

Labour Motion - Full Council 24 March 2025

Title: Fair funding for local government

Proposer: Cllr ~~Sarah Williams~~ Dawn Barnes

Seconder: Cllr ~~Matt White~~ Alessandra Rossetti

This Council notes –

~~14 years of austerity~~ Decades of hollowing out of local government capacity and chronic underfunding of public services have devastated local government budgets.

Haringey's core government funding has been cut in real terms by £143m, while our statutory responsibilities in areas such as housing, adult social care, children's services and public health have grown significantly.

Haringey is one of 30 councils, from across the political spectrum, that have applied for Exceptional Financial Support (EFS) for 2025-26, including 6 in London; and one of just 17 councils that have applied for EFS for 2024-25 (1 of 4 in London).

Despite trying national circumstances, the vast majority of councils have not been forced to resort to EFS.

London Councils estimates a collective funding gap of £500m for the financial year 2025/26.

Several other factors have put additional pressure on Haringey's finances:

- Haringey has an ageing population, with a 24% increase in the number of residents over the age of 65 since 2010.
- Haringey has experienced a sharp increase in the cost of and demand for our services. Our 2025/26 budget includes an additional:
 - £31m for adult social care;
 - £12m for temporary accommodation (an increase of 278%);
 - £6.5m for children's social care and SEND.
 - These services alone account for over 60% of our total budget.
- Most boroughs average band D for council tax, but Haringey's average is the lower value band C – which means our revenues are lower. Government funding to local councils does not take full account of this.
- The classification of inner and outer London boroughs has not been updated since the 1960s. This old analysis says that levels of need and cost are higher in inner London. Haringey is classed as an outer London borough, but we actually share the challenges of inner London.

- Haringey has depleted its reserves position over the past few years after failing to reach previous savings targets, meaning it has no usable reserves left available for 2025-26

~~Despite these challenges,~~ Haringey continues to deliver exceptional outcomes across ~~many~~ some of its services:

- 98% of our schools are rated 'Good' or 'Outstanding'.
- Our SEND services attained the highest possible rating from Ofsted and CQC.
- We are delivering an extensive house-building programme; 707 completed and on track to build 3,000 homes by 2031, after decades of failing to build sufficient council homes across the borough in the 54 years Labour has been running the council.
- The Haringey Support Fund has provided hardship funding to more than 4,000 residents.
- We care for 4,000 disabled people and older people and more than 5,000 children.
- More than 5,500 pot-holes have been fixed.
- Almost 2,000 street trees have been planted, many of which have been privately funded or sponsored by the residents and businesses of Haringey.

~~Haringey's March 2025 Budget protects the vast majority of frontline services while delivering significant investment to maintain our excellent local public services, investing—~~Despite harsh cuts across a number of services, some investment has been possible, including:

- £1.5m in eight parks across the Borough.
- £68m in SEND services.
- £35m in our council tax reduction scheme, supporting 23,000 low-income households.
- Th agreement of almost £70m on new council offices, despite an investment of £10m in recent years on our current office stock.

Despite the increased cost for delivering many services and a lack of government funding, which remains ongoing, part of Haringey's funding problem is self-inflicted. Poor decision-making, a lack of auditing and proper record keeping, and a failure to take overspending seriously has snowballed into today's crisis – as noted a number of times, including by the council's auditors who noted "significant weakness in arrangements

relating to the cost setting and budgetary processes to achieve financial sustainability over the short to medium term; in arrangements relating to the identification and monitoring of cost saving schemes; in arrangements relating to commercial property; and in arrangements relating to procurement, with the procurement team having limited visibility on contract management across the Council; and the monitoring of KPIs, with almost none at a higher level on spending decisions below £160k,” while the 2023 Buss Property report noted that the council had “no comprehensive audit trail to determine who authorised, decided or agreed anything.”

This Council believes –

Local councils are living hand to mouth. The number of local councils up and down the country, from across the political spectrum, experiencing financial difficulties is evidence of the deep-rooted issues with the local government funding formula, relying on outdated deprivation data and a flawed allocation formula levels of funding and current funding formula for local councils across the country, with the partial exception of inner London.

A fair funding model for local government will deliver preventative benefits and long-term savings at successive Budgets, ensuring local councils can continue delivering vital frontline services, particularly in areas such as mental health, youth services and anti-social behaviour.

Cuts to local government and public services are a false economy, which is being sustained by the current government. 14 years of crippling underfunding of vital frontline services, such as the Sure Start programme, has only increased need within communities – and with it demand and costs for local government.

Failing to tackle the problems in social care, which the government has so far shown no appetite for, will make reform of local government finances all but impossible. Without proper reform in this area, councils are unlikely to be able to gain a solid financial footing.

That Government has made reforming local authority funding a priority so far failed to grasp the nettle and carry out a proper review at local authority funding. The Local Authority Funding Reform consultation, which Haringey submitted to, as well as statements from Minister Jim McMahon, indicate an intention to support long-neglected local councils. The financial strain on councils such as Haringey means that this reform must -and it must come urgently.

This Council resolves to –

- Continue calling on the Government to urgently reform the local government funding landscape to ensure a fair distribution of resources, which more accurately reflects the needs of our residents and communities in Haringey.

- Follow-up on our recent letter to the Secretary of State for Housing, Communities and Local Government, where we pressed for fair funding for local government and highlighted the increasing cost and need within Haringey and specific challenges we face as an outer London borough.
- Work with other outer London boroughs to call on the Government to rebalance the inadequate funding distribution and rectify the changes to the funding formula of particular detriment to our region.
- ~~Be far stricter in the delivery of our~~ savings efficiencies to reduce our budget shortfall, ~~ending the annual cycle of allowing savings targets to be missed and gaps filled with the use of balances, reserves and loans,~~ while minimising the impact on vital frontline services and our most vulnerable and deprived residents, ~~maintaining the strong track record of services we have developed despite acute funding challenges.~~
- ~~Perform a much deeper root and branch review, utilising independent experts and independent boards, on what the council spends on itself; notably the continuing bloated spend of half a million pounds on the leader's office and free refreshments for councillors~~
- ~~Continue to update~~ Engage with residents on the savings efficiencies we are delivering, ~~and invite residents to be involved in ways further efficiencies could be attained within the council without further impacts on council service delivery.~~