in the 2023/24 Local Government Finance Settlement, confirmed a national increase to the Social Care Support Grant and Discharge Funding Grant for 2024/25. This intelligence was used to build estimated figures into the draft Budget report.

6.33 The 2024/25 PLGFS provided local authority level allocations, and these have been reflected in this final Budget. This has seen an improvement of £1.5m compared to the draft budget.

6.34 The assumptions from 2025/26 are that the Discharge Funding grant ceases and all other grants remain flat. This is a prudent approach given the likelihood of a new Government for the next settlement along with potential new policy directions.

6.35 This is represented in Table 6.3 below. It should be noted that all these social care grants have been allocated directly against the relevant service budget heads rather than being kept corporately.

Table 6.3 Social Care Grant

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Revenue Support Grant	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Better Care Fund (BCF) - (CCG Contribution)	(6,388)	(6,388)	(6,388)	(6,388)	(6,388)	(6,388)
Improved & Add'l Imp Better Care Fund (iBCF)	(9,806)	(9,806)	(9,806)	(9,806)	(9,806)	(9,806)
Social Care Support Grant	(19,261)	(24,832)	(24,832)	(24,832)	(24,832)	(24,832)
Adult Social Care Market Sustainability and Improvement Funding	(2,689)	(5,023)	(5,023)	(5,023)	(5,023)	(5,023)
Discharge Funding grant	(1,375)	(2,291)	-	-	-	-
Manual adj for rolling in of Independent Living Fund grant into overall CSP	681	-	-	-	-	-
Total	**(38,837)**	**(48,339)**	**(46,048)**	**(46,048)**	**(46,048)**	**(46,048)**

Homelessness Prevention Grant (HPG)

6.36 Last year, the Government consulted on a revised funding methodology for this grant however, no final conclusions have been reached.

6.37 No further information was included in the PLGFS and the 2024/25 HPG allocations have yet to be confirmed therefore, the final Budget makes no adjustments to the existing grant level of £8.5m. Any major variations from this will be reported in the Full Council budget report.

Core Grants

6.38 The assumptions set out below now include the implications from the 18 December 2023 PLGFS announcements.

- Revenue Support Grant (RSG) is a core grant but fundamentally linked to the Business Rates system and so discussed in that Section above.
- The Housing Benefit Admin grant is assumed to be cash flat but continue across the MTFS.
- The Public Health (PH) grant is currently still assumed as cash flat across the MTFS however in recent years some uplift has been applied and it is likely that this will continue for 2024/25. However, as announcements of the final value are normally received after the final budget reports, no uplift has been built into the draft budget at this point. It must be noted that this grant is ring-fenced to PH activity and both the grant income and expenditure are allocated directly to the Public Health service.
- New Homes Bonus – Government have previously indicated that the methodology for apportioning this grant would be amended or replaced entirely. This agenda hasn't yet moved forward, and the Government is proposing to roll over last year's policy on New Homes Bonus (NHB) for a new round of payments in 2024-25, which will attract no new legacy payments, similar to the past two years. The PLGFS allocation was £0.2m less than assumed in the Draft Budget report.

  From 2025/26 it is assumed as cash flat. This funding is one of the greatest risks regarding any further decisions at central government level around the Levelling up agenda.

6.39 Table 6.4 shows the Core grant values currently assumed across the MTFS period. We have not felt it possible at this point to amend projections beyond 2025/26.

Table 6.4

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Grant	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Housing Benefit Admin Grant	(1,351)	(1,351)	(1,351)	(1,351)	(1,351)	(1,351)
New Homes Bonus (NHB) / Replacement Funding	(2,105)	(1,790)	(1,798)	(1,798)	(1,798)	(1,798)
2022/23 Service Grant / Replacement Funding	(3,185)	(553)	(553)	(553)	(553)	(553)
Total	**(6,641)**	**(3,694)**	**(3,702)**	**(3,702)**	**(3,702)**	**(3,702)**
RSG	(25,635)	(27,353)	(27,517)	(27,517)	(27,517)	(27,517)
Total (inc. RSG)	**(32,276)**	**(31,047)**	**(31,219)**	**(31,219)**	**(31,219)**	**(31,219)**

Fees and Charges

6.40 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.

6.41 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.

6.42 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.

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

6.44 The proposed 2024/25 fees and charges have now been agreed other than those fees / charges that the Council is required to consult upon.

Use of Reserves

6.45 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.

6.46 In setting a balanced budget for 2023/24 the Council agreed to use £3.5m of the Strategic Budget Planning reserve which had been previously earmarked for this purpose.

6.47 That Budget/MTFS report in March 2023 forecast a gap for 2024/25 of c. £6.3m. The draft Budget presented to Cabinet on 5 December 2023 had a gap of £16.3m. This report describes the significant further work that has taken since then and the December gap has reduced to £5.9m which is proposed to be met from the Strategic Budget Planning reserve.

6.48 This is a one-off solution, and focus must quickly turn to the identification of solutions to sustainably balance the 2025/26 Budget and the following years of that MTFS.

6.49 The final Budget report to Full Council on 4 March will provide an updated schedule of the Council's reserve position and more supplementary information. This will make clear that the Council now has c. £23m of available useable reserves, in additional to the c. £15m within its General Fund balance. These are the resources that the Council has available to address:

- The 2023/24 year end overspend which at Qtr2 was forecast to be £20m (which will be part mitigated by the application of the c. £7m contingency);
- The planned £5.9m use of reserves to balance the 2024/25 Budget.

Summary of Funding Assumptions

6.50 A summary of the currently assumed funding levels and sources is set out in Table 6.5 below.

Table 6.5

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Funding Source	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax	(124,212)	(135,533)	(139,538)	(143,662)	(147,914)	(147,914)
Council Tax Surplus	-	(2,500)	(0)	(0)	(0)	(0)
RSG	(25,635)	(27,353)	(27,517)	(27,517)	(27,517)	(27,517)
Top up Business Rates	(59,451)	(63,686)	(95,991)	(95,991)	(95,991)	(95,991)
Retained Business Rates	(19,800)	(22,288)	(22,414)	(22,414)	(22,414)	(22,414)
Section 31 Grants	(21,546)	(22,251)	(0)	(0)	(0)	(0)
NNDR (Surplus)/Deficit	1,271	-	-	-	-	-
NNDR Pool	(2,000)	(2,000)	-	-	-	-
New Homes Bonus	(2,105)	(1,790)	(1,798)	(1,798)	(1,798)	(1,798)
Public Health	(21,502)	-	-	-	-	-
Other core grants	(4,536)	(1,904)	(1,904)	(1,904)	(1,904)	(1,904)
Total External Funding	**(279,517)**	**(279,305)**	**(289,162)**	**(293,286)**	**(297,538)**	**(297,538)**
Contributions from Reserves	(3,500)	(6,404)	(294)	(145)	(11)	(11)
Total Funding	**(283,017)**	**(285,709)**	**(289,456)**	**(293,431)**	**(297,549)**	**(297,549)**

7. General Fund Revenue Assumptions

7.1 2023-24 Financial Performance at Qtr2

7.2 The Qtr2 forecast position of £20.9m is broadly in line with that reported in Qtr1 (£20.5m). Although the majority continues to be driven by Adults social care pressures, this figure has improved to £13.9m compared to the £17.5m reported at Qtr1. The majority of this is due to additional one-off grant funding received so cannot be assumed to continue in 2024/25. The forecast for temporary accommodation has deteriorated by £0.8m due to a small increase in the overall number of households living in temporary accommodation and increased cost of providing temporary accommodation due to limited supply. As highlighted in the Qtr1 report, the Adults social care pressure was apparent in the 2022/23 Provisional outturn report, but the temporary accommodation is an emerging pressure caused by wider economic conditions which have seen rents increase significantly and landlords leaving the market.

7.3 It must be stressed that this Council is not alone in facing budgetary pressures in these service areas; these are being felt nationally. The authority works hard each year to understand service pressures, build in growth where appropriate and possible as well as identifying efficiencies. However, the impact of inflation and restricted and short-term funding is leaving this authority and many others across the sector in an extremely difficult financial position.

7.4 In year delivery of the agreed savings programme has improved slightly at Qtr2 and, overall, £13.7m (78%) of the £17.5m is forecast to be delivered. Directors continue to focus on improving the position further before the end of the year or identify mitigating solutions.

7.5 As part of ensuring that future year's budgets are as sound and deliverable as possible, a detailed review of the agreed savings 'RAG-rated' as Amber or Red either for 2023/24 or beyond has been undertaken. This has resulted in a proposal to write off 7 proposals totalling £2.8m in 2024/25 (£4.4m across the MTFS period). These are genuinely not deliverable because the original assumptions are no longer viable or are unable to deliver to the value originally intended. The impact of this decision has been recognised in the draft 2024/25 Budget.

7.6 It is not clear at this point the extent that the cost of living crisis will continue to have on residents ability to pay council tax and other fees and charges and businesses ability to pay business rates. This will be reviewed in detail as part of the closure of the 2023/24 accounts when existing provisions for bad debt are re-calculated.

7.7 The impact of the forecast high levels of inflation was acknowledged when the 2023-24 Budget was set. While for non-demand led services, the estimated budget looks to be broadly sufficient, the recently agreed staff pay award is likely to require more funding than was allowed for. Inflation in the demand led services of Adults, Children's and Temporary Accommodation are all running much ahead of the forecasts, for reasons outlined above.

7.8 The Bank of England's strategy for reducing inflation is to increase borrowing rates, which increased steadily over the first 5 months of this year and now stands at 5.25%. This is putting pressure on the Council's repayment of debt and has led to a fundamental review of in year and future year's capital programme with a view to reducing, removing or postponing schemes fully or partially funded by Council borrowing.

7.9 The number of identified pressures and overall volatility is concerning and makes forecasting in year open to considerable challenges. Furthermore, many of the issues are outside the direct control of Council and many of these look to continue into at least the first part of 2024-25.

7.10 **The 2024/25 Budget and 2024/29 Medium Term Financial Strategy (MTFS)**

7.11 It became clear early on in this year that the financial situation had worsened for most local authorities, this Council included, and this has been key in shaping the approach to the financial planning work for 2024/25. There has been a further step-up in finance and budget dialogue with managers throughout the Council, and with the Cabinet individually and collectively.

7.12 All senior managers participated in a Budget Fortnight, aimed at identifying cross directorate savings and efficiencies or where activities were duplicated across various Directorates. The output of this activity led to a number of saving and / or cost avoidance business cases which were then shared with Cabinet.

7.13 Running parallel to this, Directorates were tasked with identifying any new savings proposals or management actions that could be put to Cabinet to drive further reductions in expenditure or generate additional income.

7.14 The outcome of this activity overall led to an initial list of savings which were included in the Draft Budget report. That report made clear that further work would be undertaken in the intervening period to identify additional opportunities to reduce down the overall net expenditure. This exercise identified an additional £4.0m management actions and **£0.7m** of savings which are detailed in Appendix 3b along with those presented in December.

7.15 Directors have also been identifying a series of management actions which will reduce down net expenditure in their service budgets from April 2024. To ensure these are delivered as planned, they will be monitored on a monthly basis along with the agreed savings programme.

7.16 Despite the fact that any growth will inevitably require a higher level of savings to be identified, the Budget has had to recognise the real pressures being seen in the current year particularly in the demand led services. The majority of the growth required is to address the brought forward 2023/24 base budget pressures and to build in realistic sums to cover on-going inflationary pressures which are being compounded by lack of availability of supply. The 2024/25 financial planning process has involved extensive modelling to identify the most realistic level of spend across the care services and temporary accommodation.

7.17 Over and above this, growth has had to be recognised in some of the back office services such as Digital and Legal and Governance where the organisation has little choice but to protect itself from cyber attacks and provide accurate and timely legal advice. On-going high levels of interest have required additional sums to be built into the treasury and capital financing budgets.

7.18 The outcome of the financial planning work has been to identify in as full a way as possible the growth required to set realistic Directorate and corporate budgets. However, although new savings have been put forward both in the draft Budget and further proposals in this final report, there remains a gap between expenditure and income of £5.9m which will be met from a drawdown from the Strategic Budget Planning reserve.

7.19 **Budget Growth and Pressures**

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

7.21 **Inflation**

7.22 The latest published inflation rate for December 2023 was a further reduction to 4% (4.6% October) mainly driven by reductions in food, non-alcoholic beverages and transport.

7.23 This is clearly a positive direction of travel and the Government still expect the Bank of England to work to bring inflation down to the 2% target as soon as possible. Forecasts for 2024/25 rates in the January update provided by the Treasury indicate that the figure could fall back to 2.2% by the end of the next financial year.

7.24 The **pay deal** for 2023/24 was a flat rate per employee amounting to an average 5.4% increase. The 2024/25 Budget assumes a 4% pay award is agreed for 2024/25 falling to 3% in 2025/26 then 2% from 2026/27 and beyond.

7.25 The impact of inflationary increases in the **demand led services** is addressed as part of the overall annual demand modelling exercise. This is based on an estimated 4% inflation rate for 2024/25.

7.26 For **all other non-pay inflation**, the assumption continues that the services will broadly have to manage within existing budgets, thus absorbing any inflationary pressures. However, in recognition that some contracts include inflation-linked increases and utility costs continue to be volatile and difficult to predict an annual allowance is built into the budget to address these items should they arise.

7.27 All non-pay inflation assumptions have been revisited since the publication of the Draft Budget. This has led to a recast estimate for 2024/25 of £1.8m a positive revision down of £0.6m. Due to the various services impacted, the actual % change is a composite. From 2025/26 the budget allowance returns to a more stable figure of c. £1.5m pa.

Employer Pension Contributions

7.28 The last triennial valuation covered the period 2023-2026 showed that the Council would need to increase its contribution rate by 0.5% across each of the two years 2024/25 and 2025/26. The estimated budgetary impact was £0.6m for each year and this was built into the 2023-2029 MTFS agreed in March 2023.

7.29 No assumptions have yet been made about the financial impact of the next triennial valuation (2026-2029).

Treasury & Capital Financing

7.30 In recognition of the impact that interest rates are having on borrowing costs, additional growth of £2.3m had been built into the Draft 2024/25 Budget with a further £6.8m across the following 3 years. This is on top of growth already assumed in the previous MTFS.

7.31 This impact would have been greater had the Council not undertaken the review of the existing capital programme and consequent level of proposed reductions detailed in the Draft Budget report. Further challenge has been undertaken since then and a small improvement to forecast growth made in 2024/25 with c. £1m net reduction across the remainder of the MTFS period. Further detail is provided in Section 8.

Levies

7.32 The majority of levy costs are forecast to remain broadly in line with the 2023/24 figures across the MTFS period. The exception is the apprenticeship levy which, as it is calculated as a % of the paybill has gradually moved above the existing budgetary provision. This budget has now been adjusted with an additional £0.250m added.

7.33 Since the publication of the Draft Budget, the 2024/25 NLWA levy estimate has been updated and increased by c. £0.5m. The final figure will not be confirmed until early February, after the publication of this report and therefore, any further adjustments built into the final Budget presented to Full Council on 4 March.

Concessionary Fares

7.34 Each London Borough funds the cost of concessionary fares (the Freedom Pass) for older residents in their borough. The final charge for Concessionary Fares has now been received which results in a one-off improvement of c. £0.5m for 2024/25 as usage has yet to return to pre-pandemic levels.

Contingency

7.35 The Council holds a single corporate contingency largely to manage any slippage to the agreed budget reduction programme in any one year as well as addressing unforeseen circumstances which cannot realistically be built into budget plans. This draft Budget assumes that the contingency for 2024/25 and across the remainder of the MTFS remains at c.£7.4m.

Policy Priorities

7.36 Despite the challenges outlined in this report, this draft Budget for 2024/25:

- Ensures we can continue to meet the significant need of our most vulnerable residents – through further, year on year additional investment in Children's, Adult's and Temporary Accommodation services. (£25.5m in 2024/25 alone)
- Drives value for money through a significant efficiency and reform agenda – with every area of the council contributing.

Service Growth

7.37 The **existing** MTFS contained a level of growth across the 2024-28 period which has been reviewed but confirmed as still required. The amounts by Directorate are shown in Table 7.1a below.

Table 7.1a – Existing Growth

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Healths & Communities	4,102	2,789	2,821	0	0	9,712
Children's Services	482	20	20	0	0	522
Corporate	5,656	7,106	3,400	6,900	0	23,062
Culture, Strategy & Engagement	(184)	(165)	363	(134)	0	(120)
Environment & Resident Experience	(94)	0	0	0	0	(94)
Legal and Governance	0	0	0	0	0	0
Placemaking & Housing	(605)	0	(30)	0	0	(635)
Total	**9,357**	**9,750**	**6,574**	**6,766**	**0**	**32,447**

7.38 The financial planning process this year has sought to be as robust as possible recognising structural base budget issues referred to in the sections above, along with forecasts for future requirements which are largely driven by inflation, lack of supply and also the impact of writing out agreed savings that are no longer viable.

7.39 The draft Budget report proposed £46.5m total new growth across the MTFS period with £24.992m in 2024/25 alone. Since the draft Budget was published a few additional 2024/25 pressures have been highlighted, totalling £0.715m. These are mainly unavoidable corporate items including increased budget for bank charges and also external audit fees. These new sums have been built into the final Budget.

7.40 Table 7.1b below details the **total** proposed **new growth** by Directorate arising from this year's financial planning process.

Table 7.1b – Total New Growth

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Healths & Communities	19,467	7,311	5,279			32,057
Children's Services	1,388	660	660			2,708
Corporate	533					533
Culture, Strategy & Engagement	1,210					1,210
Environment & Resident Experience	1,046					1,046
Legal and Governance	608					608
Non-Service Revenue	455					455
Total	**24,707**	**7,971**	**5,939**	**0**	**0**	**38,617**

7.41 Table 7.1c below summarises the **total** budget growth proposed to be built into each Directorate for 2024/25 and across the remainder of the MTFS which includes that included in the existing MTFS plus the total new growth arising from this year's financial planning process.

Table 7.1c – Total Planned Growth

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Healths & Communities	23,569	10,100	8,100	0	0	41,769
Children's Services	1,870	680	680	0	0	3,230
Corporate	6,189	7,106	3,400	6,900	0	23,595
Culture, Strategy & Engagement	1,026	(165)	363	(134)	0	1,090
Environment & Resident Experience	952	0	0	0	0	952
Placemaking & Housing	(605)	0	(30)	0	0	(635)
Legal and Governance	608	0	0	0	0	608
Non-Service Revenue	455	0	0	0	0	455
Total	**34,064**	**17,721**	**12,513**	**6,766**	**0**	**71,064**

Budget Reduction / Savings

7.42 The Council has previously **agreed** £25.8m savings to be delivered across the period 2024- 2028 as set out in the table below.

Table 7.2a – Previously Agreed Savings or Budget Reductions

Management Area	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total
Adults, Healths & Communities	6,848	3,067	(159)	(100)	0	9,656
Children's Services	1,630	230	0	0	0	1,860
Cross-Cutting	500	500	1,360	0	0	2,360
Culture, Strategy & Engagement	1,089	969	210	5	5	2,278
Environment & Resident Experience	6,974	491	1,459	(6)	44	8,962
Placemaking & Housing	470	110	70	0	0	650
Total	**17,511**	**5,367**	**2,940**	**(101)**	**49**	**25,766**

7.43 As is the practice in this Council, as part of the financial planning process all existing savings plans are reviewed and challenged robustly to ensure that they can still be met as originally agreed and if not, looks to re-profile or write off.

7.44 The draft Budget report identified £4.4m of savings no longer deemed viable and which were removed from the December draft Budget and MTFS. Since then, a further £1.3m of adjustments relating to Housing demand has been identified as necessary due to the re-alignment of existing and new savings proposals. This too has been removed to ensure that the final Budget for 2024/25 is as robust and deliverable as possible.

7.45 The resulting **total** adjustments to existing savings are shown by Directorate in the table below.

Table 7.2b – Removed/Written off Savings

Management Area	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total
Adults, Healths & Communities	1,900	1,717	(159)	(100)	0	3,358
Culture, Strategy & Engagement			655			655
Environment & Resident Experience	15	20	1,320	0	0	1,355
Placemaking & Housing	100	100	70			270
Total	**2,015**	**1,837**	**1,886**	**(100)**	**0**	**5,638**

7.46 The changes to the Adults, Health and Communities existing programme represents their re-articulation of their approach which is now set out in their new savings proposals. The major change in 2025/26 for Environment and Resident Experience reflects the current expectation of the implication of the introduction of the new waste management contract.

7.47 The **new budget reduction / savings proposals** generated through this year's financial planning process are a mixture of management actions and those that require policy decision. The former include value for money initiatives, service redesign or service restructures.

7.48 The initial proposals were included in the December draft Budget report, but since then further work has been undertaken to identify new opportunities.

7.49 The initial **management actions** included in the draft Budget report totalled £2.908m in 2024/25 and £5.8m across the whole MTFS. The new management actions identified since then total £4.0m for 2024/25 and £8.0m across the whole MTFS period.

7.50 The combined total proposed management actions are shown by Directorate in the following table.

Table 7.2c – Total Proposed Management Actions

Directorate	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	Total
Adults, Healths & Communities	1,780	320	(300)	0	0	1,800
Children's Services	603	320	320	365	50	1,658
Corporate	300	250	0	0	0	550
Culture, Strategy & Engagement	713	70	125	0	0	908
Environment & Resident Experience	1,372	339	518	905	850	3,985
Finance	750	200	100	225	200	1,475
Placemaking & Housing	1,404	453	585	635	275	3,352
Total	**6,922**	**1,952**	**1,348**	**2,130**	**1,375**	**13,728**

7.51 The initial **policy related savings** included in the draft Budget report totalled £8.1m in 2024/25 and £13.9m across the whole MTFS. The new policy savings identified since then total £0.7m for 2024/25 and £5.0m across the whole MTFS period.

7.52 The combined total policy related savings are shown by Directorate in the following table.

Table 7.2d – Total Proposed Policy Savings

Directorate	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	Total
Adults, Healths & Communities	5,563	1,934	777	724	1,220	10,218
Culture, Strategy & Engagement	1,540	1,419	572	0	0	3,531
Environment & Resident Experience	1,698	1,163	1,402	289	17	4,569
Placemaking & Housing	0	75	50	100	410	635
Total	**8,801**	**4,591**	**2,801**	**1,113**	**1,647**	**18,953**

7.53 In total, this year's financial planning process has identified a total of £32.68m new management or policy savings. This is shown by Directorate in the Table 7.2e below.

Table 7.2e Total new Management and Policy savings

Directorate	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	Total
Adults, Healths & Communities	7,343	2,254	477	724	1,220	12,018
Children's Services	603	320	320	365	50	1,658
Corporate	300	250	0	0	0	550
Culture, Strategy & Engagement	2,253	1,489	697	0	0	4,439
Environment & Resident Experience	3,070	1,502	1,920	1,194	867	8,554
Finance	750	200	100	225	200	1,475
Placemaking & Housing	1,404	528	635	735	685	3,987
Total	**15,723**	**6,543**	**4,149**	**3,243**	**3,022**	**32,681**

7.54 The net impact of all the above adjustments and additions is a total savings programme across the 2024-2029 period of £38.2m, with £19.5m for 2024/25 alone. This is set out by Directorate in Table 7.2f below.

Table 7.2f Total 2024/25 – 2028/29 Agreed Savings Programme

Directorate	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	Total
Adults, Healths & Communities	8,693	2,254	477	724	1,220	13,368
Children's Services	833	320	320	365	50	1,888
Cross-Cutting	500	1,360	0	0	0	1,860
Corporate	300	250	0	0	0	550
Culture, Strategy & Engagement	3,222	1,044	702	5	0	4,973
Environment & Resident Experience	3,541	1,641	1,914	1,238	867	9,202
Finance	750	200	100	225	200	1,475
Placemaking & Housing	1,414	528	635	735	685	3,997
Total	**19,253**	**7,597**	**4,148**	**3,292**	**3,022**	**37,313**

7.55 **Summary General Fund Revenue Budget Position 2024/25 – 2028/29**

7.56 After taking into account the proposed amendments to existing plans and funding, the new management actions, policy savings and growth proposals discussed in the sections above, the final General Fund revenue Budget position for next year and across the MTFS period is set out in the table below.

Table 7.3 – Summary Revenue Budget Position 2023-2029

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Budget	Budget	Projected	Projected	Projected	Projected
Directorate	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adults, Health & Communities	108,701	95,564	105,701	113,074	112,350	111,130
Children's Services	62,949	65,173	65,533	65,893	65,128	65,078
Culture, Strategy & Engagement	33,569	26,777	23,378	23,188	23,183	23,183
Environment & Neighbourhood	14,565	17,275	19,569	17,811	16,439	15,572
Placemaking & Housing	7,829	5,505	4,977	4,312	3,577	2,892
Chief Executive	305	22	(229)	(229)	(229)	(229)
Corporate Governance	2,283	3,201	3,201	3,201	3,201	3,201
Finance	52,815	72,193	83,999	94,017	103,186	103,856
Council Cash Limit	**283,017**	**285,709**	**306,129**	**321,267**	**326,835**	**324,683**
Planned Contributions from Reserves	(3,500)	(6,404)	(294)	(145)	(11)	(11)
Further Savings to be Identified	-	(0)	(16,966)	(27,980)	(29,296)	(27,144)
Total General Fund Budget	**279,517**	**279,305**	**288,869**	**293,142**	**297,528**	**297,528**
Council Tax	(124,212)	(135,533)	(139,538)	(143,662)	(147,914)	(147,914)
Council Tax Surplus	-	(2,500)	(0)	(0)	(0)	(0)
RSG	(25,635)	(27,353)	(27,517)	(27,517)	(27,517)	(27,517)
Top up Business Rates	(59,451)	(63,686)	(95,991)	(95,991)	(95,991)	(95,991)
Retained Business Rates	(19,800)	(22,288)	(22,414)	(22,414)	(22,414)	(22,414)
Section 31 Grants	(21,546)	(22,251)	(0)	(0)	(0)	(0)
NNDR Surplus/(Deficit)	1,271	-	-	-	-	-
NNDR Growth	(2,000)	(2,000)	-	-	-	-
Total Main Funding	**(251,374)**	**(275,611)**	**(285,461)**	**(289,585)**	**(293,837)**	**(293,837)**
New Homes Bonus	(2,105)	(1,790)	(1,798)	(1,798)	(1,798)	(1,798)
Public Health	(21,502)	-	-	-	-	-
Other core grants	(4,536)	(1,904)	(1,904)	(1,904)	(1,904)	(1,904)
Total Core/Other External Grants	**(28,143)**	**(3,694)**	**(3,702)**	**(3,702)**	**(3,702)**	**(3,702)**
Total Income	**(279,517)**	**(279,305)**	**(289,162)**	**(293,286)**	**(297,538)**	**(297,538)**

Similarly, to previous years, there has been limited progress to address the structural budget gap which is forecast to reach c£28m by 2026/27 (Given the degree of economic and future funding uncertainties, our projections beyond this point were not able to be soundly modelled).
It should also be noted that the Public Health Grant income has been moved from 'core grant' line into the Adults, Health and Communities service line to reflect both income and expenditure in the same Service to facilitate monitoring.

The Finance Directorate budget line in the table above includes not just the costs associated with running that directorate but also corporate expenditure including contingencies, capital financing, central inflation provisions and levies.

Review of Assumptions and Risks Across the Budget and MTFS Period 2024-2029

7.57 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report on the Council's budget in March 2024 and will draw on independent assessments of the Council's financial resilience where available however, it is critical that this **2024/25 Budget** report outlines the assumptions and approach to risk taken when arriving at the final budget proposals.

7.58 Given the increased financial pressure that is falling upon the local government sector and the uncertain national political and economic picture, this statutory role has recently been acquiring more and more significance. The number and breadth of potential risks and uncertainty, particularly around the level of Government funding into the Local Government sector overall, and more importantly for this Council, are unprecedented. Add to this a still volatile economic situation and a general election that must take place before 28 January 2025, all underline the challenges being faced.

7.59 These factors clearly underline the need to keep both the budgeted contingency and the general fund reserve at current levels and, as far as practical, to keep earmarked reserves close to current levels or above.

7.60 The main uncertainties and risks identified to date which may or are likely to impact on the Council's budget for 2024/25 and over the period of the MTFS are:

- The final detailed grant funding figures for 2024/25 and beyond have yet to be announced as are still subject to the final local government settlement expected in February 2024.
- On-going lack of multi-year funding allocations.
- The national economic outlook, in particular if inflation continues to fall or not; interest rates levels; on-going impact of wars and unrest internationally on costs and supply chains.
- The timing of the General Election and any consequential policy or tax changes.
- The extent to which these factors will continue to place stress on individuals and businesses and consequently their ability to meet their Council Tax, Business Rates and other bills.
- Government legislation and policy concerning homelessness and addressing the housing crisis
- The pace at which planned actions to increase Council-managed temporary accommodation take place
- Continuation of the progress to date on the delivery of the agreed Safety Valve programme strategy to agreed timetable.
- The Levelling Up agenda and associated funding distribution methodologies could be negative for this Council's funding allocations.
- The Council's savings programmes do not deliver the required savings, do not deliver savings quickly enough.
- Any further deterioration in the forecast 2023/24 position including non-delivery of in year savings

- The ability to retain and attract suitably qualified and skilled workforce hampers the delivery of the Council's ambitions.

8. Capital Strategy & Programme

8.1 As was stated in the December report, further work on the capital programme would be undertaken. This work has concluded and there are a number of revisions. The impact of this rigour can be seen when comparing the latest capital programme projection to 2027/28 (£583m) with that agreed in March 2023 (£1,008m), a reduction of £425m.

8.2 In the Children's Services capital programme there has been a minor revision downwards of £0.5m in 2024/25. However, for following years an assumption has been made that there will be a lower level of expenditure. Over the MTFS period there is a £8m lower budget for capital works to schools.

8.3 The budget for Pendarren House has been set at £0.5m for 2024/25, down from £2.471m. The 2024/25 budget will enable the highest priority works to be undertaken. Any further proposals for capital expenditure at the centre will be considered as part of setting next year's capital programme alongside all the other competing calls on the Council's available capital resources.

8.4 The Environment & Resident Experience capital programme is highly reliant on Council borrowing with limited ability to generate external investment. The review identified several reductions to a range of schemes of £11m over the MTFS period.

8.5 Within the Placemaking & Housing capital programme there has been a minor reduction of £0.5m to the regeneration budgets in Tottenham, a reduction of £4m to the regeneration budgets in Wood Green and a reduction of £7.75m to the Asset Management of Council Buildings.

8.6 The capital programme is formally reviewed annually and future reviews will include an assessment of the adequacy and affordability of these and all programme heads.

8.7 This capital strategy report gives a high-level overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of public services in Haringey. It also provides an overview of how the risks of the capital programme are managed and the implications for future financial sustainability.

8.8 In the financing of the Council's capital programme, £9.7m of Strategic Community Infrastructure Levy (SCIL) has been used on eligible projects in accordance with the regulations. They are the Walking & Cycling Action Plan (WACAP) scheme, the Road Casualty Reduction scheme & the School Streets scheme.

8.9 The current economic environment has impacted the capital programme in a number of ways. Higher levels of persistent inflation and the subsequent Bank of England response by raising interest rates to tame inflation has meant that the interest that the Council pays on new borrowing undertaken to finance the capital programme (both the existing capital programme and the proposed additions) has increased significantly. The higher levels of inflation have also impacted the cost of raw materials and the tightness in the supply chain for capital works (labour and materials) which has added both cost and time to schemes. In addition, the increased costs are making it increasingly difficult to achieve self-financing business cases for those schemes where this is expected.

8.10 The current capital programme has deferred a number of schemes that were originally expected to be self-financing as they were not able to produce a business case that justified the investment. The programme also defers expenditure on a range of schemes which are not absolutely essential. When the economic environment improves, these schemes will be reviewed to assess whether or not they can be reinstated.

8.11 The Council's Children's Services capital programme includes investment proposals which are designed to directly address essential, immediate health & safety issues in schools which, if they were not undertaken, could lead to school closures.

8.12 The budget also provides for significant investment in our leisure centres, £7.4m over the MTFS period, to bring them back to safe and usable condition. There is also continued investment in the Cycling & Walking Action Plan over the MTFS which is funded by external resources.

8.13 The Wards Corner capital budget still provides for the acquisition of properties under the CPO and to develop the scheme to inform the next phase of investment which is what is required at this stage. The process of land assembly on the Gourley Triangle scheme is continuing with Government funding. The Selby Urban Village scheme is now being delivered in two stages. The first phase focuses on the community centre and sports facilities (which is externally funded), whilst the second phase focuses on the housing element. The second phase will now be delivered through the housing revenue account, rather than the general fund.

8.14 The Council is also investing in its digital offering to bring forward transformation that delivers savings and to ensure that our customers receive the best possible service.

8.15 The Council continues to invest in housing through its new homes programme. This expenditure is contained within the housing revenue account (HRA) and is reported elsewhere.

Background

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

8.17 Capital programmes can shape the local environment (e.g., through the provision of new housing, traffic schemes or regeneration schemes); positively impact people's lives (e.g. through creating appropriate housing for adults with learning difficulties or investment in parks and open spaces); transform the way the Council interacts with local residents (e.g. through the libraries investment programme or proposals for locality provision); and deliver fit for purpose schools.

8.18 The key objectives for the Council's capital programme are to ensure that the assets that it has are fit for purpose. To deliver this, the programme is very much focused on addressing health & safety issues first and foremost and to support the corporate delivery plan, deliver the borough plan and assist the Council in meeting the service and financial challenges that it continues to face.

Capital expenditure and financing

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

8.20 The table below shows a high-level summary of the Council's outline capital spending in the medium-term i.e., for the financial years 2024/25-2028/29, which shows the continued and growing capital investment that is being undertaken to support the achievement of the corporate delivery plan objectives and to improve people's lives.

Table 8.1: Capital expenditure plans overview 2024/25 - 2028/29

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	Total (£'000)
Previously Agreed							
General Fund Account (GF)	220,900	200,102	217,103	276,220	93,859		**1,008,184**
Housing Revenue Account (HRA)	262,962	289,102	322,107	305,880	246,218		**1,426,269**
Total =	**483,862**	**489,204**	**539,210**	**582,100**	**340,077**		**2,434,453**
Proposed							
General Fund Account (GF)		144,178	136,781	189,425	56,375	56,701	**583,458**
Housing Revenue Account (HRA)		239,081	304,557	355,849	308,279	210,554	**1,418,321**
Total =		**383,259**	**441,339**	**545,273**	**364,654**	**267,254**	**2,001,779**

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

8.22 About 31% of the capital programme, is composed of schemes that are wholly financed by the Council's borrowing activity and not self-financing or met from external resources. These schemes largely reflect the statutory duties of the council. In large part these schemes are not able to attract external resources to either supplement or supplant Council borrowing as they are core to the Council's operation.

8.23 There are a limited number of schemes within the General Fund capital programme that will only proceed, if they are estimated to result in a net reduction in expenditure. That reduction will include the cost of financing the borrowing and contribute to the MTFS through making savings or increasing income. These schemes are known as self-financing schemes. The decision to proceed with these schemes will follow the production of a detailed business case that supports the investment and identifies reductions in expenditure.

8.24 The Children's Services capital programme is reliant on the Council undertaking external borrowing. For the period 2024/25-2028/29 the Council is planning to spend £54.2m, of which approximately £29.8m is funded through government grant leaving a borrowing and self-funding requirement of £18.5m and £5.9m respectively. The cost of the increased borrowing investment in schools falls on the Council's revenue account through increased borrowing costs.

8.25 The Adults, Health & Communities Services capital programme is £58.0m, of which much of the programme is self-financed at £45.3m. In addition, there is £8.8m of grant funded expenditure.

8.26 Within the Environment & Resident Experience directorate, the proposed capital programme for the period 2024/25-2028/29 is extremely reliant on Council borrowing and broadly estimated at £69.0m of which approximately £53.6m is financed by borrowing, and £13.4m is externally funded.

8.27 The Placemaking & Housing capital programme has an estimated value of £308.5m, of which £211.9m is funded externally and £18.3m is self-financing. Council borrowing in this part of the capital programme is proportionately lower than in other service areas at £78.3m. The majority of this borrowing is to match fund schemes in the South Tottenham Regeneration projects, the Wood Green Regeneration Strategy and to fund the Corporate Landlord remediation works.

8.28 The Culture, Strategy & Engagement capital programme is estimated at £93.8m with the majority, £65.1m funded through self-financing borrowing. £60.9m of this self-financing relates to the Civic Centre refurbishment and £4.2m relates to the Alexandra Palace – Invest to Earn capital works. The balance of expenditure amounting to £28.7m is funded by Council borrowing.

8.29 The inclusion of a scheme within the capital programme is not necessarily permission to spend. Most schemes will be subject to the completion of an approved business case that validates the high-level cost and time estimates contained within the programme. An integral part of the business case will be an assessment of the risks that a project faces and once a project is agreed, the review of the risk register is a standing item on the agenda for the project's governance arrangements.

8.30 Service managers bid annually as part of the Council's budget setting process. The bids are assessed against their response to need in relation to the Council's priorities, the asset management plan and meeting the objectives of the medium-term financial strategy (MTFS). In addition, schemes have been considered for their contribution to economic recovery, to growth, and to jobs.

8.31 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that the Council's housing activities are not subsidised by the Council's non-housing activities. It also ensures that the Council's non-housing activities are not subsidised by its HRA. HRA capital expenditure is recorded separately.

8.32 The Capital Programme for 2024/25 has considered and been reviewed to ensure that it delivers in line with the Council's Carbon Reduction ambition. There are no projects that will increase the carbon footprint of the Council. There are several projects however, where there is the opportunity that these can be designed to ensure that at the delivery stages Zero Carbon requirements will be delivered. These include:

- Construction works (such as the Parkland Walk Bridge). The procurement for these works will include carbon within the selection for materials and contractors works.

- Road Safety Programme and Highways Maintenance. To deliver transport infrastructure that is safe and supports active travel options.

- School's capital Maintenance – the Council has just completed its Energy Action Plan for its schools, and this capital funding will deliver this through including carbon reduction measures (insulation, glazing, low carbon heating) within these programmes. The budget for the primary school investment is funded through government grant.

- Active and health spaces around our schools **-** We are continuing the funding for our successful School Streets programme and introducing Healthy Schools Zones to improve air quality in our most polluted schools of the borough. Creating safe space and infrastructure to encourage active travel options.

- The Walking and Cycling Action Plan is continuing and is funded through external sources.

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

Table 8.2: Capital expenditure plans by directorate

	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	Total (£'000)
Children's Services	23,114	20,820	5,281	5,031	0	**54,245**
Adults, Health & Communities	4,870	5,051	7,377	12,377	28,341	**58,016**
Environment & Resident Experience	20,466	12,708	12,658	14,438	8,688	**68,958**
Placemaking & Housing	53,438	61,261	151,155	22,959	19,672	**308,484**
Culture, Strategy & Engagement	42,290	36,941	12,954	1,570	0	**93,756**
Total General Fund (GF)	**144,178**	**136,781**	**189,425**	**56,375**	**56,701**	**583,458**
Housing (HRA)	**239,081**	**304,557**	**355,849**	**308,279**	**210,554**	**1,418,321**
Overall Total	**383,259**	**441,339**	**545,273**	**364,654**	**267,254**	**2,001,779**

8.33 Appendix 4 includes the previously agreed schemes plus the new schemes:

H is for schemes that are funded by borrowing;
S is for schemes that are funded by the borrowing but where there are compensating savings are made in service budgets;
E is for schemes that are funded by an external party.

Where there is more than one letter, this indicates that the scheme is funded from more than one source with the source contributing the most indicated first.

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

8.34 Children's Services

There is continued investment in the school estate for immediate health & safety works and continued investment in the safety valve programme to make savings in the dedicated schools grant. The Alternative Provision budget has been deferred pending detailed work on the strategy to support the budget requirement.

8.35 Adult, Health, and Communities

There are no new schemes. The Edwards Drive scheme is now planned to be delivered via the housing delivery programme, funded by the housing revenue account, rather than the general fund. The Bourgoyne Road scheme has been deferred until the GLA grant programme for this type of facility is made available to the Council. There will be a continued 'meanwhile' use on the site.

The supported living scheme has been transferred to be delivered through the housing delivery programme.

8.36 Environment & Resident Experience

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

It is proposed to invest £7.436m in the leisure facilities that will address health & safety issues, and essential backlog maintenance requirements to increase usage and reduce carbon emissions.

There is a proposal to increase the amount of investment in the Active Life in Parks and Parks Asset Management. These increases are to ensure that urgent health & safety works are undertaken. In addition, there is additional necessary investment in the Parkland Walk Bridges programme to ensure that the bridges continue to operate safely. The programme also allows for the continuation of investment in street lighting and borough roads in future years to ensure that the highway is safe to use.

8.37 Placemaking & Housing

Within the placemaking and housing programme a number of schemes have been deferred as they were not able to generate a business case that supported the proposed investment. Notwithstanding that the Council is still investing in its assets,

There is continued investment in the Council's assets for the operational buildings to address health & safety issues to enable continued occupation and service delivery. There is investment in the commercial portfolio to ensure compliance with statutory requirements and to protect the Council's income stream through continued lettings.

8.38 Culture, Strategy & Engagement

The proposed capital programme continues the investment needed in the Council's IT assets to drive through transformation to deliver savings whilst at the same time delivering improvements to the resident experience. The Council is also investing in essential works in its 2 principal heritage assets, Bruce Castle Museum and Alexandra Palace.

8.39 Financing

All capital expenditure must be financed from either an external source (government grant or other contributions), the Council's own resources (revenue, reserves, or capital receipts) or debt (borrowing, leasing, Private Finance Initiative).

8.40 The Council's capital programme has moved to a financing strategy that seeks to ensure that investment via the capital programme is self-financing or funded from external resources wherever possible. The draft capital programme for 2024/25-2028/29 is analysed in the table below and shows that the majority of schemes being proposed (69%) are either self-financing or funded via external resources.

Table 8.3: Financing Strategy

	General Fund Borrowing		External	Total
	Met from General Fund (£'000)	Self Financing met from Savings (£'000)	(£'000)	(£'000)
Children's Services	18,523	5,900	29,822	**54,245**
Adults, Health & Communities	3,882	45,341	8,793	**58,016**
Environment & Resident Experience	53,624	1,959	13,375	**68,958**
Placemaking & Housing	78,310	18,287	211,887	**308,484**
Culture, Strategy & Engagement	28,648	65,108	0	**93,756**
Total	**182,987**	**136,594**	**263,877**	**583,458**

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

8.42 As debt needs to be repaid the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay its borrowing. This is known as the minimum revenue provision (MRP). The estimated MRP over the MTFS period is set out below:

Table 8.4: Estimated MRP

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)
MRP	18,676	17,677	19,002	20,069	20,980	22,306

8.43 The Council's underlying need to borrow to finance its capital programme is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces when MRP is made. The table below shows the estimated CFR over the MTFS period.

Table 8.5: Prudential Indicator: Estimates of Capital Financing Requirement

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)
CFR	1,375,493	1,427,202	1,706,665	2,003,734	2,286,562	2,472,311

Asset Management

8.44 The Asset Management Plan will be reported to Cabinet in Spring 2024.

Asset Disposals

8.45 When a capital asset is no longer needed, it may be sold, and the proceeds (known as capital receipts) can be spent on new assets or can be used to repay debt (it should be noted that if the asset includes "open space", any decision on a proposed disposal will be subject to the statutory requirement to advertise and consult before a final decision can be taken and/or implemented). Repayments of grants, loans and non-treasury investments also generate capital receipts. The Council is currently permitted by legislation to spend capital receipts to deliver cost reductions and/or transformation. This is known as the flexible use of capital receipts and this flexibility is currently due to expire on the 31st March 2025. However, there is a proposal to extend this to 2030.

8.46 As stated above, capital receipts can be used to fund capital expenditure or repay debt. The budget assumption is that capital receipts will not fund capital expenditure or debt repayment. It is anticipated that the capital receipts received in the MTFS period covered by the flexibility (up to 31st March 2025) will be used to deliver cost reductions and/or transformation. There is a separate policy statement and schedule of proposed initiatives to utilise capital receipts flexibly.

Treasury Management

8.47 The Council has a Treasury Management Strategy Statement (TMSS) that sets out in detail the Council's approach to managing its cash flows, borrowing and investment activity, and the associated risks. The Capital Strategy document includes similar information from the TMSS but presents this information in the context of the Council's capital programme and Corporate Delivery Plan.

8.48 Treasury management is the management of the Council's investments, cash flows, its banking and capital market transaction and the effective control of the risks associated with those activities. Surplus cash is invested until required in accordance with the guidelines set out in the approved TMSS, whilst short term liquidity requirements can be met by short term borrowing from other local authorities.

Borrowing Strategy

8.49 The Council's primary objective when borrowing money is to strike a balance between securing low interest cost and achieving certainty of those costs, over the period for which the funds are required.

8.50 Projected levels of the Council's total outstanding external debt (which comprises borrowing, PFI liabilities and leasing) are shown below and compared to the CFR.

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

	31/3/23 Actual (£'000)	31/3/24 Budget (£'000)	31/3/25 Budget (£'000)	31/3/26 Budget (£'000)	31/3/27 Budget (£'000)	31/3/28 Budget (£'000)	31/3/29 Budget (£'000)
Borrowing Debt	783,301	1,204,505	1,087,092	1,346,241	1,623,607	1,885,665	2,049,734
PFI & Lease Debt	21,967	19,471	13,189	10,552	9,852	9,151	8,450
Total Debt	**805,268**	**1,223,976**	**1,100,281**	**1,356,794**	**1,633,459**	**1,894,816**	**2,058,184**
Capital Financing Requirement	1,120,900	1,375,493	1,427,202	1,706,665	2,003,734	2,286,562	2,472,311

8.51 The CFR represents the Council's underlying need to borrow for capital purposes. The Council's strategy is to maintain borrowing and investments below their underlying levels, which is commonly referred to as internal borrowing. The Council has an increasing CFR due to the increasing requirement to finance its capital programmes.

Affordable Borrowing Limit

8.52 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. This is set out in Table 8.7 below.

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

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)
Authorised limit – borrowing	1,286,022	1,344,013	1,626,113	1,923,882	2,207,411	2,393,861
Authorised limit – PFI & leases	25,702	17,410	13,929	13,004	12,079	11,154
Authorised limit – total external debt	**1,311,724**	**1,361,423**	**1,640,042**	**1,936,886**	**2,219,490**	**2,405,015**
Operational boundary - borrowing	1,236,022	1,294,013	1,576,113	1,873,882	2,157,411	2,343,861
Operational boundary – PFI & leases	23,365	15,827	12,663	11,822	10,981	10,140
Operational boundary – total external debt	**1,259,387**	**1,309,840**	**1,588,775**	**1,885,704**	**2,168,392**	**2,354,001**

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

8.54 Table 8.8 below shows the net estimated capital financing costs based on the capital programme and the revised set of assumptions. The table also shows how these forecasts compare to the budget that is currently built into the MTFS plan.

Table 8.8: Estimated Capital Financing Costs

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)

MRP - pre 2008 expenditure	5,019	5,019	5,019	5,019	5,019	5,019
MRP - post 2008 expenditure	13,657	12,657	13,983	15,050	15,961	17,287
Total MRP	**18,676**	**17,677**	**19,002**	**20,069**	**20,980**	**22,306**
Interest Costs (General Fund)	16,946	14,996	21,319	22,943	24,438	25,626
Total Gross Capital Financing Costs (GF)	**35,622**	**32,672**	**40,321**	**43,012**	**45,418**	**47,932**
Offsetting Savings for self financing schemes	(12,714)	(1,119)	(2,743)	(3,724)	(4,235)	(5,152)
Total Net Capital Financing Costs (GF)	**22,908**	**31,553**	**37,579**	**39,289**	**41,183**	**42,781**
Interest Costs (HRA)	**18,589**	**25,889**	**35,987**	**48,297**	**60,785**	**69,562**

Table 8.9: Proportion of financing costs to net revenue stream

	2023/24 Budget	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**	**2028/29 Budget**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financing Costs General Fund	35,622	32,672	40,321	43,012	45,418	47,932
Proportion of net revenue stream	12.36%	11.11%	13.45%	14.06%	14.56%	15.06%
Financing Costs HRA	18,589	25,889	35,987	48,297	60,785	69,562
Proportion of net revenue stream	16.41%	19.00%	24.32%	30.52%	36.11%	39.32%

8.55 Over the MTFS period the General Fund proportion of financing costs to net revenue stream ratio shows modest increases. These are primarily driven by the expected higher costs of new long-term borrowing that the Council will need to undertake over the MTFS. The ratio also shows significant increases for the HRA over the MTFS. However, these increases have been modelled into the current version of the evolving HRA business plan and capital programme.

Governance

8.56 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) is required to act in line with the treasury management strategy as approved by full Council.

9. Housing Revenue Account (HRA)

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

HRA Financial Plan Overview

9.1 The 30-year HRA financial plan contains a long-term assessment of the need for investment in assets, such as new homes development, existing homes acquisition, major works, and other cyclical maintenance requirements, as well as forecasts on income streams such as rents, in line with rent standards, and future developments.

9.2 The Plan includes the modelling of the revenue and capital implications of all planned work in the HRA to deliver council priorities and provides the basis for understanding the affordability of current capital programme delivery plans and assessing options to ensure a viable HRA over a longer period. It considers the build costs, inflation, exposure to housing market volatility and delivery capacity within the Council.

9.3 The increases in energy costs, inflation and interest rates rises presents a level of challenge and difficulty in delivering our capital programmes now and the viability of our HRA in the medium to long-term. The Council must agree a HRA Budget and longer-term plan which is prudent and sustainable. This plan factors in our best estimates and assumptions on interest rates and inflation, which are particularly significant for our capital programme.

9.4 The plan recognises that to undertake the proposed extensive development programme, the HRA must be viable now and in the future. It also recognises that there will be ongoing gateway reviews to update and test viability before future programme phases are released. One of the measures of viability of the HRA is the annual revenue contribution to capital outlay (RCCO), which reduces the need for external borrowing. RCCO is the revenue surplus after expenditure; and it is key in assessing the HRA resilience. The financial plan has a target of an ongoing £8m minimum annual surplus (though in this MTFS period that is forecast to not be possible for all years). This is to provide an appropriate level of in-year financial cover, in recognition of the risks such as changes in government policies, operational factors and those associated with an extensive development programme. The plan also assumes a year on year working balance of £20m. This increased position was established at the end of 2021/22.

9.5 In the current iteration of the financial plan, the revenue surplus is forecast at above £8m in 2024/25 and 2025/26, with surplus in the subsequent 3 years but below the £8m level, before being forecast to increase again in later years. Any unanticipated event with financial implications in those years will be managed through a call on the working balance, which is forecasted to be replenished in future years.

9.6 **The main sources of income to the HRA are Rents and Service Charges.**

9.7 **Housing rents**

9.8 The Council is required to set the rent increases in council-owned homes every year but there are strict limits for existing tenants. From 2020/21, the government has permitted Local Authorities in England to increase existing tenants' rents by no more than the Consumer Price Index (CPI), at September of the previous year, plus 1%.

9.9 On 17 November 2022, the government announced in the Autumn Statement 2022 that social housing rent increases for 2023/24 would not go up in line with the formula, instead will be capped at 7%, to help tenants with the increased cost of living.

9.10 In 2024/25, rents will increase by September CPI + 1% in line with Government guidance.

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

9.12 Central Government, through the Regulator of Social Housing, prescribes the formula for both calculating social housing rents in new tenancies and the rate at which existing social rents are able to increase in each year.

9.13 The rental increase is set at September CPI plus 1%. In 2023/4 the CPI+1% rent increase would have been 11.1% however the rent increase was restricted at 7% by Central Government. In 2024/25 there is no such restriction. Therefore, the proposed rents increase in 2024/25 of 7.7% is based on September CPI of 6.7% plus 1%.

9.14 On this basis, the proposed average weekly rents for general needs and sheltered/supported housing will increase by £9.10 from £118.22 to £127.33 in 2024/25. There is a range of rents across different sizes of properties. The table below sets out the proposed average weekly rents by property size based on the rent increase of 7.7% for 2024/25 with effect from 1st April 2024 (the first Monday in April).

Table 9.1: Proposed Average Weekly Rent 2024/25

Number of Bedrooms	Number of Properties	Current average weekly rent 2023/24	Proposed average weekly rent 2024/25	Proposed average rent increase	Proposed percentage increase
Bedsit	130	£95.91	£103.30	£7.39	7.7%
1	5,260	£101.59	£109.41	£7.82	7.7%
2	5,133	£118.40	£127.52	£9.12	7.7%
3	3,687	£135.57	£146.01	£10.44	7.7%
4	607	£154.35	£166.23	£11.88	7.7%
5	110	£180.56	£194.46	£13.90	7.7%
6	15	£187.64	£202.09	£14.45	7.7%
7	2	£177.55	£191.22	£13.67	7.7%
All dwellings	**14,944**	**£118.22**	**£127.33**	**£9.10**	**7.7%**

9.15 **Formula rent and Rent Caps**

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

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

9.18 Formula rents are subject to a national social rent cap. The rent cap is the maximum level to which rents can be increased to in any one financial year, based on the size of the property. Where the formula rent would be higher than the rent cap for a particular property, the national social rent cap must be used instead. Rent caps for 2024/25 are as shown below:

Table 9.2: 2024/25 Bedroom Rent Caps

Number of Bedrooms	2024/25 Rent Cap
1 and bedsits	**£188.04**
2	**£199.08**

3	**£210.15**
4	**£221.19**
5	**£232.26**
6 or more	**£243.31**

9.19 **Rents on New Tenancies**

9.20 Rents for new tenancies are set according to a formula (hence the term 'formula rent'). This is for new tenancies in either a relet of an existing council home, or a newly built council home.

9.21 The Policy statement on rents for social housing also includes provision for social landlords to apply a 5% flexibility on formula rents: '*The government's policy recognises that registered providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the policy contains flexibility for registered providers to set rents at up to 5% above formula rent (10% for supported housing – as defined in paragraphs 2.39-2.40 below). If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability*.'

9.22 The current financial climate – with high inflation rates and high interest rates – means that the Council cannot continue to meet its obligations to its tenants by investing in its stock, ensure that all homes meet at least the decent homes standard, ensure that homes meet the council's sustainability objectives and ensure homes are warm and cheaper to heat for tenants while still setting a balanced HRA. On this basis, the 2024-2029 HRA MTFS proposes applying the 5% flexibility to formula rents.

9.23 This would not supersede any commitments on future rent levels – for example as set out in the landlord offer for new homes at Broadwater Farm and High Road West. It would also not apply to any homes that are being delivered at London Affordable Rent. And this could not affect rents on existing tenancies which can only rise by CPI+1%.

9.24 Rents on new builds (apart from the categories mentioned above) and rents for re-lets of existing Council Homes are proposed to be set at formula rent plus 5% flexibility (subject to national rent cap).

9.25 **London Affordable Rent**

9.26 London Affordable Rent was introduced by the Mayor of London in 2016 as a social housing product for new affordable homes funded by Building Council Homes for Londoners (BCHFL) grant. It reflects the 2015/16 formula rent cap uprated by CPI plus one per cent every year. These LAR rents are at the same level anywhere in London. LAR homes are let by councils on secure tenancies, and by other registered providers.

9.27 The BCHFL grant programme allocated grant on the basis that homes for low-cost rent would be let at London Affordable Rent (LAR) rather than formula rent. The historically relatively low level of grant – a flat rate of £100,000 per unit – reflected that expectation.

9.28 In the 2023/24 HRA MTFS it was agreed to let homes built as part of the GLA's 2016-2021 programme at LAR.

9.29 The table below shows London Affordable Rents for 2024/25. This represents an uplift on 2023/24 LAR Rents by September CPI plus 1%.

9.30 **Table 9.3: 2024/25 LAR**

Number of Bedrooms	**2024/25 LAR**
1 and bedsits	**£201.43**
2	**£213.26**
3	**£225.10**
4	**£236.95**
5	**£248.80**
6 or more	**£260.63**

9.31 **Rents in Temporary Accommodation**

9.32 All properties purchased since 1 April 2019 for housing homeless households, which are held in the HRA, are leased to Haringey Community Benefit Society (HCBS) and let by HCBS at Local Housing Allowance (LHA) rent levels.

9.33 The HRA financial plan includes these rental incomes for a maximum period of seven (7) years from the time of acquisition. From year eight (8), it recognises incomes from these properties at formula rent, with the normal annual rent increases of CPI, as these properties are assumed will revert to the HRA after 7 years of lease.

9.34 From 1st April 2024, all other council-owned properties, in the HRA, used as temporary accommodation under a Council non-secure tenancy will have proposed rent increases of 7.7% (CPI + 1%).

9.35 **Shared Ownership Rents**

9.36 There are a small number of shared ownership properties in the HRA, and their rents are to be increased in line with their contracts, typically January RPI +0.5%. The Government have recently announced that for new shared ownership properties the rents are to be increased by CPI +1%.

9.37 **Tenants' Service Charges**

9.38 In addition to rents, tenants pay charges for services they receive which are not covered by the rent.

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

9.40 In the past years, service charges have been capped at CPI plus 1% increases, apart from last year where service charges were generally capped at 10% instead of 11.1% (CPI plus 1%) and most energy related service charges were capped at 75% of the cost.

9.41 This approach was taken to ensure that rises in rent and service charges were consistent. In the event that this rise meant that the council would have recovered more than the cost of providing that service, service charges were capped to ensure that no more than this was recouped.

9.42 This is in line with guidance in the rent standard – which sets out that registered providers should endeavour to keep increases for service charges within the limit on rent changes, of September CPI +1%. However, the overarching service charging principle is for an authority to recover the cost of the service, and no more than this.

9.43 Service charges are covered by housing benefit and Universal Credit, so any tenant in receipt of these benefits will have these costs covered.

9.44 Having increased service charges on the above basis for a number of years, it is proposed in 2024/25 that we revert to full cost recovery service charges. The services tenants currently pay for are listed below:

- Concierge
- Grounds maintenance
- Caretaking
- Street sweeping (Waste collection)
- Estates road maintenance
- Light and power (Communal lighting)
- TV aerial maintenance
- Door entry system maintenance
- Sheltered housing cleaning service
- Good neighbour cleaning service

- Window cleaning service.
- Converted properties cleaning
- Heating

9.45 Tenants living in sheltered and supported housing also pay the following additional support charges:
- Sheltered Housing Charge
- Good Neighbour Charge
- Additional Good Neighbour Charge

9.46 The applicable charges proposed for 2024/25 is as shown in the table below:

Table 9.4 – Proposed Tenants' Service Charges with effect from 1st April 2024 (2024/25)

Tenants' Service Charges	Current Weekly Charge 2023/24	Proposed Weekly Charge 2024/25	Increase / Decrease	
Property Charges :				
Concierge	£20.28	£26.62	£6.34	31%
Grounds Maintenance	£3.40	£3.47	£0.07	2%
Caretaking	£5.19	£7.62	£2.43	47%
Street Sweeping	£5.98	£8.57	£2.59	43%
Estates Road maintenance	£0.68	£0.77	£0.09	13%
Communal Lighting (Light & Power)	£5.57	£4.04	-£1.53	-27%
TV aerial maintenance	£0.38	£0.41	£0.03	9%
Door entry system maintenance	£1.03	£1.11	£0.08	8%
Sheltered housing cleaning service	£2.13	£2.48	£0.35	16%
Good neighbour cleaning service	£1.51	£1.76	£0.25	17%
Window cleaning	£0.63	£0.67	£0.04	6%
Converted properties cleaning	£2.05	£3.93	£1.88	92%
Sheltered Housing Blocks Heating	£19.31	£18.33	-£0.98	-5%
Garton House / Lowry House Heating	£15.78	£15.33	-£0.45	-3%
Ferry Lane Estate / Runcorn Heating	£23.46	£21.83	-£1.63	-7%
Rosa Luxemburg - District Heating 8	£9.56	£7.14	-£2.42	-25%
William Atkinson House Heating	£20.60	£19.45	-£1.15	-6%
Broadwater Farm DEN Heating	£22.49	£21.11	-£1.38	-6%
Welbourne (Walter Tull House) DEN Heating	£11.45	£8.54	-£2.91	-25%
Support Charges :				
Sheltered Housing Charge	£32.38	£33.40	£1.02	3%
Good Neighbour Charge	£14.47	£14.93	£0.46	3%
Good Neighbour Charge (Stokley Court)	£17.62	£18.17	£0.55	3%

9.47 **Heating charges**

9.48 The heating charges reflect the projected usage in the blocks and projected energy rates for 2024/25. To protect tenants from a sharp increase some of the approved 2023/24 heating charges included a 25% discount. In 2024/25 no equivalent discount has been applied as the proposed charges are based on full cost recovery, However the current intelligence from the Council's energy supplier (Laser) is that costs in 2024/25 are expected to be approximately 26% lower than costs in 2023/24 and this has been reflected in the proposed charges in the table above.

9.49 Broadwater Farm and Welbourne heating charges are included as an indication of the average weekly cost as both sites are expected to have metered charges from the latter part of 2023/24.

9.50 Where properties are on metered heating, the charges will be based on usage for each property and proposed tariffs as detailed in the table below.

Table 9.5 – Proposed Metered Tariffs with effect from 1st April 2024 (2024/25)

Metered blocks (same tariff applies to all sites)	Current Tariff 2023/24	Proposed Tariff 2024/25	Increase / Decrease	
Weekly standing charge (£/wk)	£3.65	£3.65	£0.00	0%
Price per unit of heat (pence/kWh)	8.01p	7.90p	-0.11p	-1%

9.51 **Rent Consultation**

9.52 As part of the budget consultation, tenants will be given the opportunity to express their views on the adoption of rent flexibility for new tenancies. There is no requirement for tenant consultation on existing rents, service charge increases or charges for facilities (such as heating) (but there is a duty to notify tenants of such increases once a decision has been made). Haringey Council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges. Tenants must be given at least four weeks' notice before the new rents and service charges for 2024/25 start on 1st April 2024.

9.53 **HRA Tenants Support Fund**

9.54 Recognising the impact that service charge increases in this report may have on HRA tenants, it is recommended that a new support fund is established. The form of support to be provided from this fund will be addressed in a separate report with the decision making delegated to the Director of Housing & Place following consultation with the Cabinet Member for Housing services, Private renters, and Planning. It is proposed that this be funded from the £20m HRA working balance and the replenishment of the working balance to its full level be redressed in the subsequent periods.

9.55 **HRA Expenditure**

9.56 Significant items of expenditure in the HRA include the management cost (£30.5m), repairs cost (£27m), capital financing charge (£25.2m) and depreciation (£22.6m). These four items constitute 77% (£105m) of the total HRA expenditure (£136m) in 2024/25. The capital financing charge is the interest on HRA loans and internal funding and is budgeted at £7m above the 2023/24 level due to higher interest rate forecast for next year's potential borrowings. Depreciation is a cash charge to the HRA to reflect the need to finance the replacement of components within HRA homes over time. The depreciation charges to the HRA are transferred into the Major

Repairs Reserve (MRR). The Major Repairs Reserve is used to build up capital sums that can be used to finance the capital programme.

9.57 The proposed HRA capital programme supports the delivery of over £2bn investment in our existing stock over the next 30 years, and the delivery of over 3,000 new council homes by March 2031.

9.58 There are of course risks such as the impact of the current inflation and interest rate rises on collection of rent, capacity to build, and overall sustainability of the HRA. However, these risks have been factored into this iteration of the HRA budget/MTFS. The budget/MTFS forecasts revenue contribution to capital outlay (RCCO) above the set minimum of £8m in 2024/25 and 2025/26. The RCCO falls below this level in the last three periods of the MTFS and bounces back, after this period. The financial plan recognises the management of the risks in those periods via the use of working balance which currently stands at £20m.

9.59 **HRA 5 Years MTFS (2024/25-2028/29)**

9.60 This report sets out the proposed HRA 5 years Budget/MTFS in the Table below. It accommodates the scale of development presently assumed within the business and financial planning in terms of its impact of the future years HRA revenue position. It also takes into consideration the current inflation and interest rates and its impact in next year’s rent charges. The HRA budget for 2024/25 is a balanced budget with a revenue contribution to capital (RCCO) of £8.6m.

9.61 The table below shows the HRA 5-Year Revenue Budget (2024/25 – 2008/29)

Table 9.6 – HRA 5-Year Revenue Budget (2024/25 – 2028/29)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	**Total**
Income & Expenditure	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	**Total**
Income & Expenditure	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Income						
Dwellings Rent Income	(109,359)	(119,027)	(128,185)	(137,644)	(146,029)	**(640,244)**
Void Loss	2,071	1,190	1,282	1,376	1,460	**7,379**
Hostel Rent Income	(1,932)	(1,990)	(2,050)	(2,112)	(2,176)	**(10,260)**
Service Charge Income	(17,095)	(17,902)	(18,791)	(19,687)	(20,592)	**(94,067)**
Leaseholder Income	(8,341)	(8,577)	(8,820)	(9,068)	(9,323)	**(44,129)**
Other Income (Garages /Aerials/Interest)	(1,738)	(1,826)	(2,189)	(2,233)	(2,278)	**(10,264)**
Total Income	**(136,394)**	**(148,132)**	**(158,753)**	**(169,368)**	**(178,938)**	**(791,585)**
Expenditure						
Repairs	27,060	26,553	27,085	25,218	23,264	**129,180**
Housing Management	28,605	30,012	29,552	30,163	31,786	**150,117**
Housing Demand	1,879	1,879	1,879	1,879	1,879	**9,395**
Estates Costs (Managed)	13,440	13,709	13,983	14,263	14,548	**69,943**
Provision for Bad Debts (Tenants)	3,019	1,199	1,281	1,365	1,441	**8,305**
Provision for Bad Debts (Leaseholders)	200	206	212	218	224	**1,060**
Other Costs (GF Services)	3,564	3,635	3,708	3,782	3,857	**18,546**
Other Costs (Property/Insurance)	2,148	2,191	2,234	2,279	2,325	**11,176**
Capital Financing Costs	25,280	35,057	47,403	59,894	68,630	**236,264**
Contribution to Major Repairs (Depreciation)	22,597	23,669	24,839	26,025	27,229	**124,359**
Revenue Contributions to Capital	**8,603**	**10,023**	**6,577**	**4,282**	**3,754**	**33,239**
Total Expenditure	**136,394**	**148,132**	**158,753**	**169,368**	**178,938**	**791,585**

9.62 The RCCO in 2024/25 and 2025/26 is more than our locally set minimum of £8m, however for the remaining 3 years it is below £8m. It is clear that our HRA position remains tight and will require close monitoring of our ongoing income and expenditure positions.

9.63 **HRA 5 Years Capital Programme (2024/25 – 2028/29)**

9.64 This represents the capital implications of the new HRA financial plan where there is a strong emphasis on meeting the needs of homeless households while ensuring that the needs of the existing stock are met. It also focuses on the delivery of new homes, renewal of BWF estate, carbon reduction in existing stock, and fire safety of the entire stock.

9.65 The HRA MTFS is geared towards maximising the use of other available resources and use of borrowing as last resort, while maintaining a working balance of £20m. The MTFS capital programme funding assumes a mix of grant funding, S106 monies, revenue contribution and prudential borrowing. The total capital investment in 2024/25 is £239m, fully funded from grants, Major Repairs Reserve, revenue contributions, RTB retained capital receipts, leaseholder contributions and borrowing.

Table 9.7 - HRA 5 Year Capital Programme (2024/25 – 2028/29)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	**Total**
Investment & Financing	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Capital Investment						
Major Works Programme	36,437	45,676	76,683	83,000	66,635	**308,431**
Carbon Reduction Works (Affordable Energy)	3,503	6,893	11,500	13,533	6,757	**42,186**
Fire Safety Works	7,879	8,041	8,366	7,460	5,631	**37,377**
Broadwater Farm Works (BWF)	16,213	19,713	17,575	16,975	16,974	**87,450**
Total Existing Stock Investment	**64,032**	**80,323**	**114,124**	**120,968**	**95,997**	**475,444**
New Homes Build Programme	101,926	115,570	107,819	94,156	78,122	**497,592**
New Homes Acquisitions	33,540	17,395	22,494	14,734	2,658	**90,820**
High Road West (HRW)	2,064	19,053	36,644	36,260	11,082	**105,104**
Broadwater Farm (BWF) New Build	21,944	56,486	58,565	25,473	5,505	**167,972**
Existing Homes Acquisitions - TA	15,575	15,731	16,203	16,689	17,190	**81,388**
Total Capital Investment	**239,081**	**304,557**	**355,849**	**308,279**	**210,555**	**1,418,321**
Capital Investment Financing						
Grants (GLA)	44,805	46,167	56,412	14,696	35,596	**197,676**
Major Repairs Reserve	22,597	23,669	24,839	26,025	27,229	**124,359**
Revenue Contributions	5,482	10,023	6,579	4,283	3,753	**30,120**
RTB Capital Receipts	6,858	7,273	7,472	7,737	8,010	**37,350**
Leaseholder Contributions to Major Works	8,289	7,890	6,548	6,832	7,104	**36,663**
Market Sales Receipts	4,717	1,348	1,613	1,482	15,450	**24,610**
Borrowing	146,333	208,187	252,386	247,224	113,413	**967,543**
Total Capital Financing	**239,081**	**304,557**	**355,849**	**308,279**	**210,555**	**1,418,321**

9.66 The Council continues to project an expensive HRA capital programme both in terms of investing in its existing stock and new build. The financial sustainability of this is addressed in our revenue modelling reported above.

9.67 This MTFS proposes increases in major works, carbon reduction, fire safety budget – to meet current regulatory requirements (Building Safety & Fire Safety legislation), reach 100% Decent Homes standard, following self-referral.

9.68 **Major Works**

9.69 The Council's new Housing Asset Management Strategy sets out the Council's target to achieve 100% decent homes, and how this will be achieved.

9.70 In July 2022, Cabinet agreed to go out to tender to work with partners to deliver these works for the long term, through a Partnering Contract. This

Partnering Contract would run for ten years and will be divided into four separate contracts over four geographical areas. Works under the Partnering Contract are expected to start in late 2024. The proposed Partnering Contract has been designed to deliver value for money; ensure that the Council's objectives to meet decent homes, as well as the other workstreams listed below, are met; contribute to wider corporate priorities in particular to bring good quality jobs and training opportunities to Haringey residents; and finally to ensure that those who are awarded large contracts by the Council are committed to Haringey and the success of the borough for the longer-term. The costs in this proposed capital programme budget recognises the estimated cost of the partnering contract.

9.71 **Carbon Reduction Works**

9.72 The budget provision would support extensive measures contained in the Council energy action plan. Despite the challenging economic circumstances, the Council is proposing an increase of £9m in the expenditure on carbon reduction works over the MTFS period.

9.73 The Council's Energy Action Plan sets out how it will deliver the objectives of both the Climate Change Action Plan and the Affordable Energy Strategy. These are to reduce carbon emissions from the Council's housing stock so that the whole stock reaches an average EPC of B by 2035; and A by 2041, where technically feasible. In turn this will contribute to the objective to minimise energy costs for Council tenants and reduce fuel poverty, especially in a time of rising costs.

9.74 The proposed approach is to firstly improve the fabric of the property. This means upgrading, where necessary, walls, roofs, windows, floors, and doors so as the reduce the need to expend energy to heat homes. The next stage is to incorporate low and zero-carbon heat and power. The worst performing homes will be targeted first. Works will be incorporated with the major works programme to minimise cost to the HRA and disruption to residents. The proposed HRA capital budget supports these works, but external funding is also sought whenever applicable.

9.75 **Fire Safety Works**

9.76 The proposed budget/MTFS is to ensure that all housing stock continues to meet changing statutory requirements. The budget has been refreshed and additional investment of £2m is proposed over the MTFS period; to ensure that the requirement of the recent Fire Safety (England) Regulations 2022 are met. The programme includes front entrance door replacements, window infill panel replacements, Automatic Fire Detection (AFD) to street properties, automatic Fire detection and compartmentation works to timber clad buildings, Intrusive Fire Risk Assessments (FRA) and follow up works.

9.77 **Broadwater Farm Works**

9.78 The council is setting aside significant capital expenditure for the regeneration of the Broadwater Farm estate and has reprofiled expenditure in line with our latest estimates. This reprofiling means a proposed additional £3.6m expenditure over the MTFS period. The identified structural faults with a number of buildings led to the development of comprehensive programme of improvement. This programme includes:

- The construction of 294 new homes, all at council rent, with 30% family sized units with three beds or more (contained in the new homes budget, below)
- The refurbishment of 800 homes, covering sustainability, fire safety and mechanical and electrical
- Improvements to the public realm and green spaces, tackling the legacies of the 'streets in the sky' design from the 1960s

9.79 **New Homes Build and Acquisition**

9.80 This Financial plan continues to provide for financial resources to meet the Council's commitment to the delivery of high-quality Council homes. This is an integral part of the Council's core HRA business, with a delivery programme that is viable in the long term. The total estimated cost of new build homes and acquisition in the financial plan is £861m over the period of the MTFS.

9.81 Over the past five years, the Council has established a housing delivery programme that is committed to delivering 3,000 new council homes for council rent by 2031. These are the first new council homes in Haringey for forty years.

9.82 The Housing Delivery Programme currently includes over 2000 homes that have been completed started on site. 199 new council homes have been completed and let.

9.83 The new homes are designed through an iterative process of consultation and engagement with Members, planners, and the community.

9.84 Clear, explicit design principles mean that these homes will have the highest standards of design quality – so that homes are beautiful, but also safe, comfortable, and accessible. They will also be easy and affordable to look after – for the Council and for the tenant.

9.85 Climate change, carbon management, and sustainability is integral to the design of our new generation of Council homes. The Council targets zero-carbon for each of our developments.

9.86 More than 10% of new homes are fully wheelchair accessible, with a target of 20%. As part of the programme, through the Bespoke Homes programme we are actively identifying households on the housing register with specific accessibility needs in order to design new homes for their individual needs.

9.87 The need for genuinely affordable homes in Haringey – as across the country – is urgent. More than 12,500 households are currently on the Council's housing register.

9.88 Cabinet has so far included 80 sites of Council land with potential for development in the programme. Most are held in the HRA; others are in the General Fund and will need to be appropriated at cost into the HRA. Where such land includes “open space”, prior to a final decision to appropriate the land into the HRA, there will be a need to advertise and consult.

9.89 Sites in the HRA are underused land, generally on housing estates, typically garages, car parking spaces, or land between existing blocks. General Fund land ranges from the conversion of former shops into homes to large sites such as the former waste management depot at Ashley Road.

9.90 As an integral part of the programme, the Council also actively seeks opportunities to acquire homes to let as Council homes.

9.91 **Existing Homes Acquisitions – Temporary Accommodation (TA)**

9.92 The Council’s TA acquisition programme is based on the purchase of homes and subsequent leasing to the Haringey Community Benefit Society (‘the CBS’) to provide housing to households in housing need nominated to it by Haringey Council. This scheme will generate adequate rental income to cover the cost of capital and associated cost. There is also a General Fund (GF) saving generated by the provision of homes to homeless households in the HRA via reduction in the use of privately-owned temporary accommodation in GF. This Financial plan has a reduced allocation over the MTFS period for this scheme compared to prior years. This is because of the restriction the new guidance on use of RTB retained receipts has placed on the Council’s ability to use these receipts for the purpose of acquiring existing homes. The new guidance means that the Council has a capped number of acquisitions in any year. The RTB retained receipts is now being applied to new build homes to match the acquisitions.

10. Dedicated Schools Budget (DSB)

10.1 Schools budgets are substantially funded from the ring-fenced Dedicated Schools Grant and two other funding streams (Pupil Premium and Post 16 Grant) which are, in effect, passported to schools. Spending must be consistent with the requirements of the prevailing schools and early years funding regulations. There are requirements for Schools Forum to act as a decision-making and/or a consultative role in determining budget levels for each year.

10.2 The financial position reported at Quarter 2 2023/24 sets out the forecast year end position. The accumulated deficit on the High Needs Block has benefited from Safety Valve Funding of £11.99m received in 2022/23. As a result, the opening deficit is £11.55m. The report highlights the in year budget pressures in the High Needs Block which is estimated to add an additional £2.5m to the existing deficit of £11.55m to give a forecast deficit of £14.05m by the end of 2023/24. Further Safety Valve Funding of £2.99m is expected in year bringing the forecast closing position down to £11.04m. The in year forecast deficit is in line with the Safety Valve Agreement and overall, on target to bring the High Needs Block into balance by 2027/28.

10.3 Table 10.1 below sets out Haringey's Dedicated Schools Grant allocations for 2022/23, the minimum rebased DSG baseline allocation for 2023/24 and the National Funding Formula (NFF) allocation for 2024/25 that was published 19th December 2023.

Table 10.1 Haringey's Dedicated Schools Grant Allocation

DSG Block Allocations	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Early Years Block £m	Total DSG Allocation £m	Recoupment £m	Total DSG Received by Haringey £m	Outside Grants Rolled into Schools Block £m
2022/23	212.52	52.21	2.79	20.25	287.77	-79.11	208.66	0.00
2023/24	219.47	56.79	2.71	21.22	300.19	-84.78	215.41	5.78
2024/25 (published)	225.78	58.12	2.63	31.40	317.93	-83.89	234.04	7.12
								12.90

Mainstream Schools Supplementary Grant (MSSG) 2023/24 and Mainstream School Additional Grant (MSAG) 2024/25 rolled into Schools Block

10.4 Overall, Haringey's NFF allocation for 2024/25 is an increase of 8.6% excluding rolled in grants equivalent to £7.12m. This is based on the December 2023 published allocations and will change during the year due to Early Years Block indicative allocation based upon 2023/24 census and in year recoupment.

- Schools Block - uplift of 0.48% equivalent to £1.02m but rolled in grant of £7.12m.
- Central School Services Block - has lost –2.9% equivalent to £0.08m.
- Early Years Block – uplift of 48% equivalent to £10.18m but estimated based on 23/24 census, also includes new funding to be passported to providers for nursery placements for children aged under 2 years old.
- High Needs Block – uplift of 2.3% equivalent to £1.32m.

10.5 The actual financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2024/25, and updated Early Years Block census which is usually in July 2024.

10.6 The DfE have consulted on the implementation of the direct National Funding Formula from 2024-25, which allows the Secretary of State to determine Schools funding allocations directly. The Council supports a funding system that continues to enable local discretion on the allocation of schools funding so that decisions being made are more responsive to the needs of schools.

10.7 The Haringey Schools Forum noted the DSG funding allocations at their January 2024 meeting and approved the consultation outcome on the formula to distribute the schools block for devolved school budgets subject to approval by the Education Skills and Funding Agency (ESFA).

DSG Reserves

10.8 The DSG reserves now account for Safety Valve funding of £11.99m applied to the 2022/23 position and a further funding expected to be received in 2023/24 of £2.99m to improve the forecast closing position to £11.04m.

Table 10.2 2023/24 Year End DSG reserves forecast

DSG Blocks	Opening DSG deficit at 01/04/2023	Q2 2023/24 Forecast	Safety Valve Funding	Forecast closing DSG deficit 2023/24
	£m	£m	£m	£m
School Block	0	0	0	0
Central School Services Block	0	0	0	0
Early Years Block	0	0.02	0	0.02
High Needs Block	-11.55	-2.50	2.99	-11.06
Total DSG	**-11.55**	**-2.48**	**2.99**	**-11.04**

10.9 After the successful bid to join the Safety Vale Programme approved by DfE in March 2023. The Safety Valve Plan is currently on track in year one of the program with regular quarterly reporting to the DfE prior to receipt of the in-year funding. Workstreams on the delivery to bring the DSG deficit into a balanced position by 2027/28.

10.10 Successful delivery and progress in line with the DSG Management Plan would result in funding being released by DfE to support the reduction deficit and bringing the High Needs Block into a balance by 2027/28. The planned funding profile is as follows:

Year	£m
2022-23	11.96
2023-24	2.99
2024-25	2.99
2025-26	2.99
2026-27	2.99
2027-28	5.98

11. Consultation & Scrutiny

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

Public Consultation

11.2 As such a formal consultation has taken place on the proposals included in the December draft Budget/MTFS report which included businesses, tenants, service users and residents. A detailed summary of the process and the responses received can be found in Appendix 7. Cabinet is asked to consider the responses and, consider whether the issues raised are addressed in the budget strategy.

Overview and Scrutiny

11.4 As part of the Council's governance arrangements for scrutiny of the Budget and Medium-Term Financial Strategy, the Council's Overview and Scrutiny Committee and Panels met during late December 2023 and early January 2024 and have scrutinised all the proposals presented in the 5th December 2023 report to Cabinet. Senior officers, relevant Members and heads of finance were in attendance at each meeting to present proposals and respond to questions from the Panel/Committee members. For some proposals, additional information was requested, which was provided.

11.5 All recommendations put forward by the Panels and the main Committee were considered by the Overview and Scrutiny Committee on 18th January 2024 and a schedule of final recommendations were agreed and referred to Cabinet. These recommendations, along with the Cabinet responses, are provided in Appendix 8.

11.6 A further meeting of the Overview and Scrutiny Committee will be held on 1 February 2024 in respect of the Budget report being presented to Cabinet on 6 February. Any additional recommendations arising from that meeting will be included in the final budget report presented to Full Council on 4 March.

Equalities Impact Assessment

11.7 The proposals in the 2024-25 Budget and 2024-2029 Medium Term Financial Strategy have been subject to equalities analyses, both individually, and collectively as a combined set of actions. The report attached as Appendix 9 summarises this analysis.

12. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

12.1 The Council's draft Budget aligns to and provides the financial means to support the delivery of the Corporate Delivery Plan outcomes.

13. **Carbon and Climate Change**

13.1 Any carbon and climate change implications of the proposals contained in this report are addressed at the relevant section of the report.

14. **Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)**

Finance

14.1 The financial planning process ensures that the Council's finances align to the delivery of the Council's priorities and the administration's manifesto commitments in the medium term. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.

14.2 Ensuring the robustness of the Council's 2024/25 budget and its MTFS 2024/25 – 2028/29 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.

14.3 Following considerable and collaborative work across the council a final 2024/25 balanced budget has been achieved, requiring the Council drawdown of £5.9m from the Strategic Budget Planning Reserves. The Council continues to experience the impact of the conditions in the national economy and post pandemic environment. These factors are driving the need for £25.5m growth and addresses the assumed demand in care service, underpinned by a significant savings programme. Best efforts have been employed to derive realistic and robust budgets for 2024/25 however the Council must continue to focus on delivering its agreed programme of savings at pace which are vital in helping the ongoing financial sustainability of the authority in the longer term.

14.4 The policy of reviewing all agreed savings as part of the annual budget setting process is one measure employed to de-risk budgets as are the adjustments made since the draft Budget was presented to revise budgets to reflect government funding announcements and budgets particularly sensitive to wider economic conditions such as treasury and borrowing. This Budget continues to provide for a Corporate Contingency of c£7m across the whole MTFS period.

14.5 The formal Section 151 Officer view on the Councils financial sustainability and assessment of robustness of the council's budget, including sufficiency of contingency and reserves to provide against future strategic risks is taking on more importance than ever in this challenging financial climate. This report is written to provide the full and frank view of the Council's Chief Finance Officer (CFO) on the Council's financial position. This will be further formally set out in the CFO's Section 25 Statement contained within the final budget report to Council in March 2024.

Procurement

14.6 Strategic Procurement has been consulted in the preparation of this report and note the recommendations in section 3 and contents of the report which are not related to a procurement activity or process. Strategic Procurement will continue to work with services to enable cost reductions.

Head of Legal & Governance

14.7 The Assistant Director of Legal & Governance (Monitoring Officer) has been consulted in the preparation of this report and makes the following comments.

Procedure

14.8 In accordance with section 67 of the Local Government Finance Act 1992 (the '1992 Act'), the functions of agreeing the budget and the calculation of Council tax are to be discharged by the Full Council.

14.9 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. Accordingly, 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.

Fiduciary Duty to Ratepayers

14.10 Member's fiduciary duty (i.e. legal duty as trustee of the public purse) is a material consideration to reflect upon. In making its decisions, the Council must act rationally and reasonably and should balance the nature, quality and level of services which it considers should be provided against the costs of providing those services.

Consultation

14.11 Under section 65 of the 1992 Act, the Council is under a duty to consult persons or bodies appearing to it to be representative of persons subject to non-domestic rates as regards hereditaments situated in the area of Haringey. In addition to businesses, the Council has consulted local residents. The outcome of that consultation is contained in Appendix 7 to this report. In making its decisions, the Council must conscientiously take into account the consultation responses. It should also be noted that the consultation was in the context of the budget proposals and not necessarily on the specifics of whatever decisions may be implied by the adoption of the budget.

Savings Proposals

14.12 The report proposes new savings proposals for the financial year 2024/25 e.g. reduction in staffing numbers, review of library opening hours, review of the provision of hard copy newspapers and magazines in libraries, review of fees charged for parking, review of concessionary discounts for use of the New River Sports Centre and review of the Council Tax Reduction Scheme.

14.13 Depending on the nature of each proposal, the council may be required to take further steps prior to determining whether, how and when to implement those proposals. For example, the Department for Digital, Culture, Media and Sport states that: "We would like councils considering changing their library service to inform the DCMS Libraries team about their proposals before public engagement or consultation" (c.f. - Libraries as a statutory service - GOV.UK (www.gov.uk)). In addition, prior to considering implementing savings proposals, further steps may include e.g. carrying out further statutory consultation exercises, complying with requirements contained in legislation or guidance and carrying out full equalities impact assessments where appropriate so as to ensure that the Council complies with the public sector equality duty.

Public Sector Equality Duty

14.14 The Council must ensure that it has due regard to its public sector equality duty under section 149 of the Equality Act 2010 in considering whether to adopt the recommendations set out in this report. A full equalities impact assessment has been carried out and is contained in Appendix 9 of this report.

Flexible use of capital receipts

14.10 The report recommends that Cabinet propose approval to Full Council on the strategy as regards the proposed flexible use of capital receipts (Appendix 6 to this report). The Local Government Act 2003, section 15(1) requires a local authority "… to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify …". Guidance on the use of capital receipts flexibility has been issued under section 15(1) of the Act and the Council is therefore required to have regard to it (c.f. Guidance on the flexible use of capital receipts (updated August 2022) - GOV.UK (www.gov.uk)).

14.11 Among other things, the Guidance notes that -
Two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain guidance on capital receipts and local authority accounting that complement the Department for Levelling Up, Housing and Communities (DLUHC) guidance. These publications are:

- *The Prudential Code for Capital Finance in Local Authorities*
- *The Code of Practice on Local Authority Accounting*

Local authorities are required to have regard to the current edition of The Prudential Code for Capital Finance in Local Authorities by regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and to the Local Authority Accounting Code as proper practices for preparing accounts under section 21(2) of the Act.

Conclusion

14.12 In view of the conclusion reached by the Director of Finance above on the ability to set a balanced budget for 2024/25 and the Equalities comments below, there is no reason why Cabinet cannot adopt the Recommendations in this report.

Equality

14.15 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

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

14.16 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

14.17 This This report details the draft Budget for 2024/25 and MTFS to 2028/29, including budget adjustments and capital proposals.

14.18 An EQIA for this Budget/MTFS has been produced in full and is appended to this report which summarises potential impacts on the protected characteristics. Where required, individual EQIAs will be developed for each proposal.

14.19 The impact of the budget proposals on equalities should be seen within the context of residents' lives in Haringey. Longstanding inequalities persist in Haringey as they do nationally and globally. In recent years global events, like the COVID-19 pandemic, inflation and war have impacted on people living in the borough by perpetuating health and economic inequalities and driving community tensions and hate crime.

14.20 The primary equality challenge in the last year has been the impact of the cost-of-living crisis on residents. The cost-of-living crisis has compounded economic disadvantage, which often interacts with lack of equal opportunities and discrimination faced by individuals with protected characteristics, notably for disabled people, young people from lower socioeconomic backgrounds, and Black, Asian and minority ethnic residents more likely to live in the borough's more deprived wards and experience employment gaps.

14.21 The proposals in this budget have been developed against a backdrop of budget pressures for councils across the country, with significant national scrutiny now being given to the pressures created for councils by social care and temporary accommodation demand.

14.22 In this budget there is a 2.99% increase in Council Tax in 2024/25 after which it reduces to 1.99% across the MTFS period and a 2% increase in ASC Precept for 2024/25 after which it is assumed to discontinue. The Council Tax Reduction Scheme will provide financial assistance with Council Tax bills for residents who are on a low income or less able to pay.

14.23 With relation to the Housing Revenue Account, rents in existing homes 7.7% (September 2023 CPI 6.7% + 1%), compared with last year where government capped at 7%. New rents will be subject to the formula rent and the 5% flexibility allowed (but not where commitments are in place as set out in the landlord offer on Broadwater Farm and High Road West or those at London Affordable Rent). Service charges are charged to recover the cost of the service. Most increases in service charges are below 10%. Service charges are covered by housing benefit and Universal Credit, so any tenant in receipt of these benefits will have these costs covered.

14.24 The council recognises that this is a challenging time for our residents, businesses and communities and this budget has been developed in this context, seeking to achieve the best possible outcomes with the limited resources available to us.

14.25 In this Budget/MTFS the council has sought to promote equality by:

- Meeting increased cost pressures in adult social care, children’s social care and temporary accommodation caused by inflation to ensure we continue to support our most vulnerable residents and meet our statutory obligations
- Investment in the schools estate
- Investment in Pendarren House so that more Haringey children can enjoy a stay there
- Investment in ICT for Community Hubs to enable users to access a range of services, likely to benefit those digitally excluded including older residents, disabled people and those of lower socioeconomic status
- Bringing our leisure services in-house with a range of health and wellbeing benefits for residents

14.26 Given the significant financial challenge we face as a council, this budget presents difficult decisions which may have potential negative impacts on individuals with protected characteristics. Where negative impacts are likely, EQIAs will be developed in line with the proposal and mitigating actions will be taken.

14.27 The EQIA appended to this report provides a line-by-line equalities analysis of policy proposals in this Budget/MTFS and should be consulted for further detail.

14.28 At this stage we anticipate equalities implications may be more significant with regards to the following proposals:

- Variation to library opening times based on analysis of use: may have negative implications variously for mothers of young children, young children, disabled people and older residents who are more likely to attend in the early mornings but have positive impacts on young people and students more likely to require evening use. Reductions in hours will impact all users but particularly those of lower socioeconomic status who are more reliant on the free facilities and materials they can access through the library.

- Work with residents to develop a Libraries Strategy for Haringey to ensure we have the most efficient and effective operating model: may be more likely to impact those who are not registered with the library and won't be able to access during self-serve hours which may be more vulnerable residents with greater social needs and those experiencing isolation including disabled people. May also impact those with less confidence to attend during self-serve hours due to concerns about safety during non-staffed hours including women, young people and LGBT people. May potentially benefit residents who wish to access the library in the evenings. Potential development of community-run libraries may bring positive benefits to all residents and help to build an inclusive Libraries Strategy.

- Council Tax Reduction Scheme Review – The review will reflect the borough's changing demographics and residents migrating to Universal Credit. The scheme is yet to be developed and will require public consultation on any changes. Potential negative impacts on individuals more likely to be within the Council Tax Reduction Scheme currently, specifically those experiencing socioeconomic disadvantage.

14.29 The budget proposals for 2024/25 have been subject to a formal public consultation. A Budget Consultation Report is appended to the Budget/MTFS Cabinet Report. Key findings:

- Respondents were asked which proposals they supported and which they didn't. There was support shown for the need and principle of putting cost saving measures into the budget, moving away from the current leisure centre provider and for funding the Schools Streets programme. There was also support shown by some residents for adjusting library hours rather than have any closures, investing in social housing and new sites for modular provision and investment in health and social care in the borough. Other proposals which gained some support were the raise in council tax, removal of hard copy magazines in libraries and improving methods of enforcement in the borough.
- There was a lack of support shown by certain residents for amendments to the existing library service, particularly introducing self-service and reducing hours. There was also a lack of support from some for the ongoing refurbishment of the Civic Centre and the council taking leisure services in-house and investing in Pendarren house.
- Respondents were asked what the council should look to do in order to meet its budget challenge and save money, generate income or achieve better value. Suggestions included raising Council Tax, enforcement fees and charges. There were also suggestions to adapt the business model of libraries and start charging for certain services,

with a number of respondents recommending a subscription fee. There were suggestions to think again about certain projects which may not benefit the public substantially, use Haringey space for commercial reasons and bring in experts to advise on cost saving practices.

14.30 Respondents were asked to comment on any proposals they thought will have a bigger impact on people with protected characteristics.

14.31 It was highlighted that leisure and fitness centres and libraries are used by elderly residents not only for fitness and information centres, but also for socialising so they could be negatively impacted if the council are not equipped to bring the facilities in house.

14.32 The lack of available toilets if library hours are shortened will also negatively impact older people and potentially pregnant people. Some respondents commented that the proposed budget cuts will disproportionately impact those who are more vulnerable to social isolation and those who are economically disadvantaged.

14.33 It was suggested that those with learning difficulties may find it difficult to use an online service to read a paper, or use a self-issue/return machine, the same with people from an older generation.

14.34 There were concerns about the budget proposals negatively impacting:

- Older residents
- Disabled residents
- Those with special needs
- Those who are economically disadvantaged
- Children and Young people
- Ethnic minority groups and those for whom English isn’t their first language.
- Parents of young children
- Pregnant women

15. Use of Appendices

Appendix 1	Summary of Final Proposed Revenue 2024-25 Budget and Medium Term Financial Plan 2024-2029
Appendix 2a	Summary of new Revenue budget growth proposals included in 5 December 2023 Cabinet report
Appendix 2b	Summary of additional new Revenue budget growth proposals now presented
Appendix 3a	Summary of new Revenue Saving proposals included in 5 December 2023 Cabinet report
Appendix 3b	Summary of additional Revenue Saving proposals now presented

Appendix 4	Draft General Fund Capital Programme 2024/25–2028/29
Appendix 5	New Capital Proposals for 2024-25 MTFS Programme
Appendix 6	Flexible Use of Capital Receipts Strategy
Appendix 7	Budget Consultation Summary of Responses
Appendix 8	Overview and Scrutiny Committee recommendations and Cabinet responses
Appendix 9	Equalities Impact Assessment
Appendix 10	Council Tax base Report 2024/25

16. **Background papers**

None