

Fair Funding Review 2.0

Consultation response by London Borough of Haringey

Introduction

The London Borough of Haringey welcomes the opportunity to respond to the government's Fair Funding Review 2.0 consultation and provide feedback of the proposed reforms.

Haringey strongly supports the principle that funding to local government should reflect the needs of the population served by an area and the costs associated with the delivery of services in that area. We also welcome the government's willingness to take on and address this issue which has been drifting for many years.

However, if the proposals go ahead as set out in the consultation, the potential loss in Government funding for Haringey fails to align with this principle. Haringey is the fourth most deprived local authority area in London and 49th in England. Haringey is 13th in London for residents earning below the London Living Wage. 2,630 households are living in temporary accommodation – 29% higher than the London average. Almost 20% (19.4%) of all 0-16 year olds in the borough are living in relative poverty, the 9th highest rate of all London boroughs. Over a quarter (26%) of Haringey pupils are eligible for and claiming free school meals which is above the England average (24.6%) and Haringey's population is expected to grow by 6.3% by 2031 including a 30% increase in over 65s. Almost 80% of the Council's services budget is spent on adult social care, children's social care and temporary accommodation.

As a result of more than a decade of systematic underfunding from central government Haringey council receives more than £140m less in government grant in real terms each year than it did in 2010/11. We have been funded at lower levels than many of the neighbouring boroughs with whom we share many traditionally 'inner London' characteristics. It has meant that over time we have had to utilise our reserves to meet our statutory responsibility to balance our budget. In 2024/5 we required £10m of Exceptional Financial Support and are expecting to require at least £37m in 2025/26. In the 2025/26 settlement we were pleased to receive £16m of additional grant funding from MHCLG following the allocation of additional resources based on 'deprivation'

In this context Haringey's administration and our residents and communities anticipated that the government's Fair Funding 2.0 proposals would see a welcome respite from austerity and the start of a new funding arrangement commensurate with the need of our communities and the costs of providing services in urban London.

It was therefore deeply disappointing and extremely surprising to discover that Haringey is set to lose the equivalent of 20% of its government grant funding over the next three years under these proposals. The proposed reduction of around £78m for Haringey's Children's Services (as part of more than £1.5bn cut to London's Children's Services) is particularly egregious, unjustified and at odds with the government's commitment to reducing child poverty and ensuring every child has the best start in life; and the new Local Government Outcomes Framework which includes a multitude of indicators relating to children. The proposed changes not only fail to accurately reflect the needs and deprivation in Haringey but also do not recognise authorities that are already reliant on Exceptional Financial Support, which is no longer exceptional and which will burden our residents with higher costs and lower services levels for years to come. It will force places like Haringey to simply increase their already high levels of debt, but also a breach of legislative requirements of

achieving a balanced budget. If nothing changes, it is expected that by 2028/29, this Council's budget will include £12.4m of borrowing costs just from financing the use of Exceptional Financial Support.

The detail of our response is set out below. We are grateful for the excellent work of London Councils in analysing the proposals and which we have drawn on, and support, their conclusions in many areas.

In addition, we have summarised a few key points we hope the Minister and the Secretary of State will reflect on particularly as they draw up their final proposals.

1. In contrast to the Spending Review settlements for health and defence, it seems there has been no genuine attempt by HM Treasury to assess the financial demands and needs of local government. The totality of resources being allocated to local government in the SR is simply insufficient to meet our statutory duties. This is at the heart of the problem. MHCLG are seeking to redistribute a pot of money that is simply too small.
2. The inclusion of the funding for Temporary Accommodation within the SFA is welcomed but will still not be sufficient to manage the demands in London and Haringey.
3. Assessing need and income deprivation based on figures that do not take into account the impact of housing costs is a fundamentally flawed approach. Over a quarter (26%) of Londoners are living in poverty. The key reason for London's high poverty rate is the cost of housing. The city goes from having one of the lowest poverty rates in the country before housing costs (15%), to the highest when they are taken into account (26%). In Haringey, our child poverty rate jumps from 20% before housing costs to 39% after. This picture is not uniformly reflected across England – with only the broader south east of England coming close to seeing such large impacts.
4. The proposed children's formula will see more than £1.5bn removed from London children's services in a city where almost half of children are growing up in poverty once housing costs are taken into account. This includes a £78m loss for Haringey, a borough that achieved its first ever Good Ofsted rating for Children's Services two years ago.
5. Baking 4.99% council tax rises into Core Spending Power removes the opportunity for councils to meet future demands and cost increases through the leveraging of local taxation. Where reserves have been exhausted the only remaining mechanism is borrowing to pay for day to day expenditure at a cost of £62k per £1m for the next twenty years or further excessive increases in Council Tax.
6. With spending on children's, adult's and temporary accommodation services making up 80% of our total service spending - even decisions that would decimate our 'discretionary' services will come nowhere close to meeting the more than £100m budget gap we now face but will completely destroy discretionary services which all of our residents rely on and which we could never get back. Short term cuts is not the answer to long term financial sustainability.
7. Meeting the borrowing costs of ESF for last year and this year alone is expected to cost around £3m in 2026/27 – a year in which our SFA is (under these proposals) to reduce by around £12m.

In summary, if government chooses to proceed on the basis of these proposals it will need to answer a fundamental question – for a borough already reliant on Exceptional Financial Support, facing budget pressures in excess of £40m per year; and a 0% cash funding floor on CSP how are we expected to meet our statutory duty to set a balanced budget? Either legislation needs to change or the funding crisis for Local Government needs to be resolved.

Question 1 - What are your views on the updated SFA resulting in zero allocations, and the use of mitigations to avoid zero allocations?

1. Zero allocations, or negative allocations, must be avoided. If they are allowed or not sufficiently mitigated, then some authorities would receive nothing and actually pay council tax into the system, effectively cross-subsidising other areas (similar to concept of “negative RSG”), and a clear and direct redistribution of council tax. We do not believe this would be equitable or desirable.
2. Zero allocations from the SFA would also call into question the relationship between national and local government, as a zero allocation would mean local services would be funded entirely—or nearly entirely—with locally raised resources. One could question why national government should then have any say or jurisdiction over how a local authority spends its own locally raised revenues. The local taxpayer and their local council representatives should have control in how those funds are spent. Put simply, if national government is not providing funding, why should it be able to dictate how funds are spent?

Question 2 - Do you agree with how the government proposes to determine the Isles of Scilly's Settlement Funding Assessment?

1. Haringey has no view.

Question 3 - Do you agree with the government's plans to simplify the grant landscape?

1. Agree. Haringey broadly supports the government's ambition to simplify the local government grant landscape and welcomes the proposals to consolidate existing grants and reduce the reliance on competitive bidding processes. We support the intention to provide greater flexibility and multi-year certainty to local authorities and agree that rolling funding into larger, less-restrictive mechanisms, such as consolidated grants or Revenue Support Grant, has the potential to reduce administrative burdens and enable better strategic planning. We urge the government to publish the four consolidated grants alongside the provisional LGF Settlement in November.
2. However, we are concerned the government's approach contains inconsistencies that may undermine the objectives of simplification and flexibility. We are particularly concerned by the retention of a ringfenced Section 31 grant for the Better Care Grant, and the introduction of “notional allocations” for social care, which are the government's expectation for how much local authorities should spend on adult social care, both of which preserve a form of ringfencing without transparent accountability or clear benefits. It is also unclear why the principles of flexibility and simplification are not being fully applied in the case of Adult Social Care, which remains the single largest area of local authority expenditure.
3. In addition, the approach to calculating the Better Care Grant is extremely unclear from the consultation. While officials have confirmed separately that this will be calculated using the full SFA methodology and effectively top-sliced to go to upper tier authorities as a grant, this is not clear and does not help citizens understand how local authorities are funded (i.e. the accountability principle).
4. Finally, we caution the drive for simplification must not result in the loss of important context. The 2013-14 funding framework, while undoubtedly more complex, included historic and place-based funding factors that addressed structural differences across local areas. In our

view, over-simplification risks ignoring long-standing funding needs, particularly in urban areas such as Haringey, where population churn, deprivation, housing pressures and labour market dynamics create service pressures not fully captured in generic formulae. The changes set out in the proposed SFA lead to significant volatility in funding allocations, largely as a result of removing the previous separate grant distributions.

5. We therefore urge the government to proceed with simplification in a measured and evidence-led way, ensuring reforms do not come at the expense of fairness or responsiveness to local need.

Question 4 - Do you agree with the formulae for individual services the government proposes to include?

1. Haringey generally supports the selection of individual services the government has proposed to include. In particular, we welcome the inclusion of a new Temporary Accommodation formula, given the disproportionate demand for and cost of delivering this service in London and Haringey when compared to the rest of the country and the impact of the current TA subsidy gap on TA costs in London. In 2024/25 the subsidy gap in Haringey was £33m.
2. However, the current gap between Local Housing Allowance rates and what councils are able to claim for persons facing homelessness (i.e., the TA subsidy gap) places an undue burden on some councils facing significant funding pressures as a result of rising homelessness levels. This policy also results in significant inconsistency and underreporting of the full cost of delivering TA services, resulting in undercounting of the full impact of TA pressures on local authority services. There is no clear instruction about where a local authority should record TA subsidy loss, and thus, trying to use relevant and accurate data from the RO forms on TA subsidy loss is difficult. The relevant data ends up in multiple columns, with different authorities using different columns to one another to record it. The quantum for TA, and therefore the weighting for the TA RNF, is very much likely to be understated as a result.
3. One notable exception to our support for the government's proposed approach is the exclusion of a dedicated formula for concessionary travel (detailed rationale provided in Q5).
4. We also have concerns about the inclusion of a new Home-to-School Transport formula based on the proposed methodology set out (see Q45).

Question 5 - Do you agree with the areas of need the government proposes to no longer include in the assessment through the Foundation Formula?

1. Haringey agrees with the proposals to remove legacy capital financing and fixed costs from the formula. However, we disagree with the proposal to remove the bespoke relative needs formula for concessionary travel. This service area differs materially from others due to statutory eligibility criteria for pensioners and disabled residents, making a simplified population or deprivation-based approach inappropriate.
2. London boroughs already have an estimated funding gap of over £200m within this service area. The current proposals – which mean it would be funded on a largely per capita basis - are likely to increase this shortfall significantly. Rolling concessionary travel into the general Foundation Formula risks increasing existing funding pressures and undermining statutory

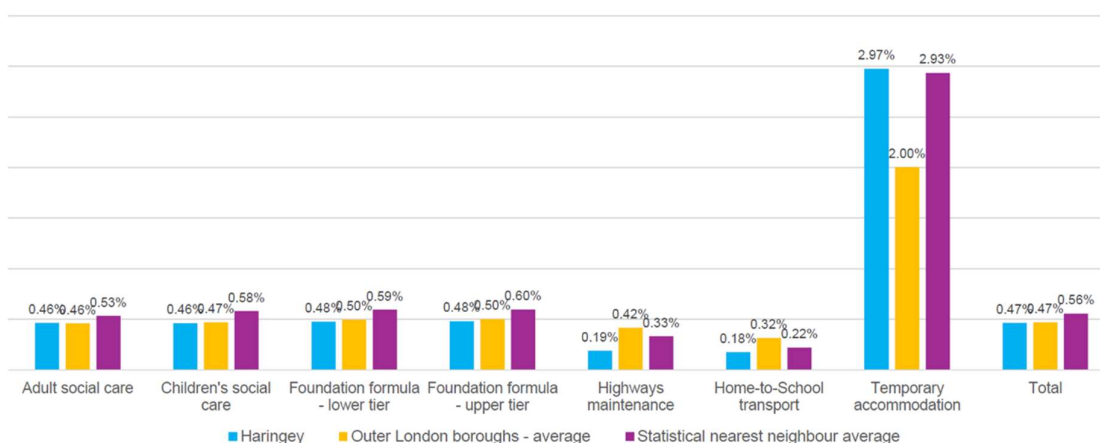
service delivery. Haringey's current levy is £14.2m which is estimated to increase to £21.3m by 2023/31. With a risk of this increasing under the new proposal and as a borough with Exceptional Financial Support (EFS), Haringey needs to be appropriately funded by reflecting actual costs. This potential increase in funding shortfall will be one of the factors making it difficult for Haringey to not rely on EFS in the future.

3. London boroughs have 16% of the national total population, of which almost 0.5% is within Haringey but London accounts for around 28% of the national expenditure on concessionary fares in 2023/24. At the very least, a measure of the eligible population for statutory concessionary fares should be used, and we feel it is more appropriate to use a formula that models the likely usage (as under the current system).
4. We believe the overall scale of spending (almost £900m nationally – similar to Temporary Accommodation) and that, for some authorities, it represents a significant proportion of spending (Haringey is spending over 5% of our net service revenue on this service in 2023-24) means a separate formula would be more appropriate.

Question 6 - Do you agree with the government's approach to calculating the control total shares for the relative needs formulae?

1. Agree. Haringey broadly supports the use of a transparent, evidence-based approach to calculating control total shares for the relative needs formulae. We also support the government's proposals to roll in of existing specific grants into the new funding system as a means of simplification. Modelling indicates that Haringey will be worse off across most relative needs formulae – see Chart A below where Haringey's Relative Need is compared to others in London.

Chart A: Haringey's Relative Need compared to other London Boroughs



2. Given the potential for these formulae and the government's approach to control totals to remain in place for several years before further updates are made, it is critical that the most recent and accurate data is used in determining control totals for each formulae.
3. In the current environment of rapidly growing demand for services, such as Adults Services, children's services and temporary accommodation, it is critical to use the most up-to-date cost data available to ensure control totals align with the real pressures faced by councils, especially those with Exceptional Financial Support like Haringey. The areas of high demand and most pressure in Haringey continues to be Adult Social Care, Children's and Temporary

Accommodation services. These areas demonstrate that actual costs to deliver these services is outstripping the income we receive.

4. **Haringey firmly believes the 2024-25 Revenue Outturns, 2024-25 ASC-FR and 2024-25 S251 data should be used to determine the overall weightings for RNFs.** The provisional outturns will have been published in time for the provisional LGFS and while there are usually some small changes between the provisional and final RO data, at the macro level these will be very minor. On balance, this is preferable to using data that is more than a year out of date. This would ensure the Government delivers on its principle of "dynamism"—that "the new Settlement Funding Assessment will be based on the most up-to-date data possible".

Question 7 - Do you agree with the Labour Cost Adjustment (LCA) and Rates Cost Adjustment (RCA) equations set out in this chapter?

1. Disagree. Haringey welcomes an update to the LCA and RCA components of the ACA, but we urge MHCLG to provide greater transparency on the proposed formulae. The consultation provided only the generic equations (in Annex C) by which the LCA and RCA were calculated, but did not include the weighting coefficients for each of the independent variables that have been selected.

Question 8 - What are your views on the proposed approach to the Area Cost Adjustment?

1. Haringey has significant concerns about the proposed changes to calculating the ACA as set out in the consultation. These concerns include:
2. **Adding two new theoretically-based factors—the remoteness factor and accessibility measure—is inappropriate and unjustified.**
 - Overall, the inclusion of a remoteness factor based purely on theory goes against the government's core principle of robustness, that "the new distribution methodology will take into account the best possible objective analysis and evidence". The introduction of "accessibility" as a measure is based on limited evidence and goes against wider approaches to area cost adjustments - no other public sector funding formula using such a measure.
 - On the new travel times and remoteness factors, there is a lack of evidence to support the inclusion of these new adjustments within the ACA, and we strongly oppose their inclusion on this basis. In fact, government-funded research from 2014 on "Drivers of Service Costs in Rural Areas" could not make sufficient conclusions based on the data, and noted: "No statistically significant relationship with sparsity was identified in the national unit costs analysis".^[1] It went on to conclude: "There are limitations in the availability of cost and activity data at geographical level within authorities, which makes it difficult to explicitly identify direct additional costs" and "Although estimates can be made of these effects, data is not sufficiently robust to allow detailed costings."^[2]
 - There is simply not sufficient evidence provided to support their inclusion. Furthermore, there is no mention of other economic or labour market trends that would impact cost, such as more people working from home or more services being delivered online. Additionally, journey times and remoteness are limited in what conclusions we can draw from them. For example, regarding the availability of services at a location, a person in an urban area could live across the street from a GP, but if the GP is at capacity with no appointments, availability or acceptance of new patients, then journey time data will be completely misrepresented.
 - Further still, the government has not made clear what has changed since the previous 2013 formula, and indeed all of the previous iterations of the ACA, to warrant the inclusion of these

two new factors. To our knowledge, no other area cost adjustment used in public sector funding formulae includes such factors (the [Market Forces Factor](#) used in NHS allocations, the [Schools Funding \(National Funding Formula\) ACA](#), the [Early Years Funding formula ACA](#), the [Police funding formula ACA](#)) includes such an adjustment for travel times. They all largely reflect labour cost and property cost differentials. Such a significant methodological departure from the historic precedents and wider norms requires far stronger evidence than has been proposed.

- We are especially concerned these two new factors will be included in the ACA that will be applied to nearly all of the relative needs formulae. The consultation document fails to demonstrate that remoteness and journey times are so universally relevant they should be applied to virtually all services. From the government-funded research report mentioned above, it concluded there was a “positively and significantly related” link between sparsity and unit costs in 11 services but also concluded sparsity was “significantly and negatively associated with unit costs in 15 different services. Government cannot possibly include these two new factors when it appears the anticipated impact may not even exist, and in fact, be the opposite of what it presupposes.
 - Sparsity may drive higher costs for some services, but given the opposite has also been concluded by the government’s own research, we disagree with the giant leap from this conclusion to reflect this in the structure of the formulae for almost all services.
 - We are also concerned these additions to the ACA would lead to double-counting. For example, the CYPS formula includes a travel times factor (travel time from LSOA centroid to nearest town centre minutes) which is similar to the proposed remoteness and travel time elements. Whichever way these measures associated with rurality are taken account of in the formulae, they should be evidence-based and should only be counted once.
- 3. No justification has been provided for calculating the ACA at the individual local authority level rather than the previous larger areas which better reflected rational economic geographies.**
- No other ACA in public spending formulae uses this granular approach. Indeed some (like the Market Forces Factor) actively choose larger areas to avoid the inference that one trust might pay staff a different rate than a close neighbouring one. The ACA should be calculated at a rational functional economic geography, rather than the individual local authority level.
- 4. The low weighting for property costs understates the impact of commercial and residential property costs.**
- There is a case for considering residential property costs as well as rates, as this market drives significantly higher costs in some service areas (e.g. temporary accommodation).
 - Domestic property costs should be taken into account within the ACA as well as non-domestic property. Much of the higher costs of homelessness experienced by London and other urban areas is because of higher property costs driving more expensive temporary accommodation. London’s unique property market must be reflected in the ACA and must be weighted appropriately in a formula that includes homelessness. It is likely that residential property costs have a bearing on other services where accommodation is a core constituent of the service, such as residential care for the elderly and for children, and we would urge the government to explore this in more detail.

5. The approach to calculating weightings using the Subjective Analysis Return (SAR) is inadequate.

- Haringey agrees with the London Council's response which states:
- The SAR, which is used to calculate weightings for the rates, labour and accessibility adjustments, is not robust enough to be used as a data source to weight the factors in the ACA. The SAR survey is carried out every three years by a sample of local authorities and is simply not a robust enough data source.
- This data is not robust enough to be used as a data source to weight the factors in the ACA, and we raised this concern in our response to the 2018 consultation on relative needs and resources, urging the MHCLG to undertake a full data collection of all councils (similar to the other revenue outturn returns) to inform this process.
- We also have concerns over the judgements taken regarding which factor is the main cost driver in specific spend lines in the SAR. The government has provided no evidence to support its contention that remoteness is the *sole* driver of cost differentials in the following areas:
 - Contract Hire and Operating Leases
 - Car Allowances for Travelling Expenses
 - Public Transport Allowances for Travelling Expenses
 - Transport Insurance
 - Other Transport Related Expenditure
 - Equipment, Furniture & Materials
- It seems the approach taken is to categorise anything to do with transport spending as being solely driven by the concept of remoteness. We strongly oppose this theory. For example, the idea that the market for transport insurance has anything to do with distance to an urban centre in the digital age, when access to insurance market is largely online and universal across the UK, is highly questionable. Energy costs are assumed not to vary geographically: insurance costs should not either.
- Furthermore no evidence has been provided to support the judgments that remoteness should be included alongside the other factors in the following areas judged to have costs driven by all elements of the ACA (i.e. in the "split" category):
- Direct Transport Costs - Vehicle Running Costs, Repair & Maintenance
- Catering
- Private Contractors and Other Agencies - Professional Services
- Private Contractors and Other Agencies – Other
- In particular, we believe labour costs are by far the biggest driver of cost for private contractors and other agencies and the inclusion of remoteness in this judgement is completely unfounded. Given that these two lines accounted for £38bn 40% of spend in the

last SAR (2022-23), **it is vital that the government provides its evidence behind this judgement.**

- Haringey has the 13th largest proportion of residents earning below the London Living Wage (LLW) of all London boroughs and has a commitment to pay LLW. We have also committed to the Unison Ethical Care Charter which recommends application of the foundation living wage (£13.85), higher than real living wage set by government at £12.60 to all care contracts.
- 6. Inadequate consideration of the role of market inefficiencies in service provision across a number of service areas.**
- We point out that many seemingly remote communities are part of a larger local authority that commissions services for the whole area, thereby ensuring that contracts for the provision of goods and services are of sufficient scale to be attractive to potential suppliers. It is also worth noting that many authorities co-commission or share services in order to share the benefits of economies of scale.
- For those where the authority itself is considered remote, we would again be keen to understand more of how many communities are affected, the size of the communities affected, and the estimated additional cost attributable entirely to their separation from major markets. The consultation offers no evidence on this. We are aware that the 2018 consultation on relative needs and resources proposed the inclusion of remoteness giving the example of the Isle of Wight, and we question the proportionality of this. The Isle of Wight has a population of just under 141,000: just 0.0025% of England's population, and is equivalent to just under half the number of people living in the Haringey. It seems disproportionate to make an adjustment to the national needs assessment to account for marginal differences affecting such small communities living in atypical circumstances.
- 7. Finally, we note that the Institute for Fiscal Studies has been asked to peer review the approach to the area cost adjustment. This should be made public as soon as possible. The lack of engagement with the sector about the proposed changes to the ACA – given their significant change in the outcome of the ACA distribution - is very concerning. We agree with London Councils who believe whatever information has been shared with the IFS as part of the review – including any evidence and rationale to justify the changes being proposed from the 2013-14 ACA - should have also been shared with the sector for review.

^[1] Costs of service delivery in rural areas, 2014: <https://www.gov.uk/government/publications/costs-of-service-delivery-in-rural-areas>

^[2] Ibid.

Question 9 - Do you agree or disagree with the inclusion of the Remoteness Adjustment? Do you have any evidence to support or contradict the theory that rural areas face additional costs due to separation from major markets?

1. Strongly disagree. The government's own research contradicts the self-described theory that rural areas face additional costs due to separation from major markets. Government-funded research from 2014 on "Drivers of Service Costs in Rural Areas" could not make sufficient conclusions based on the data, and noted: "No statistically significant relationship with sparsity was identified in the national unit costs analysis". ^[1] It went on to conclude: "There are limitations in the availability of cost and activity data at geographical level within authorities, which makes it difficult to explicitly identify direct additional costs" and "Although

estimates can be made of these effects, data is not sufficiently robust to allow detailed costings.”^[2]

2. Haringey strongly opposes the inclusion of a remoteness adjustment within ACA due to a significant lack of evidence supporting its necessity or effectiveness. The Government has not made clear what has changed since the last formula in 2013 to warrant the inclusion of this factor. Such a significant methodological departure from the historic precedents and wider norms, in our view, requires far stronger evidence which has not been provided.
3. The consultation notes the remoteness factor specifically results in resources being “distributed away from London boroughs” and is based solely on a “theoretical case”. This goes against the government’s stated “robustness” principle, which indicates the new distribution methodology will take into account “the best possible objective analysis and evidence”.
4. Additionally, for many services, the opposite may be true: density, competition, and the complex market environment in urban areas can drive higher service delivery costs, particularly in areas such as children’s services where London’s unique environment and market structures often result in significantly higher prices than in more remote areas.
5. Furthermore – as pointed out by the IFS in its response to the current consultation - while remoteness may mean less competition between suppliers thereby raising costs, it may also mean less competition between purchasers of services (such as other councils commissioning from the same social care providers) thereby reducing costs.
6. For additional detail, see response to Question 8 above.

^[1] Costs of service delivery in rural areas, 2014: <https://www.gov.uk/government/publications/costs-of-service-delivery-in-rural-areas>

^[2] Ibid.

Question 10 - Do you agree with the government’s proposal to set a notional Council Tax level at the national average level, to achieve the objective of full equalisation?

1. Agree

Question 11 - Do you agree with the government’s proposal to fully include the impact of mandatory discounts and exemptions in the measure of taxbase?

1. Agree. These discounts and exemptions are mandated by government, so it is not possible for councils to collect revenue from them. Thus, they should not be considered as part of a council’s potential resources.

Question 12 - Do you agree with the government’s proposal to use statistical methods to proxy for the impact of Working Age Local Council Tax Support in the measure of taxbase?

1. Agree. For Working Age Local Council Tax Support, government agrees such support should be provided but devolves its policies to the councils who can best determine the people most in need and what the councils can afford. The government should therefore use actual data provided by councils to deduct the actual amount of working aged LCTA from a council’s taxbase. This would enable councils to continue targeting the residents most in need of support and have that support reflected in their taxbase.

Question 13 - What are your views on the proposed statistical approach to proxy for the impact of Working Age Local Council Tax Support?

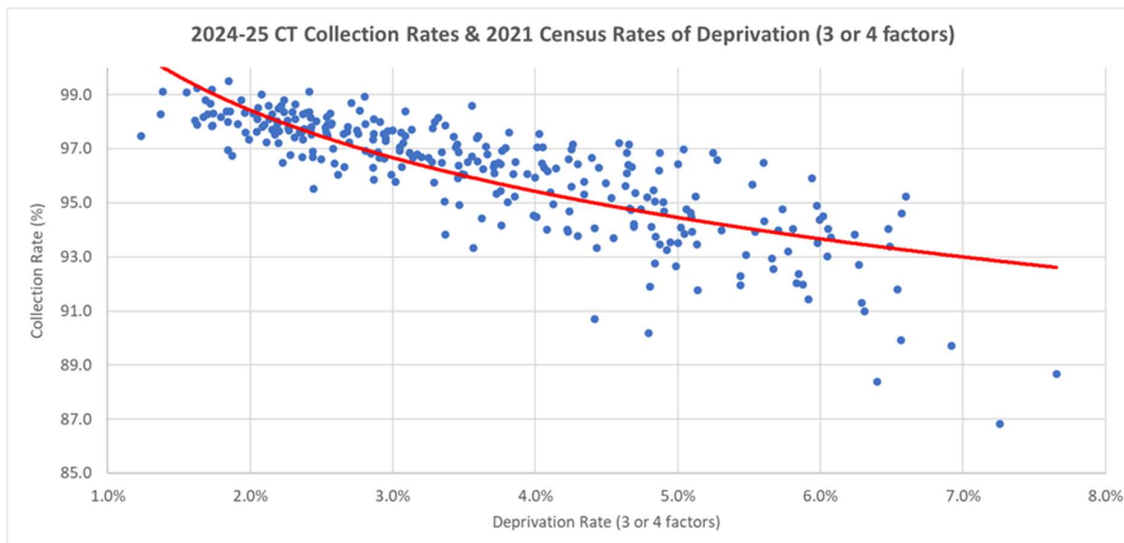
1. Haringey believes the government should use actual data provided by Councils to account for the local variation in working age LCTS schemes, which are heavily influenced by socio-economic conditions and demographics which varies for each council.
2. However, we believe further evidence should be set out as to why the chosen variables in the proposed formula – population-weighted IMD score and 18-64 population - have been selected. The Government should also publish the calculation of this formula rather than simply describing the approach, to aid transparency and accountability.
3. The underlying deprivation of a population undoubtedly has an impact on the need for LCTS: and with Haringey being the fourth most deprived local authority area in London and 49th in England it is therefore, essential that deprivation is measured appropriately. As set out elsewhere in this response, **we firmly believe any measures of deprivation should include the impact of housing as a driver of deprivation.** The IMD should be updated to reflect the cost of housing - within the Income Domain – and the weighting for the Barriers to Housing and Services Domain should be updated to reflect the growth in homelessness and housing unaffordability in the last 20 years since weightings were reviewed.

Question 14 - Do you agree with the government's proposal to assume that authorities make no use of their discretionary discount and premium schemes in the measure of taxbase?

1. Disagree. Haringey supports the need to provide support to people most in need in the borough by offering council tax discounts and exemptions. Haringey will continue to prioritise services to our most vulnerable residents and are best placed to determine the people most in need and what we can afford. This approach will differ across LAs.

Question 15 - Do you agree with the government's proposal to apply a uniform Council Tax collection rate assumption to all authorities?

1. Disagree. Haringey believes the government should take a formula-based approach to account for the local variation in council tax collection rates, which are heavily influenced by underlying socio-economic conditions and demographics. However, if there are local circumstances that significantly impact on collection rates, Councils should be given an opportunity to provide evidence of impact to Government and should be considered on an exceptional basis.
2. London Councils' analysis of 2024-25 council tax collection rates shows these rates are strongly negatively correlated with measures of deprivation, specifically, the 2021 Census deprivation measure with 3 or 4 dimensions. The correlation is -0.83, a strong negative correlation, meaning there is a strong case to be made that deprivation levels impact a council's ability to collect council tax rates. Graphically, we can see the relationship: as deprivation increases, the collection rates decrease. Therefore, government should consider applying a deprivation factor (which should be measured in a way that reflects housing costs) to the council tax collection rate.



Source: MHCLG, Collection rates for Council Tax, 2024 to 2025 & 2021 Census, Household Deprivation Factors

3. We would be concerned if any average or static collection rate assumption was applied across England because councils in more deprived areas and areas with more transient populations tend to have lower collection rates due to factors outside of their control.

Question 16 - Do you agree with the government's proposal to split or allocate the resource adjustment in multi-tier areas according to the average share in Council Tax receipts in multi-tier areas?

1. Haringey broadly supports this approach; however, we ask that more information is set out on how the tier split in London between the GLA and boroughs has been calculated as this is very vague in both the consultation and the technical annex on the resources adjustment.

Question 17 - Noting a potential trade-off of an increased levy charged on business rate growth for some local authorities, do you agree that the level of Safety Net protection should increase for 2026-27?

1. Agree. We support a higher safety net protection for 2026-27, with the intention that it be lowered again from 2027-28 onward. We agree with London Councils' response to the business rates reset technical consultation which outlined the case for increased funding guarantees in 2026-27 due to the risk of inaccurate business rates baselines under the proposed business rates reset methodology.
2. Business rates growth retention is an important incentive and tool for enabling new developments which drive economic growth. To support these objectives, the levy and safety net should return to a more appropriate balance to incentivise growth from 2027-28 onwards.
3. Regarding business rate growth and economic incentive, the government should use this opportunity to assess if the levy as is currently applied is best suited for incentivising economic growth. Currently, the levy is only paid on growth for "tariff authorities" whose business rates baselines exceed their baseline funding level (i.e. those who are expected to collect more in business rates than they need to deliver the services they provide). Linking the incentives to grow the economy to whether the business rates collected in an area are sufficient to fund local services for residents does not align with the reality of economic growth.

and agglomeration economics. All places should benefit from growth, and councils should have the same incentives to grow the economy. Providing fewer incentives and tools for councils to deliver growth is not conducive to boosting local economies across the UK

Question 18 - Do you agree with the government's proposal to end the New Homes Bonus in the Settlement from 2026-27 and return the funding currently allocated to the Bonus to the core Settlement, distributed via the updated Settlement Funding Assessment?

1. Agree. Haringey believes there should be financial incentives to support councils to deliver new homes. In Haringey there is a commitment to deliver 3000 new social homes by 2030. However, the scale of the wider pressures within local government funding means the case for keeping a financial incentive inside the LGFS is weaker than in 2011 when the NHB was introduced. The fact the NHB was top-sliced from core funding was not universally welcomed, and some authorities felt this meant they were not receiving their fair share of funding.
2. More broadly, we do believe there should continue to be a financial incentive to build homes; however, this should be part of a wider set of policy interventions and drivers outside of the LGFS. This should include greater upfront funding to support housing delivery, for example, funding to support development of local plans (which can cost millions of pounds) and greater access to preferential borrowing rates. Funding to deliver enabling works, infrastructure delivery and funding to unlock affordable housing are all needed, in addition to an NHB-style mechanism which rewards delivery retrospectively.
3. Reductions in the PWLB rate, which could be linked to specific social housing schemes, are a more effective route to stimulate delivery. With rising debt costs, this reduction needs to be more significant than the existing time limited reduced rate of 0.4%. This would give more flexibility to boroughs.
4. Although not as significant as the pressure on the General Fund, the HRA in Haringey is in a fragile position, particularly over the short term and therefore reduced borrowing rates would enable Haringey to continue its ambitious housing programme and deliver the much needed housing for local residents and contribute to alleviating the pressures on temporary accommodation which is one of the key drivers for the need for EFS on the General Fund.

Question 19 - What measures could the government use to incentivise local authorities to specifically support affordable and sub-market housing?

1. Local authorities remain motivated to build housing to remedy the affordable housing and cost of living crises. There is no shortage of ideas, which we have categorised under three themes: council-led delivery, fiscal and tax incentives and planning and development policy interventions. In Haringey there are plans to deliver 3,000 new homes by 2030.

2. Council-led delivery

- Delivering a portfolio approach on Social and Affordable Homes Programme—giving councils a block of grant funding in return for a target number of homes to be delivered, rather than the less agile and efficient current approach of allocating funding on a scheme-by-scheme basis. A portfolio approach would better enable councils to make development programmes stack up in the round, rather than taking a site-by-site view.
- Rebased of, and local control over, formula rent for councils.
- Reassessing the 2012 Housing Revenue Account debt settlement.

- By the start of the next financial year, Haringey will have 3,000 council rent homes either in the pipeline, under construction or completed, and has even larger ambitions for the next Affordable Homes Programme. As a provider whose programme is largely made up of homes for social rent, the long-term interest rate can be as important for viability as grants. The current cost of capital from PWLB for the HRA is c. 4.4%. Our suggestion would be for PWLB to offer a special housing delivery loan rate based on the maximum loan rate to achieve a viable social rent scheme. Viability could be established through pre-agreed parameters, with the loan rate fixed after construction for the project has been procured. This would result in different loan rates for different projects, but much like Affordable Housing Programme grant – could be subject to a minimum loan rate to ensure value for money.
- As it stands, the Government adds a 0.4% coupon above its borrowing costs on the HRA PWLB rate. If the Government were to end the practice of adding a coupon to the HRA PWLB rate – it would have the following impact on these Haringey projects as seen in the table below:

	No. of Units	Grant (per unit) for schemes to work	Grant (per unit) for schemes to work without 0.4% coupon added to HRA PLWB rate	Reduction in grant (per unit)
Small	16	£231,012	£212,741	£18,271
Medium	45	£122,283	£63,951	£58,332
Large	272	£243,813	£223,630	£20,183

Fiscal and tax incentives

- Following previous London Finance Commission recommendations, allow councils to retain Stamp Duty Land Tax for any new home built from 2026 onwards.
- Allow councils to implement Land Value Capture for new development sites to help retain a proportion of the growth in local house values from infrastructure development.
- Greater access to infrastructure investment where a council has chosen to put forward a viable plan for local housing growth.
- Policy changes, more capacity, and/or funding for councils to use Compulsory Purchase Orders where developers are not delivering on planning permissions.

3. Planning and development policy interventions

- With its focus on homes built, the Housing Delivery Test does not appropriately reflect that councils are regularly approving sufficient numbers of new homes to meet housing need. While it should be reformed, if government remains committed to this mechanism, then where Local Planning Authorities have met the Housing Delivery Test for each of the past four years, they should be allowed a four-year exemption from the policy (ideally reforming the test to be based on approved homes, not homes built).

- Allow councils to use Level 7 apprenticeship funding to help resourcing for planning, surveying, construction and other project management staff.
- We welcome cost recovery for development management services which is coming through the Planning & Infrastructure Bill but authorities require a sustainable funding mechanism for the statutory functions of planning enforcement and planning policy if the Government's ambitions for planning and Local Plans are to be realised.

4. Improving the financial capacity of HRAs through changes in payment terms

5. Viability is an important challenge to meet to allow for increased housing delivery. However, an equally important limit on the number of new homes that local authorities can deliver is their overall financial capacity. During the development period, the impact of development is particularly acute as local authorities are paying interest on PWLB loans for a period of 2-3 years before the rental income comes in post-practical completion. If the payment terms of PWLB loans for housing delivery projects were to be amended so that interest payments were to start after practical completion, this would have a significant impact on the capacity of HRAs to finance development.
6. Overall, it is important any incentives do not penalise councils that are approving schemes but where developers are not developing. Haringey is happy to work with Government and other key stakeholders, such as the GLA in the sector to engage on measures to help promote, motivate and incentivise developers to move into construction in a timely manner.

Question 20 - Are there any further flexibilities that you think could support local decision-making during the transitional period?

1. Clear and structured flexibilities are essential to support boroughs to minimise the impact of any proposed funding reductions during the transitional period. The flexibilities set out in the consultation are not clear and do not provide certainty, or any fundamentally new solutions to the growing financial crisis facing Councils, including Haringey. Increasing council tax beyond the referendum threshold and permitting further capitalisation are an extension of solutions currently used by authorities in EFS and not a sustainable solution.
2. Haringey is in EFS and has requested £10m capitalisation direction for 2024/25 and £37m for EFS in 2025/26 to set a balanced budget. The 2026/27 Business Planning Process as at July shows that our budget gap in 2026/27 will be £44m, an estimated cumulative budget gap of £161.5m by 2029/30. This assumes £37m expected use of EFS in 2025/26 will continue to be borrowed year on year from the Government. The proposed reduction in government funding will add to the pressures facing the council and increase the requirement for EFS. EFS and the impact this has on borrowing costs year on year is not a solution to dealing with the shortfall of funding and Government needs a more robust plan to deal with the financial crisis facing the sector. Haringey will very quickly reach a position where EFS is needed to fund statutory responsibilities with over 80% of its service budget spent on adult services, children's and temporary accommodation and by the end of 2028/29, spending a total of £12.4m on the financing of EFS which does not offer anything close to value for money for local tax payers.
3. One supportive measure would be to frontload the £3.4bn increase to grant funding in the first year. We find it strange that the government intends to implement an evenly split increase in funding over the three years, when the profile of funding set out at the Spending Review indicated a frontloading in year 1. The government should consider adjusting the profile of overall funding to avoid immediate financial instability and service disruption.

4. A critical area requiring flexibility will be a blanket approval for those councils facing significant funding reductions to increase their council tax above the referendum limit. The current approach, which requires case-by-case approval without clear criteria or timelines, creates uncertainty and undermines the ability for local authorities to plan sufficiently in the face of significant funding changes. We urge the government to provide upfront clarity on the process, criteria and safeguards that will apply to requests for council tax flexibility during the transitional period, ensuring councils can plan responsibly.
5. Other flexibilities that could be provided to councils would be:
 - the ability to implement higher council tax bands where appropriate;
 - the removal of unnecessary ring-fencing in other funding streams to enable boroughs to direct resources according to local needs;
 - accelerated reforms to fees and charges, including the ability to recover the full cost of services including administration on services currently capped or restricted by statute (e.g., food registration, planning, land charges); and
 - providing councils with the flexibility to allow them to raise and retain more of their own resources to support the delivery of essential local services.
6. Taken together, these measures would make some support boroughs in managing the risks of transition, protect core services for London's residents and enable councils to deliver service transformation while moving towards a fairer funding system.
7. Finally we are concerned about the potential implication of national government indicating how councils should use their un-ringfenced financial reserves. Reserves are built up for very specific reasons and are linked to risks faced locally by individual authorities. They can only be spent once and should not be used to balance budgets over a sustained period of time. Within Haringey, this is no longer an option and the Council is already in receipt of EFS and therefore reserves are at a minimum level. Government must continue the dialogue with Councils such as Haringey already in receipt of EFS where this is not a viable option, meaning significant increases in Council Tax or significant reductions in front line services may need to be consider.
8. If there is no further funding for Local Government, Government must enter into a constructive dialogue with Local Authorities regarding a review of their statutory responsibilities which for Haringey and its increasing demand are very quickly becoming unaffordable if the Section 151 Officer is going to retain their responsibility of setting a balanced budget each year or across the medium term.

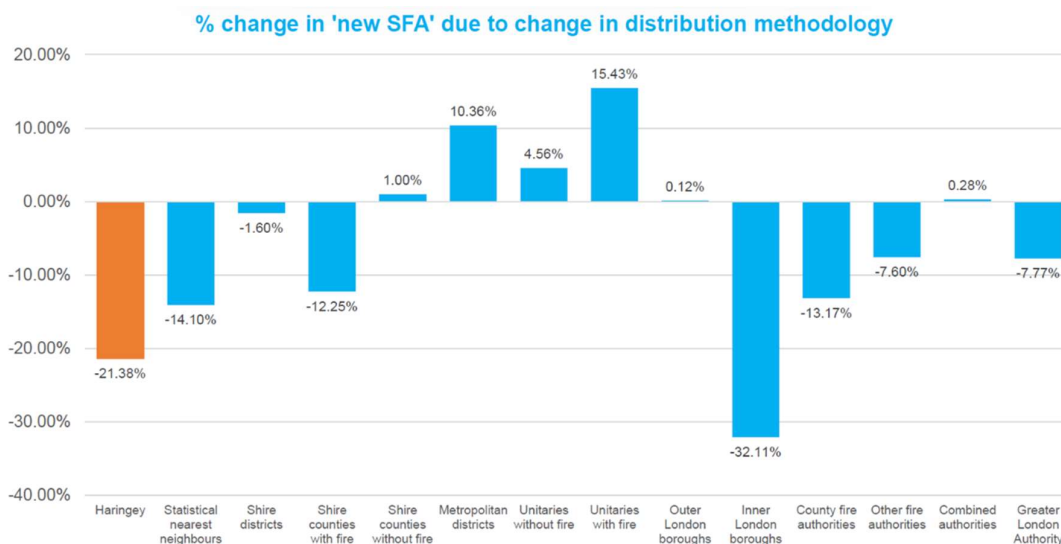
Question 21 - What are the safeguards that would need to go alongside any additional flexibilities?

1. The most effective safeguard alongside any additional flexibilities would be an approach that ensures no borough is financially worse off during the transitional period, and all council services are adequately funded. This would provide a significantly stronger safeguard than the proposed approach, reducing the risk of service cuts and financial instability while enabling councils to make full use of flexibilities responsibly.
2. Specifically relating to the ability to increase council tax beyond the referendum limit, we would ask that any significant increases which may be necessary for those seeing the largest

reductions with lower levels of council tax, come with additional flexibilities to support the poorest and most disadvantaged residents who are least able to meet such increases.

Question 22 - Do you agree or disagree that we should move local authorities to their updated allocations over the multi-year Settlement?

1. Agree. Haringey supports transitioning to new funding baselines over a period of time, rather than the sharp cliff edge of a single year. However, we disagree with the three year horizon and Government should consider providing those with a significant reduction and already in receipt of EFS a longer time period. As Haringey is in EFS, we are facing significant financial challenges (£10m EFS in 2024/25 and £37m requirement in 2025/26). New funding baselines over a period of time will give the Council time, working with Government on how we can return to a financial sustainable council. The chart below through modelling indicates the impact on Haringey where there is no transition arrangements and assumes a 0% cash floor results in over 20% reduction in grant income (c£40m). This change over the three year funding settlement or the change in a single year is not feasible without a significant cash injection or increase in EFS, change in legislation on the statutory services the council continues to provide, and/or a changes to the statutory requirement to spend within allocated resources and set a balanced budget.



Question 23 - Do you agree or disagree that we should use a funding floor to protect as many local authorities' income as possible, at flat cash in each year of the Settlement?

1. To avoid cliff edges and maintain sufficient levels of service over the short and long term, we agree with London Councils who continues to urge the government to ensure no borough is worse off in cash terms from the impact of the reforms. The lack of adequate funding for local authorities is well-known and well-evidenced, as confirmed by the [HCLG Committee's recent July 2025 report](#), and real terms funding reductions will only worsen the situation.
2. As set out above, Haringey is very concerned about the impact of the proposals with modelling suggesting we could see a reduction in SFA of over 20% (£40m) by 2028/29. No authority could have reasonably planned for reductions on this scale and we would therefore

strongly contest the government's assumption that all authorities can use reserves to fund these changes. Haringey's reserves are too low for this to be an option.

3. Haringey has significant concerns on the cash floor being provided against Core Spending Power. Council Tax is a local tax, determined through local democracy of Full Council each year. By assuming Haringey will increase its Council tax by 4.99% each year removes this local democracy, removes choice and effectively becomes a national set tax. In addition, in Haringey's position, the increase in Council Tax to 4.99% would have been a contribution towards managing its higher demand for services in 2026/27 and future years but the corresponding reduction in SFA has removed this as a tool for the Council in trying to resolve its financial position and move towards a more sustainable financial position.
4. We agree with London Councils, who have sought that no council would be worse off from the reforms. Any approach should be balanced against the need to move those councils that are receiving additional funding to their new funding levels as quickly as possible, but we would urge the government to find additional/new funding to limit the severity of cuts to the worst affected councils and prevent boroughs seeing funding increases having to pay for this.
5. For those councils with floor protections, the proposals set out leave significant uncertainty beyond 2028-29, with a "cliff edge" on the horizon. We ask that the government provides certainty about this cliff edge as soon as possible.
6. For Haringey, the next three years look incredibly challenging and the proposed reforms will not deliver financial sustainability. Haringey has significant concerns regarding our current EFS position and we will be most likely reliant on EFS in future years and with these proposals showing a funding share decrease (see Q22 for details) it is likely EFS becomes a longer term solution with no real end in sight. The package of reforms needs to go much further to guarantee the financial sustainability of Haringey and maintain vital services for our residents. **We ask that the government sets out in more detail how it intends to support councils to get out of EFS – which was supposed to be a temporary solution.**
7. We urge the government to consider reforms to EFS to provide a realistic pathway out of it and provide reforms to lower the cost implications of being in EFS. This could include immediate interest relief (similar to the approach currently in place for ongoing DSG deficits), options to provide real debt relief to those councils with unsustainable levels of debt, and additional flexibilities to ensure local authorities can obtain the full value from their asset base.

Question 24 - Do you agree or disagree with including projections on residential population?

1. Haringey supports the use of the most up-to-date data available and using the population projections in the formula. However, given the period of annual settlements over the last decade, and the parlous state of local finances, there is a strong case for certainty.

Question 25 - Do you agree or disagree with including projections on Council Tax level?

1. Disagree. A fixed measure of resources should be used. Projecting council tax levels forward, for example, linked to the council tax referendum limit, would mean the government pre-empting, and thereby potentially influencing, future council tax levels. The setting of council tax levels should be entirely at the discretion of locally elected representatives, and thus, we

firmly oppose any measures that would increase national influence over this process, either directly or indirectly.

Question 26 - Do you agree or disagree with including projections on Council Tax base?

1. Disagree. While it may be possible to project the taxbase forward, this would also add potential complexity and room for challenge. On balance, we therefore agree with fixing population and council tax assessments.

Question 27 - If you agree, what is your preferred method of projecting residential population, Council Tax level and Council Tax base? Please provide any additional information, including any explanation or evidence for your response and any views on technical delivery

1. N/A.

Question 28 - Do you agree with the proposed above approach to determining allocations for areas which reorganise into a single unitary authority along existing geographic boundaries?

1. Haringey has no view.

Question 29 - Do you agree that, where areas are reorganising into multiple new unitary authorities, they should agree a proposal for the division of existing funding locally, based on any guidance set out by central government?

1. Haringey has no view.

Question 30 - Do you agree that the government should work to reduce unnecessary or disproportionate burden created by statutory duties? If you agree, what specific areas of statutory duties impose significant burden without significant value for residents?

1. Agree. The government should reduce unnecessary or disproportionate burdens created by statutory duties. Over recent years, the growing complexity and volume of statutory inspections and reporting requirements have placed significant administrative and financial pressures on councils, often without delivering clear value for residents. For example, councils may face multiple uncoordinated inspections from different regulators within short periods, creating duplication and reducing capacity to focus on improving services. Similarly, statutory financial reporting requires councils to produce highly complex accounts focused on technical compliance rather than on information that supports transparency or improvement for residents.
2. The government should review and simplify statutory duties in three key areas: (1) streamline and align inspection frameworks across regulators to reduce duplication and disruption; (2) simplify statutory financial reporting to focus on what matters to residents and local authority performance; and (3) ensure that statutory improvement plans triggered by regulatory judgements are matched with specific funding to support the delivery of improvements. We also encourage the government to work with local government to co-design statutory frameworks, ensuring they remain proportionate and practical while enabling councils to focus resources on delivering better outcomes and value for residents.
3. Additional examples of statutory duties that should be reviewed or revised to reduce administrative burdens include:

- Requirements to publish certain planning notices in local newspapers. This obligation results in significant costs to councils while offering little demonstrable benefit to the public, given declining newspaper readership. Replacing this with more accessible and cost-effective digital alternatives would modernise the process and enhance transparency. Other burdensome statutory duties include Self Build Registers and Brownfield Land Registers and Environmental Assessment/sustainability appraisals for Local Plan documents can be streamlined.
- Supporting families with No Recourse to Public Funds (NRPF) also imposes a heavy burden. Local authorities are often required to provide temporary accommodation in these cases, despite the absence of long-term funding or sustainable housing solutions. Revisiting these statutory obligations and ensuring they are either resourced adequately or redesigned to reflect practical constraints would better support both councils and vulnerable households. Haringey spent £662,000 in 2024/25 on supporting families with NRPF.
- Statutory limits on the use of bed and breakfast accommodation for homeless households, while well-intentioned, can constrain councils in high-pressure housing environments. In some cases, such accommodation may be the only immediate safe alternative to rough sleeping. Allowing for limited flexibility in how councils meet these duties, with appropriate safeguards, would help prevent unintended consequences. Within Haringey, we are seeing an 18% increase in the price for nightly paid accommodation. Although the Council has a number of interventions in place to reduce the numbers in bed and breakfast and other nightly paid accommodation, these will take time to have an impact and will not be sufficient to address the 2,600 households in temporary accommodation.
- Local authorities have taken on considerable responsibilities for Coroners services and for refugee resettlement, including support for arrivals from Afghanistan, Ukraine and Hong Kong. While funding has been made available in some cases, it has often been insufficient or short-term. These duties should be reviewed to ensure that the statutory obligations placed on councils are matched with adequate and sustainable funding mechanisms.
- The Government is asked to progress at pace the discussions on Total Place 2.0. With funding challenges across the public sector, partners need to be working together to develop and deliver services across neighbourhoods in a joined-up way that improves outcomes for residents and better value for money on the public purse.

Question 31 - Do you agree with the proposed framework outlined at paragraph 11.2.3 for assessing whether a fee should be changed?

1. Local authorities should have the ultimate discretion and power to set and amend fees. The current framework will likely delay implementation or slow down the ability of local authorities to move to full cost recovery for appropriate fees as quickly as possible. A phased approach may delay urgently needed revenue improvements and risk layering successive operational and administrative changes in quick succession. Early devolution would allow councils to better address funding gaps and respond to local service pressures more effectively particularly given the significant changes and ongoing fiscal challenges facing several local authorities as a result proposed funding reform.

Question 32 - The government invites views from respondents on how best to balance the need to maintain fee values and the original policy intent of the fee whilst minimising cost of living impacts for service users.

1. Local authorities should have the ultimate discretion and power to set and amend fees. In order to balance maintaining fee values and the original policy intent while minimising cost of living impacts for service users, it is important to adopt a flexible, locally responsive approach. Fees should reflect the true cost of delivering the service to ensure councils remain financially sustainable and can continue providing high-quality services. Granting councils greater discretion to set fees locally would enable them to tailor charges to reflect local economic conditions and priorities. This could include introducing sliding scales, means-tested fees or exemptions for vulnerable groups to protect those facing financial hardship. Phased or gradual fee increases aligned with inflation or service cost changes could also help prevent sudden financial shocks to fee-payers.

Question 33 - Do you agree that the measures above provide an effective balance between protecting charge payers from excessive increases, while providing authorities with greater control over local revenue raising?

1. While the intent behind the proposed measures is understandable, they do not strike the right balance between protecting charge payers and enabling councils to exercise meaningful control over local revenue generation. In many cases, the inability to update outdated fee structures has left councils absorbing unfunded service delivery costs for extended periods. The current proposals risk continuing this pattern if the process for change is overly centralised or constrained by centrally determined fees.
2. Local authorities are well placed to assess affordability and local impacts and should be trusted to set fees in a way that reflects local service costs, demand and socio-economic conditions. A more effective approach would be to provide local discretion over fee-setting, supported by statutory guidance and regional coordination to ensure transparency, fairness and accountability rather than placing hard caps or overly prescriptive limitations that undermine responsiveness and the ability to ensure full-cost recovery wherever possible.

Question 34 - Do you agree that we should take action to update fees before exploring options to devolve certain fees to local government in the longer term?

1. Disagree. Local authorities should be given fee-setting powers sooner rather than later. A phased approach may delay urgently needed revenue improvements and risk layering successive operational and administrative changes in quick succession. Early devolution would allow councils to better address funding gaps and respond to local service pressures more effectively, particularly given the significant changes and ongoing fiscal challenges facing several local authorities as a result proposed funding reform.

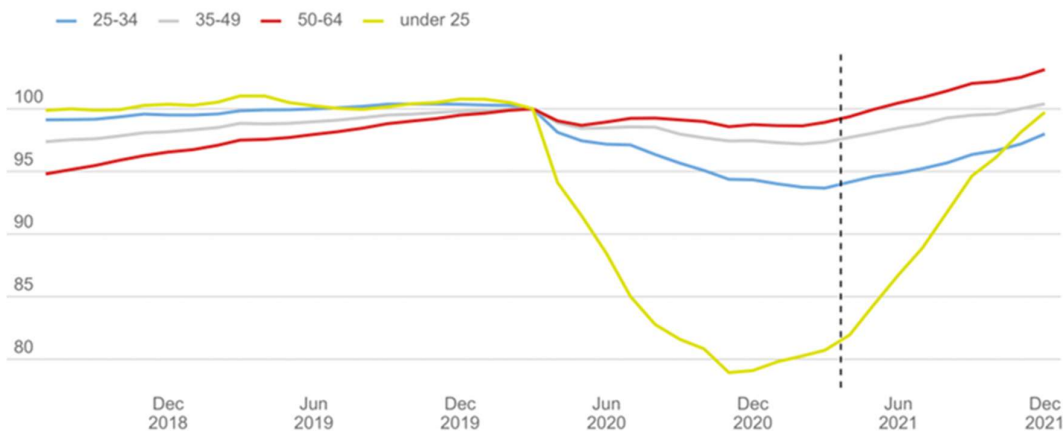
Question 35 - Do you agree or disagree that these are the right relative needs indicators? Are there any other Relative Needs Indicators we should consider? Note that we will not be able to add additional indicators for a 2026-27 update.

1. Haringey neither agrees nor disagrees. The changes in indicators and the explanation for them seem broadly logical.
2. We urge the government to clarify how ethnicity is included in the model. This is extremely difficult to follow in the technical appendix and for transparency and to aid accountability should be set out in a way that would enable the public to understand.

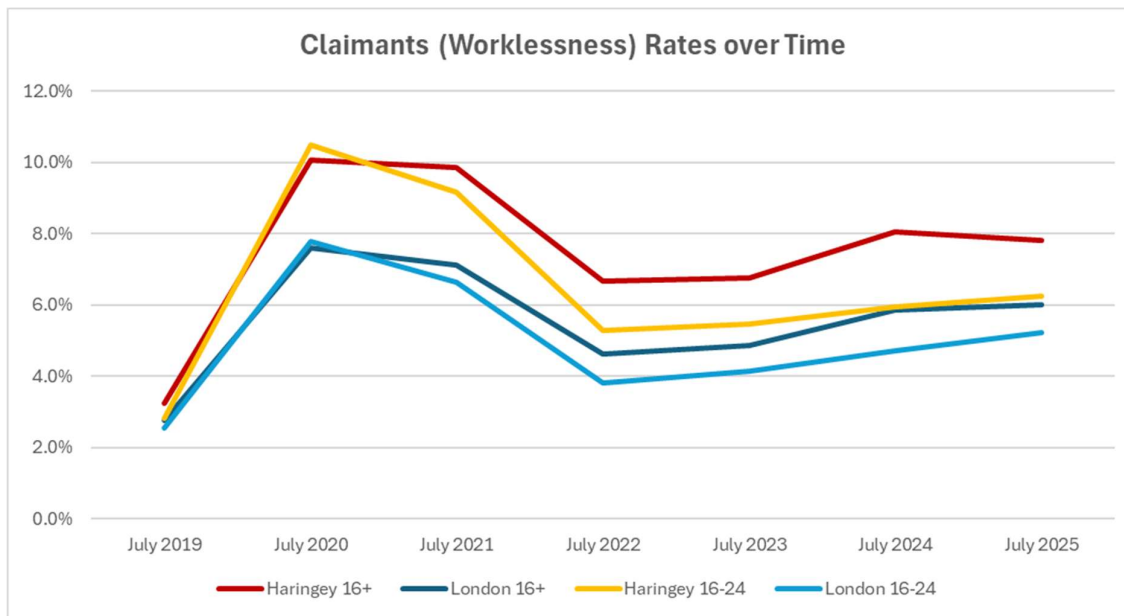
Question 36 - Do you agree or disagree with including population projections in the ASC formula, when published, that have been rebased using Census 2021 data?

1. Haringey supports using more up-to-date data than 2013 projections used in the current ASC formula. Government states they will be “rebasings for the 2021 Census”. Government need to ensure that the 2021 Census reflects Haringey and London’s usual population and is the most accurate for the purposes of assessing relative need.
2. There is good evidence to suggest employment levels amongst young people, who may have moved out of London during the pandemic, have recovered (see chart below, where the dotted line represents the Census day). The number of GP registrations appears to also show a temporary reduction in 2021 but a recovery to the previous trajectory.

Change in number of payrolled employees by age (indexed: March 2020 = 100)



3. Unemployment rates in Haringey were falling pre pandemic, before sharply rising in the first year of it to 7.1%. Since then they have rapidly declined, recovering somewhat by 2022 but showing a slow increase over the last 3 years. 7.9% of residents aged 16+ were claiming unemployment-related benefits in Haringey in May 2025 one of the highest rates since the end of 2021 and the 5th highest of all UK LAs. The Chart below illustrates this trend on worklessness rates overtime compared to London and demonstrates this remains high in Haringey.

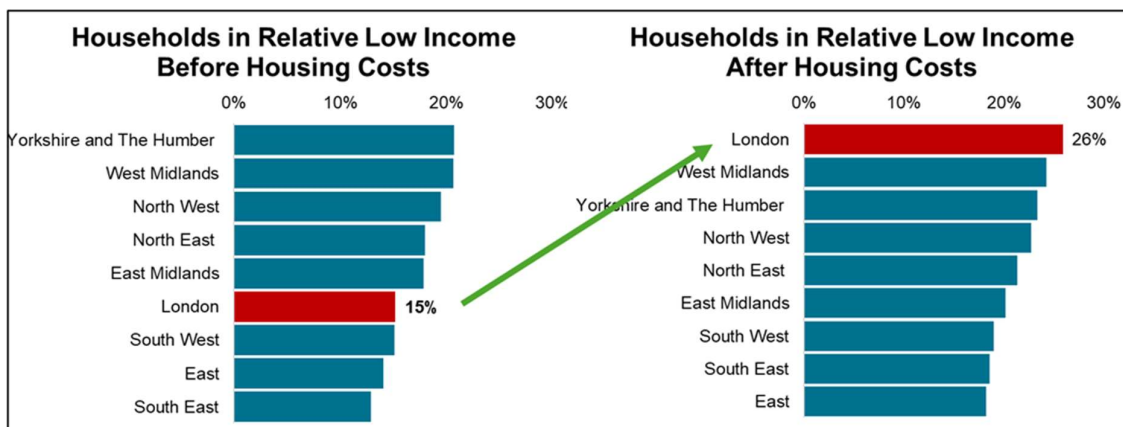


4. We believe all population measures in the RNFs, including the ASC formula, should be updated with the latest available population data from the ONS which has been suitably adjusted to reflect the temporary dip in population in some areas due to the pandemic. Haringey supports the Government's proposal for ONS to develop alternative measures of population using administrative data. Any alternative data source should reach the required threshold for robustness and accuracy, but government should commit to identifying or developing such a data source if the ONS's efforts do not meet their own thresholds for robustness.
5. We also believe the population figures used in any funding formula should include some estimate of short term migrants (people who are resident for less than 12 months). Local authorities still have to deliver services to this group of people, but they are not included in usual resident population data. According to the 2021 census, London had 39,000 short term migrants – 30% of the national total of 132,000.

Question 37 - Do you agree or disagree with our proposal to include a Low Income Adjustment (LIA) for the older adults component of the ASC RNF model?

1. Agree. However, with this adjustment and any other measure on income deprivation or poverty, measures of income deprivation must be after housing costs.
2. While Haringey supports the decision to focus on deprivation in the formulae, we are concerned the government is using the Index of Multiple Deprivation as the default option for measuring deprivation. This dataset fails to adequately reflect both the direct impact of housing costs on household disposable income, and the wider impact of housing and homelessness as a driver of deprivation.
3. Any deprivation measure used in funding formulae must calculate income after housing costs. The ONS Family Spending in the UK survey shows Londoners spend 27% of their average weekly household bills on rents and mortgages compared to an average of just 17% across the rest of England. Once housing costs are factored in, London has the highest rate

of poverty of any region in the country, with one-in-four households (26%) living in poverty (see chart below).



Source: Households Below Average Income (HBAI) Survey, 2023

4. The government's commitment to updating the IMD in 2025 is welcome. This is a perfect opportunity to ensure housing costs and the impact of housing as a driver of deprivation are properly reflected so that levels of deprivation in London and other parts of the country are measured more accurately.

Question 38 - Do you agree or disagree that the overall ASC RNF should combine the two component allocation shares using weights derived from the national ASC net current expenditure data on younger and older adults (in this case 2023 to 2024)?

1. Haringey broadly agrees; however, we would seek further explanation as to why weights used for older and younger adults are taken from NHS Digital's ASC-FR data set, but the overall weighting of the adult social care RNF is based only on MHCLG's RO data. This appears to be inconsistent and our analysis of the RO data would suggest a split of 46:54 of older to younger adults' expenditure. We ask MHCLG to explain why RO is not used in both instances, and to explain why Better Care Fund spend on social care is included in the weights for older and younger adults when this funding is not within the scope of the consultation.
2. Haringey's 2024/25 MHCLG RO data and 2024/25 ASC-FR data set shows a split of 41:59 (older adults to younger adults), which suggests local variations and therefore we would like the most up to date data used.

Question 39 - Do you agree that ethnicity should be removed as a variable in the CYPS formula? Please explain your reasoning.

1. Ethnicity was a major factor in the previous formula. Its removal raises significant questions about the underlying robustness of the new methodology, especially when it is being removed due to "the lack of conclusive evidence on what causes racial disparities in the system".
2. There is still no robust or causal explanation for why some ethnic groups are overrepresented in social care interventions. Given the broad disparities between ethnic groups, there is a clear need for further research in this area. Whilst removing ethnicity may decrease the risk of further embedding bias, it may also be removing an important factor that ensures funding goes to areas where it is needed most.

3. There are several major concerns with the new CYPS formula (see response to question 40 below), and the government's modification of the model with respect to ethnicity is further evidence the entire model/formula needs more work and scrutiny from the sector. The CYPS formula/model cannot be held up as an accurate one when it has had to be modified several times and those modifications have all been done behind closed doors with no sector input.
4. It is essential the formula is further tested and refined and that other explanatory variables – more directly linked to social determinants of need – are identified and incorporated where appropriate. Until the formula, as proposed in the consultation, has been tested and scrutinised by the sector, it should not be used to allocate funding.

Question 40 - Do you agree overall that the new formula represents an accurate assessment of need for children and family services? Please share any reflections or suggested changes.

1. Strongly disagree. As stated in the consultation, “the new CYPS formula is part of our work to make local government funding simpler and fairer”; however, the new formula is anything but simple or fair. The explanation of how the new model/formula works is more than 200 pages long.
2. London Councils commissioned the National Children's Bureau to complete a detailed review of the model which Haringey fully supports (NCB's final report [here](#)). After reviewing the model and testing its assumptions, the conclusion was clear:
 - **“The overall robustness of the proposed CYPS relative needs formula is questionable.** The proposed approach is a new and unique way to calculate need, with limited prior testing.”
 - **“Not all of the proposed metrics are clearly correlated with need.”**
 - **“Further still, there has been a significant change in the formula's methodology, leading to substantial changes in the distribution of resource. In this context, we would expect there to have been significant engagement with the sector in order to scrutinise, test and refine the formula, but this research suggests that this has been limited.”**
3. Some additional specific concerns related to changes being made to the original formula which have not been properly explained. The introduction of the subjective child health metric and changes to the measurement of overcrowded households (which now appears to have switched to under-occupied households) are significant changes which have not been explained. It is difficult to advise or comment on factors which have no explanation available.
4. The other conclusions and recommendations found a number of issues with the proposed formula:
 - The proposed formula uses a child health metric, which is a subjective measure that this research argues does not accurately capture need, making it an unreliable measure of children's health in an LSOA. “Child health” is the Census LSOA metric that takes the proportion of parents who have responded that their child's health is ‘not good’. This is a subjective measure, making it an unreliable way to assess actual children's health in an LSOA. This is evidenced by the fact that just 2.7% of children were defined as having “not good health” in the 2021 Census, whereas 19.5% of children either receive SEN support or have an EHCP. Most local authorities stated that they did not use the child health metric, and if they did use this metric, it was not for determining social care needs. An alternative metric that could be measured at a

child level is special educational needs and disabilities (SEND). This metric captures a broader range of needs, is a more objective measure, can be updated annually using national datasets, and is more correlated with children's social care support needs.

- A key proposed metric for measuring deprivation is the Income Deprivation Affecting Children Index (IDACI). However, IDACI does not account for housing costs when calculating deprivation and instead focuses solely on income measures. The result of this for areas with high housing costs is that the level of deprivation is not being accurately accounted for under the proposed model. We recommend the IDACI metric is updated to include housing costs, and in doing so to reflect income after housing costs, which would in turn provide a 'true deprivation' metric that accurately reflects levels of deprivation in England.
 - The numbers of children accessing Free School Meals (FSM) is another proposed metric for measuring deprivation in the formula. However, this research suggests there is likely to be significant undercounting of those accessing FSM. Furthermore, as with IDACI, FSM does not take into account housing costs. To address this, and to align with the upcoming changes to FSM eligibility, we propose the metric is replaced with the number of children living in households that are in receipt of Universal Credit.
 - Overcrowded housing was used as a metric in the initial iteration of the proposed formula, but in the second iteration it appears that this has been replaced with 'under-occupied housing'. An explanatory note for this change has not been provided. We encourage the DfE to thoroughly investigate the changes to the overcrowded housing metric between the first and second iterations of the proposed CYPS relative needs formula in order to understand the reason for these changes and to ensure overcrowded housing is accurately captured in the formula.
 - Parental qualifications is the only metric relating to parental characteristics in the proposed formula. Universal Credit has a stronger correlation with children's social care needs than parental qualifications. As parental qualification is currently included in the model as a proxy for other socioeconomic factors, such as domestic abuse, universal credit data should be considered as a more suitable alternative.
5. The changes recommended above could help improve the accuracy and robustness of the model. Currently, there is a high risk the formula is producing funding allocations that do not accurately reflect the complexity and scale of need in children's services.
 6. In addition to the changes in the proposed model, **we are concerned there are no specific indicators for Unaccompanied Asylum-Seeking Child (UASC) or to children with No Recourse to Public Funds (NRPF). London hosts 34% of the national UASC population, and children and care leavers who have NRPF are still eligible for social care services.**
 7. On the ACA, we are concerned about the potential double-counting of traversal. The inclusion of "travel time from LSOA centroid to nearest town centre (minutes)" potentially double-counts the impact of rurality as this is picked up via the accessibility adjustment to the ACA .
 8. Finally, given the widely acknowledged [issues with the children's social care market](#), which the government has committed to resolve, we are concerned that the proposed approach to the ACA does not accurately reflect the disparate costs of procuring children's social care facing London boroughs.

Question 41 - Do you believe that the components of daytime population inflow should be weighted to reflect their relative impact on demand for services?

1. Haringey has no view

Question 42 - Do you agree with/have any comments on the design of the Foundation Formula?

1. Haringey has several concerns about the design of the Foundation Formula, especially as it relates to deprivation measures, population data and density.

Deprivation measures

2. While Haringey supports the decision to focus on deprivation in the formulae, boroughs are concerned the government is using the Index of Multiple Deprivation as the default option for measuring deprivation. This dataset fails to adequately reflect both the direct impact of housing costs on household disposable income, and the wider impact of housing and homelessness as a driver of deprivation.
3. Any deprivation measure used in funding formulae must calculate income *after* housing costs. The ONS Family Spending in the UK survey shows Londoners spend 27% of their average weekly household bills on rents and mortgages, compared to an average of just 17% across the rest of England. Once housing costs are factored in, London has the highest rate of poverty of any region in the country, with one-in-four households living in poverty.
4. The weightings for homelessness and housing affordability in the IMD must be updated to reflect the scale of these issues in 2025. It cannot be right that road distance to a post office is given the same weighting as homelessness as a driver of deprivation in this index, given how detrimental being homeless is to the life chances of families.
5. The government's commitment to updating the IMD in 2025 is therefore welcome. This is a perfect opportunity to ensure housing costs and the impact of housing as a driver of deprivation are properly reflected so that levels of deprivation in London and other parts of the country are measured more accurately.

Population data

6. Accurate measures of the population are the cornerstone of any relative needs formula. It is, therefore, welcome that the Government has recognised the potential issues with the 2021 Census data in the consultation. We welcome the fact that the ONS's ambition is to publish admin-based population estimates in Summer 2025 as the preferred measure.
7. Fully capturing all of London's diverse communities has always been challenging because of its higher levels of homelessness and migration, its more transient population, greater language and cultural barriers, and higher concentrations of buildings that are difficult to access. It is therefore essential the ONS ensures a rigorous statistical process to adjust for the temporary population dip caused by the pandemic when it produces the population estimates for 2024 to ensure fair and accurate funding formulae for local government and other public services. We urge the ONS to confirm as soon as possible its approach to using administrative data as part of this process.

Density

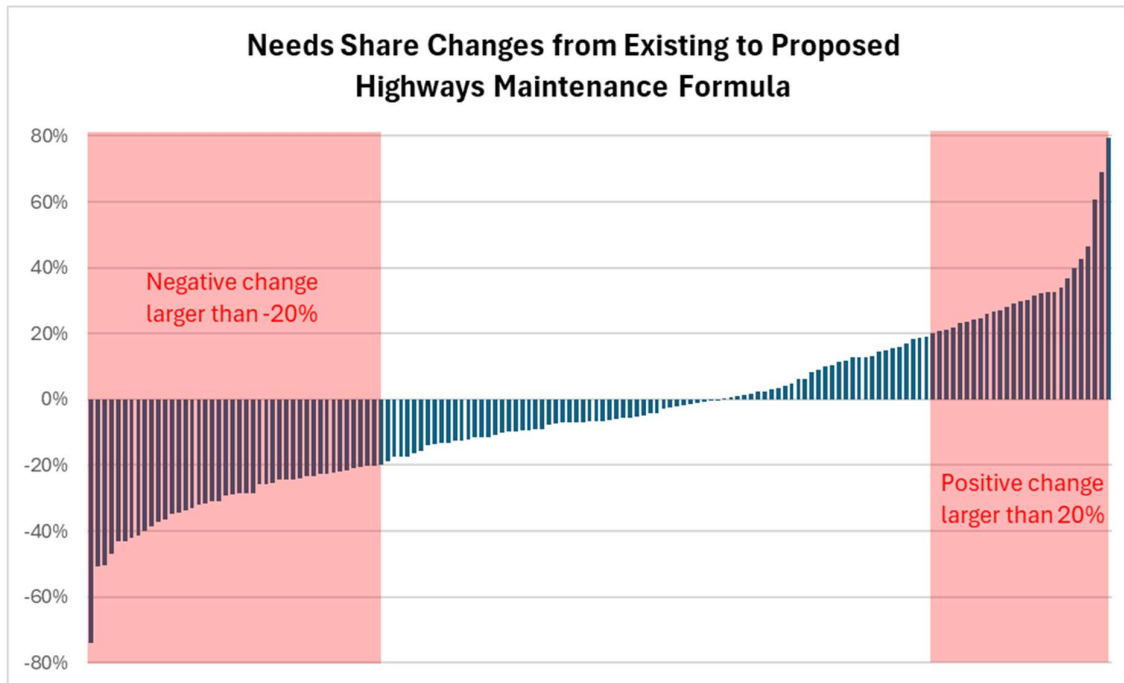
- 8. We welcome the inclusion of daytime population and visitor numbers in the formula, we believe population density should also be a key driver in the Foundation Formula. Density acts as an indicator of the costs associated with urban congestion. Population density was one of the factors in the previous Environmental, Protective and Cultural Services (EPCS) block of the formula funding element of SFA, calculated by reference to the number of residents per hectare at Census of Population Enumeration District Level. There are many positives which come with being the centre of a city region, access to good infrastructure and public transport, shops, cultural offer and being close to large, safe open spaces make them an attractive place to live and work. However, there are adverse consequences with assets and services being used more intensively bringing significant associated costs. Cities have higher rates of homelessness, people on low incomes, those with high needs, students, transient populations and night time visitors.
9. Densely populated areas have more high-rise buildings, HMOs, and constrained access routes complicate refuse collection and reduce recycling rates, increasing costs and operational demands. Urban authorities also manage larger volumes of planning applications, building inspections, licensing, and regulation—driven by dense building stock and economic activity. Cities and towns have higher levels of homelessness and rough sleeping, requiring additional housing support, outreach services, and enforcement. While we welcome the separate TA formula, these other activities associated with combating homelessness will be funded via the Foundation Formula.
10. Densely populated areas also face significantly higher demand and costs relating to libraries, environmental health, and leisure/sports facilities. Libraries experience greater footfall from both residents and non-residents, requiring broader collections and more intensive use of space, particularly in deprived communities where they often serve as community hubs. Environmental health services are stretched by high volumes of complaints related to noise, overcrowding, poor housing conditions, and food safety inspections—particularly in areas with dense private rentals and HMOs. Leisure and sports facilities are more heavily used due to limited private outdoor space, placing greater pressure on public parks, swimming pools, and recreation centres, all of which require higher maintenance and staffing levels to meet demand.

Question 43 - Do you agree with/have any comments on the design of the Fire and Rescue Formula?

1. Haringey as no view

Question 44 - Do you agree with/have any comments on the design of the formula for Highways Maintenance?

1. The Highways Maintenance formula is inadequately explained in the consultation document, lacking any exemplifications or results. The consultation states the new formula is “substantially similar” to the 2013 formula, but there are significant variations between needs shares between the two. One would expect if a formula were substantially similar, the needs shares would also be substantially similar. However, nearly half (46%) of local authorities eligible for the Highways Maintenance formula will see needs shares change by more than 20% between the existing formula to the proposed formula (see chart below). Haringey’s needs shares has reduced by 44% since 2013. Such a significant shift requires additional explanation and greater exemplification.



2. The majority of maintenance costs generated by London boroughs are derived from high levels of road usage in London compared to other parts of the country, with significant bridge repairs and maintenance, in particular, often requiring additional support in the form of grant top-up funds (e.g. Haringey's Parkland Bridges). There is a clear and present risk to life if the level of funding is inadequate and where culpability lies for that should changes be made that lead to insufficient safety standards being adhered to or an inability to discharge statutory duties adequately .
3. The formula also does not take into account the existing condition of roads or the factors that contribute to their deterioration when allocating funding, the latter of which are often more numerous in dense urban areas. Research published by the National Audit Office (NAO) in 2024 suggests that taking traffic usage and road condition into account in funding allocations could help government more effectively target funding to address road deterioration. Haringey spends an estimated £380,000 revenue and £6m capital per year on road maintenance.
4. **We encourage government to consider placing greater weight in the formula on traffic volume per unit of road length, reflecting these additional costs.** Consideration should also be given to factors influencing the condition of roads in urban areas.

Question 45 - Do you agree with/have any comments on the design of the formula for Home-to-School-Transport?

1. Disagree. Haringey is concerned the proposed methodology for calculating relative need for Home-to-School Transport (HTST) significantly underrepresents the complexities and real costs of provision in London. As a region, London accounts for 11.5% of the national net expenditure on HTST and has approximately 16% of the child population (age 0 to 17). However, the total needs share on the proposed HTST formula for London boroughs is only 8.4%. This suggests the formula may systematically underfund urban authorities. Haringey spent £5m on Home to school transport in 2024/25 for over 800 young people, this is forecast

to increase to £5.4m in 2025/26 for approximately 880 young people. Approximately 25 % of total EHCPs in any one year, require home to school transport.

2. The model places disproportionate weight on distance travelled—particularly favouring rural areas—without adequately accounting for the distinct operational challenges in dense urban settings. Short journeys in London often require high-cost, bespoke arrangements due to traffic congestion, road access limitations and safeguarding considerations. Furthermore, the heavy weighting towards SEND-related transport, while justified in principle, may not fully capture the efficiencies and integrated systems already in place within London, thereby skewing allocations.
3. The use of a broad Upper Tier Foundation Formula ACA is also inappropriate for a service with such region-specific delivery challenges; a service-specific ACA would be far more equitable. We urge the government to reconsider the formula to ensure it reflects an area's demographic, geographic and infrastructural realities and avoids penalising urban authorities with lower apparent transport distances but higher real-world costs.

Question 46 - Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

1. Per our response to question 39, Haringey has concerns about the proposed changes to the CYPS formula. Ethnicity was a major factor in the previous formula, and its removal raises wider questions about the underlying robustness of the new methodology, especially when it is being removed due to “the lack of conclusive evidence on what causes racial disparities in the system”.
2. There is still no robust or causal explanation for why some ethnic groups are overrepresented in social care interventions. Given the broad disparities between ethnic groups, there is a clear need for further research in this area. Whilst removing ethnicity may decrease the risk of further embedding bias, it may also be removing an important factor that ensures funding goes to areas where it is needed most.
3. Until a data-driven analysis can be done to understand and accurately predict the needs of children based on socio-economic data, including ethnicity, the government must consider keeping the current children's services formula in place until a robust and accurate CYPS formula can be developed and properly tested with the sector.
4. The consultation notes transitional arrangements will be introduced to support places where funding will be lost due to changes in government's assessment of relative need and ability to raise local income. People from black ethnicities typically rely more heavily on children's social care than those from other ethnic groups, meaning the proposed changes are likely to disproportionately affect areas with large numbers of people from black ethnic groups, including parts of London. Haringey's data shows that black people have a much higher likelihood to experience disadvantage. Census data shows that there were ca. 50,000 people in Haringey who identified as Black in 2021. People identifying with Black ethnic groups represented 17.6% of all people in Haringey, roughly 1 in 6 residents. This proportion is 1.3 times greater than the London average. Any changes or transitional arrangements put in place should therefore be subject to a thorough equalities impact assessment to gauge the effects of any proposed changes on local populations.