



APPENDIX 1

Cabinet		26 January 2010
Report title: Financial Planning 2010/11 to 2012/13		
Report of: The Director of Corporate Resources and Chief Financial Officer		
Ward(s) affected: All	Report for: Key Decision	
1. Purpose		
1.1 To consider the Cabinet's proposed budget package for 2010/11 and later years.		
2. Introduction by Cabinet Member for Resources		
2.1 The Council fully understands the financial pressures facing residents in the current recession and is determined to help and support people through these difficult times.		
2.2 This is a budget reflecting traditional Labour values. It is proposing investment of over £7m of additional resources in front-line services, in particular for vulnerable groups in children's and adult's social care and to assist families in temporary accommodation. It is also proposed to increase volunteering and also investment in a credit union facility to help Haringey residents with management of financial matters and allow them to gain access to low cost finance.		
2.3 In order to pay for this investment the Council will be delivering over £7m of efficiency savings across the Council. While the next few years will not be easy, I believe we must continue to reflect traditional Labour values. I believe there is room for further efficiency savings and no need to cut valuable and appreciated front-line services.		

3. Recommendations

- 3.1 To agree the changes and variations set out at paragraph 9.3 and appendix B.
- 3.2 To note the outcome of the consultation processes set out at section 11.
- 3.3 To agree the revised and new investment proposals set out in appendix D.
- 3.4 To agree the revised and new savings proposals set out in appendix E.
- 3.5 To agree the proposals for the children's services (DSG) budget set out in the report and in appendix F.
- 3.6 To agree the proposals for the HRA budget set out in appendix G.
- 3.7 To approve the housing rent increases at an average of £0.98 per week (1.3%).
- 3.8 To approve the housing tenant service charge reduction at an average of £1.59 per week (10%).
- 3.9 To agree the proposals for the capital programme and funding set out in appendices H and J and the capital resource allocation policy at appendix I.
- 3.10 To agree the treasury management strategy and policy and prudential limits set out in appendix K and amended reporting processes in line with the revised CIPFA guidance.
- 3.11 To agree the proposed general fund budget requirement of £416.587m, subject to the decisions of precepting and levying authorities, and the consequences for council tax levels
- 3.12 To note that this budget report will go to Council on 8 February 2010 with the final decision on the budget and the council tax for 2010/11 to be considered at the Council meeting on 22 February 2010.

Report authorised by: **Gerald Almeroth, Chief Financial Officer**

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4. Executive Summary

- 4.1 The report sets out the Cabinet's budget package for recommendation to full Council. The proposed budget is based on a council tax freeze for 2010/11. The medium term plan shows a significant budget gap for 2011/12 onwards for which a strategic approach to meet this challenge has been set out.
- 4.2 The report proposes a balanced budget for the schools element of children's services within the ring-fenced dedicated schools grant (DSG).
- 4.3 The report proposes a balanced budget for the HRA based on an average rent increase of 1.3%.
- 4.4 The report proposes a capital programme based on the existing policy framework for capital expenditure.
- 4.5 The treasury management strategy and policy has been considered by the General Purposes Committee and is recommended for approval.

5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1 The budget is designed to deliver the Council's existing policy framework.

6. Local Government (Access to Information) Act 1985

- 6.1 The following papers were used in the preparation of this report:
- The provisional local authority revenue support grant settlement 2010/11 issued 26 November 2009
 - Report of the Chief Financial Officer and Director of Corporate Resources to Cabinet on 17 November 2009 – Financial Planning 2010/11 – 2012/13
 - Report of the Chief Financial Officer and Director of Corporate Resources to Cabinet on 21 July 2009 – Financial Planning 2010/11 – 2012/13

7 Background

- 7.1 The reports to the Cabinet on 21 July and 17 November set out the key financial planning issues facing the Council and follow the agreed process for the detailed consideration of the Cabinet's business and financial planning process. This report sets out the medium term financial strategy for the three-year period and this will be reviewed on an annual basis. The budget for 2010/11 is the final one to be agreed by this administration. The initial financial planning report in July identified a new budget gap of £17.1m over the three year period in addition to the £5.7m of savings still to be identified. The business planning process this year has aimed to ensure there is balanced

budget for 2010/11 as well as reviewing the pre-agreed savings totalling £9.2m.

7.2 This report proposes a budget package for the period 2010/11 to 2012/13 and is in 12 sections:

- government support;
- changes and variations;
- strategic approach;
- consultation;
- savings options;
- investment options;
- the children's service budget within the dedicated schools grant;
- the housing revenue account budget;
- the capital programme;
- the treasury management strategy;
- council tax, and;
- key risk factors.

7.3 The report is supported by various appendices as follows:

- appendix A sets out the gross budget trail;
- appendix B tracks the resource shortfall over the planning period;
- appendix C is the budget report of Overview and Scrutiny Committee and the Cabinet response;
- appendix D sets out proposed investments;
- appendix E sets out proposed efficiency savings;
- appendix F is the proposed budget for children's services within the dedicated schools grant (DSG);
- appendix G is the Housing Revenue Account budget;
- appendices H, I and J relate to the capital programme, and;
- appendix K is the treasury management strategy statement.

7.4 The Council will consider the budget package and the limits under the prudential code on 8 February and the final council tax (including the GLA precept) and the policy and decision on reserves on 22 February.

8 Government support

8.1 The budget for 2010/11 is the third year of a **three year grant settlement** that has provided certainty and allowed for a reasonable amount of stability for service planning over that period. There have been a number of significant changes in the formula grant system in recent years and the debate on the financing of local government is no doubt set to continue further in the near future.

8.2 The most recent significant changes in the **grant formula** were when there was a two year settlement position for 2006/07 and 2007/08. The key changes were as follows:

- the transfer of schools' resources from formula spending shares (FSS) to a ring-fenced dedicated schools grant (DSG);
- an alternative grant system based on separate blocks for relative needs, resources, a 'basic amount' and damping, replacing the previous formula spending shares by service (FSS);
- three-year settlements for individual local authorities based on frozen or projected data and linked to government spending review periods;
- use of projected population and tax base information, and;
- reduced weighting for deprivation in the formula for Children's and Younger Adults Social Care resulting in a significant shift of resources away from Haringey and London generally.

8.3 For the 2008/09 budget and the current three year settlement the government consulted on changes to the formula in which Haringey had particular interest in two aspects:

- **area cost adjustment** – provide a new geographical banding for East Inner London to include Haringey, Newham and Barking & Dagenham to reflect more accurately the actual labour costs in the area – this was not implemented and no changes were made, and;
- **removal of the separate damping floors** for Children's and Younger Adults Social Care introduced after significant changes were made in 2006/07 – this was removed and saw a shift in formula resources away from London.

8.4 The settlement provided indicative figures for the following two years as part of the government's proposal to move to three-year settlement announcements for individual local authorities. This is based on frozen or projected data and linked to spending review periods and therefore this time matches the Comprehensive Spending Review 2007 (CSR07) issued in October 2007.

8.5 The figures for 2010/11 were re-confirmed in the **provisional grant settlement** announcement issued on 26 November 2009. The three year grant settlement set overall floors for the three year period. The settlement for Haringey is shown in the table below:

Formula grant	2008/09	2009/10	2010/11
National average increase	3.7%	2.8%	2.6%
London average increase	2.4%	2.1%	2.0%
Floor increase	2.0%	1.75%	1.5%
Haringey increase	2.0%	1.75%	1.5%
Haringey grant increase (£m)	£2.7m	£2.4m	£2.1m

8.6 Haringey has received a **floor increase** for all three years. The majority of London boroughs are still on the grant floor. Haringey is calculated at being approximately £7.1m below the grant floor in 2010/11. This is mainly as a result of the removal of the separate floors for Children's and Younger Adults Social Care after the change in the formula as mentioned above as well as base under-funding through the area cost adjustment.

- 8.7 The Council continues to produce a medium term three year financial strategy and this year includes rolling further a year to include 2012/13 although the **future grant settlement** for the latter two years is not known. The previous planning assumption was that a continuation of the 1.5% floor increase. This has now been revised to a 1% reduction each year based on the current economic circumstances and the Chancellor's pre-budget report (December 2009) that commits to repaying 50% of the public debt by 2013/14.
- 8.8 The **population** projections used in the grant settlement have shown a small reduction over the three year period. The Office of National Statistics (ONS) mid-year review of the 2008 data has concluded that the population in Haringey is higher than previous projections. The figure used in the base 2008/09 grant settlement was a population of 221,500. The recent mid-year review by ONS has re-stated the Haringey population at 226,200. This is 4,800 (2.2%) higher. Attempts were made to get these latest figures included in the current grant settlement, but DCLG refused to contemplate re-opening the three year grant position. This should feed into future formula grant settlement calculations although unlikely in itself to take Haringey back above the grant floor. However, the ONS have been looking at improvements to their mid-year review methodology and are currently consulting on different indicative population figures, which suggest Haringey's population is only 219,700, as much as 6,500 less than the recently published figure of 226,200.
- 8.9 The **census** in March 2011 is likely to be used to re-set all of the population data held by ONS so it will be important that sufficient effort is put into making that as successful as possible. London regional planning meetings are being held with ONS and all London boroughs.
- 8.10 The **dedicated schools grant** (DSG) is the money that goes directly to fund schools and the pupil led services in support of an authority's dedicated school's budget. Education services continue to receive higher increases than other local government services although the increases over the three year settlement period are below that previously received. Haringey has received an increase of 3.9% per pupil for 2010/11, which is the minimum increase available.

DSG per pupil	2008/09	2009/10	2010/11
National average increase	4.6%	3.7%	4.3%
London average increase	4.4%	3.8%	4.3%
Haringey increase	4.1%	3.5%	3.9%

- 8.11 The 3.9% increase represents a 2.9% basic increase plus funding for ministerial priorities. This higher level of resources is designed to fund the minimum funding guarantee per pupil for all schools of 2.1% although the final cash sum available for each school will depend on the number of pupils as recorded in the January 2010 count. A number of **specific grants for schools** have increased or are new in excess of £3.5m. These relate mainly to 1-2-1 tuition, targeted support and extended schools subsidy. The implications for children's services budgets are explored later in the report.

- 8.12 Under the Council's policy on capital expenditure, increases in grant in relation to **capital financing** are earmarked to fund the revenue consequences of supported borrowing. The estimated increase in this part of the formula is £0.4m and this will be required to fund the increased costs of borrowing. However, due to the way the grant floors operate, the Council will not receive any actual additional cash grant to support this cost. The significant majority of the approvals relate to the capital programme for schools.
- 8.13 The draft settlement for 2010/11 provides the level of **specific grants** largely as reported previously in general fund terms. A significant amount of grant is now paid through the **area based grant (ABG)**, which is not ring-fenced for any specific purpose, but is to be used for agreed local priorities, although some of the previous grant regimes were supporting mainstream Council services. The adjusted base for 2009/10 is £24.87m as there have been a number of small additions and revisions during the year. Recently the DCLG announced that they were bringing forward some of the Working Neighbourhood Fund reward grant from 2010/11 for use in 2009/10 in order to improve employment opportunities for long-term jobless families and Haringey's allocation is £0.65m. This has been added to the allocation for Enterprise Partnership Board. It is proposed that the allocation of the area based grant, particularly that which is not funding mainstream Council services, is agreed in conjunction with the Council's partners in the Haringey Strategic Partnership (HSP) as part of the Local Area Agreement (LAA).
- 8.14 The level of **supporting people grant** continues to reduce by approximately 5% each year. The grant is confirmed at £18.66m in 2010/11, a reduction of £0.98m (5%) from the £19.65m figure for 2009/10. A plan is in place to manage this grant reduction with the least amount of impact on services mainly through improved procurement. The position for specific grants for 2011/12 onwards is not yet known. This will be included in the detailed government spending review for 2010.
- 8.15 There are some smaller changes on other elements of the grant, which will be managed within the overall position for each theme board under the HSP. These resources are largely unchanged and therefore will not have a significant impact on achieving the priorities within the LAA. The proposed allocations to the theme boards is set out in the table below:

Area based grant – proposed theme board allocations	2008/09 £m	2009/10 £m	2010/11 £m
Better Places Partnership	1.944	2.019	2.019
Children's Trust	9.910	11.250	11.161
Enterprise Partnership	1.200	2.256	1.561
Integrated Housing Board	0.223	0.223	0.223
Safer Communities Executive Board	2.066	2.183	2.230
Neighbourhoods and Capacity	1.793	1.795	1.795
Well Being Partnership Board	5.143	5.143	5.143
Sub total	22.279	24.869	24.132
Supporting People			18.666
Total	22.279	24.869	42.798

- 8.16 The LAA reward grant will start to filter through over the next two years. It is assumed that in line with current policy the allocation of this will be assessed at the time and directed to whatever the priorities and greatest needs are at the time rather than the grant going towards the priority that the grant arose from. If there are significant reductions in ABG in future years then this grant may assist in the transition planning for future services.
- 8.17 It is assumed that there will be no net financial impact arising from the planned **transfer of resources from Primary Care Trusts** to Local Authorities in respect of non-health care related expenditure for people with learning disabilities. This has been effective from April 2009 and money will be transferred by local agreement for the next two years. Further work will be done for the funding arrangements for 2011 onwards.
- 8.18 The pre-budget report stated that additional funding for local authorities was being set aside in the form of housing / council tax **benefits administration grant** to assist Council's respond to the economic downturn and meet increased demands for benefit in an effective way. The amount allocated for Haringey in 2009/10 was an additional £0.5m. The amount notified in the recent draft settlement for 2010/11 was an additional £0.1m. Given the already planned reduction in this grant of £0.2m for next year, this represents a net reduction of £0.6m from 2009/10.
- 8.19 The Council has been successful at attracting other new specific grants recently. An award of £1.4m was granted by the DWP in respect of the **Future Jobs Fund**. This is aimed at providing work primarily for 18-24 year olds who have been out of work for nearly a year. The award was for the full amount in the bid and seeks to create up to 221 jobs. A second recent award was from the Department of Energy and Climate Change (DECC) to become one of twenty 'test bed' authorities in the **Low Carbon Communities Challenge**. The £369k will complement the existing Low Carbon Zone grant of £253k in the Muswell Hill area and will be invested in further carbon reducing measures.
- 8.20 The Leader wrote to the Minister in **response to the provisional grant settlement** by the 6 January deadline and incorporated the key points as set out in this section of the report.

9 Changes and variations

- 9.1 The 2009/10 budget was set as part of a process, which covered the second year of a three year planning period that follows the government spending review period. A number of budget changes and variations were recognised in the previous budget process and these are brought forward in the approved financial plans. During this year financial planning reports to the Cabinet in respect of 2010/11 onwards have agreed further changes and variations.
- 9.2 The changes and variations already agreed by the Cabinet are as follows:
- an update on inflation and assumptions for formula grant and council tax as the medium term financial strategy is rolled on a further year for **2012/13**;

- the actuary's triennial valuation of the **pension fund** up to 2007 was completed in November 2007. The next valuation will be available in late 2010 for the preparation of the 2011/12 budget. The interim deficit position as at March 2009 showed a worsening position so an assumption for increased employer contributions was made on this basis;
- a revision for the **revenue support grant assumptions** from an increase of 1.5% to a reduction of 1% each year, approximately a difference of £3.6m per annum;
- a stepped increase of £1m per annum as part of a build up for the anticipated increased costs for the procurement of new **waste disposal** facilities from 2014/15 through the NLWA as previously reported to Cabinet in October 2008;
- savings in the base provision for **pay award** in 2009/10 of £1.5m based on an average pay increase of 1% compared to the budgeted 2% and an expectation that the award in 2010/11 will be no more than a maximum of 1% again;
- additional revenue costs of **capital financing** in respect of the borrowing approvals, mainly in respect of Education capital schemes;
- a proposal to freeze **council tax** against the previous planning assumption of a 3% increase.

9.3 The additional changes and variations reported now are as follows:

- the ongoing cost of **single status** had been allowed for in previous budget processes noting that the final outcome would not be fully realised until the end of the implementation of the job evaluation process. As this has progressed this year it has become apparent that the final full year cost of this would be higher than previously modelled. A figure of £0.82m is added for this purpose;
- London Council's agreed to revise the allocation of the cost of the **concessionary fares** levy to move towards actual usage data and that this should be phased in over three years to allow for refinement of the collection of such usage data. The impact of moving to usage data for Haringey is estimated to be an increase of over £2m per annum and this is already factored in to the budget. In addition to this the national scheme appears to have caused some funding difficulties in certain district areas so the Department of Transport are consulting on redistributing £29m of the London grant around the country. If agreed this will increase the cost of the Haringey scheme by a further £1.05m in 2010/11;
- the funding of the proposed capital programme requires that £6m of **temporary borrowing** over the next three years, which will be repaid after capital receipt disposals. The revenue cost of this borrowing is included here;

- the **carbon reduction commitment** scheme is due to be implemented in 2010/11 although the requirement to purchase credits for trading will not come into effect until 1 April 2011. A detailed assessment of the possible net cost for Haringey is not feasible at this time so a prudent allowance of £0.5m has been included;
- the Chancellor's pre-budget report on 9 December announced a further 0.5% increase in employer's **national insurance** from April 2011. This is in addition to the existing planned increase of 0.5% announced at the same time last year. This further increase is estimated to cost the general fund approximately £0.7m per annum with a further estimated £0.6m being a cost to schools;
- as previously reported to Members one of the budget risks highlighted was in terms of **interest earnings** on cash flow balances if the base interest rate continued to remain at 0.5%, a record low level. The outlook for rates is still considered to be low through 2010 and therefore the one-off reserve created last year to manage the impact of this needs to be supplemented by a base budget adjustment of £0.8m. This can be re-appraised next year once the economic position improves;
- an announcement was made by central government at the end of November in terms of providing **free personal social care** in the future and a consultation has begun on the allocation of grant to fund that cost for local authorities. The implementation date is expected to be 1 October 2010. The Chancellor's pre-budget report stated that £420m of grant would be available in a full year with local authorities being expected to find the estimated £250m difference through efficiencies. The consultation provides different methodologies for the distribution of grant with a range of outcomes for Haringey from £0.55m to £0.82m per annum. It is estimated that neither of these will cover the likely lost income from existing charges. A further issue is the potential of demand increasing for this service from clients who may currently fund their own private care. An initial estimate has been made at this stage of £0.5m as a total net cost, but this will need to be kept under review;
- following significant increases in oil and **energy prices** last year the Council has managed to secure a 40% reduction in prices from October 2009 for the next year. This is reflected in the energy contracts across the Council and including schools. The saving for the general fund is estimated at £1.6m in a full year. This doesn't include continued activity and investment through the sustainable investment fund to reduce energy usage, which is reflected in the detailed savings proposals where appropriate;
- on **pay and general inflation** the November position shows the retail price index for inflation at 0.3% with the consumer prices index at 1.9%. This was a rise in November driven by higher oil and petrol prices. It is expected that there will be some short term volatility on inflation, particularly

with the temporary reduction in VAT coming back from 1 January 2010. The medium term position is still one of low inflation as the UK moves slowly out of recession. The Chancellor's pre-budget report also signalled an expectation that pay awards in the public sector would not be more than 1% over the next few years. The Council's current budget assumptions allow for 2.0% generally on costs (including pay) and fees and charges income in 2010/11 and 2.5% in later years. It is proposed to reduce this by 1% each year in line with the above expectations. Negotiations with contractors and suppliers will continue to be done on the basis of minimising any cost increases at all;

- a further saving on **insurance** costs has been secured through a consortium contract arrangement with six other London boroughs in the region of £0.5m per annum. This replaces the previous mutual arrangement at least in the short term;
- the latest budget projection for the apportioned costs for the **waste disposal** levy is based on the December report to the North London Waste Authority (NLWA). This shows that the 2010/11 levy could be at a standstill charge to the boroughs on the basis of utilising the current year underspend for that purpose. The Council has previously provided for a significant increase in line with the budget reports last year. The final position will be agreed at the NLWA meeting in February 2010;
- the Local Authority Business Growth Incentive (**LABGI**) grant payments for Haringey have continued to flow in 2009/10, the final substantial year of this scheme. It is proposed to utilise this funding in 2010/11 within the revenue budget where a number of one-off investments are proposed thereby matching the one-off nature of this grant;
- a general base **contingency** sum of £2.0m exists in the current budget plans up to 2010/11. It is proposed that this is reduced to £1.0m to allow for any continued recessionary pressures and for any potential downside risk in respect of the free personal social care impact.

9.4 These changes and variations are summarised at appendices A and B.

10 Strategic approach

10.1 The key drivers for the strategic context in business planning process have been derived from the current jointly agreed Community Strategy, the majority party Manifesto and the approved **Council Plan priorities** as follows:

- Making Haringey one of London's greenest boroughs
- Creating a Better Haringey: cleaner, greener and safer;
- Encouraging lifetime well-being at home, work, play and learning;
- Promoting independent living while supporting adults and children when needed, and;
- Delivering excellent, customer focused, cost effective services.

10.2 The Council Plan for 2007/10 has a set of key short and medium term actions that contribute to meeting the above priorities, which in turn will contribute to the **Community Strategy** as agreed by the Haringey Strategic Partnership. The financial plans arise from the business planning process, through Pre-business plan reviews (PBPR) and allocate resources to priorities as well as delivering efficiency savings and contributing to the value for money agenda. Local needs information including the borough profile informs the service planning at this stage. The final budget proposals will form the medium term financial strategy and will be aligned to the Council Plan. Individual annual business plans will be published in April 2010.

11 Consultation

11.1 Consultation on budget options is as follows:

- consideration of financial strategy and the pre-business plan reviews (PBPRs) by the Overview and Scrutiny Committee;
- a discussion of the Council's medium term financial plans with partners within the Haringey Strategic Partnership;
- consideration of the Children and Young People's Service budget issues by schools at the School's Forum;
- consultation with tenants and leaseholders via Homes for Haringey on rent increases and budget proposals;
- presentation of the Council's strategic plans at local business events;
- separate focussed consultation sessions with residents;
- trade union representatives; and,
- other stakeholders.

11.2 Overview and Scrutiny

11.2.1 The Overview and Scrutiny Committee met during November and December to consider the Council's financial strategy and the general fund revenue savings and investment options included in the PBPR's for each of the business units. The conclusion and comments of the Overview and Scrutiny Committee are attached in their report at appendix C2.

11.2.2 The Cabinet has given careful consideration to the specific budget issues that have been raised as part of the process and the responses are set out in appendix C1. The Cabinet concur with many of the recommendations made by Overview and Scrutiny Committee and budget proposals have been amended or further actions noted as a result.

11.3 Haringey Strategic Partnership

11.3.1 Key partners have been consulted individually through this budget process. A presentation was also made to the Haringey Strategic Partnership (HSP) meeting on 21 January 2010 setting out the Council's medium term financial position and strategy in the context of this being the final year of the current three year settlement; the strategy for dealing with potentially significant budget gaps in future years and opportunities for a partnership approach to delivering efficiencies and improving outcomes with less resources.

11.4 Schools

11.4.1 The School's Forum has a key consultative role in the agreement of the budget strategy for the dedicated schools budget. Budget planning issues and the detailed report on the dedicated schools budget were considered by the Schools Forum at its meeting on 10 December 2009. The recommendations extracted from the minutes of that meeting are attached at appendix F and these are reflected in the proposed budget plans.

11.4.2 The School's Forum has recently been giving particular consideration to the implementation of a new single funding formula for Early Years provision. However, it was announced by DCSF on 10 December that implementation of this would be deferred until April 2011. It was originally envisaged that any headroom available within the overall grant settlement could be directed to ensuring a smooth transition to this new funding formula, however this has been re-appraised in light of the late change in government policy.

11.4.3 The recommended budget changes together with the grant settlement position result in £0.8m of 'headroom' being available above the minimum funding guarantee in 2010/11. The Forum agreed that this should be distributed in line with the previously agreed Cabinet policy of targeting additional educational needs (AEN) factors, although it would like to review the impact of possible inclusion of the private and voluntary sector. Given the late changes above it is recommended that the headroom is allocated in line with previous policy for 2010/11.

11.4.4 Further details on schools funding and the proposed budget are set out later in this report.

11.5 Housing tenants

11.5.1 The draft housing subsidy determination was issued on 10 December 2009 by DCLG, approximately six weeks later than normal. This has considerably restricted the amount of time available for consultation on rents and service charges. Previously consultation has been carried out using a number of methods, including leaflets, on-line, e-mail, local media adverts, direct mailing and telephone as well as discussions at the Resident's Finance Panel. The response in previous years has been low and also given the tight timescale the consultation this year will combine the rent and service charge consultation in to one letter to individual tenants. The budget position was also discussed at the Resident's Finance Panel meeting on 5 January 2010.

11.5.2 The consultation is due to close on 1 February 2010 and a summary of the results will be included in the final budget report to Council.

11.6 Businesses

11.6.1 Business consultation events were organised for 20 and 27 January 2010. The presentations include the position on the Council's financial strategy as well as the changes in business rates proposed by central government. Feedback will be included as part of the report to full Council in February.

11.6.2 The position on business rate proposals for 2010/11 onwards is complicated by the 2010 revaluation process being carried out. A transitional relief scheme is proposed that will put caps on both increases and reductions over a five year period. The caps for increases are higher for larger properties. The business rates multiplier is reducing to take account of the re-valued properties in order that no additional revenue above inflation is generated nationally.

11.6.3 An additional issue for London is the business rate supplement of 2p in the pound proposed by the GLA for 2010/11. This has been the subject of a separate consultation during 2009 to all businesses with an existing rateable above £30k, although the final supplementary business rate will only apply to businesses above a value of £50k (after revaluation). The GLA have proposed this to raise funds to contribute to the Cross-rail project.

11.7 Residents

11.7.1 Last year the Council year engaged with residents on the main budget process in a more proactive way than has been undertaken in the past. This is in line with the government agenda of participatory budgeting. The consultation was based on information giving and asking for comments through Haringey People, a web-based questionnaire and a consultation exercise with groups of invited residents at facilitated workshops. This is in addition to the already well-established publication of the pre-business planning review documents on the website.

11.7.2 Focussed workshops were planned and the participants were drawn from people known to the Council's consultation team. They were invited to attend one of two planned community consultation events.

11.7.3 The content included an explanation of the Council's funding sources and spending plans along with a view of how increases in council tax impact on the Council's budget making process. Participants were asked about which services they use or have used. This was followed by round table facilitated discussions about a series of questions designed to ascertain which areas of the budget residents would rather support financially. The sessions were closed with a vote on the questions posed.

11.7.4 A separate on-line consultation was specifically designed and promoted to increase the number of residents, businesses, voluntary and community groups and young people taking part. HAVCO, the Children and Young People's Service and Neighbourhoods were asked to promote the consultation through their contacts where possible. An e-mail was also sent for promotion to local traders.

11.7.5 A summary of the findings and main comments are as follows:

- the presentation on the Council's budget was well received. One participant felt that "it explained things I didn't understand". Feedback about the event itself showed participants felt that the content of the event was interesting;

- residents were pleased to be invited to comment and take part in this budget process and felt it was a good initiative from the Council;
- participants were interested and surprised when taken through the presentation of how the Council was funded, especially the small proportion of what council tax pays for;
- concern was expressed at the short-term funding issues affecting the Council as a result of the current economic climate;
- concern was also expressed about the funding issue affecting schools, and were positive about the local campaign to redress the perceived unfair funding formula;
- surprise was expressed at the how much of the budget was allocated spending on social care for adults and families, but there was some recognition that Haringey was a 'poor' borough with pockets of affluence;
- the main service priorities that came through in the on-line consultation were: social care for children and vulnerable adults; education for children and young people and housing services;
- in terms of council tax, the majority of participants said they would rather see current levels of service maintained or improved knowing that it may mean an increase in council tax.

11.8 Trade unions

11.8.1 Meetings on 17 December and 11 January were held with representatives of the trade unions to discuss the financial strategy and the pre-business plan reviews at a high level. Written responses have been received on the detailed proposals and these are being discussed at departmental levels where appropriate. The key overall views expressed are set out in the following paragraphs.

11.8.2 'The trades unions in Haringey are as aware as anyone that the public sector as a whole is going to experience a period of severe financial constraint. Inevitably, our perspective is that necessary adjustments should be made in ways that, as far as possible, preserve jobs and retain services in the public sector. Thus, when shared services are considered, we would prefer a sharing between public bodies to sharing services with a private provider. We would point to the instances where services have been outsourced and later had to be brought back in-house'.

11.8.3 'We welcome the fact that no major cuts or redundancies are scheduled for 2010/11. Looking beyond that, we realise that the Council's approach will have to extend to looking at which services it provides directly, how it provides the services it retains, and how it can share service provision with other bodies. The possibilities that will be looked at will need to be subject to full consultation with the unions and the implementation of decisions arising from that will need to be negotiated. The trades unions will approach this in a positive manner but will always give first priority to the protection of our members' interests, the preservation of public sector service provision, and the preservation of effective and excellent service delivery to the members of the communities in which we work. We regard the final aim as fully compatible with the first two aims and

this is, doubtless, something that will arise in the future discussions we will inevitably have. Naturally, we will share any ideas we have for constructive savings and we take encouragement from the fact that our suggestion, made some time ago, that the Council could save money on the cost of agency staff has, in the past couple of years, been acted on to good effect'.

11.9 Other stakeholders

11.9.1 Views of other stakeholders have been sought and received as part of the budget process including specifically with partners such as the Primary Care Trust, the Mental Health Trust and voluntary organisations.

12 Investment options

12.1 The PBPR process has identified areas for additional general fund revenue investment, which align with the Council's strategic agenda. These are set out in appendix D and are recommended for acceptance. The new proposals total £7.8m in 2010/11. The **Council's priorities** provide the rationale for the allocation of investment resources via the business planning process and are set out in the appendix. The key areas for investment are as follows:

- children's social care – provision for an increased number of looked after children and associated staffing and legal costs;
- learning disability services – provision for additional demand including transition of children to adults social care requirements;
- increase in investment in direct payments for children's social care;
- additional investment in reducing the numbers of families in temporary accommodation;
- introduction of mixed waste recycling services to 2,500 properties on narrow roads;
- increasing volunteering through a partnership initiative, and;
- provision of credit union facilities within the borough.

13 Savings options

13.1 Proposed savings totalling £9.2m over the next two years were agreed as part of the previous budget processes. In addition there is a separate savings target of £2m for 2010/11 the final year of the Haringey Forward programme. Overall these savings have been reviewed through the PBPR process and either confirmed as sound and achievable or deemed as not achievable and replaced with new items. Some savings proposals have been re-phased to reflect a more realistic delivery profile. The changes to the **pre-agreed savings** are set out in appendix E and this shows a net shortfall against the original plans of £0.5m in 2010/11 but balanced over the three years.

13.2 A figure of £5.7m was identified as a target to bring the budget in to balance during last year's process. This was £2.0m in 2010/11 and £3.7m in 2011/12. Through the PBPR process new savings options have been identified against

agreed targets and these are included at appendix E. The appendix sets out those **new savings** proposals in respect of the general fund, which are recommended by the Cabinet for agreement, and are £2.6m in 2010/11.

13.3 There are significant budget shortfalls highlighted for 2011/12 and 2012/13 of £10.5m and £8.2m respectively. These are based on a set of assumptions discussed in this report and will be subject to review when the results of the 2010 spending review is completed by central government after the next general election. As previously reported to Cabinet, the Council is adopting a strategic approach to dealing with these budget gaps and it is proposed that this work will follow three key strands:

- support functions review – key project to deliver efficiencies in support functions, reduce processes and bring together common work areas to benefit from economies of scale;
- strategic commissioning – developing a strategic commissioning function that is able to deliver efficiencies in the market supply and carry out effective de-commissioning, and;
- strategic service reviews – review existing service models and levels; possibly reconfiguration, shared services, social enterprises, externalisation, re-prioritisation, reviewing policy options and discretionary areas of spend.

Consideration will need to be given to the business cases for these work streams including the up front investment required to deliver such change.

13.4 Members are aware of the government's agenda to generate **efficiency savings** throughout the public sector. Originally set out in the Gershon review and more latterly in the Comprehensive Spending Review 2007 (CSR07). Local government was originally set a target of £4.9bn, which equates to 3% of the net base budget and achievement of this has been taken into account in the grant settlement as being delivered in cash. This was increased to 4% for 2010/11. Each local authority currently reports progress on efficiencies to the government in the new national performance indicator set where one is for value for money. In line with the government's new initiative from last year local authorities are required to include efficiency information directly on to **council tax bills** for residents.

13.5 The Council's ability to deliver budget savings is confirmed as a key aspect of the response to the strategic agenda in order to re-allocate resources to priorities and maintain essential services. The plans set out in this report include significant identified savings which can be summarised as follows:

Budget	2010/11		2011/12		2012/13	
	£m	%	£m	%	£m	%
General fund	7.914	3.2%	3.497	1.4%	0.433	1.3%
DSG (excl ISB)	0.300	0.2%	0.234	0.1%	0.000	0.0%
HRA	1.389	1.5%	2.120	2.2%	0.000	0.0%
Total	9.603	1.9%	5.851	1.1%	0.433	0.1%

- 13.6 The **Haringey Forward** programme is a key part of the overall strategy for delivering savings. An update was recently reported to Members that showed progress is being made broadly in line with expectations and that the £5m savings target will be delivered. The key streams for the efficiency part of the programme are the value for money reviews and smart working/accommodation strategy.
- 13.7 The **staffing implications** of the savings proposals include the deletion of a small number of posts as highlighted through the PBPR's. All efforts will be made to minimise the impact on permanent staff. The Council has a well established process for managing workforce reductions, which will apply. Redeployment, retraining, and the review of vacancies/temporary employment will assist to minimise the impact of reductions in the staffing establishment. The Council's trade unions have been consulted during the budget making process and will be involved in the implementation of proposals where staff are affected.

14 Children's services budget - dedicated schools grant (DSG)

- 14.1 In November 2007 the government announced a multi-year grant settlement for the DSG covering the period 2008/09 to 2010/11. This information set out a guaranteed unit of funding together with an estimate of pupil numbers for each of the three years covered by the settlement to give indicative cash amounts of grant. The headline position for Haringey in 2010/11 is an **increase per pupil of 3.9%**, slightly higher than the increase of 3.5% in 2009/10. This compares unfavourably with an average increase of 4.3% for London and England in 2010/11.
- 14.2 Schools are guaranteed a minimum funding increase based upon the government's assessment of inflationary pressures, although for each of the years covered by the multi-year funding settlement, a 1% efficiency saving has also assumed. The **minimum funding guarantee** (MFG) has been set at 2.1% per pupil in 2009/10, which is the same as last year.
- 14.3 The final cash amount of DSG is set by reference to the actual pupil numbers recorded at the January census immediately prior to the financial year in question, i.e. for 2010/11 the January 2010 **pupil count**. Experience has shown that the estimated numbers produced by the Department for Children's Schools and Families (DCSF) can be considerably higher than the actual numbers, therefore the authority has adopted a more prudent view of pupil numbers for budget planning purposes.
- 14.4 The table below sets out the guaranteed unit of funding (GUF) per pupil, the annual percentage increase, the government's original estimate of pupil numbers, actual pupil numbers, the final actual DSG for 2008/9, 2009/10 and the authority's estimate for 2010/11.

Year	Per pupil guaranteed unit of funding £	Increase over previous year %	DCSF estimated pupil numbers	Actual / *estimated pupil numbers	Actual / *estimated total grant £m
2008/09	4,986.83	4.1	33,039	32,084	159.997
2009/10	5,160.66	3.5	33,588	31,876	164.501
2010/11	5,364.29	3.9	34,303	*31,876	*170.992

- 14.5 In 2008/09 final pupil numbers were marginally lower than in 2007/08, at 32,084 and in 2009/10 had slightly fallen by 0.6% to 31,876. In continuing to adopt a conservative approach to the planning for DSG, the existing lower actual numbers for 2009/10 have been used.
- 14.6 No forward projections are included for 2011/12 onwards due to the national uncertainty around public sector funding levels for future years and the possibility of changes to the methodology for distributing the DSG between authorities.
- 14.7 The total DSG position as proposed is balanced. The School's Forum considered a three year strategy in 2008 and this has been updated to reflect the changes in pupil numbers set out above. The continuation of the policy agreed at Cabinet on 18 December 2007 of allocating any residual headroom towards AEN/ Deprivation factors within the Haringey Formula for Financing Schools was discussed and consideration was given the use of estimated £0.8m of headroom in 2010/11 to smooth the transition to the new **single funding formula for early year's provision**. This new formula, due to be introduced from April 2010, was attempting to more accurately reflect funding for actual costs across the private and voluntary sector provision as well as through local authorities. The DCSF made an announcement in December to allow postponement of this until April 2011. School's Forum agreed not to become an early adopter of this formula and to extend the consultation on the scheme.
- 14.8 The School's Forum are reviewing the impact of including private and voluntary sector provision in the allocation of headroom through AEN and deprivation factors, however, given the delay of the new formula and extension of the consultation, it is recommended that the £0.8m of **residual headroom** is allocated in accordance with existing policy.
- 14.9 Appendix F1 sets out the position on the DSG for the three year planning period within which there is provision for resources to be retained centrally in order to fund the following items:
- the estimated cost of inflation attributable to central budgets (£409,000);
 - the need to recognise budget pressures in the provision of SEN placements (£140,000 covering both demographic and inflationary pressures);

- the provision of personalised learning services to pupils within central provision e.g. the Pupil Referral Unit (£60,000), and;
 - savings of £300,000 within the central element to be used in support of child safeguarding services.
- 14.10 There is currently a consultation underway to consider a proposal to provide additional resources for **new schools**, which better reflects the diseconomies of scale during start up that they face. The outcome from this consultation will be brought to Cabinet for consideration in due course.
- 14.11 The DSG is currently allocated by government on a 'spend-plus' basis, derived from authorities' spending in 2005/06 plus uplifts for inflation and ministerial priorities. The previous **DSG methodology**, which underpins the 2005/06 spend, included an area cost adjustment (ACA) element to estimate the additional costs associated with high cost areas. Under this formula Haringey was classified as an outer London authority, even though it pays its teachers inner London allowances and displays many characteristics akin to inner London authorities. This results in Haringey's DSG funding being substantially below that of the borough's inner London neighbours. The Department for Children, Schools and Families (DCSF) is carrying out a review of the DSG with the expectation of a return to formula funding in 2011/12.
- 14.12 Haringey has already made representations to the DCSF and Ministers for a more equitable ACA formula to be developed and, in conjunction with the Haringey Schools Forum, will continue to make concerted effort to lobby for the improvement of the formula to more accurately reflect Haringey's costs.
- 14.13 From April 2010 the Council will assume responsibility for the commissioning and funding of post 16 provision from the **Learning and Skills Council (LSC)**. A small number of commissioning staff will transfer from the LSC under TUPE regulations and, together with the costs of agreed vacant posts, will be supported by a special purpose grant (SPG) to cover their costs. Participation funding i.e. the resources necessary to fund organisations providing the relevant education and training for young people, will come to the local authority from the newly created **Young Peoples Learning Agency (YPLA)**. The YPLA has the funding responsibility for all those aged 16-19 and for 19-25 year olds assessed for a learning difficulty and/ or disability. It is their role to support and enable local authorities to plan, allocate and fund a coherent offer to all young people whilst ensuring budgetary control and to provide nationally consistent funding and commissioning frameworks.
- 14.14 The participation funding will replace the finance currently received from the LSC for school sixth forms and the Haringey Sixth Form Centre and will extend to other post 16 providers in Haringey such as work based learners and it is believed CONEL. Whilst the national participation rates and the relevant funding formulae have been published there is a residual risk to post 16 institutions that the total funding available from the government to the YPLA is insufficient to meet the total anticipated demand for post 16 courses; this situation occurred initially in 2009/10 although was resolved through additional resources being made available by the government in that year.

14.15 The currently published timetable provides for draft final resource allocations being made available at the beginning of March with finally agreed allocations being published on the 26 March.

15 Housing revenue account

- 15.1 The housing revenue account (**HRA**) is a self-financing account and therefore cannot be subsidised by the general fund, i.e. council tax. The strategy for the HRA must therefore show sustainable resources available to provide the service in conjunction with maintaining the working balance at a prudent level. The income for this account is largely derived through government subsidy and tenant rents and service charges.
- 15.2 The final HRA subsidy determination for 2009/10 was received on 18 December 2008 and included a two year settlement. The guideline average rent increase was for 6.1% for both 2009/10 and 2010/11 based on inflation price index of 5.0% at September 2008. The Council's original budget and rent increase for 2009/10 was based on this. The DCLG issued a further announcement in April 2009 providing an option for authorities to reduce this rent increase and claim additional subsidy. The Council approved a revised annual average rent increase of 2.94% at its meeting on 18 May 2009 to be implemented with effect from 6 July 2009. In effect this resulted in a 3.97% reduction in rent from the implementation date because of the part year effect.
- 15.3 The **draft HRA subsidy determination for 2010/11** was received on 10 December 2009, the day after the Chancellor's pre-budget report, which is considerably later than in previous years. The proposed rent restructuring formula changes provide for a guideline rent increase nationally of an average of 3.1%, but specifically for the stock in Haringey the average guideline rent calculates at 2.6%. Therefore the subsidy received for 2010/11 is based on the assumption that the Council can put up rents by an average of 2.6%.
- 15.4 In addition to this the government have also reduced the period of convergence of rents, across the social housing sector, from 15 years to just over 3 years. This had the impact of increasing the guideline rent higher than the individual 'caps and limits', which are applied to each property (the cap is a maximum rent for the type of property and the limit is the maximum increase in rent in any one year). The weekly rent increase limit is based on the September RPI (-1.4%) plus 0.5% plus £2. Therefore as the caps and limits do not take account of the shortened convergence period the **actual rent increase is 1.3%**. The impact of this against the subsidy assumption of rent increasing by 2.6% is a shortfall in income of £1.2m in 2010/11. The DCLG have said current policy is that this will be automatically adjusted for in 2011/12 therefore it is a one-off issue. This loss is included in the budget plans attached at appendix G. The average rent rise equates to £0.98 per week.
- 15.5 A review of **service charges** is carried out annually as part of the budget process. Since 2003/04 local authorities have been required to disaggregate service charges to tenants from rent. Average costs for service charges take account of all residents across all dwellings as opposed to leaseholders who

are legally obliged to pay the actual costs apportioned to their individual dwelling.

- 15.6 Service charges have generally risen in line with inflation although a full review is carried out each year in order to ensure recovery of the full cost is adjusted correctly. This budget proposes to reduce those charges by an average of 10%, which will result in an average decrease of £1.59 per week. There will be a number of properties that use the district heating service (approx. 600) that will receive a reduction in excess of 60% as the energy costs for this have gone down considerably and the backdated increases are fully recovered in 2009/10.
- 15.7 In addition to the above and set out in detail in appendix G, the **HRA medium term financial strategy** includes the following investment and savings proposals and changes:
- new efficiency savings of £1.389m in 2010/11 have been identified by Homes for Haringey including procurement savings, insurance premium savings, sickness cover savings, commercial property savings and reduced bad debt;
 - new investment bids of £2.069m proposed for 2010/11 including £1.5m for further one-off fire safety work improvements; the rest includes more resources for window maintenance and ALMO client service;
 - budget pressures of £0.385m in 2010/11 for reduced income from hostel de-commissioning, higher business rates and reduced interest earnings;
 - increased costs of gas boiler maintenance of circa £1m to be funded from capital, and;
 - a target for efficiency savings of £2 million remain to be identified by Homes for Haringey in future years after 2011/12.
- 15.8 The draft subsidy determination for 2009/10 shows an overall increase in respect of **management and maintenance** subsidy of 0.9% to £2,182.90 per dwelling, which after taking account of a reduction in the number of properties equates to £287k. The major repairs allowance per dwelling has increased by 4.1% to £790.28. This increases the capital funding available by £0.5m to £12.909m in 2010/11.
- 15.9 The government have been carrying out a **review of the HRA subsidy system** including utilising some authorities as pilots. The DCLG were trying to encourage local authorities to agree on a way forward following the results of the review, but there seems to be considerable disagreement with the proposal to re-allocate housing debt across the sector in order to settle on an equitable position. It is likely that any permanent changes to the system will not be implemented until after the next spending review.
- 15.10 The current approved HRA budget position in 2009/10 is set out in the table below, together with the proposed changes to give an overall position for the HRA. This table is shown in more detail in appendix G. The target level of balances for the HRA is £5m and this is broadly achieved over the three year planning period. The planned opening balance for 2009/10 of £5.255m has been revised to £7.248m arising from the surplus in the 2008/09 accounts.

£000	2009/10	2010/11	2011/12	2012/13
Planned opening balance	(7,248)	(7,438)	(4,567)	(5,360)
In year budget	(607)	2,871	(793)	(640)
Forecast revenue position 2009/10	(643)			
Proposed use of balances in 2009/10 *	1,060			
Proposed closing balance	(7,438)	(4,567)	(5,360)	(6,000)

* fire safety work, window maintenance and community centre refurbishment

16 Capital programme

- 16.1 A capital programme has been developed, driven by the Council's agreed policy framework for capital expenditure, the approved capital strategy and underpinned by asset management plans across the Council. The overall proposed programme is attached at appendix J.
- 16.2 The existing resource allocation strategy adopted by the Executive on 21 October 2003 uses the Community Strategy and Council's Corporate Plan as its framework for determining priorities and is delivered through the Council's business planning process. This is updated and attached at appendix I.
- 16.3 The main resources for capital expenditure are provided through borrowing approvals i.e. supported capital expenditure (revenue) known as SCE (R); and through grant, mainly supported capital expenditure (capital) or SCE (C). Both forms of funding can be ring-fenced by the government. Corporate resources comprise non-housing and education borrowing limits, non-ring-fenced grant and all capital receipts.

16.4 The estimated resources available for capital investment are set out in the table below over the next three years. The estimates for the investment for decent homes and BSF are shown separately.

Capital Programme - Resources Utilisation Estimates	Original 2009/10* £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total 2010/11-2012/13 £'000
Housing (HRA)					
SCE® Single Capital Pot	6,233	6,233	6,233	0	12,466
SCE® Separate Programme (Decent Homes)	30,000	33,500	44,000	41,589	119,089
Major Repairs Allowance (MRA)	12,407	12,909	12,909	12,909	38,727
	48,640	52,642	63,142	54,498	170,282
Children & Young People's Services					
BSF (SCE©, SCE® & other finance)	98,822	48,632	11,792	667	61,091
Other SCE® (excluding BSF)	5,253	100	9,560	9,483	19,143
Other SCE© (excluding BSF)	12,417	18,876	12,138	13,281	44,295
Other Grants & Contributions	1,274	200	374	3,326	3,900
	117,766	67,808	33,864	26,757	128,429
Urban Environment					
TfL Capital Grant (Local Implementation Plan)	3,815	4,203	4,203	4,203	12,609
	5,365	4,203	4,203	4,203	12,609
ACCS					
Other Grants & Contributions & Reserves	0	600	0	0	600
Government Grants and GLA	749	1,352	0	0	1,352
	749	1,952	0	0	1,952
Corporate Resources (corporately applied)					
SCE®	100	104	100	100	304
Capital Receipts - Bids for Corporate Resources	9,837	2,020	6,782	7,327	16,129
Capital Receipts - Accommodation Strategy	0	3,500	7,641	8,150	19,291
	9,937	5,624	14,523	15,577	35,724
Other Grants & Contributions & Reserves	14,676	6,557	0	0	6,557
Unsupported Borrowing	3,422	9,812	8,000	0	17,812
Total Capital Programme	199,005	148,598	123,732	101,035	373,365

16.5 The strategic context for **housing** is the investment gap to deliver against the **decent homes** target. Homes for Haringey successfully achieved two stars in the inspection in 2008 and the DCLG subsequently announced the release of decent homes funding. Originally only the amounts up to and including 2009/10 were confirmed with the funding in latter years being noted as indicative. A further letter was received on 21 December 2009 confirming the funding for 2010/11 in line with the original allocation. The Council has also benefited from some brought forward funding from the DCLG allowing works to be carried out earlier than planned. The total funding for the programme still stands at £198.579m as set out in the following table.

Year	Original allocation £m	B/fwd allocation 2008/09 £m	B/fwd allocation 2009/10 £m	Revised allocation £m
2007/08	6.990			6.990
2008/09	23.000	5.000		28.000
2009/10	30.000	(5.000)	6.500	31.500
2010/11	40.000		(6.500)	33.500
2011/12*	44.000			44.000
2012/13*	41.589			41.589
2013/14*	13.000			13.000
	198.579	0	0	198.579

**indicative*

- 16.6 The **procurement framework agreements** were set up in advance of the notification of funding allocations and have been effective in delivering the improvements to homes within budget. This has helped to secure brought forward funding from DCLG as shown above. It is expected that in the current climate that improvements to the value for money of the current contractors can be secured to enable either earlier completion of decent homes work or additional improvement works in line with the higher Haringey standard. This will be considered by Members in due course.
- 16.7 Works to **leaseholder** properties are above the funding figures set out above. These will be funded by leaseholder contributions in accordance with the policy recently approved by Cabinet on 15 July 2008 in respect of major works charging arrangements. This may require some temporary financing by the Council the revenue impact of which will be met by the HRA.
- 16.8 The other elements of the housing capital programme include a continued high level of investment for aids and adaptations for Council properties, lift improvements and increased boiler replacements. The programme for housing also includes a higher proportion of works on planned and preventative maintenance works than in recent years. The subsidy determination includes an increase in the major repairs allowance of £0.502 to £12.909m, which will fund most of the increased investment in boiler replacement.
- 16.9 For **children and young people's services**, the key strategic issues are in respect of the **Building Schools for Future (BSF)** programme (including the new 6th form centre) and the primary capital programme. A total of £214m is planned to be spent on BSF (made up of £188m of mainstream central government resources including £10m from the Learning Skills Council contributing towards the cost of the new 6th form centre, schools contributions towards the ICT contract, a specific capital receipt of £2m and revenue contributions from the DSG).
- 16.10 The new **6th form centre** has already been successfully delivered, on time and on budget, as an early part of the BSF programme. 2010/11 will see the majority of the rest of the works in the secondary school estate undertaken, with a total of 9 projects reaching completion during the year. Alongside the investment in buildings, investment in refreshed ICT under the fully operational

managed service contract will be completed for those sites and handed over. Phase 1 of Heartlands High School will also be completed during the first half of the year, allowing the school to open for the year 7 intake in September 2010. Work on Phase 2 will continue through to completion the following year.

- 16.11 The government plans to invest differently in the primary estate under the new **Primary Capital Programme (PCP)** and investment will be guided at a local level by the development of a **Primary Strategy for Change (PSfC)**. The DCSF approved the Council's PSfC 'with modifications' last year with £12 million of resources granted. A successful bid for an additional grant of £8.57 million was recently approved too on the basis of known increases in demand for primary places.
- 16.12 The PSfC demonstrates a joined up approach to capital investment and follows on from the recent report to Cabinet in September 2008, which along with priorities in the **Education Asset Management Plan (AMP)** agreed to target resources for provision of additional primary places. It is proposed the main elements of the additional resources will be used to support:
- contribute towards the inclusive learning campus at Broadwater Farm;
 - the expansion of Rhodes Avenue and Coleridge schools, and;
 - additional provision for the Tottenham Hale area.
- 16.13 The new funding will also release some primary capital funds previously diverted to support pupil place pressures to undertake condition and suitability works at other schools. A programme of condition surveys and feasibility studies undertaken in 2009/10 will inform the scoping of further phases of the primary capital investment strategy.
- 16.14 In relation to **Early Years** provision, the Children's Centre Phase 3 programme will be largely completed during 2010/11, with major investment projects taking place at Highgate Children's Centre and Rokesley Infant School. The distribution of Early Years quality and access grant support to enhance the quality of provision in the private, voluntary and independent sector for early years will continue.
- 16.15 In the area of **children's social care**, borrowing approvals have been granted to support adaptations at carer homes to ensure they are suitably adapted to accommodate children's needs, including special needs as appropriate, and to make a wider variety of local options available for the care of vulnerable, special needs and other looked after children.
- 16.16 The requirements for **streetscene** were set out in the Local Implementation Plan, which was agreed by Cabinet on 8 September 2009 and submitted to the Mayor as a bid. A letter from **Transport for London (TfL)** on 11 December confirmed the grant approval of £4.203m. The grant approval is an increase of £420k (11%) against the funding received in 2009/10. The overall funding for London reduced by 8%. The successful bid addresses a number of local and mayoral priorities, such as; Wood Green High Road shared spaces and simplified streets, provision for cycling, improvements to walking and the reduction of road traffic accidents. A general sum of £100k has been allocated to all boroughs to be spent on the transport priorities of their choice.

16.17 The **regeneration** strategy is supported by Growth Area Funding (GAF) and Community Infrastructure Funding from the government. The Council has been successful in securing significant capital resources through the above and through developer contributions in a joint approach with TfL and the LDA for improvements to the Tottenham Hale gyratory. A recent reduction of £1.5m in the GAF resource diverted to new house building will require some work to bridge this gap.

16.18 The utilisation of **corporate resources** for capital investment has been considered through the pre-business plan reviews. The process for appraising bids for corporate resources include how investments support the community strategy priorities and the asset management plans. The proposed schemes, attached in detail at appendix H will give an overall utilisation of corporate resources as follows:

	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Estimated resources available	(8,824)	(7,100)	(7,496)	(23,420)
Proposed expenditure	9,107	6,882	7,427	23,416
In year (surplus)/deficit	283	(218)	(69)	(4)

16.19 The position for **capital receipts** is very difficult in the current economic conditions. Forecasts for 2009/10 are that there is a likely shortfall against the original target and the predictions for the near future do not look particularly encouraging. It is likely that the Council's strategic sites will achieve better value in the next two or three years and this is built into the forecast. The estimated position includes:

- right to buy receipts of £0.45m over three years, down from £2.25m previously;
- strategic sites to deliver £22.5m including Hornsey depot;
- other receipts resulting from the accommodation strategy and other projects where the receipts have been previously agreed by Cabinet to ring-fence to these projects.

16.20 In overall terms it is proposed that **temporary borrowing** of £6m is carried out to fund a smaller programme in the first two years and this to be repaid in year three when the strategic site receipts are realised. Revenue funding costs for this are proposed in this budget.

16.21 The commitment to the proposed programme of investment relies on achieving these disposals at the required values and any significant variation to this may require a review of the spending commitments at the appropriate time. It is proposed the shortfalls in the first year shown in the table above of £0.3m through the financing reserve.

16.22 In September 2009 Cabinet approved to investigate the use of a **local asset backed vehicle** as a way of leveraging in external resources for the purposes of regeneration and housing investment. This approach is likely to be supported by the Home and Communities Agency (HCA). The feasibility will need to include a review of assets already ear-marked for disposal as well as other existing assets that may benefit from such a proposal. The funding of the existing capital programme could need to be re-balanced as a result of this.

16.23 The capital investment package delivered from corporate resources as proposed will contribute significantly to the **Council's priorities**. The process for proposing these investments has considered the respective asset management plans as well as the improved service outcomes. A number of projects are also providing match funding to lever in significantly more external funding, subject to those external processes. In addition, significant capital expenditure will have regard to the Council sustainable procurement policy agreed in 2008. The priorities supported most by this programme are:

Better Haringey: cleaner, greener and safer

- continued investment in street lighting;
- investment in the borough's roads and footways;
- continued investment in road safety measures;
- additional investment in parks and open spaces.

Encouraging well-being

- additional investment in outdoor sports facilities;
- continued investment in leisure centres.

Promoting independent living

- continued investment in aids and adaptations to allow vulnerable adults and children to stay at home.

One of London's greenest boroughs

- continuation of the tree planting programme.

16.24 Although there are significantly less resources available the programme that is recommended provides a balanced approach to investment and achievement of the Council's priorities.

16.25 The recommended capital budget for IT investment is in relation to service identified improvements and upgrades for which business cases will require authorisation before progression. IT infrastructure renewal will be dealt with as part of the revised IT strategy and will include separate funding proposals.

16.26 There is an assumption of a small amount of **prudential borrowing** in the proposed programme. This is mainly in respect of the previously approved scheme for investment in Leisure facilities where the borrowing costs are offset by additional income or expenditure savings and the scheme for Alexandra Palace and the renewal of the ice rink. Investment options in other schemes that rely heavily on increasing income through fees and charges have been

withheld at this time (e.g. cemeteries) and will be the subject of further review in due course. In all cases any proposals need to meet the approved Council's policy on passing the affordability test where the cost of borrowing is being met by additional revenue income and or expenditure savings.

17 Treasury management strategy

- 17.1. The Council is required to consider an annual Treasury Management Strategy under the CIPFA Code of Practice on Treasury Management, which was adopted by the Council in May 2002. CIPFA has recently issued a revised Code of Practice in response to the turmoil in financial markets which was caused by the 'Credit Crunch'. The Council's revised Treasury Management Strategy Statement (TMSS) attached as Appendix K to this report contains a number of amendments principally concerning scrutiny and reporting requirements.
- 17.2. The revised TMSS was considered and approved by General Purposes Committee on 12 January 2010 as part of a new wider process before going on to Council for full approval as part of the final overall budget report. An additional recommendation was made at that meeting to review the use of smaller UK building societies for possible inclusion on the lending list later in the year. The revised TMSS is attached for consideration and approval.

The Revised CIPFA Code of Practice on Treasury Management 2009

- 17.3. There are a number of changes within the new code which are concerned principally with the status of the code within the public sector and reporting and scrutiny requirements as follows:

Standing Orders

- 17.4. CIPFA recommends that local authorities adopt, as part of their standing orders/ financial regulations, that the Council will create and maintain, as the cornerstones for effective treasury management;
- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - suitable treasury management practices (TMP), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
 - the content of the policy statement and TMP will follow the recommendation contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.
- 17.4.1. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMP.

- 17.4.2. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the General Purposes Committee, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMP and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
- 17.4.3. The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 17.5. The effect of adopting the above clauses will lead to the following changes to the current reporting arrangements.
- 17.6. **The Council** in addition to agreeing the TMSS and receiving an annual report following closure of the accounts, it is now a requirement of the Code that a mid year review of treasury management operations be submitted for consideration.
- 17.7. **The General Purposes Committee** will continue to receive quarterly reports on the implementation and regular monitoring of the treasury management policies and practices. In addition, it will now formulate the TMSS prior to its scrutiny by the Audit Committee and subsequent adoption by the Council.
- 17.8. **The Audit Committee** will assume responsibility for ensuring effective scrutiny of the TMSS prior to its consideration by the Council.
- 17.9. The Local Government Act 2003 also requires the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 17.10. The Local Government Act 2003 and the CIPFA Prudential Code introduced a new prudential system for local authority capital finance and came into effect on 1 April 2004. The key objectives of the code are to ensure:
- capital investment plans are affordable, prudent and sustainable;
 - treasury management decisions are taken in accordance with good professional practice;
 - fulfilment of the above objectives by setting out prudential indicators that must be set and monitored.
- 17.11. In line with the suggestion in the ODPM investment guidance, the Treasury Strategy Statement and Annual Investment Strategy have been combined into one document. This is set out in full in Appendix K and includes the proposed prudential indicators for 20010/11 to 2012/13. The strategy is based upon the Council's officer views on interest rates, supplemented with leading market forecasts provided by the Council's external treasury advisor, Arlingclose. The strategy covers:
- background information on the treasury management operation;

- the balance sheet and treasury position;
- the outlook for interest rates;
- borrowing requirement and strategy;
- investment policy and strategy;
- balanced budget requirements;
- the 2010/11 minimum revenue provision (MRP) statement;
- reporting, and;
- other items.

Capital Financing

- 17.12. The proposed authorised limits for external debt in 2010/11 to 2012/13 are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of the most likely forecast position, but with sufficient headroom over and above this to allow for operational cash flow management.
- 17.13. In the Council's 2010/11 to 2012/13 budget plans the capital programme is mainly based on the amount of supported borrowing and grant from central government and a projection of potential capital receipts. There is an assumption of a small amount of prudential borrowing in the proposed programme that will be funded within available resources. There is no increase in Council Tax or housing rent to fund a higher level of expenditure above the level of resources available.
- 17.14. The capital financing requirement (CFR) is planned to increase in 2010/11 by £42m as a consequence of the proposed capital programme. The net borrowing will be funded within the resources available.
- 17.15. The increase is substantially because of the continuing additional supported investment in respect of **Decent Homes**, which could potentially release £199m from central government to be financed by supported borrowing. £67m of these resources are forecast to be spent by the end of 2009/10, with the remaining £132m phased over the period 2010/11 to 2013/14. The impact of supported borrowing in revenue terms will be in the housing revenue account. The cost of borrowing should be met by actual government support through housing subsidy although this will be kept under close review.
- 17.16. For Children and Young People's services, the key strategic issues are in respect of the **Building Schools for the Future (BSF)** programme and the primary capital programme. A total of £214m is now planned to be spent on BSF made up substantially of mainstream central government grant plus a specific capital receipt and revenue contributions from the DSG.
- 17.17. A successful bid to the DCSF for an additional grant allocation of £8.57 million to support the provision of **new primary school places** will support the Council's existing expansion projects at Rhodes Avenue and Coleridge schools, and enable a full funding package to be constructed for the proposed

new primary school in Tottenham Hale. A contingency will be maintained to meet any exceptional demand in 2010 and 2011.

17.18. The new funding will also release some **primary capital** funds previously diverted to support pupil place pressures to undertake condition and suitability works at other schools. A programme of condition surveys and feasibility studies undertaken in 2009-10 will inform the scoping of further phases of the primary capital investment strategy.

Investment Policy and Strategy

17.19. The annual investment policy forms part of the TMSS in the appendix. There are some changes proposed and to be considered which reflect the signs of improvement seen in the financial sector post the 'credit crunch'.

17.20. At present, investments in banks and building societies (on a term, at call or on a certificate of deposit basis) are limited to UK banks and building societies that have a minimum AA- long-term credit rating and F1+ short-term rating and are participants in the UK Government's Credit Guarantee Scheme. This currently limits activity to seven UK institutions all of which have maximum investment limits of £20m at group level and term durations of a maximum of 12 months.

17.21. Following an improvement in market conditions in the financial sector, the Council's treasury advisors, Arlingclose, are presently recommending that in order to diversify the counterparty list, the use of comparable non-UK banks should now be considered for investment.

17.22. The sovereign states whose banks are recommended for inclusion are Australia, Canada, Finland, France, Germany, Netherlands, Spain, Switzerland and the US. The banks selected by Arlingclose have been considered after analysis and careful monitoring of:

- credit ratings (minimum long-term AA-);
- credit default swaps;
- gross domestic product (GDP) and net debt as a percentage of GDP;
- sovereign support mechanism/potential support from a well resourced parent institution, and;
- share price.

17.23. Arlingclose has taken into account information on corporate developments and market sentiment towards the counterparties. However, given that these recommendations have only very recently been provided to the Council, officers have not had the opportunity to undertake due diligence into these institutions and consequently are unable to recommend that any of these proposed institutions be added to the counterparty list at present.

17.24. It is anticipated that in-house due diligence will be completed by April 2010, and that subject to a satisfactory outcome to this process, some or all of the potential counterparties be added, potentially on the following cautionary bases:

- minimum credit rating AA Long-term F1+ Short Term. This compares to the existing UK Institutions where the Council currently requires a long-term credit rating of a minimum of AA-, and;
- maximum exposure to any one institution (or group) of £10m. This compares with the existing UK counterparty limit of £20m per institution (or group).

17.25. At present, the Council has approved investment limits of up to £10m in Money Market Funds with a maximum exposure limit to any one fund of £5m. In accordance with his delegated authority, the Chief Financial Officer, in consultation and with the agreement of the General Purposes Committee, has recently appointed three firms of Money Market Fund managers. These funds have proved particularly useful in the management of the treasury operation in terms of security (short-term high quality paper and deposits), liquidity (immediate recall of cash), thereby reducing external borrowing on a number of occasions, and yield (typically 20 basis points higher than placements with the DMO). It is recommended, therefore, that the maximum total investment in Money Market Funds be increased from £10m to £45m subject to a maximum exposure to any one fund of £15m.

Icelandic Investments

- 17.26. The administration process for the Icelandic banks in which Council deposits are held is continuing. It is now reported that two interim payments have been received in respect of Heritable Bank amounting to £5,726,195.44 (equivalent to circa 29p in the pound of the deposits with that bank). The position with investments in respect of those held in Glitnir Bank has changed in that the Glitnir Winding Up Board recently decided not to allow priority status to local authorities' deposit claims. A formal legal objection to this decision has been filed. The Council has £2m of deposits in Glitnir. Further information will be provided to Cabinet once the position is clearer. The position in relation to Landsbanki Bank remains unchanged.
- 17.27. The government has issued a regulation to allow authorities to defer accounting for the net loss until 2010/11. The latest estimate of the impairment to be charged to the Council's accounts assumes an estimated recovery of 80.6% of the total capital sum invested in all Council Icelandic investments. This amounts to £7.1m and will need to be written off in 2010/11. This can be funded from the capital redemption reserve of £10m. The Council has, however, accounted for interest not received in relation to these investments in 2008/09.
- 17.28. The DCLG has recently advised that Authorities can request permission to capitalise the losses that may result from the Icelandic investments by mid-December. The Council has applied for permission to capitalise the costs which would mean that the loss could be financed over a period of up to 20 years from 2009/10. A decision is expected on 29 January.

18 Council tax

- 18.1 The planning assumption following the conclusion of the 2009/10 process was that the **council tax** would increase by 3% in 2010/11 and each year thereafter. This is within the majority group Manifesto commitment of council tax increases not being more than 3%. Members will be aware that Ministers wish to see council tax increases of 'below last year's average of 3%' as stated with the announcement of the draft revenue support grant settlement.
- 18.2 Ministers made use of **capping powers** in respect of the budget decisions of a number of authorities for 2009/10. The powers are framed in terms of both tax and budget increases and can take account of a number of years. The specific criteria for application of capping powers is within Minister's discretion and the Minister has written to all authorities reiterating his willingness to use these powers again this year if necessary.
- 18.3 The position with regard to the Council's **tax base** for 2010/11 has been considered and approved by the Chief Financial Officer in consultation with the Cabinet Member for Resources under delegated authority on 13 January 2010. This is broadly in line with the government return and shows a slight increase in the base of 0.23%. It was agreed that the collection rate remains unchanged at 96%. In respect of the position on the collection fund it is considered that any projected surplus or deficit at this stage is not significant enough to impact on the levels of council tax.
- 18.4 Appendix A to this report shows a **general fund budget requirement** generated by the various factors set out in this report and the Cabinet's budget package at £416.587m. The final budget requirement is subject to:
- changes in resources arising from the finalisation of the local government finance settlement;
 - the determination of funding requirements by the various precepting and levying authorities.

The council tax for 2010/11 will be set formally by Council on 22 February.

- 18.5 The proposed budget for 2010/11 assumes a **council tax freeze**. The financial strategy continues to assume 3% in future years although this will be reviewed again next year with the new administration.
- 18.6 The Council's current plans usually assume that any increase in the GLA precept will be passported through to taxpayers. The Mayor is consulting on a nil increase in the precept for 2010/11, which would give an overall increase of 0.0%. The GLA base precept includes £20 at band D from 2006/07 for 10 years to contribute towards the 2012 Olympics. This has increased to £21.47 up until 2009/10 and there is no further addition to this in 2010/11.

19 Key risk factors

- 19.1 The management of risk is a key part of the Council's business and budget planning processes and is fully reflected in the pre-business plan reviews. The risk management strategy together with the cascading risk registers are reviewed on a regular basis and the budget management process linked to performance and people management needs to remain challenging and robust in order to be able respond effectively to any issues that arise. The consideration of the financial impact of risks is a key part of the budget setting process and the consideration of reserves are an important part of setting out how well the Council can deal with risk issues as they arise.
- 19.2 The Council's **financial reserves** are a key determinant of financial strength and standing. Our reserves position remains strong, continuing to attract a good assessment by our external auditors. This financial strength plays a vital part in enabling the Council to respond vigorously to the strategic and performance agendas whilst managing the financial risks inherent in the operation of a large and complex organisation without immediate disruption to services or future plans. The current policy and plans allow for general balances to be maintained at the target level of £10m over the period and there is a separate risk reserve of £10m. Formal reporting on the adequacy of reserves, as part of the Chief Financial Officer's statutory duty, will be done as part of the final tax setting report to Council on 22 February 2010.
- 19.3 The most significant financial risk factors are:
- the implementation of the Joint Area Review action plan and increases in demand for **children's social care** services have been allowed for in this budget process, however, it is a service that will be kept under continual review to ensure that the Council achieves the quality improvements and outcomes in this area and that resource and risk issues are managed effectively. The service will be the subject of an Ofsted progress review early in 2010;
 - managing the demand for **adult social care** is a challenge and current budget plans already include growth for increasing volumes. It is planned to review the current arrangements for commissioning strategies in the near future including the joint arrangements with our partners in the health service. This combined with the transformation agenda towards more choice and personalisation and the new policy of free personal care means that there could be significant flexibility required as these changes come into effect;
 - the position in respect of the costs of people living in **temporary accommodation** is clearly a significant risk with the subsidy rules changing in April 2010. This issue has been reported to Members regularly and indeed Cabinet approved £2.2m of additional investment in 2009/10 to provide resources to meet the demanding reduction targets, particularly in 'emergency accommodation'. The high number of clients is reducing although not necessarily at the pace required to achieve a neutral cost impact for 2010/11. A number of changes have been made to the strategy

in targeting the higher cost properties that may have an effect during the last quarter of this year. To mitigate the financial impact if this not being fully achieved by April 2010 previous year's underspends on this service have been set aside in an earmarked reserve. This will be monitored closely and will be reported to Members in due course;

- **waste disposal** costs are budgeted to increase over the next three years in line with NLWA projections including known tax increases. The plans for the major procurement to secure new long term recycling and environmentally sound disposal facilities are underway with a re-submission of the outline business case for PFI recently sent in to DEFRA. As reported to Cabinet this will have significant cost implications for all of the member boroughs within the next decade. The sign off on affordability was given by Cabinet in October 2008 and these increases are included in the financial plans attached. If the PFI scheme does not go forward then this will need to be re-appraised. There are also immediate risks as the balance of costs favours moves towards those with better recycling performance and that the costs of the long term procurement needs to be contained within the existing plans;
- the budget position for employer's contributions to the **pension fund** in this planning period is based on the triennial actuarial review from March 2007. No additional contributions were included in this period. The latest interim review dated March 2009 showed the Council as not being on target with its recovery plan although investment returns are subject to considerable volatility given the situation in financial markets in recent times. A provision has been added in these plans for future years after the next triennial review for March 2010. This will need to be reviewed once this is published later this year and after the investment strategy is also re-assessed;
- the **economic downturn** and recession may continue to impact on the Council in a number of ways. This may be in the form of continued higher demand for Council services, such as experienced for housing and council tax benefits; or reductions in revenue income for demand led services, such as building control or leisure services. If service departments are unable to manage these pressures within their existing resources then they may call on the general contingency that has been set aside in the base budget. If this is not sufficient then this could be supplemented on a temporary basis by using reserves if necessary;
- there is a significant level of planned **savings** that underpin the medium term financial strategy, the delivery of which will need to be specifically monitored through the budget management process and through the existing risk management strategy and project management framework. The project management framework will also be used to deliver the Haringey Forward programme. The target £5m budget savings from 2008/09 to 2010/11 continues to be managed closely through this project governance arrangements. The new approach to deliver savings for 2011/12 and beyond will also require clear capacity to implement and close governance to manage effectively. Additional up-front resources will almost certainly be required and some of this may need to come from reserves;

- the position on revenue support **grant** and other specific grants for 2011/12 onwards is uncertain. The medium term financial strategy in this report is based on a number of prudent assumptions. The position should become clearer after the general election this year and after the government publish the next detailed public spending review for 2010. It is possible that the reductions in grant funding could be more severe than currently estimated;
- the long term future of **Alexandra Palace** will be the subject of further consideration and consequently the Council's financial support to the Charity. A number of items have been considered as part of this budget process in respect of this. The underlying revenue deficit is now in the order of £2m per annum and this isn't likely to improve without further significant changes or investment;
- local **land charges** are under scrutiny in terms of legality of charges and the Local Government Association are conducting some national review work; this may impact on future income levels although a number of budget reductions have been agreed in recent years due to a fall in volumes;
- an adjustment in the budget process has been made for reduced **interest earnings** and therefore this risk should be manageable in the near future. Other issues may impact on this and the capital financing budget; one-off issues such as the Iceland deposit recovery being lower than expected or ongoing issues such as the impact of the HRA review and the possible re-allocation of local authority debt;
- the implementation of the new **International Financial Reporting Standards** includes several mandatory changes to accounting procedures. These will impact the way in which certain costs and charges are treated and this could affect the Council's net revenue expenditure. This is a national issue for all local authorities and government consultation is underway for regulations to be issued to minimise the risk of this being a charge to the council tax payer or council tenant;
- the deteriorating position on **capital receipts** has been reflected in the financial plans. The property market conditions are not showing particular signs of recovery. A number of assets earmarked for disposal in later years will need to be delivered to ensure the planned temporary borrowing is repaid in the agreed timescales;
- the delivery of Decent Homes is progressing well and the overall level of resources for 2010/11 is line with the original plans, however there is a risk that the **housing capital funding** for 2011/12 could be severely restricted. The Decent Homes funding is only confirmed until 2010/11 leaving a further £99m still to be approved and furthermore the routing housing capital credit approvals are due to end in 2010 after Decent Homes is delivered. Currently the plans assume the £6.2m of supported borrowing continues to 2011/12;

- the **HRA** medium-term strategy requires further significant revenue savings to be delivered for 2011/12. At the same time the service will undergo a re-inspection and will be required to maintain the two star score in the next assessment if it is going to continue to benefit from the Decent Homes funding;
- the **BSF** programme is entering a critical phase with all of the contractors prices for construction having now been agreed through the procurement process. Contingency has been set aside within the BSF programme to allow for variations that arise in the delivery of these projects although current indications are that projects are progressing well without the need to call on this so far. Risks will require careful management through the existing governance process and unused contingency can be carefully released in a timely manner in order to ensure all resources are fully utilised to achieve the overall educational priorities and vision.

20 Summary and conclusions

- 20.1 This report sets out the Cabinet's general fund budget proposals for 2010/11 and the plans for the subsequent two years. The budget is balanced for 2010/11 with plans for significant levels of savings proposals, the draft grant settlement position and a council tax freeze.
- 20.2 The plan for the HRA is balanced within the ringfenced resources available and an average rent increase of 1.3%.
- 20.3 The DSG financial plans, as agreed with the School's Forum, provides an overall balanced position and allocation of £0.8m of headroom resources in line with previously agreed policy.
- 20.4 A reduced capital programme is proposed in line with asset management plans and the existing policy framework for resource allocation.

21 Equalities Implications

- 21.1 Equalities implications are considered through the business planning process and are a specific consideration within the pre-business plan reviews. A detailed equalities impact assessment has been carried out on the final recommended budget package and the issues and mitigating actions will be incorporated in the final individual detailed business plans for April 2010.

22 Comments of the Head of Legal Services

- 22.1 The Head of Legal Services confirms that this financial planning report is part of the budget strategy and fulfils the Council's statutory requirements in relation to the budget.

Gross Budget Trail	2010/11 £'000	2011/12 £'000	2012/13 £'000
Budget brought forward	408,833	416,587	423,300
<u>Changes and variations</u>			
Inflation	7,310	8,900	9,300
Changes agreed in previous years budget process	4,850	3,759	
Changes and variations reported previously	(3,000)	2,900	3,900
Changes and variations in this report (see appendix b)	(4,378)	700	(2,700)
<u>Investments</u>			
Up to 2008/09 process	570	(300)	0
2009/10 process	129	54	0
Investments in 2010/11 process	7,919	(392)	(203)
Less investment fund provision	(3,200)		
	5,418	(638)	(203)
<u>Savings</u>			
Up to 2008/09 process	(6,467)		
2009/10 process	(1,316)	(7,130)	
Savings in 2010/11 process	(2,131)	(89)	(433)
Less target savings	2,000	3,722	
	(7,914)	(3,497)	(433)
<u>Dedicated schools grant (DSG)</u>			
Passporting of DSG	6,491	5,130	5,284
Prior year adjustment for actual pupil numbers	(1,074)		
	5,417	5,130	5,284
<u>Balances</u>			
Contribution to / (from) balances 2007/08 process	(2,645)		
Contribution to / (from) balances 2008/09 process	696		
Contribution to / (from) balances 2009/10 process	2,000		
Gross Council budget requirement	416,587	433,841	438,448
Less dedicated schools grant (specific grant)	(170,992)	(176,122)	(181,406)
Net Council budget requirement	245,595	257,719	257,042
Funding			
Council tax (see below)	100,970	103,999	107,119
Government revenue support grant & redistributed NNDR	144,625	143,179	141,747
	245,595	247,178	248,866
Resource shortfall/(excess)	0	10,541	8,176
Council tax			
	£	£	£
Council tax (LBH)	1,184.32	1,219.85	1,256.44
Council tax base (after provision for non-recovery)	85,256	85,256	85,256
Precept	100,970,386	103,999,532	107,119,049
Rate of council tax increase (Haringey element)	0.0%	3.0%	3.0%
GLA rate of council tax increase	0.0%	n/a	n/a
Combined council tax increase	0.0%	n/a	n/a
£ per week increase (Haringey element)	£0.00	£0.68	£0.70

Resource Shortfall Tracker	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Position at end of 2009/10 process	0	0	0	0
<u>Update for 2010/11 process</u>				
- inflation			9,300	9,300
- assumed formula grant increase at current 1.5%			(2,202)	(2,202)
- assumed increase in council tax at 3%			(3,206)	(3,206)
	0	0	3,892	3,892
<u>Changes and variations previously reported</u>				
- pension fund employers contribution		500	1,500	2,000
- estimated formula grant reductions - 1% below 2010/11		3,616	3,634	7,250
- NLWA - waste disposal		1,000	1,000	2,000
- new investment fund		1,000	1,000	2,000
- reduced pay award inflation 2009/10	(1,500)			(1,500)
- reduced pay award inflation 2010/11	(1,500)			(1,500)
- capital financing planned SCE [R]		400	400	800
	(3,000)	6,516	7,534	11,050
<u>Council Tax</u>				
Proposed freeze on council tax (previously assumed 3%)	3,022	91	93	3,206
Position as at 17 November 2009	22	6,607	11,519	18,148
<u>Changes and variations now reported</u>				
- single status estimated additional cost	820			820
- concessionary fares reduction in London grant	1,050			1,050
- temporary borrowing for capital programme	120			120
- carbon reduction commitment trading cost		500		500
- employer's NI further 0.5% increase		700		700
- reduced interest earnings	800			800
- net cost of free personal social care	250	250		500
- improved energy contract prices	(1,600)			(1,600)
- reduced pay award inflation for 2011/12 and 2012/13		(1,550)	(1,600)	(3,150)
- reduced general inflation provision	(1,100)	(1,100)	(1,100)	(3,300)
- insurance consortium contract savings	(500)			(500)
- reduced waste disposal costs at NLWA in 2010/11	(1,900)	1,900		0
- use of LABGI	(1,278)			(1,278)
- part release of general contingency	(1,040)			(1,040)
	(4,378)	700	(2,700)	(6,378)
<u>Investments</u>				
Changes to pre-agreed investments	150	(150)	(60)	(60)
Proposed new investments and growth	7,769	(242)	(143)	7,384
Less growth provisions already assumed:				
- children's services - safeguarding	(3,200)			(3,200)
	4,719	(392)	(203)	4,124
<u>Savings</u>				
Changes to pre-agreed savings	474	(21)	(433)	20
Proposed new savings	(2,605)	(68)		(2,673)
Less previously assumed target savings	2,000	3,722		5,722
	(131)	3,633	(433)	3,069
<u>Council Tax</u>				
Increase in the tax base	(232)	(7)	(7)	(246)
Position as at 26 January 2010	0	10,541	8,176	18,717

FINANCIAL PLANNING 2010/11 – 2012/13

Cabinet responses to the recommendations made by Overview and Scrutiny Committee at their meetings on 23 November, 7 December and 16 December 2009

	Recommendation of Overview & Scrutiny	Cabinet response
Children and Young People		
1.	The Cabinet re-affirm that the C&YP budget growth bid of £2,644k is essential to aid the recovery of services and that everything is being done to achieve a balanced budget as soon as possible.	Agreed. The Cabinet are satisfied that this growth bid is essential at this time and will ensure that work will be done to develop a more sustainable budget position for the medium term.
2.	The Cabinet reconsider the proposal to achieve £160k efficiencies from the Leaving Care & Asylum Services.	Not agreed. The Cabinet are content that the proposed efficiency saving can be made without detriment to the service provided by the Leaving Care and Asylum Services.
Enforcement and Safer Communities		
3.	The Cabinet reconsider the proposals to achieve efficiencies of £38k in Town Centre Management and of £46k in funding of Wood Green Town Centre.	Not agreed. The Cabinet consider that these proposed efficiency savings can be made without adversely affecting the service provided to the Wood Green town centre.
Leader of the Council		
	No recommendations.	N/A
Community Cohesion & Involvement		
4.	The Cabinet consider raising the income from advertising target for Haringey People.	Agreed. The income target will be increased by a further 5% from 1 April 2010, an additional £8k.
5.	The Cabinet commissions an in depth review of all Council internal and external printing.	Agreed. A project is already underway initially started through the value for money programme in Haringey Forward and will be completed early in the new financial year.

Adult, Social Care & Wellbeing		
6.	The Committee was concerned by the proposed saving of £150k from the OPS residential care budget and recommend that the Cabinet give an assurance that carers and clients would not be disadvantaged by this proposal and that there would be alternative methods of support provided, including extra home care, to ensure independent living.	Agreed. The Cabinet is satisfied that the proposed budget saving will not disadvantage carers and clients.
7.	The Cabinet confirm that the proposal will not take services away from those who need it and that adequate access to advice and funding will be maintained.	Agreed. The Cabinet can confirm that the proposal will not take services away from those in need and that adequate access to advice and funding will be maintained.
Housing		
8.	The Cabinet member write to the Housing Minister on behalf of the Council regarding the late release of information used to determine housing rents.	Agreed. The Cabinet Member for Housing will write expressing disappointment at the late release of information and the impact that this has had on the Council's budget process.
9.	The Cabinet reconsider the proposal to reschedule pre-agreed savings of £221k on additional staff until 2012/13.	Not agreed. The Cabinet is convinced that it would not be possible to deliver the saving earlier than now proposed without a detriment to meeting the temporary accommodation reduction targets.
Environment and Conservation		
10.	The Cabinet reconsider the design of the scheme for the car park in Summerland Gardens in line with residents' wishes.	Agreed. The Cabinet will ask the Director of Urban Environment to give consideration to the design as requested.
Leisure, Culture & Lifelong Learning		
11.	The Cabinet adopt a pragmatic and holistic approach to Muswell Hill	Agreed. The Cabinet will give further consideration to this scheme in the light of all recent

	Library, linking capital receipts from the sale of a proportion of adjacent land, capital bids and seeking external funding with a view to expediting the planned works.	developments and funding sources. An update on this will be provided in 2010.
	Resources	
	No Recommendations.	N/A



Haringey Council

Agenda item:

No.15**Overview and Scrutiny Committee****11 January 2010**Report Title: **BUDGET SCRUTINY – PRE BUSINESS PLAN REVIEW DOCUMENTS****Report authorised by:****Cllr Gideon Bull, Chair of the Overview and Scrutiny Committee****Contact Officer:** Trevor Cripps – Overview and Scrutiny Manager

Trevor.cripps@haringey.gov.uk Tel: 0208 489 6922

Wards(s) affected: **ALL**Report for: **Non Key****1. Purpose of the report**

1.1 To report on the issues raised by the Overview and Scrutiny Committee on departmental Pre Business Plans and Cabinet budget proposals.

2. Introduction by Cabinet Member (if necessary) N/A**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

3.1 The report is part of the budget setting process and as such has links to all council priorities and strategies.

4. Recommendations

4.1 That the Cabinet consider the recommendations contained in this report made by the Overview and Scrutiny Committee, as part of the Council's budget making process.

5. Reason for recommendation(s)

5.1 The report is part of the statutory budget making process.

6. Other options considered

N/A

7. Summary

7.1 The report contains the results from detailed scrutiny of Pre Business Plan Review documents and proposals for budgetary savings and investments for 2010/11. The detailed work has been completed by the Overview and Scrutiny Committee and the report is a reflection of the issues raised.

8. Chief Financial Officer Comments

8.1 The CFO has been consulted on the preparation of this report and confirms that the process undertaken by this committee is part of the statutory consultation procedure for the Council in setting its budget. The recommendations of this committee should be considered by the Cabinet before the final decisions on the 2010/11 budget are taken.

9. Head of Legal Services Comments

9.1 The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of the financial reserves. This must be preceded by robust and comprehensive financial planning.

10. Equalities & Community Cohesion Comments

10.1 These are contained within the pre-business plan review documents

11. Consultation

11.1 This is part of the consultation of the business and financial planning process

13. Use of appendices /Tables and photographs N/A

14. Local Government (Access to Information) Act 1985

The background papers relating to this report are:

Financial Strategy 2010/11 to 2012/13, report of Director of Finance

Pre Business Plan Reviews 2010/11

Chief Financial Officer & Director of Corporate Resources reports to O&S Committee and minutes for meetings on 23 November and the 7th and 16th December 2009.

Copies are available on request, from Natalie Cole, Local Democracy and Member Services (non Cabinet Committees), on telephone 020 8489 2919.

15. BACKGROUND

- 15.1 Pre Business Plan Report, (PBPR) documents 2010/11 were released by the Cabinet after its meeting on 17th November 2009. At its first budget meeting on the 23rd November 2009 the Overview and Scrutiny Committee examined all the Cabinet budget proposals and identified those areas where it wished to “drill down” to gain a better insight into the proposals and the potential impact on services. A series of specific requests for further detail were made regarding each portfolio, as well as three general themed questions to be covered by all Cabinet Portfolio Holders in respect of their portfolio.
- 15.2 Cabinet Portfolio holders were appropriately invited to two subsequent meetings of the Overview and Scrutiny Committee, to explain the rationale behind and to justify their proposals in those areas previously identified. The proposals were in respect of investment and efficiency proposals in relation to both Capital and Revenue expenditure for the three year planning period 2010/11 to 2012/13
- 15.3 As part of the scrutiny process some issues have been identified that the Committee wishes to bring to the attention of the Cabinet. This report identifies items which the Committee considered and where it wished to make comment on the proposals, or where the Committee would like the Cabinet to consider its recommendations.
- 15.4 It is not the role of the Overview and Scrutiny Committee to develop an alternative budget to that proposed by the Cabinet.

16. CHILDREN AND YOPUNG PEOPLE – COUNCILLOR REITH

- 16.1 In addition to the three general questions the Committee raised issues and requested further information on 12 budget proposals from this portfolio.
- 16.2 **General question 1**
Fees & Charges – where budgets are under pressure, for example due to the recession, how is the pressure being dealt with if no investment bid has been made?
- 16.3 The Committee welcomed and noted the written reply. Following further questioning the Cabinet Member confirmed that there was expected to be an increase in fees (income) but that fees charged had not kept up, however service level agreement charges will reflect the costs of providing the services. Schools had a choice on service provision, but if they chose not to use Council services they could opt out.
- 16.4 **General question 2**
Specific Grants – where grant levels are due to change in 2010/11 (substantial increase or decrease) how is the variance being dealt with?
- 16.5 The Committee welcomed and noted the written reply. The Cabinet member assured the Committee that Haringey’s case for fairer grant settlements were being vigorously pursued with Department of Children Schools and Families.

16.6 **General Question 3**

**Are services challenging suppliers in these recessionary times on price?
Have any price reductions been secured?**

16.7 The Committee welcomed and noted the written reply. The Cabinet Member cited Heartlands School as a good example of how a new tendering exercise on new build, achieved a reduction on cost of approximately £2m.

16.8 The Committee welcomed the other written replies received to specific requests.

Investments

16.9 Whilst recognising that many services were demand led, the Committee expressed concern at the level of the Commissioning Budget growth of £2,644k and sought re-assurance on the prudence of the growth bids made. Concern was raised about the long term funding of C&YPS as this level of investment could not be sustained. The strongest re-assurance was given by both the Cabinet Member and the Director of Children and Young People Services that the budget was designed to aid the recovery of services and that everything was being done to achieve a balanced budget as soon as possible.

Recommendation 1

The Cabinet re-affirm that the C&YP budget growth bid of £2,644k is essential to aid the recovery of services and that everything is being done to achieve a balanced budget as soon as possible.

Efficiencies

16.10 Concern was expressed that the Leaving Care & Asylum Services in particular were taking a disproportionate reduction in budget and that there was no longer a designated post of Head of Service for Leaving Care. The Committee was of the view that the proposal would have an impact on service delivery and therefore it wishes the Cabinet to reconsider this bid.

Recommendation 2

The Cabinet reconsider the proposal to achieve £160k efficiencies from the Leaving Care & Asylum Services.

17. ENFORCEMENT & SAFER COMMUNITIES PORTFOLIO – COUNCILLOR CANVER

17.1 In addition to the three general questions the Committee raised issues and requested further information on 4 budget proposals from this portfolio.

17.2 The Committee welcomed and noted the written replies to the 3 general questions and the other written replies received.

17.3 Concern was expressed on the proposals to achieve efficiencies of £38k in Town Centre Management and of £46k in funding of Wood Green Town Centre. Although not large sums the view was expressed that due to the economic downturn, it was

not an appropriate time to be seeking a saving, therefore the Committee wishes the Cabinet to reconsider these bids.

Recommendation 3

The Cabinet reconsider the proposals to achieve efficiencies of £38k in Town Centre Management and of £46k in funding of Wood Green Town Centre.

18. LEADER AND PERFORMANCE PORTFOLIO – COUNCILLOR KOBER

18.1 In addition to the three general questions the Committee raised issues and requested further information on 9 budget proposals from this portfolio.

18.2 The Committee welcomed and noted the written replies to the general questions and other written replies received.

Efficiencies

18.3 Concern was raised at the level of efficiencies proposed by the Haringey Forward and Support Services projects and further information was requested.

19. COMMUNITY COHESION PORTFOLIO – COUNCILLOR AMIN

19.1 In addition to the three general questions the Committee raised issues and requested further information on 11 budget proposals from this portfolio.

19.2 The Committee welcomed and noted the written replies to the 3 general questions and other written replies received.

Efficiencies

19.3 The target for income of £42k for the sale of advertising space in Haringey People was perceived to be low. The Committee, whilst not quoting a figure, was of the view that a more challenging target should be set.

Recommendation 4

The Cabinet consider raising the income from advertising target for Haringey People.

19.4 The proposal for efficiency in the print budget was welcomed, however the Committee was of the opinion that more efficiencies were possible. It thought that there was generally too much printed material of all kinds and type and that an internal review of the methods of printing, range of material, how it was used, the volume of printed materials and the size of individual print runs etc. would identify greater potential savings.

Recommendation 5

The Cabinet commissions an in depth review of all Council internal and external printing.

20. ADULTS SOCIAL CARE AND WELLBEING – COUNCILLOR DOGUS

- 20.1 In addition to the three general questions the Committee raised issues and requested further information on 5 budget proposals from this portfolio.
- 20.2 The Committee welcomed and noted the written replies to the 3 general questions and other written replies received. The Committee wished to congratulate the Cabinet Member on the full and frank responses received and the level of detail produced including further figures where appropriate. It wished to site them as an exemplar of good practice and how others should approach the budget scrutiny process.

Efficiencies

- 20.3 Dementia in older people, particularly those in residential care, was a topical issue. The Committee queried the projected figures and was given assurance that the projections had been agreed with NHS Haringey. The Committee was concerned by the proposed saving of £150k from the OPS residential care budget and sought assurance that carers and clients would not be disadvantaged by these proposals.

Recommendation 6

The Cabinet give an assurance that carers and clients would not be disadvantaged by this proposal and that there would be alternative methods of support provided, including extra home care, to ensure independent living.

- 20.4 The committee raised concern at the proposal to save £100k from the budget for those with no recourse to public funds. Whilst welcoming the close relationship now established with the Home Office, it was felt there was a perception that the proposal would have a disproportionate impact on asylum seekers, a significant but largely unrepresented group. The committee sought further re-assurance from Cabinet that they were not being targeted or singled out as there was also a proposal by C&YPS to reduce resources to this group.

Recommendation 7

The Cabinet confirm that the proposal will not take services away from those who need it and that adequate access to advice and funding will be maintained.

21. HOUSING SERVICES PORTFOLIO – COUNCILLOR BEVAN

- 21.1 In addition to the three general questions the Committee raised issues and requested further information on 8 budget proposals from this portfolio.
- 21.2 The Committee noted the written replies to the 3 general questions and other written replies received. However it wished to draw attention to the poor quality of response provided to the requests for further information on proposed investments totalling £1.563m. The lack of information had made the scrutiny process less effective in this area.

- 21.3 The Committee was informed that it was not possible to provide definitive information on the planned level of housing rents received next year other than that already given. Information from central government had been sent to councils late and the modelling work necessary to understand the determination of rent allocations was continuing and the results would be available in January 2010. The Committee requested that the Cabinet Member write to central government about the late release of rent subsidy figures.

Recommendation 8

The Cabinet member write to the Housing Minister on behalf of the Council regarding the late release of information used to determine housing rents.

- 21.4 The Committee noted that some of the proposals were likely to support the reduction of homeless families in temporary accommodation. The Committee wished to congratulate the Cabinet Member for the progress made on reducing the numbers in temporary accommodation so far.

Investments

- 21.5 The Committee was unconvinced at the explanation put forward for the rescheduling, until 2012/13, of savings of £221k on additional staff originally employed to assist in achieving 2* rating. It was of the opinion that they could be taken sooner.

Recommendation 9

The Cabinet reconsider the proposal to reschedule pre agreed savings of £221k on additional staff until 2012/13.

22. ENVIRONMENT & CONSERVATION PORTFOLIO – COUNCILLOR HALEY

- 22.1 In addition to the three general questions the Committee raised issues and requested further information on 15 budget proposals from this portfolio.
- 22.2 The Committee noted the written replies to the 3 general questions and other written replies received. However it wished to draw attention to the poor quality of response provided to the requests for further information. The lack of information had made the scrutiny process less effective in this area.

Investments

- 22.3 The Committee noted that the proposed investment bid of £70k would be reduced as part funding had been secured from Children & Young People Service. However whilst not a strictly budget issue, the Committee requested that the design of the scheme be changed in line with residents expressed wishes and that there be two entrance/exit access points to the car park.

Recommendation 10

The Cabinet give an assurance that any proposed works to the car park did not preclude a future two-way working for vehicles (access and egress) from the car park onto Summerland Gardens.

23. LEISURE, CULTURE & LIFELONG LEARNING – COUNCILLOR KOBER for COUNCILLOR BASU

23.1 In addition to the three general questions the Committee raised issues and requested further information on 10 budget proposals from this portfolio.

23.2 The Committee welcomed and noted the written replies to the 3 general questions and other written replies received.

Capital Budget

23.3 The Committee welcomed the bid of £500k for the redevelopment of Muswell Hill Library, but expressed disappointment at the length of time being taken. In the meantime the library continues to lack disabled access to toilet facilities and to the 1st Floor. The Committee would like a pragmatic and holistic approach linking capital receipts from the sale of a proportion of adjacent land, capital bids and seeking external funding.

Recommendation 11

The Cabinet adopt a pragmatic and holistic approach to Muswell Hill Library, linking capital receipts from the sale of a proportion of adjacent land, capital bids and seeking external funding, with a view to expediting the planned works.

24. RESOURCES PORTFOLIO – COUNCILLOR HARRIS

24.1 In addition to the three general questions the Committee raised issues and requested further information on 23 budget proposals from this portfolio.

24.2 The Committee welcomed and noted the written replies to the 3 general questions and other written replies received.

Capital Budget

24.3 The Committee was concerned at the level of investment proposed for Information Technology projects of £1.5m. It sought assurance that this was essential investment, that each project was supported by a rigorous and convincing business case and that there would be tangible and measurable benefits as a result of the investment. The Committee requested it receive a separate and full report on the IT Capital Programme.

Summary Analysis of Investments (Pre-agreed and New) from the 2010/11 PBPR Process

Pre-agreed investments	2010/11			2011/12			2012/13			Cumulative	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Total £'000	Total £'000
Total pre-agreed investments	699			(246)			0			453	
Proposed changes to these pre-agreed investments	150			(150)			(60)			(60)	
Revised pre-agreed investments	849			(396)			(60)			393	

Proposed new revenue fund investments	2010/11			2011/12			2012/13			Cumulative	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Total £'000	Total £'000
Adults, Culture & Community Service	775			863			60			1,698	
Chief Executive's Service	0			0			0			0	
Children & Young People's Service	4,344			0			0			4,344	
Corporate Resources	588			(50)			0			538	
People & Organisational Development	0			0			0			0	
Policy, Performance, Partnerships & Communications	0			0			0			0	
Urban Environment	1,558			(958)			(89)			511	
Total New Proposed Revenue Fund Investments (General Fund)	7,265			(145)			(29)			7,091	

Alexandra Park & Palace Charitable Trust	504			(97)			(114)			293	
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Total New Revenue Fund Investments	7,769			(242)			(143)			7,384	
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London Borough of Haringey
Pre-Agreed Investments
2010/11 - 2012/13

A - Pre-Agreed Revenue Investments												
REF	Directorate	Business Unit	Area / Service	As Agreed by Council		Planned Impact	Progress	Revised or Re-estimated			Variance (Agreed - Revised) £'000	
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000			2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000		Total £'000
1	Adults, Culture & Community Services	AC02 Adult Social Care	Nursing Care, Shortfall in Osborne Grove Funding - temporary over 3 years.	(100)	0	The investment for Osborne Grove in 08/09 was temporary. As clients are diverted from Older People Purchasing budgets the strategy was to divert funding to Osborne Grove budgets. The profile of movement in purchasing budgets was to be spread over the period. There is no anticipated impact on Older People purchasing budgets	Osborne Grove is functioning at full capacity with new residents being offered places in priority to other externally commissioned provision.	(100)	0	0	(100)	0
2	Adults, Culture & Community Service	AC02 Adult Social Care	Learning Disabilities estimated cost of new services - transition to adult care from services as children	400	0	To fund the increased needs of young people at or when they leave school or reach 18. There has been a high number of people with complex needs transferring from children's in this group.	Services are now being provided and packages are agreed in a more timely manner.	400	0	0	400	0
3	Adults, Culture & Community Service	AC02 Adult Social Care	Deprivation of Liberty Safeguard Legislation and the Mental Health Act 1983 (2007 amended) Part Temporary	(44)	0	The COH Regulatory Impact assessment suggests 5 referrals per week @ £500 each (though these figures are believed to be widely underestimated pan London). The predicted split is for referral responsibility to be split 80% LA and 20% PCT. The figures above do not include PCT referrals. Therefore Haringey will have an initial 90 assessments to carry out during April and May 2009 and a 'steady state' on going commitment of 5 per week during 2009. The number of assessments needing funding is 90 initial plus 264 throughout 2009 a total 350 assessments. Failure to apply a Best Interest Assessment is predicted by the DOH to incur penalties of circa £10,000 for each occurrence or omission, or a prison sentence of up to 5 years. The Chief Exec or Director of Social Services will be the accountable individuals. The DOH suggests that administrative support for this legislation is likely to equate to 1WTE per authority.	The safeguarding function has been restructured within Safeguarding & Strategic Services	(44)	0	0	(44)	0
4	Adults, Culture & Community Service	AC02 Adult Social Care	LD Non Transition Growth	250	450	The service has identified a number of people requiring care packages many of these have come about from changes in carers in difficult situations.	Services are now being provided and packages are agreed in a more timely manner.	250	450	0	700	0
5	Adults, Culture & Community Service	CE Chief Executive and Electoral Services	One-off funding to cover the cost of local elections in 2010/11 for which no central govt funding is received.	300	(300)	To enable the delivery of the 2010/11 local elections. Potential less cost if national election, which is government funded, is held on the same day.	Preparations are in hand	300	(300)	0	0	0
6	Chief Executive's Service	CE Chief Executive and Electoral Services	CORE project (on the register of electors) one year investment in 2009/10	(11)	(11)	The required changes have been made to the on line register and the budget can be re-released in 2010/11	Achieved	(11)	(11)	0	(11)	0
7	Children & Young People's Service	CY02 Children & Families	Increase investment in direct payments	80	(80)	Direct Payments reduces the need for residential placements of children by supporting families. Budget constraints have hindered progress in the past but this has now been addressed by increased investment in the service.	Good progress is being made in this area the number of Direct Payments has increased and is projected to further increase by the end of the year.	80	(80)	0	0	0
8	Corporate Resources	CR04 Information Technology	Saving from tendering of Managed Service Provider (MSP) contracts, after one-off investment.	(150)	(150)	Impact to be determined once approach to tendering MSP contracts agreed	Strategy and approach is currently being developed and will be completed by March 2010. This will provide the approach for the MSP contracts tender process in 2010/11 thus enabling revenue savings to be realised in 2011/12.	(150)	(150)	0	(150)	0
9	Corporate Resources	CR02 Benefit & Local Taxation	Child Poverty Strategy	(100)	(100)	Removal of 2009/10 one-off funding in 2010/11 for investment in the Child Poverty Strategy		(100)	(100)	0	(100)	0
	Corporate Resources Total			(150)	(150)			(150)	(150)	0	(150)	0

London Borough of Haringey
Pre-Agreed Investments
2010/11 - 2012/13

REF	Directorate	Business Unit	Area of Service	As Agreed by Council		Planned Impact	Progress	Revised or Restated		Total £'000	Variance (Agreed - Revised) £'000
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000			2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000		
10	Policy Performance, Partnerships & Communications	PP04 Performance & Policy	To fund a comprehensive information function, with geographical information system (GIS) capability, for the Council & HSP. Enables enhanced leads analyses to inform service provision. Essential to meet CAA requirements.	4	4	8 Enables enhanced needs analyses to inform service provision. Essential to meet CAA requirements.	Information Manager being recruited	4	4	8	0
11	Urban Environment	UE06 Housing Services	Additional Resources to maintain momentum in Housing Improvement Plan	0	(250)				(250)	(250)	0
12	Urban Environment	UE08 Front Line Services	Maintenance of new CCTV cameras	(40)	0	This funding is required to support the maintenance of the additional CCTV cameras installed through a successful capital bid in 07/08. Maintenance in 08/09 was covered by warranty and investment was approved to cover the ongoing costs in 09/10 and 10/11.	Fewer households in temporary accommodation will enable the service to make staff cuts required. Warranty on new cameras expired in April 2008, and pre-agreed investment budget is being used to carry out maintenance in 09/10.	40	0	40	0
13	Urban Environment	UE08 Front Line Services	Public Realm Commissioning Project External Support	(150)	0	Effective procurement of Public Realm Strategic Contract	Highways & Street-lighting element completed. Decision made to extend existing W&M&T contract until March 2011 delaying the procurement process, requiring the savings on original investment be delayed until 2011/12.	0	(150)	0	(150)
14	Urban Environment	UE08 Front Line Services	Recycling Vehicles investment to introduce mixed recycling service round to 2,500 properties on narrow roads; to introduce a tenth full-sized mixed recycling service to meet demand and a trial of food waste collections from schools.	130	0	All kerbside properties receive full mixed recycling material, garden and food waste collections and at least 10 schools receive food waste collections.	Service delivery brought forward to Feb 09 for Rnd 10 and June 09 for narrow access. Schools food collection on course for delivery in Sept/Oct 08. The service will endeavour to contain the additional cost of bringing forward this proposal.	130	0	130	0
15	Urban Environment	UE09 Planning, Regeneration & Economy	Olympic Fund			To support and encourage Olympic activity and increase benefit to the borough of the Olympics.	Commissioning process in set up stage.	0	(60)	(60)	(60)
16	Urban Environment	UE09 Planning, Regeneration & Economy	Delivery of LOF	(100)		Funding was required to enable the policy team to deliver at a planning documents required for The Local Development Framework including the core strategy.		(100)		(100)	0
Urban Environment Total				(40)	(250)			(40)	(250)	(290)	(290)
Overall Total				888	(246)			(64)	(246)	(60)	(60)

London Borough of Haringey
New Investment Proposals
2010/11 to 2012/13

C - New Revenue Investment Proposals									
REF	Directorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Service / Performance	Priority
17	Adults, Culture & Community Service	AC02 Adult Social Care	LD Transition Growth - about 30 additional people helped to live at home, in addition to previous planned growth.	614	939	60	1,613	To fund needs of young people reaching 18 and no longer in full time education (transferring from Children's Services). There has been a high number of people with complex needs transferring from children's in this group.	Encouraging lifetime well-being
18	Adults, Culture & Community Service	AC02 Adult Social Care	Creation of a Volunteering Initiative in Partnership	75			75	Creation of a volunteering unit, in partnership, which will enable a timebank of volunteering hours to be created. A lifetime well-time bank is a way for people to come together and help each other through mutual volunteering and reciprocity.	Encouraging lifetime well-being
AC02 Adult Social Care Total				689	939	60	1,688		
19	Adults, Culture & Community Service	AC03 Recreation Services	Sports and Leisure investment programme	76	(76)		0	This one-off investment bid is needed to compensate for loss of income at Park Rd pools whilst the changing rooms are refurbished.	Encouraging lifetime well-being
20	Adults, Culture & Community Service	AC03 Recreation Services	Play Provision (HfH)	10	0	0	10	Additional running costs in relation to improved play provision in parks and housing estates particularly deprived areas.	
AC03 Recreation Services Total				86	(76)	0	10		
21	Children & Young People's Service	CY02 Children & Families	Commissioning budget spending, mainly due to increased children in care, in excess of previous forecasts. Management action savings achieved and planned have been netted off this investment bid.	2,644			2,644	Overall volume increase in the number of Children-in-Care (CiC).	A Caring Haringey
22	Children & Young People's Service	CY02 Children & Families	Southwark judgement	250			250	Growth needed as a result of a legal ruling setting a precedent for local authorities to accommodate 16 and 17 year olds under section 20.	A Caring Haringey
23	Children & Young People's Service	CY02 Children & Families	A completion of the restructure of the child protection service with an overall increase in resources in line with the recent higher volumes of children that require a care service	650			650	Due to an approximate 20% increase in Looked After Children	A Caring Haringey
24	Children & Young People's Service	CY02 Children & Families	Legal budget spending increases based on increases in numbers of care proceedings taking place and higher numbers of looked after children	800			800	Volume increase in legal case work associated with the higher number of Children-in-Care.	A Caring Haringey
CY02 Children & Families Total				4,344	0	0	4,344		

London Borough of Haringey
New Investment Proposals
2010/11 to 2012/13

C - New Revenue Investment Proposals									
REF	Directorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Service / Performance	Priority
25	Corporate Resources	CR03 Corporate Finance / Audit	Accounting and Property Services Support for the implementation of International Financial Reporting Standards (IFRS) to be implemented from 1 April 2010.	50	(50)	0	0	0 The public sector is required to adopt IFRS because the Government are seeking to harmonise public sector reporting with best practice in the corporate sector. The Council will need additional resources and expertise in order to implement this statutory requirement.	Driving change, improving quality
		CR03 Corporate Finance / Audit Total		50	(50)	0	0		
26	Corporate Resources	CR05 Property	NDR Additional budget requirement following shortfall in inflation allocation, new Crossrail 2% levy & revised values on 2010 listing	240			240		
27	Corporate Resources	CR05 Property	Realign the Commercial Portfolio income budget expectation following the completion of the Review of Commercial Services.	298			298		
		CR05 Property Total		538	0	0	538		
28	Urban Environment	UE06 Housing Services	Establish Child Social Worker post at Heathstone	70			70	Domestic violence cases who go to Heathstone also need the safeguarding children aspect addressed by a social worker.	A Caring Haringey
29	Urban Environment	UE06 Housing Services	Private Sector Leasing Renewals	694	(694)		0	This project will ensure that the remaining backlog of PSL Renewals is cleared, to reduce the health and safety risks, minimise the costs of dilapidations in later years and enable renegotiation of rents.	Driving change, improving quality
30	Urban Environment	UE06 Housing Services	Rent Deposit Scheme	769	(264)	(89)	416	This will enable over 1,000 rent deposits to be processed enabling reduction in Temporary Accommodation numbers. Spend is prioritised in year 1 and reduced thereafter.	Driving change, improving quality
		UE06 Housing Services Total		1,533	(958)	(89)	486		
31	Urban Environment	UE09 Planning, Regeneration & Economy	Extension of an existing Credit Union into Haringey, base services funded by area based grant, some additional investment required for other services such as pre-paid cards.	25			25	25 Reduce financial exclusion and improve access to basic credit services in response to the recession	
		UE09 Planning, Regeneration & Economy Total		25	0	0	25		
Grand Total				7,265	(145)	(29)	7,091		

London Borough of Haringey
New Investment Proposals
2010/11 to 2012/13

C - New Revenue Investment Proposals									
REF	Direcorate	Business Unit	Proposed Use of Investment & Justification (KPIs etc)	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Service / Performance	Priority
32	Alexandra Park & Palace Charitable Trust	Alexandra Park & Palace Charitable Trust	Proposed Use of Investment & Justification (KPIs etc) A master plan for Alexandra Palace - saving the park and palace for future generations	50			50	A £150k bid has been made for work which will enable the Trustees (with delegated authority from LBoH) to articulate a master-plan for the site which can then be tested and a fundraising strategy agreed for executing the required development. The Council will contribute £50k towards this proposal.	A Better Haringey
33	Alexandra Park & Palace Charitable Trust	Alexandra Park & Palace Charitable Trust	Trust core revenue costs	243			243	Increase in Trust revenue budget not reflected in LBH budget allocation	A Better Haringey
34	Alexandra Park & Palace Charitable Trust	Alexandra Park & Palace Charitable Trust	Ice Rink Capital Bid	211	(97)	(114)	0	Impact on AP TL profit of the ice rink closure for 6 months during refurbishment. Better facility for community, improved profit for APTL	A Thriving Haringey
Alexandra Park & Palace Charitable Trust Total				504	(97)	(114)	293		

Summary Analysis of Savings (Reprofiled Pre-agreed and New) from the 2010/11 PBPR Process

Pre-agreed Savings	2010/11			2011/12			2012/13			Cumulative Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Total pre-agreed Savings (Excluding Haringey Forward)	5,783			3,408			0			9,191
Proposed changes to these pre-agreed Savings	(474)			21			433			(20)
Revised pre-agreed Savings	5,309			3,429			433			9,171

Proposed New Revenue Savings	2010/11			2011/12			2012/13			Cumulative Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Adults, Culture & Community Service	306			0			0			306
Chief Executive's Service	24			0			0			24
Children & Young People's Service	534			0			0			534
Corporate Resources	350			50			0			400
People & Organisational Development	176			0			0			176
Policy, Performance, Partnerships & Communications	315			18			0			333
Urban Environment	900			0			0			900
Total New Proposed Revenue Savings (General Fund)	2,605			68			0			2,673

Total Pre-Agreed and New Revenue Savings (General Fund)	7,914	3,497	433	11,844
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London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings

REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated			Variance			
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000		Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000
1	Adults, Culture & Community Service	AC02 Adult Social Care	Reduce OPS residential care. Undertaking the objectives of Our Health, Our Care, Our Say to provide more services in the community. There will be a reduction of 79 residential placements. The savings assumptions assume Reprovision costs in the community	150	0	150 We need to provide extra care rather than residential care as part of increasing care in the community this is in line with national policy & performance (PAFLAA/NI).	150	0	0	0	0	0	0
2	Adults, Culture & Community Service	AC02 Adult Social Care	Physical Disabilities. Review Winkfield Resource Centre staffing levels and service efficiency developing new services and improved use of the building.	94	0	94 Delegated authority completed and savings achieved during 2009/10. Link to saving below.	94	0	0	0	0	0	0
3	Adults, Culture & Community Service	AC02 Adult Social Care	Physical Disabilities. Review Transport provision to Winkfield Resource Centre	35	0	35 Provision reviewed and reduced by 1 bus driver and escort. Saving achieved in 2009/10. Link to above saving.	35	0	0	0	0	0	0
4	Adults, Culture & Community Service	AC02 Adult Social Care	Community Mental Health Team. Review Care Manager staffing levels and service efficiency	103	0	103 Recruitment plan in place	103	0	0	0	0	0	0
5	Adults, Culture & Community Service	AC02 Adult Social Care	Commissioning Savings from new Strategic Commissioning and brokerage function.	150	0	150 This is being achieved through improved void management across block contract & in house provision; reduced use of spot placements & reduced spot purchase of Dom care, maximised use of block contract in domestic care ensuring achievement of volume discounts.	150	0	0	0	0	0	0
6	Adults, Culture & Community Service	AC02 Adult Social Care	Home Care. Decrease FTE's to 83 and build up carer bank to 194+	167	0	167 Target for 09-10 achieved- 83 FTEs. Carer Bank 2,500 hours and 116 workers. Plan on target	167	0	0	0	0	0	0
7	Adults, Culture & Community Service	AC02 Adult Social Care	Day Care Service - review of day care staffing levels and service efficiency	56	0	56 All posts vacant by April 2010. Deletion of two Day Care Workers posts (25% reduction). Plan on target	56	0	0	0	0	0	0
8	Adults, Culture & Community Service	AC02 Adult Social Care	Physical Disabilities Winkfield Centre	131	0	131 Saving to be achieved in 2010/11. Project in progress to develop user lead services at the Winkfield Resource Centre.	131	0	0	0	0	0	0
9	Adults, Culture & Community Service	AC03 Recreation Services	Review the staffing levels and service efficiency of the parks grounds maintenance function	100	0	100 Savings made short term through amended implementation of Park Force stewards and reduced core agency spend, pending negotiation of new local working agreement once single status is concluded.	100	0	0	0	0	0	0
10	Adults, Culture & Community Service	AC03 Recreation Services	Parks sponsorship - to actively pursue and market to business community sponsorship in Parks open space and flower beds to generate additional annual income	25	0	25 Because of economic recession, this saving will be difficult to achieve - performance of current marketing/sales partner is being monitored, position now escalated including issuing six month notice to terminate and alternative sales agency will be sought should the current partner fail to deliver acceptable performance.	25	0	0	0	0	0	0
11	Adults, Culture & Community Service	AC03 Recreation Services	Parks sponsorship (main park sites 50/50 split)	50	0	50 Because of economic recession, this saving will be difficult to achieve - performance of current marketing/sales partner is being monitored, position now escalated including issuing six month notice to terminate and alternative sales agency will be sought should the current partner fail to deliver acceptable performance.	50	0	0	0	0	0	0
12	Adults, Culture & Community Service	AC03 Recreation Services	Price increases - 5% above inflation spread over 2 years 2010/11 & 11/12	125	125	250 Sports & Leisure price increases - an average 2.5% above inflation increase per year for 2010/11 and 2011/12. Retail to be determined by an analysis of 2009/10 income/activity performance.	125	125	0	0	0	0	0
13	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Reduction in IT budget which is used for investment in new technologies in both service delivery and People's Network facilities	86	0	86 We are optimistic that this will be achieved, although it is dependent on the procurement of the new people's Network which should occur by the end of 09/10.	86	0	0	0	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings												
REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Revised or Restated			Variance		
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Variance (Agreed - Revised) £'000
14	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Staffing restructure in Library Reference/Information	40	0	40	40	0	40	0	0	0
15	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Community Programmes staff restructure	0	40	40	0	40	40	0	0	0
16	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Reconfiguration of the Muswell Hill Library allowing an extension of use of Radio Frequency Identification self issue system	0	100	100	0	100	100	0	0	0
17	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Staffing efficiencies - with the introduction of Telephone Monitoring linked to block providers there is a potential to make efficiencies in the support resources.	26	0	26	26	0	26	0	0	0
18	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Staffing efficiencies achieved through establishment of integrated commissioning, contracts, brokerage and payments service from 2009/09 onwards.	50	0	50	50	0	50	0	0	0
19	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Brokerage arrangements (care navigators)	100	0	100	100	0	100	0	0	0
20	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Supplies & Services (Director's Budget)	35	0	35	35	0	35	0	0	0
21	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Realignment of support services	89	123	212	89	123	212	0	0	0
22	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Supplies & Services (Adults and Safeguarding and Strategic Services)	90	0	90	90	0	90	0	0	0
23	Chief Executive's Service	CE Chief Executive and Electoral Services	Deletion of a post in the secretariat	10	1	11	10	1	11	0	0	0
24	Children & Young People's Service	CY01 Change for Children	Play Service	33	0	33	33	0	33	0	0	0
25	Children & Young People's Service	CY01 Change for Children	Review of staffing levels and service efficiency within change for children	0	62	62	0	62	62	0	0	0
26	Children & Young People's Service	CY01 Change for Children	Establishment of Multi Disciplinary Teams is anticipated as providing additional capacity to support children & their families - thereby releasing some of the need for specialist posts e.g. Education Welfare Officers	50	0	50	50	0	50	0	0	0
27	Children & Young People's Service	CY02 Children & Families	Relocation of staff from Puford Rd	21	0	21	21	0	21	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings													
REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Resiated			Variance			
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000		Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2011/12 over 2010/11 £'000	Variance (Agreed - Revised) £'000	
45	Corporate Resources	CR02 Benefit & Local Taxation	Setting up of a specialist overpayment Recovery team to focus on the recovery of old outstanding debt	70	70	70	70	0	0	0	0	0	0
46	Corporate Resources	CR02 Benefit & Local Taxation	Savings in the costs of design, production & amendments to BLI documentation currently incurred through DST or Gandtake, by using Laserwrite software.	20	20	40	20	0	0	0	0	0	0
47	Corporate Resources	CR02 Benefit & Local Taxation	Frontloading court costs (between Summons & Liability Orders) to recover these at an earlier stage & revise Customer Services procedures to minimise the number of summonses withdrawn	50	50	50	50	0	0	0	0	0	0
48	Corporate Resources	CR03 Corporate Finance / Audit	The planned reshaperstructure of the whole business unit will ensure both the pre agreed savings for 07/08 and now these further savings are achieved in 2010/11.	72	15	87	72	0	0	0	0	0	0
49	Corporate Resources	CR03 Corporate Finance / Audit	Reconfiguration of cashier and payment services to customers	95	30	95	65	165	65	0	0	0	0
50	Corporate Resources	CR03 Corporate Finance / Audit	Commence charging to schools for the FMSIS assessment undertaken by Internal Audit from 1 April 2011.	15	15	15	0	15	15	0	0	0	0
51	Corporate Resources	CR04 Corporate Procurement	Reorganisation and natur at wastage (Delete Head of Capital Procurement post to meet the combined pre-agreed and new savings targets which total £83k)	63	63	63	63	0	0	0	0	0	0
52	Corporate Resources	CR04 Corporate Procurement	Electronic document interchange with suppliers	20	20	0	0	0	0	0	0	0	0
53	Corporate Resources	CR04 Corporate Procurement	Alternative savings will be made across all budgets within the Procurement Service	0	0	0	20	0	20	0	0	0	0
54	Corporate Resources	CR05 Property	Review of Commercial Portfolio and implementation of Manhattan with improved debt management	30	70	100	0	30	30	30	0	0	0
55	Corporate Resources	CR05 Property	Commercial Income - above inflation growth on income in future years.	33	32	65	0	33	65	33	1	32	0
56	Corporate Resources	CR05 Property	Additional fee income (Valuation r Development) Supporting regeneration projects not relating to Council Land.	10	10	20	10	0	0	0	0	0	0
57	Corporate Resources	CR05 Property	Hornsey Town Hall - Operational staff reductions	106	76	106	30	30	106	30	30	0	0
58	Corporate Resources	CR05 Property	Rentat income from Property	10	10	10	10	0	10	0	0	0	0
59	Corporate Resources	CR05 Property	Optimisation of planned & reactive maintenance works following new contract in Sept. 2008	70	70	70	70	0	70	0	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings

REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated			Variance			
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000		2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Variance (Agreed - Revised) £'000	
60	Corporate Resources	CR05 Property	Staffing savings through structural changes, rationalisation of responsibilities and co-location	19	19	19 Planned restructuring of Business Support Team will achieve these savings.	19	19	0	0	0	0	0
61	Corporate Resources	CR05 Property	Facilities Management & Cleaning - savings on administration and premises expenditure	50	50	50 Expected to achieve	50	50	0	0	0	0	0
62	Corporate Resources	CR05 Property	Additional efficiencies following the letting of the planned & reactive maintenance works contract in Sept. 2008	25	25	50 Expected to achieve	25	25	0	0	0	0	0
63	Corporate Resources	CR05 Property	Additional fee income from Staff car parking scheme	5	5	10 Expected to achieve	5	5	0	0	0	0	0
64	Corporate Resources	CR05 Property	Savings resulting from further structural changes and a review of Administrative process following the reshaping.	20	20	40 Expected to achieve	20	20	0	0	0	0	0
65	Corporate Resources	CR05 Property	Further savings through reduction in staffing levels supporting building related services.	0	200	200 The Target of £200k was based on the assumption of a reduction of 4 - 5 posts by 2011/12. Part of the reshaping needed to achieve this is now complete with the savings deliverable one year early.	112	88	112	(112)	0	0	0
66	Corporate Resources	CR05 Property	Reduced energy costs from the administrative building portfolio.	30	30	30 Expected to achieve	30	30	0	0	0	0	0
67	Corporate Resources	CR05 Property	Potential efficiency from the development of a shared helpdesk between Property & IT	50	50	50 Plans will be developed as appropriate with IT.	50	50	0	0	0	0	0
68	Corporate Resources	CR05 Property	Modernisation of the Office Cleaning Service	0	20	20 Expected to achieve	20	20	0	0	0	0	0
69	Corporate Resources	CR06 Legal Services	Registers potential income stream from naming and renewal vows ceremonies	4	0	4 On track	4	0	0	0	0	0	0
70	Corporate Resources	CR06 Legal Services	Making savings on cost of counsel	100	100	100 2 in-house advocates in social care division. Saving to client by reducing spend on counsel	50	30	0	0	0	0	(20)
71	Corporate Resources	CR06 Legal Services	Strategic value for money review	70	95	165 1 project lawyer in commercial division. Saving to client by reducing spend on external solicitors	50	25	0	0	0	0	(90)
72	Corporate Resources	CR06 Legal Services	West London local authority contract won to deal with empty properties. 10 cases per year	0	0	50	50	0	0	0	0	0	50
73	Corporate Resources	CR06 Legal Services	Salary saving, service realignment in commercial division	7	7	7	7	0	0	0	0	0	7
74	Corporate Resources	CR06 Legal Services	Increase external fees recovered by the commercial division	3	3	3	3	0	0	0	0	0	3
75	Corporate Resources	CR073 Customer Service	Channel Shift	45	45	45 The service areas of parking and benefits are priorities for channel shift with particular emphasis on electronic delivery	45	45	0	0	0	0	0
76	Corporate Resources	CR073 Customer Service	Reduction in sickness	5	5	10 Sickness absence rates continue to be closely managed across the service	5	5	0	0	0	0	0
77	Corporate Resources	CR073 Customer Service	General efficiency (non replacement of vacancies)	30	50	80 Vacancies are not generally filled unless there are exceptional circumstances	30	50	0	0	0	0	0
78	Corporate Resources	CR073 Customer Service	Right first time (process optimisation)	20	20	40 The service areas of benefits and council tax are the priority for this work	20	20	0	0	0	0	0
79	Corporate Resources	CR073 Customer Service	Changes to Housing Benefit claims management (E-benefits)	10	10	10 The e-benefits project is underway and will provide improved claims handling, reducing error rates and making checking processes more efficient	10	10	0	0	0	0	0
80	Corporate Resources	CR073 Customer Service	Automation of switchboard	10	10	10 The project to automate elements of switchboard services is in progress	10	10	0	0	0	0	0
81	Corporate Resources	CR073 Customer Service	Restructure of Business Support Unit	18	18	18 The restructure concludes in 2009/10 with full implementation, aligned to the Customer Services Strategy, in 2010/11	18	18	0	0	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings													
REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council		Progress	Revised or Restated		Variance				
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000		Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Variance (Agreed - Revised) £'000	
82	Corporate Resources	CR073 Customer Service	Restructure of Customer Service Officer posts	80	80	80: The restructure of the CSO workforce concludes the three year restructuring of Customer Services	80	80	0	0	0	0	0
83	Corporate Resources	CR074 Information Technology	Customer Relationship Management Software Lease	137	137	137: Lease has been terminated and expenditure will no longer be required.	137	137	0	0	0	0	0
84	Corporate Resources	CR074 Information Technology	Consultancy Fees	50	50	50: The outcome of the current vfm exercise (due to complete in October 2009) will enable this to be delivered	50	50	0	0	0	0	0
85	Corporate Resources	CR074 Information Technology	Merger of support functions	85	25	90: The outcome of the current vfm exercise (due to complete in October 2009) will enable this to be delivered	65	25	90	0	0	0	0
Corporate Resources - Total				1,418	777	2,195	1,375	62	2,037	(41)	(147)	85	(1,190)
86	People & Organisational Development	PD02 Human Resources	Review the management within HR support	45	45	45: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	45	45	0	0	0	0	0
87	People & Organisational Development	PD02 Human Resources	Review the resources for internal HR advice and consultancy support	43	43	43: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	43	43	0	0	0	0	0
88	People & Organisational Development	PD02 Human Resources	Review model of service delivery for all transactional HR services	70	70	70: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	70	70	0	0	0	0	0
89	People & Organisational Development	PD02 Human Resources	Review service model for advisory & developmental delivery - work in partnership with others	70	70	70: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	70	70	0	0	0	0	0
90	People & Organisational Development	PD02 Human Resources	Further review HR/OD service model for advisory & developmental delivery - work in partnership with others	81	81	81: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	61	2	61	0	0	0	0
91	People & Organisational Development	PD02 Human Resources	Savings to be found from rationalisation of non-salary spend across the whole of the Directorate	5	2	7: A major review of HR service provision is underway and is expected to be completed on schedule to deliver the savings	5	2	7	0	0	0	0
92	People & Organisational Development	PD03 Organisational Development & Learning	Review training provision and development schemes such as graduates, Aiming High and Leadership	27	27	27: A review of the current provision has commenced which will deliver this saving	27	27	0	0	0	0	0
93	People & Organisational Development	PD03 Organisational Development & Learning	Service reshape and service reductions	23	23	23: A review of the OD services will deliver this saving.	23	23	0	0	0	0	0
94	People & Organisational Development	PD04 Local Democracy	Deletion of 1 FTE Principal Committee Coordinator post by reduction of meetings.	40	40	40: Deletion of 1 FTE Principal Committee Coordinator post by reduction of meetings. Meeting have increased, which may require an alternative proposal being submitted.	40	40	0	0	0	0	0
95	People & Organisational Development	PD04 Local Democracy	Review services and staffing.	17	17	17: Priority will be placed on service meeting its statutory requirements as part of the review. Benchmarking and engagement of service users (officer /member) will support and enable service review	17	17	0	0	0	0	0
People & Organisational Development - Total				388	143	531	360	143	6	493	3	0	0
96	Policy, Performance, Partnerships & Communities	PP02 Safer & Stronger Communities	Corporate Voluntary Sector Team	89	89	89: Currently expected to be achieved	89	89	0	0	0	0	0
97	Policy, Performance, Partnerships & Communications	PP02 Safer & Stronger Communities	CVST - Reductions in grants budget, e.g. new initiatives grants and individual reductions to various grants allocated	12	12	12: Currently expected to be achieved	12	12	0	0	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings														
REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Revised or Restated			Variance				
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2012/13 over 2011/12 £'000	Variance (Agreed - Revised) £'000
98	Policy, Performance, Partnerships & Communications	PP02 Safer & Stronger Communities	Efficiencies in Management and support activity across the directorate	44		44	44	0	0	44	0	0	0	0
99	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Review of staffing levels in the Improvement and Performance Team	38	57	95	124	57	181	86	0	0	0	86
100	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Reorganise team for future delivery of outcomes for partnerships following setting in of new LAA's	68		68	0	0	0	(68)	0	0	0	(68)
101	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Review staffing levels HSP delivery (policy)	18		18	0	0	0	(18)	0	0	0	(18)
102	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Review budget within Assistant Chief Executive unit	50		50	0	0	0	(50)	0	0	0	(50)
103	Policy, Performance, Partnerships & Communications	PP05 Communications	Haringey People Magazine additional advertising revenue	42		42	42	0	42	0	0	0	0	0
104	Policy, Performance, Partnerships & Communications	PP05 Communications	Print Efficiencies - Savings taken from budget	79		79	79	0	79	0	0	0	0	0
105	Policy, Performance, Partnerships & Communications	PP05 Communications	Value for Money	50		50	50	0	50	0	0	0	0	0
106	Urban Environment	UE06 Housing Services	Reducing temporary staff	180		180	0	180	180	(180)	180	0	0	0
107	Urban Environment	UE06 Housing Services	Reduce absence levels	32		32	0	32	32	(32)	32	0	0	0
108	Urban Environment	UE06 Housing Services	Home Connections joint procurement	60		60	60	0	60	0	0	0	0	0
109	Urban Environment	UE06 Housing Services	Estimated saving from release of additional staff brought in to achieve 2 star service and relocation of Housing Services from Apex Hse to RPH where post & facilities mgt functions are provided corporately.	221		221	0	221	221	(221)	221	0	221	0
110	Urban Environment	UE06 Housing Services	Review of number of posts following planned reduction of numbers in temporary accommodation	99		99	99	0	99	0	0	0	0	0
111	Urban Environment	UE08 Front Line Services	Increase use of Fixed Penalty Notice (FPN) (Enforcement)	25	0	25	25	0	25	0	0	0	0	0
112	Urban Environment	UE08 Front Line Services	Environmental Crime (Enforcement)	110	0	110	110	0	110	0	0	0	0	0

44: the saving will now be delivered from a vacant post
 95: Overall P&P resources reviewed and pre-agreed revised and adjusted to same total in 2010/11. On target to be achieved as scheduled.
 68: This is now included in the overall review of staffing levels as indicated above (see revised/restated column).
 18: This is now included in the overall review of staffing levels as indicated above (see revised or restated column).
 50: This saving can no longer be achieved and has been replaced by a new saving in 2010/11 in the same amount
 42: It will be challenging to make the 2010/11 savings in the current climate however the service is still working to achieve
 79: The service is working with Haringey Forward to consolidate a future model for design and print which will enable these savings to be made over and above those within the Haringey Forward Target
 50: Future VFM reviews are being considered and discussed with Haringey Forward to enable additional savings to be made over and above those included in Haringey Forward Target
 100: Savings will be achieved in later years due to slower than expected progress on Housing Improvement Plan - compensatory savings have been identified for 2010-11. Further detail on progress is available
 32: Savings will be achieved in later years due to slower than expected progress on Housing Improvement Plan - compensatory savings have been identified for 2010-11. Further detail on progress is available
 60: These are on target
 221: Savings will be achieved in later years due to slower than expected progress on Housing Improvement Plan. Relocation to RPH has also slipped and current accommodation programme does not envisage this happening until 2012/13. However, alternative new savings have been identified for 2010-11
 99: Progress will be made in 2011/12
 25: New legislation which widens the use of new FPNs for the service has come about. The restructuring of the service will extend patrolling which is estimated to increase the number of FPNs issued.
 110: The service is in mid restructure and on target. It is anticipated that the target saving will be reached.

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings

REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Revised or Restated			Variance					
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	Variance (Agreed - Revised) £'000		
				50	0	50	50	0	0	50	0	0	0		
t13	Urban Environment	UE08 Front Line Services	improving & expanding air recycling collection services	50	0	50	50	0	0	50	0	0	0	0	0
t14	Urban Environment	UE08 Front Line Services	Integrated Waste Management & Transport Contract	0	1,165	1,165	0	1,165	0	1,165	0	0	0	0	0
t15	Urban Environment	UE08 Front Line Services	Continued increase in number of new Controlled Parking Zones (CPZ) meeting the expected demand by Parking	80	0	80	80	0	0	80	0	0	0	0	0
t16	Urban Environment	UE08 Front Line Services	The planned increase of 2.5% on Parking fees and charges above inflation (RPI) will not be implemented. Savings will be achieved through additional Pay & Display income.	68	0	68	68	0	0	68	0	0	0	0	0
t17	Urban Environment	UE08 Front Line Services	The planned increase of 1.5% on Parking permit charges above inflation assumed in budget to be in line with RPI will not be implemented. Savings will be achieved from additional Pay & Display income.	23	0	23	23	0	0	23	0	0	0	0	0
t18	Urban Environment	UE08 Front Line Services	Parking review of staffing levels and service efficiency on the On-Street Front Line Service	240	0	240	240	0	0	240	0	0	0	0	0
t19	Urban Environment	UE08 Front Line Services	Additional income to be generated through the Parking Plan	150	150	300	150	150	150	150	150	0	0	150	150
t20	Urban Environment	UE08 Front Line Services	Spend to save. Replacement of illuminated bollards with solar powered bollards	0	33	33	0	33	0	33	0	0	0	0	0
t21	Urban Environment	UE09 Planning, Regeneration & Economy	Introduction of Pre-Application advice charging regime	25	0	25	25	0	0	25	0	0	0	0	0
t22	Urban Environment	UE09 Planning, Regeneration & Economy	Reduced legal expenditure (both internal and External)	10	10	20	10	10	20	10	10	0	0	0	0
t23	Urban Environment	UE09 Planning, Regeneration & Economy	Increased Pre application planning fees	10	10	20	10	10	20	10	10	0	0	0	0
t24	Urban Environment	UE09 Planning, Regeneration & Economy	Efficiency savings from the impending merger of Planning and Regeneration	25	0	25	25	0	0	25	0	0	0	0	0
t25	Urban Environment	UE09 Planning, Regeneration & Economy	Review the funding arrangements for the Town Centre Management in Wood Green.	46	0	46	46	0	0	46	0	0	0	0	0
t26	Urban Environment	UE09 Planning, Regeneration & Economy	Reduction in the Town Centre management budget	38	0	38	38	0	0	38	0	0	0	0	0
t27	Urban Environment	UE09 Planning, Regeneration & Economy	Charge a higher level of finance support in addition to project staff cost against external funding	25	0	25	25	0	0	25	0	0	0	0	0

London Borough of Haringey
Pre-Agreed Savings
2010/11 to 2011/12

B - Pre-Agreed Revenue Efficiency Savings

REF	Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Revised or Restated			Variance						
				2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Variance (Agreed - Revised) £'000		
126	Urban Environment	UE09 Planning, Regeneration & Library	Review physical regeneration team as part of the 2nd phase of restructuring		30	30	Achievable		30			30	0	0	0	0
	Urban Environment			1,419	1,407	2,815		1,700	371	3,065	433	354	371	140		
	Total			1,419	1,407	2,815		1,700	371	3,065	433	354	371	140		
	Original Total			5,785	5,605	11,390		6,306	653	12,612	1,076	971	1,076	455	1,200	

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
129	Adults, Culture & Community Service	AC02 Adult Social Care	No Recourse to Public Funds - Case Reduction Strategy	100			100	Tighter management and closer working with the Home Office has resulted in fewer people with no Recourse to Public Funds
130	Adults, Culture & Community Service	AC02 Adult Social Care	Day Care Services - reduction in supplies and services	20			20	This efficiency will be achieved through the better use of existing resources.
131	Adults, Culture & Community Service	AC02 Adult Social Care	Day Care Transport - reduction following a review of transportation and efficiencies gained as a consequence.	29			29	The transport has been restructured and improved efficiency allows for the reduction in budget.
132	Adults, Culture & Community Service	AC03 Recreation Services	Review of existing structure /establishment reduction following transfer of buildings repairs and maintenance activities to Corporate Property Services during 2009/10.	25			25	None
133	Adults, Culture & Community Service	AC03 Recreation Services	Ongoing energy efficiency revenue savings following SALIX investment and repayment.	45			45	None
134	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Staffing efficiencies: Community Programmes Officer, Adult Learning (P/T)	26	0	0	26	None
135	Adults, Culture & Community Service	AC04 Culture, Libraries & Learning	Staffing efficiencies: Museum Attendant	30	0	0	30	None
136	Adults, Culture & Community Service	AC05 Commissioning & Strategy	Delete Contract Assistant post	31	0	0	31	There will be no impact on the service or performance from this proposal
Adults, Culture & Community Service Total				365	0	0	365	
137	Chief Executive's Service	CE Chief Executive and Electoral Services	Deletion of a post in the secretariat	24	0	0	24	Realignment of duties within existing resources will minimise impact on service delivery.
Chief Executive's Service Total				24	0	0	24	

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
138	Children & Young People's Service	CY01 Change for Children	De-commission Community Development Team	86	0	0	86	None, because the tasks currently undertaken by the team will be reviewed and assigned to other staff with responsibility for liaison with parents & communities including family support workers or outreach workers
139	Children & Young People's Service	CY01 Change for Children	Deletion of Finance Officer post in the Play Service	27	0	0	27	None because this post has been vacant for over a year and the work has been absorbed by admin staff
140	Children & Young People's Service	CY02 Children & Families	Delete Budget officer post in C&F Central finance team	27			27	Post has been held vacant for a year with minimal impact on service delivery.
141	Children & Young People's Service	CY02 Children & Families	Restructure Leaving Care Asylum Q&A Teams	160			160	Minimal impact on service delivery as part of the restructure of the business unit.
142	Children & Young People's Service	CY03 Schools Standards & Inclusion	Generate additional income from Professional Development Centre room lettings	24	0	0	24	No impact on performance delivery, but room bookings vary so there is a risk that the income might not be generated
143	Children & Young People's Service	CY03 Schools Standards & Inclusion	Saving from efficiencies arising from integration of Connexion services	50	0	0	50	Reduced staffing will impact on reduced services and combining activities will increase workloads across the service
144	Children & Young People's Service	CY03 Schools Standards & Inclusion	Pendarren House - charge subsidy for concessionary places against Extended Schools Grant	40	0	0	40	No impact on performance delivery, but there is a risk of the grant reducing or ceasing
145	Children & Young People's Service	CY04 Business Support & Development	Review School Personnel & Payroll Support post & CRB officer post.	9			9	There may be difficulty in recruiting to the posts.
146	Children & Young People's Service	CY04 Business Support & Development	SLA for schools Payroll and personnel services to be revised to reflect market rates	18			18	Possible loss of income if some schools choose to opt out of SLA.
147	Children & Young People's Service	CY04 Business Support & Development	Staff Sickness Compensation - Maternity: increase admin fee taken from income	10			10	Minimal impact when distributed across 80 schools
148	Children & Young People's Service	CY04 Business Support & Development	Recharge integrated team within Property & Contracts to capital projects and increase admin charges against Harnessing Technology grant.	55			55	Costs have to be absorbed by PCP & Harnessing Technology projects. Reduced capital resources to deliver programmes.
149	Children & Young People's Service	CY04 Business Support & Development	Directorate Support: Deletion of Admin Assistant post	28			28	Minimum impact. Work can be covered by other administrative support staff within the directorate.
Children & Young People's Service Total				534	0	0	534	

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
150	Corporate Resources	CR02 Benefit & Local Taxation	Savings in printing costs resulting from the enhanced use of electronic processes within the Service, such as e-benefits and e-billing.	27			27	None
151	Corporate Resources	CR02 Benefit & Local Taxation	Savings including: Stationery costs resulting from the enhanced use of electronic processes within the Service, such as e-benefits and e-billing; Reduced court fees from proactive taxation enforcement: New transcribing services provider.	18			18	None
152	Corporate Resources	CR02 Benefit & Local Taxation	Enhanced performance on recovery of court costs income through the realisation of advantages of front loading of costs	25			25	Improved recovery performance
153	Corporate Resources	CR02 Benefit & Local Taxation	Reduction of one BLT Officer post as a direct result of the implementation of Paperless Direct Debit	30			30	Currently, one BLT officer post is required to manually input DD mandates.
154	Corporate Resources	CR03 Corporate Finance / Audit	Non renewal of the current insurance policies for Computer and Money/Cash in Transit and take responsibility for self-funding all claims from the insurance reserve.	100			100	None
155	Corporate Resources	CR04 Corporate Procurement	Reorganisation and natural wastage (Delete Head of Capital Procurement post to meet the combined pre-agreed and new savings targets which total £83k). This saving is linked to a current pre-agreed saving	20			20	Current programmes e.g. BSF will not be impacted.
156	Corporate Resources	CR06 Legal Services	Service realignment in commercial division - increased income.	30			30	Realignment of posts to focus on improving income generation and service delivery.
157	Corporate Resources	CR06 Legal Services	VFM review of non Corporate Legal Service (Registrars and Land Charges)		50		50	Service delivery will not be affected
158	Corporate Resources	CR074 Information Technology	Additional savings from current VFM review	100			100	To be determined during current VFM review
Corporate Resources Total				350	50	0	400	

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
159	People & Organisational Development	PD03 Organisational Development & Learning	Improved procurement and delivery methods for adult social care training.	30				30 Adult Social Care training provision will not be affected directly as savings will be recouped by improved procurement and greater efficiencies in delivery methods
160	People & Organisational Development	PD03 Organisational Development & Learning	Vacant OD Consultant post for Graduate Trainees Scheme not filled	50				50 Aiming High programme to run every two years and resources freed up will support Graduate Trainee Scheme
161	People & Organisational Development	PD04 Local Democracy	Savings in general running costs	11				11 No perceived impact on performance
162	People & Organisational Development	PD04 Local Democracy	A review of the local democracy and member services unit	41				41 The review to be scoped with the expectation that the £41k will be delivered as a part year saving with further savings accruing in future years (figure to be determined)
163	People & Organisational Development	PD04 Local Democracy	Reduction of 1 Cabinet Support Officer post	38				38 This will reduce Cabinet Support to 5 posts.
164	People & Organisational Development	PD04 Local Democracy	Reduce Overtime budget	6				6 This should be considered in conjunction with item above and could have a marginal reduction in support available to Cabinet Members.
	People & Organisational Development Total			176	0	0	176	
165	Policy, Performance, Partnerships & Communications	PP02 Safer & Stronger Communities	Neighbourhood Management - Reduction of Operational Budgets	35				35 None
166	Policy, Performance, Partnerships & Communications	PP02 Safer & Stronger Communities	Broadwater Farm Community Centre Refurbishment. The net saving includes cumulative additional running costs of £87k from 2010/11 to 2012/13.	16	18	0		34 The capital investment bid to refurbish and modify the centre will increase the potential for rental hire to local community groups and partner agencies.
167	Policy, Performance, Partnerships & Communications	PP02 Safer & Stronger Communities	Community Safety Team 0.6 vacant Policy Officer post.	25				25 None
168	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Delete 0.5 Scrutiny post	25				25 Vacant 0.5 of an established full-time post. The vacant half has been covered by a short term contract.
169	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Delete 1 Policy Officer post	60				60 Vacant post, Service will endeavor to provide current levels of service.

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
170	Policy, Performance, Partnerships & Communications	PP04 Performance & Policy	Reduce number of officers in Service Improvement team	45			45	Service will minimise impact through redistribution of work within the team.
171	Policy, Performance, Partnerships & Communications	PP05 Communications	Print & Design - Haringey People design efficiency savings and increased income target.	14			14	Quality will be maintained but the service will be delivered via a difference model
172	Policy, Performance, Partnerships & Communications	PP05 Communications	Move Smart Talk to on-line version	27			27	Quality will be maintained but the service will be delivered via a difference model
173	Policy, Performance, Partnerships & Communications	PP05 Communications	Design Team - decrease outsourced design work and increase in-house	50			50	Quality will be maintained but the service will be delivered via a difference model
174	Policy, Performance, Partnerships & Communications	PP05 Communications	Print Room - New Docutech lease	8			8	Quality will be maintained but the service will be delivered via a difference model
175	Policy, Performance, Partnerships & Communications	PP05 Communications	Press Cuttings - move to electronic version	10			10	Quality will be maintained but the service will be delivered via a difference model
Policy, Performance, Partnerships & Communications Total				315	18	0	333	

D - New Revenue Savings Proposals								
REF	Directorate	Business Unit	Proposed Efficiency Saving	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	2012/13 over 2011/12 £'000	Total £'000	Impact on Performance (Service Delivery)
176	Urban Environment	UE06 Housing Services	Review of staff transport costs following restructure.	25			25	No impact on service delivery expected.
177	Urban Environment	UE06 Housing Services	Staff savings in Housing Needs, Lettings and Finance	100			100	This will reflect the reduction in numbers in Temporary Accommodation.
178	Urban Environment	UE06 Housing Services	Reduction in the provision for bad debts	400			400	Reduction in levels of income and sustained improvement in income collection rates will deliver these savings.
179	Urban Environment	UE08 Front Line Services	Deletion of lead officer on health & safety post within Enforcement	45	0	0	45	This was to support National Enforcement priority. We will reduce planned partnership work with HSE.
180	Urban Environment	UE08 Front Line Services	Review of staffing level at the car park and efficiency saving at the back office	80	0	0	80	Loss of cleaner at the car park, but service will be maintained through joined-up working at the operations. There will be increased efficiency and productivity at the back office.
181	Urban Environment	UE08 Front Line Services	Savings from supplies and services within Sustainable Transport	40	0	0	40	May impact on ability to deliver services due to reduced resources.
182	Urban Environment	UE08 Front Line Services	Deletion of Complaints Officer post from Support Team	40	0	0	40	Development in systems and changes to working practices should enable work to be absorbed.
183	Urban Environment	UE08 Front Line Services	Deletion of vacant PA post to AD in Director's Team	38	0	0	38	Post currently vacant
184	Urban Environment	UE08 Front Line Services	Reduction to Director's budget for legal and HR advice	25	0	0	25	Impacts on amount able to be recharged to service for legal and HR Advice.
185	Urban Environment	UE08 Front Line Services	Reduction in publicity and projects budget in the Better Haringey team.	57	0	0	57	This will involve a reduction in the number of publicity campaigns to support delivery of the Green Borough Strategy. However, the annual Green fair and Green Conferences will not be effected and continue as normal.
186	Urban Environment	UE09 Planning, Regeneration & Economy	In house scanning of building control files	10			10	In house scanning for Development Management already exists this would be an extension of this activity to be incorporated within existing support resources
187	Urban Environment	UE09 Planning, Regeneration & Economy	Staff saving from merger of Planning & Regeneration	40			40	Rationalisation of existing staff following the merger of Planning and Regeneration. Delete Head of Regeneration post(0.5)
Urban Environment Total				900	0	0	900	
Grand Total				2,605	50	0	2,673	

**Indicative Dedicated Schools Grant (DSG)
Budget Strategy Summary 2010/11**

		2010/11		Total
<i>* Percentages are rounded</i>	%*	ISB**	Central	
<i>**ISB = individual schools budget</i>				
		£	£	£
2009/10 original DSG		145,943,233	19,631,382	165,574,615
Adj. for 2009/10 actual pupil numbers		(908,321)	(165,096)	(1,073,417)
Prior year final DSG		145,034,912	19,466,286	164,501,198
Estimated increase in DSG for 2010/11 (assuming pupil numbers remain at 31,876)				
- Personalised learning	1.1	1,780,000	60,000	1,840,000
- Basic Uplift	2.8	4,100,544	550,366	4,650,910
2010/11 estimated DSG	3.9	150,915,456	20,076,652	170,992,108
<i>Increase in Resources for 2010/11</i>		<i>5,880,544</i>	<i>610,366</i>	<i>6,490,910</i>
Use of resources:				
- Minimum funding guarantee	2.1	3,045,733	408,792	3,454,525
- Personalised Learning		1,780,000	60,000	1,840,000
- NNDR (Cross-rail, revaluation etc.)		152,500		152,500
- SEN Placements Costs			140,000	140,000
- Proposed formula changes		66,000		66,000
- Savings planned			(300,000)	(300,000)
- Additional support for child safeguarding			300,000	300,000
Headroom		836,311	1,574	837,885
<i>Additional DSG Budget Requirement</i>		<i>5,880,544</i>	<i>610,366</i>	<i>6,490,910</i>

Known or planned budget adjustments 2011/12

		2011/12		Total
	%	ISB	Central	
		£	£	£
<i>Pre Agreed Investment</i>				
-New School Opening Costs (removal of one-off investment in previous years)		(234,000)		(234,000)
<i>New Investment</i>				
-Estimate of increase in employer's NI contributions	1.0	1,300,000	85,000	1,385,000

FINANCIAL PLANNING 2010-11

Haringey Schools Forum – Budget Consultation

2010-11 Dedicated Schools Budget (DSG) Recommendations of the Haringey Schools Forum at their meeting held on 10 December 2009	
1	The Forum notes the estimated increase in DSG of £6.487m together with the factors that might change it.
2	The Forum notes the estimated cost of the Minimum Funding Guarantee of £3.455m together with the other inflationary pressures outside the MFG of £152,500.
3	The Forum notes the estimated effect of the proposed formula change for the new Heartlands High School of £66,000.
4	The Forum notes the estimated pressures of £140,000 on the SEN budget.
5	The Forum notes the proposed (£300k) re-prioritisation of resources within central expenditure.
6	Officers were requested to prepare a paper for the next meeting setting out exemplifications to show the effects of distribution the remaining headroom through the relevant AEN/Deprivation factors with and without the inclusion of the PVI sector.

Housing Revenue Account - Medium Term Financial Strategy 2010/11 to 2014/15

HRA Summary	2010/11			2011/12			2012/13			2013/14			2014/15		
	Increase / (Decrease) £000s	Draft Budget £000s		Increase / (Decrease) £000s	Draft Budget £000s		Increase / (Decrease) £000s	Draft Budget £000s		Increase / (Decrease) £000s	Draft Budget £000s		Increase / (Decrease) £000s	Draft Budget £000s	
Company Income	(747)	(55,201)		730	(54,471)		(1,362)	(55,833)		(1,396)	(57,229)		(1,431)	(58,659)	
Chief Executive	26	1,757		35	1,792		46	1,838		47	1,884		47	1,931	
Housing Management	117	12,190		129	12,319		308	12,627		315	12,942		324	13,266	
Business Improvement	2	95		2	97		2	100		3	102		3	105	
Resources	770	23,150		464	23,613		590	24,203		605	24,808		620	25,428	
Building Services	196	9,502		190	9,693		242	9,934		248	10,183		255	10,437	
Asset Management	52	909		18	927		23	950		24	974		24	998	
Corporate	(415)	7,598		(1,568)	6,030		151	6,181		155	6,335		159	6,494	
Total Company Accounts	(0)	(0)		0	0		0	0		0	0		0	0	
Rental Income	(2,515)	(68,997)		(3,383)	(72,380)		(3,549)	(75,929)		(3,723)	(79,652)		(3,905)	(83,557)	
Non Dwelling Rents	(192)	(2,408)		(48)	(2,456)		(61)	(2,518)		(63)	(2,581)		(64)	(2,645)	
HRA Subsidy	168	(18,124)		(976)	(19,101)		(907)	(20,007)		(356)	(19,652)		2,004	(17,647)	
Leasehold Service Charge Income	(105)	(4,964)		(107)	(5,071)		(137)	(5,208)		(140)	(5,348)		(144)	(5,492)	
Tenant Service Charge Income	298	(9,525)		(191)	(9,716)		(243)	(9,959)		(249)	(10,208)		(255)	(10,463)	
Miscellaneous Income	97	(5,316)		(283)	(5,599)		(288)	(5,887)		(168)	(6,054)		(173)	(6,227)	
Housing Management Costs	360	7,677		200	7,878		221	8,098		227	8,325		233	8,559	
Repairs & Maintenance	(146)	70		1	71		2	73		2	75		2	77	
Bad Debt Provision	(150)	1,000		50	1,050		50	1,100		50	1,150		0	1,150	
Service Charge Costs	360	8,326		60	8,386		210	8,595		215	8,810		220	9,030	
Total Managed Accounts	(1,826)	(92,262)		(4,677)	(96,939)		(4,702)	(101,641)		(3,493)	(105,134)		(2,081)	(107,215)	
Temporary Accommodation Income	4	(4,472)		(98)	(4,570)		(105)	(4,675)		(110)	(4,785)		(115)	(4,900)	
Housing Management Direct Costs	30	1,500		30	1,530		38	1,568		39	1,608		40	1,648	
Supported Housing Costs	66	3,191		66	3,258		85	3,342		87	3,429		89	3,518	
Repairs & Maintenance	6	322		7	329		8	337		8	345		9	354	
Capital Financing Charges	4,769	50,918		1,959	52,877		3,753	56,630		2,650	59,280		1,170	60,450	
Other Property Costs	96	2,041		41	2,081		52	2,134		53	2,187		55	2,242	
Bad Debt Provisions	10	51		10	61		10	71		10	81		0	81	
ALMO Management Fee	323	41,582		(1,002)	40,580		1,015	41,594		1,040	42,634		1,066	43,700	
Total Retained Accounts	5,304	95,133		1,013	96,146		4,855	101,001		3,778	104,779		2,313	107,092	
TOTAL HOUSING REVENUE ACCOUNT	3,478	2,871		(3,665)	(793)		153	(640)		285	(355)		232	(123)	
Planned Opening HRA Balance		(7,438)			(4,567)			(5,360)			(6,000)			(6,355)	
In-Year Use of Balances		2,871		(793)	(5,360)			(640)			(355)			(123)	
Planned Closing Balance					(4,567)			(6,000)			(6,355)			(6,478)	

Housing Revenue Account - Medium Term Financial Strategy 2010/11 to 2014/15
HRA Summary - Budget Variations

Managed and Retained Budgets

Change	2010/11	2011/12	2012/13	2013/14	2014/15
	over 2009/10 £000s	over 2010/11 £000s	over 2011/12 £000s	over 2012/13 £000s	over 2013/14 £000s
Rent Increase	(2,454)	(3,540)	(3,714)	(3,896)	(4,087)
Service Charges	495	0	0	0	0
Budget Pressures in 2009/10	385	(125)	(125)	0	0
ALMO Management Fee	323	(1,002)	1,015	1,040	1,066
Capital Financing Charges	3,269	3,459	3,753	2,650	1,170
Inflation	(12)	(0)	2	2	2
Increase In Bad Debts Provision	60	60	60	60	0
Housing Stock Reduction	64	67	70	74	77
Subsidy	168	(976)	(907)	356	2,005
New Investment	1,869	(1,607)	0	0	0
New Efficiencies	(689)	0	0	0	0
Total Variations Managed and Retained	3,478	(3,665)	153	285	232

Company Budgets

New Investment	200	400	0	0	0
Existing Investment	(1)	(112)	0	0	0
New Efficiencies	(700)	(120)	0	0	0
Existing Efficiencies	0	(2,000)	0	0	0
Inflation	824	830	1,015	1,040	1,066
ALMO Management Fee	(323)	1,002	(1,015)	(1,040)	(1,066)
Total Variations Company	0	0	0	0	0

Variations - All HRA

Rent Increase	(2,454)	(3,540)	(3,714)	(3,896)	(4,087)
Service Charges	495	0	0	0	0
Capital Financing Charges	3,269	3,459	3,753	2,650	1,170
Inflation	812	830	1,016	1,042	1,067
Increase In Bad Debts Provision	60	60	60	60	0
Housing Stock Reduction	64	67	70	74	77
Subsidy	168	(976)	(907)	356	2,005
New Investment	2,069	(1,207)	0	0	0
Existing Investment	(1)	(112)	0	0	0
New Efficiencies	(1,389)	(120)	0	0	0
Budget Pressures in 2009/10	385	(125)	(125)	0	0
Existing Efficiencies	0	(2,000)	0	0	0
Total Variations All HRA	3,478	(3,665)	153	285	232

Housing Revenue Account - Medium Term Financial Strategy 2010/11 to 2014/15

HRA Summary - New Investment

Change	2010/11	2011/12	2012/13	2013/14	2014/15
	over 2009/10 £000s	over 2010/11 £000s	over 2011/12 £000s	over 2012/13 £000s	over 2013/14 £000s
Review of Salary Overheads 2011/12	0	400	0	0	0
Window Maintenance commitments	200	0	0	0	0
Increase in Pest Control Charges	50	0	0	0	0
Additional waste management Charges - collection of 'white' goods	44	0	0	0	0
Contribution to Waste Management procurement costs	107	-107	0	0	0
Cost of ALMO Client Service	168	0	0	0	0
Fire Precaution Works	1,500	-1,500			
Total New Investment	2,069	-1,207	0	0	0

HRA Summary - New Investment

Change	2010/11	2011/12	2012/13	2013/14	2014/15
	over 2009/10 £000s	over 2010/11 £000s	over 2011/12 £000s	over 2012/13 £000s	over 2013/14 £000s
Company	200	400	0	0	0
Retained	1,500	-1,500	0	0	0
Managed	369	-107	0	0	0
Total New Investment	2,069	-1,207	0	0	0

Housing Revenue Account - Medium Term Financial Strategy 2010/11 to 2014/15

HRA Summary - New Efficiencies

Change	2010/11 over 2009/10 £000s	2011/12 over 2010/11 £000s	2012/13 over 2011/12 £000s	2013/14 over 2012/13 £000s	2014/15 over 2013/14 £000s
Complete Review Corporate Finance SLA by the end of the second quarter and evaluate options for the transfer of functions to the company	0	-30	0	0	0
Implementation of systems for new procurement arrangements using Procurement for Housing	-90	-90	0	0	0
Savings from retendering of Insurance Premiums	-170	0	0	0	0
Reduction of cost for the over of sickness absence	-115	0	0	0	0
Procurement savings	-200	0	0	0	0
Additional contribution to IT costs	-125	0	0	0	0
Reduction of Lease and Commercial Property charges.	-150	0	0	0	0
Reduction in provision for bad debts from improved collection performance demonstrated over prior years	-200	0	0	0	0
Supporting People Grant - additional entitlement	-191	0	0	0	0
Rent review - Commercial Dwellings	-148	0	0	0	0
Total New Efficiencies	-1,389	-120	0	0	0

**Capital Bids For Corporate Resources Funding
Financial Years: 2010/11 to 2012/13**

Appendix H

<u>Capital Programme Forecast 2010/11 to 2012/13</u>				
Bids For Corporate Resources Funding				
1 Capital Expenditure Forecast	2010/11	2011/12	2012/13	Total
	£'000	£'000	£'000	£'000
Directorate Capital Bids (Recommended To Accept)				
Urban Environment (including Housing General Fund)	3,511	2,980	2,962	9,453
Adults, Culture and Community Services	3,057	1,680	785	5,522
Corporate Resources	2,075	2,010	1,500	5,585
Children & Young People	104	100	2,180	2,384
Policy Performance Partnership & Communications	360	112	0	472
Sub-total	9,107	6,882	7,427	23,416
Housing Services (HRA)	0	0	0	0
Sub-total	0	0	0	0
Total Accepted Capital Bids (Fully & Partly)	9,107	6,882	7,427	23,416
Financing				
Forecast Use Of Corporate Resources	9,107	6,882	7,427	23,416
A Total Accepted Bids (Fully & Partly)	9,107	6,882	7,427	23,416
Total Rejected Bids	3,100	3,191	4,038	10,329
Total Capital Bids	12,207	10,073	11,465	33,745
2 Corporate Funding Resources	2010/11	2011/12	2012/13	Total
	£'000	£'000	£'000	£'000
i Estimated usable capital receipts received in year:				
General Fund Receipts	(600)	0	0	(600)
HRA Receipts	(770)	(50)	(50)	(870)
Special Receipts (earmarked)	(500)	(1,300)	0	(1,800)
Strategic Sites	0	(7,000)	(15,479)	(22,479)
Right To Buy Usable	(150)	(150)	(150)	(450)
Prudent / risk adjustment		1,500		1,500
Sub-total	(2,020)	(7,000)	(15,679)	(24,699)
ii Other Corporate Resources:				
Children's Personal Social Services SCE®*	(104)	(100)	(100)	(304)
Revenue Contribution To Capital Outlay	(700)	0	0	(700)
Forecast Unsupported Borrowing Requirement	(6,000)	0	0	(6,000)
Sub-total	(6,804)	(100)	(100)	(7,004)
iii Adjustments:				
Repayment Of Forecast Unsupported Borrowing From 2010/11 In 2012/13	0	0	6,000	6,000
Schools Capital Modernisation Grant Repayment (DCSF advance)	0	0	2,283	2,283
Sub-total	0	0	8,283	8,283
iv Total Corporate Resources (i+ii+iii)	(8,824)	(7,100)	(7,496)	(23,420)
*Rounded Provisional Formula Grant Settlement in Nov 09 (to be confirmed Jan 10)				
B Total estimated resources available (iv)	(8,824)	(7,100)	(7,496)	(23,420)
3 Application of Resources to Bids	2010/11	2011/12	2012/13	Total
	£'000	£'000	£'000	£'000
Brought-forward resources (surplus)/deficit		283	65	
B Total estimated resources	(8,824)	(7,100)	(7,496)	(23,420)
A Total proposed expenditure	9,107	6,882	7,427	23,416
In year (surplus)/deficit	283	(218)	(69)	(4)
Carry-forward resources (surplus)/deficit	283	65	(4)	

**Capital Bids For Corporate Resources Funding
Financial Years: 2010/11 to 2012/13**

Appendix H

Capital Investment Bids (For Corporate Resources)

Ref No.	Portfolio	Directorate	Business Unit	Capital Project Title	Corporate Resources Funding Bid				Total Estimated Capital Cost (22 December 2009)				Net Revenue Implications (positive cost; negative income or saving or both)				Corporate Contribution of Capital Cost %	ACCEPTED FIGURES			
					2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	Total		2010-11	2011-12	2012-13	Total
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
1	Adult Social Care and Well Being	Adults, Culture & Community Services	Adult Services	Aids And Adaptations For The Homes Of People With Disabilities	700	700	700	2,100	3,283	3,283	3,283	9,849	0	0	0	0	700	700	700	2,100	
2	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Sports & Leisure Investment Programme (SLIP) (To improve services, upgrade infrastructure and thus increase usage of leisure centres)	407	0	0	407	4,055	0	0	4,055	75	(75)	0	0	407	407	407	407	
3	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Lordslip Recreation Ground (Redesign And Redevelopment)	200	200	0	400	4,774	0	0	6,274	0	0	0	0	200	200	200	400	
4	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Tennis Court Refurbishment Programme	115	20	85	220	615	540	635	1,790	0	0	0	0	115	20	85	220	
5	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Tree Planting (To maintain and increase existing tree stocks on Parks and Hoisting sites)	60	60	0	120	80	80	0	160	0	0	0	0	60	60	60	120	
6	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Strategic Swims Pitches Improvement Programme (Improve quality of sports and outdoor pitch provision)	350	471	0	821	2,025	3,160	0	5,185	0	0	0	0	350	350	350	700	
7	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Play Builder (To renew and/or improve play provision in parks and housing estates, with a particular focus on deprived areas)	275	0	0	275	878	0	0	878	10	0	0	10	275	275	275	275	
8	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Parks Improvement Programme (OSIP) (To maintain all of Hemley's Parks up to Green Flag standard)	500	500	500	1,500	500	500	500	1,500	0	0	0	0	300	300	300	600	
9	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Adult Learning, Libraries & Culture	Muswell Hill Library Development (Refurbishment)	500	0	0	500	500	0	0	500	0	0	0	0	500	500	500	500	
10	Leisure, Culture & Lifelong Learning	Adults, Culture & Community Services	Recreational Services	Abolmans Site Infrastructure Programme (To improve existing allotments and upgrade, replace and add new facilities)	150	150	50	350	150	50	50	350	0	0	0	0	150	50	50	200	
11	Children and Young People	Children and Young People Service	Business Support & Development	Building Schools For The Future - New Build And School Refurbishment	3,257	2,101	1,335	6,693	13,598	12,487	4,468	30,541	85	(75)	0	10	3,057	1,680	785	5,522	
12	Children and Young People	Children and Young People Service	Business Support & Development	Children's Career Home Adaptations	104	100	100	304	104	100	100	304	0	0	0	0	104	100	100	304	
13	Resources	Corporate Resources	Corporate Property Services	Repair & Maintenance Of The Operational And Community Buildings Portfolio	1,500	1,500	1,500	4,500	1,500	1,500	1,500	4,500	0	0	0	0	750	750	750	2,250	
14	Resources	Corporate Resources	Corporate Property Services	Industrial Estate Refurbishment (Retention Money Only)	15	0	0	15	15	0	0	15	0	0	0	0	15	15	15	15	
15	Resources	Corporate Resources	IT Services	Information Technology Capital Programme (Corporate)	1,500	1,350	1,350	4,200	1,500	1,350	1,350	4,200	0	0	0	0	750	750	750	2,250	
16	Resources	Corporate Resources	Corporate Property Services	Customer Service Centre Upgrades (Covering 2 Centres)	60	10	0	70	60	10	0	70	0	0	0	60	10	10	70	70	
17	Resources	Corporate Resources	Alexandra Park and Palace Charitable Trust	Disputations & Backlog Of Maintenance (Alexandra Palace)	1,000	1,000	1,000	3,000	1,000	1,000	1,000	3,000	0	0	0	0	500	500	500	1,000	
18	Community Cohesion and Involvement	Policy Performance Partnership & Community Councils	Sales & Stronger Communities	Broadwater Farm Community Centre Refurbishment / Modernisation (Option 2)	4,075	3,860	3,860	11,795	4,075	3,860	3,860	11,795	0	0	0	0	2,075	2,010	1,500	5,585	
Total					360	112	0	472	360	112	0	472	(16)	(23)	5	(34)	360	112	112	472	

**Capital Bids For Corporate Resources Funding
Financial Years: 2010/11 to 2012/13**

Capital Investment Bids (For Corporate Resources)

Ref No.	Portfolio	Directorate	Business Unit	Capital Project Title	Corporate Resources Funding Bid					Total Estimated Capital Cost (22 December 2009)					Net Revenue Implications (positive cost, negative income or saving or both)					ACCEPTED FIGURES			
					2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	Total			
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
					360	112	0	472	360	112	0	472	(16)	(23)	5	(34)	360	112	0	472			
	Policy Performance Partnership & Communications Total																						
19	Environment & Conservation	Urban Environment	Frontline Services	Replacement Wheeled Bins & Green Boxes For Reuse, Recycling And School Waste Collectors	162	0	0	162	162	0	0	162	0	0	0	0	162	0	0	162			
20	Environment & Conservation	Urban Environment	Frontline Services	Parking Plan (Vanity of measures including CPZ implementation and extension, provision of disabled bays etc.)	600	600	600	1,800	600	600	600	1,800	(150)	(150)	(450)	600	600	600	1,800				
21	Environment & Conservation	Urban Environment	Frontline Services	Planned Maintenance For Highway Bridges	200	200	200	600	200	200	200	600	0	0	0	0	180	180	180	540			
22	Environment & Conservation	Urban Environment	Frontline Services	Planned Road And Pavement Resurfacing And Reconstruction Of Non-Principal Roads	1,800	2,200	2,000	6,000	1,800	2,000	2,200	6,000	0	0	0	0	1,300	1,300	1,300	3,900			
23	Environment & Conservation	Urban Environment	Frontline Services	Street Lighting Investment Programme	1,000	1,000	1,000	3,000	1,000	1,000	1,000	3,000	0	0	0	0	800	800	800	2,400			
24	Environment & Conservation	Urban Environment	Frontline Services	Local Road Safety Improvements	100	100	100	300	100	100	100	300	0	0	0	0	100	100	100	300			
25	Environment & Conservation	Urban Environment	Frontline Services	Improvements To The Summerland Gardens Car Park	70	0	0	70	70	0	0	70	0	0	0	0	70	0	0	70			
26	Housing Services	Urban Environment	Strategic & Community Housing Services	Hotel Disconversion Programme To Self-Contained Housing Units	379	0	0	379	1,281	0	0	1,281	0	0	0	0	379	0	0	379			
27	Performance	Urban Environment	Planning And Regeneration	Partnership Schemes In Conservation Area - Myddelton Road (Historic Building Improvements)	100	0	0	100	200	0	0	200	0	0	0	0	100	0	0	100			
	Urban Environment				4,411	3,900	4,100	12,411	5,413	3,900	4,100	13,413	(150)	(150)	(450)	3,511	2,980	2,980	9,453				
	Grand Total				12,207	10,073	11,465	33,745	72,170	32,252	15,265	119,687	(81)	(248)	(474)	9,107	6,882	7,427	23,416				

List of Prudential Borrowing Bids

Ref No.	Resources	Corporate Resources	Alexandra Park and Palace Charitable Trust
28	Resources	2,000	0
	Grand Total	2,000	0

List of Special Projects (total corporate resources funding)

Ref No.	Resources	Urban Environment	Corporate Resources	Planning And Regeneration	Corporate Property Services	Corporate Resources	Urban Environment	Planning And Regeneration	Corporate Property Services
29	Environment & Conservation	1,812	8,000	0	8,812	3,000	12,000	8,000	23,000
30	Resources	5,654	1,981	100	7,745	5,654	1,981	100	7,745
31	Resources	3,420	5,650	8,050	17,200	3,420	5,650	8,050	17,200
	Grand Total	10,886	15,641	8,150	34,677	12,074	19,641	16,150	47,965

London Borough of Haringey

Capital resource allocation policy

Following the introduction of the prudential regime in April 2004, councils have had greater flexibility regarding capital expenditure. The removal of controls on the levels of borrowing was helpful in terms of flexibility and local autonomy, but that the key determinant is the affordability, which is still effectively controlled by government. Allocations of revenue support for capital expenditure are still being made by individual Government departments.

In the preparation for this strategic context, a revised resource allocation policy was adopted by Executive on 21 October 2003 and an updated version is set out here for approval:

- *that the framework for determining the Council's priorities, and therefore resource allocation, will remain the Community Strategy, given effect in the Council Plan via the business planning process;*
- *that housing and education will be allocated their (revenue support derived) borrowing limits and ring-fenced grants;*
- *that other services are allocated their ring-fenced grants;*
- *that all other (revenue support derived) borrowing limits and grants are allocated through the business planning process and the capital programme appraisal framework;*
- *that increases in revenue formula grant for supported borrowing are earmarked to fund the actual costs of this in the revenue budget;*
- *that PFI is retained as an option for delivering capital investment;*
- *that unsupported (prudential) borrowing should be considered for 'invest to save' proposals, or where the revenue borrowing are proven to be contained within existing budgets;*
- *that capital receipts are managed corporately and applied in accordance with the business planning process;*
- *that best consideration will be sought for all disposals, except in the case of agreed discounting to social housing providers;*
- *that the spending power derived from capital receipts is maximised through the use of the offsetting provisions for pooled (non-right to buy) housing receipts.*

Draft Summary Capital Programme 2010/11 to 2012/13				
	Proposed Budget 2010/11 £'000	Indicative Budget 2011/12 £'000	Indicative Budget 2012/13 £'000	Total £'000
Draft Expenditure Budget				
Urban Environment (including Housing General Fund)	9,526	15,183	7,165	31,874
Adults, Culture and Community Services	5,009	1,680	785	7,474
Corporate Resources (including Alexandra Park and Palace Charitable Trust)	13,149	9,651	9,650	32,450
Policy Performance Partnership & Communications	360	112	0	472
Children & Young People	67,912	33,964	28,937	130,813
Housing Services (Housing Revenue Account only)	52,642	63,142	54,498	170,282
Total Capital Programme	148,598	123,732	101,035	373,365
Draft Capital Financing				
1 Capital grants from central government departments (inc SCE(C))	67,160	23,730	10,250	101,140
2 Grants and contributions from private developers & leaseholders	140	174	3,126	3,440
3 Grants & contributions from non-departmental public bodies	200	0	0	200
4 Capital funding from GLA bodies	4,603	4,203	4,203	13,009
5 Use of capital receipts	5,520	14,423	15,477	35,420
Capital expenditure financed by the Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) - Govt Grant	12,909	12,909	12,909	38,727
Capital expenditure financed from the General Fund Revenue Account	7,757	400	200	8,357
6 SCE (R) Single Capital Pot	6,997	15,893	13,281	36,171
7 SCE (R) Separate Programme Element	33,500	44,000	41,589	119,089
Other borrowing & credit arrangements not supported by central government	9,812	8,000	0	17,812
Total Capital Financing	148,598	123,732	101,035	373,365
Notes				
1 Include capital expenditure financed by capital grants from all central government departments (including BSF). Exclude capital expenditure financed by Major Repairs Reserve (MRR).				
2 Include contributions from private developers. Include leaseholders contributions made specifically towards the cost of capital works on the premises of which the leaseholders' property forms part.				
3 Include capital grants from all non-departmental public bodies such as the Sports Council, English Heritage, Arts Council, Museums and Galleries Commission and the Countryside Agency.				
4 Include capital funding from the Greater London Authority (GLA).				
5 Include all capital expenditure financed by applying capital receipts. Exclude capital receipts applied to make payments to the Secretary of State under sections 11 (2) (b) and 11 (3) of the Local Government Act 2003.				
Capital Receipts Analysis:				
Capital Receipts - Bids for Corporate Resources	2,020	6,782	7,327	16,129
Capital Receipts - Accommodation Strategy	3,500	7,641	8,150	19,291
	5,520	14,423	15,477	35,420
6 SCE(R) Single Capital Pot - include capital expenditure financed by borrowing and other credit that will attract central government support through RSG or HRA subsidy i.e. Supported Capital Expenditure (Revenue) - SCE(R) Single Capital Pot.				
7 SCE(R) Separate Programme Element				
Include capital expenditure financed by borrowing and other credit that will attract central government support through RSG or HRA subsidy i.e. Supported Capital Expenditure (Revenue) - SCE(R) Separate Programme Element, for e.g. BSF / Decent Homes.				

Draft Haringey Council Capital Programme 2010/11 to 2012/13

Appendix J

Draft Capital Programme 2010/11 to 2012/13		Total Planned Expenditure Budget						
Ref. No.	Name of Capital Scheme	Business Unit	Total Estimated Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000	Total Funding Including Pre 2010/11 Spend (where stated) £'000
Urban Environment								
1	Maintenance (Principal road renewal and bridges)	Frontline Services		1,046	0	0	1,046	
2	Corridors	Frontline Services		1,341	0	0	1,341	
3	Neighbourhoods	Frontline Services		1,068	0	0	1,068	
4	Smarter Travel	Frontline Services		298	0	0	298	
5	Area Based Schemes (Wood Green Station Access)	Frontline Services		350	0	0	350	
6	Local Transport Funding	Frontline Services		100	0	0	100	
7	Local Implementation Plan Forecast Grant (estimate)*	Frontline Services		0	4,203	4,203	8,406	
8	Marsh Lane Depot Project (Building a new strategic depot)*	Planning And Regeneration		1,812	8,000	0	9,812	
9	Replacement Wheelie Bins & Green Boxes For Refuse, Recycling And School Waste Collections	Frontline Services		162	0	0	162	
10	Parking Plan (Variety of measures including CPZ implementation and extension, provision of disabled bays etc.)	Frontline Services		600	600	600	1,800	
11	Planned Maintenance For Highway Bridges	Frontline Services		0	180	162	342	
12	Planned Road And Pavement Resurfacing And Reconstruction Of Non-Principal Roads	Frontline Services		1,300	1,300	1,300	3,900	
13	Street Lighting Investment Programme	Frontline Services		800	800	800	2,400	
14	Local Road Safety Improvements	Frontline Services		100	100	100	300	
15	Improvements To The Summerland Gardens Car Park	Frontline Services		70	0	0	70	
16	Hostel Deconversion Programme To Self-Contained Housing Units	Strategic & Community Housing Services		379	0	0	379	
17	Partnership Schemes In Conservation Area - Myddleton Road (Historic Building Improvements)*	Planning And Regeneration		100	0	0	100	
Total Urban Environment*			0	9,526	15,183	7,165	31,874	31,874

Draft Haringey Council Capital Programme 2010/11 to 2012/13

Appendix J

Draft Capital Programme 2010/11 to 2012/13		Total Planned Expenditure Budget						
Ref. No.	Name of Capital Scheme	Business Unit	Total Estimated Projected Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000	Total Funding including Pre 2010/11 Spend (where stated) £'000
Adults, Culture and Community Services								
18	Aids And Adaptations For The Homes Of People With Disabilities*	Adult Services		1,449	700	700	2,849	
19	Sports & Leisure Investment Programme (SLIP) (To improve services, update infrastructure and thus increase usage of leisure centres)	Recreational Services		407	0	0	407	
20	Lordship Recreation Ground (Redesign And Redevelopment)*	Recreational Services		800	200	0	1,000	
21	Tennis Court Refurbishment Programme*	Recreational Services		115	20	85	220	
22	Tree Planting (To maintain and increase existing tree stocks on Parks and Housing sites)	Recreational Services		60	60	0	120	
23	Strategic Sports Pitches Improvement Programme (Improve quality of sports and outdoor pitch provision)	Recreational Services		350	350	0	700	
24	Play Builder (To renew and/or improve play provision in parks and housing estates, with a particular focus on deprived areas)*	Recreational Services		878	0	0	878	
25	Parks Improvement Programme (OSIP) (To maintain all of Haringey's Parks up to Green Flag standard)	Recreational Services		300	300	0	600	
26	Muswell Hill Library Development (Refurbishment)	Adult Learning, Libraries & Culture		500	0	0	500	
27	Allotments Site Infrastructure Programme (To improve existing allotments and upgrade, replace and add new facilities)	Recreational Services		150	50	0	200	
Total Adults, Culture and Community Services*			0	5,009	1,680	785	7,474	7,474

Draft Capital Programme 2010/11 to 2012/13		Total Planned Expenditure Budget				
Ref. No.	Name of Capital Scheme	Total Estimated Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000
	Corporate Resources					
	Accommodation Strategy Programme					
28	Homsey Town Hall Refurbishment & Development		5,654	1,991	100	7,745
29	Accommodation Strategy Phase 2 (Including Haringey Council Offices)		3,420	5,650	8,050	17,120
	Sub-total Accommodation Strategy Programme	0	9,074	7,641	8,150	24,865
	Information Technology Capital Programme (Corporate)					
30	Repair & Maintenance Of The Operational And Community Buildings Portfolio		750	750	750	2,250
31	IT		750	750	750	2,250
	Property Services					
32	Industrial Estate Refurbishment (Retention Money Only)		15	0	0	15
33	Customer Service Centre Upgrades (Covering 2 Centres)		60	10	0	70
34	Disputations & Backlog Of Maintenance (Alexandra Palace)		500	500	0	1,000
	Charitable Trust					
35	Replacement Ice Rink (Alexandra Palace)		2,000	0	0	2,000
	Charitable Trust					
	Sub-total Other Corporate Resources	0	4,075	2,010	1,500	7,585
	Total Corporate Resources	0	13,149	9,651	9,650	32,450
	Policy Performance Partnership & Communications					
36	Broadwater Farm Community Centre Refurbishment / Modernisation (Option 2)		360	112	0	472
	Total PPP&C	0	360	112	0	472

Draft Haringey Council Capital Programme 2010/11 to 2012/13

Draft Capital Programme 2010/11 to 2012/13		Total Planned Expenditure Budget					Total Funding Including Pre 2010/11 Spend (where stated) £'000
Ref. No.	Name of Capital Scheme	Business Unit	Total Estimated Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000
Children & Young People Service							
Primary and Pre-School Programme							
37	Primary ICT Strategy	CYPS		876	0	0	876
38	PCP - Broadwater Farm ILC	CYPS		4,815	7,609	4,687	17,111
39	Rhodes Avenue Expansion to 3 Form Entry	CYPS		2,050	3,417	2,670	8,137
40	Coleridge Primary; Expansion	CYPS		707	46	0	753
41	Other Pupil Place expansion fund	CYPS		200	600	3,233	4,033
42	Alternative provision for excluded pupils	CYPS		900	1,200	0	2,100
43	Electrical and ICT infrastructure works	CYPS		550	550	0	1,100
44	Mulberry Primary	CYPS		250	1,200	1,450	2,900
45	New TFE School	CYPS		0	0	7,000	7,000
46	Match funded projects (eco, catering, extended, development)	CYPS		600	600	0	1,200
47	Project development (Phase 2 feasibility)	CYPS		100	100	0	200
48	PCP Delivery costs	CYPS		853	800	800	2,453
49	PCP Programme Contingency	CYPS		500	1,500	2,000	4,000
	(A) Sub-total Primary and Pre-School Programme*			12,401	17,622	21,840	51,863
Early Years, Community and Access							
50	Children's Centres Phase 3	CYPS		824	0	0	824
51	Early Years - Quality & Access	CYPS		1,343	0	0	1,343
52	Playcentre integration	CYPS		200	200	0	400
53	Youth Centre Projects	CYPS		330	0	0	330
54	School Access Improvements	CYPS		100	50	50	200
55	Disabled children short breaks	CYPS		329	0	0	329
	(B) Sub-total Early Years, Community and Access*			3,126	250	50	3,426
Planned Asset Maintenance							
56	Planned and reactive maintenance	CYPS		1,000	1,000	1,000	3,000
57	PFI Costs - Lifecycle Fund	CYPS		200	200	200	600
	(C) Sub-total Planned Asset Maintenance*			1,200	1,200	1,200	3,600
Devolved Schools Capital							
58	Devolved Capital	CYPS		2,449	3,000	3,000	8,449
	(D) Sub-total Planned Devolved Schools Capital*			2,449	3,000	3,000	8,449
Social Care And Other							
59	Carer Home Adaptations	CYPS		104	100	100	304
	(E) Sub-total Social Care And Other*			104	100	100	304
	(F) Total CYPS excluding BSF (F=A+B+C+D+E)*		0	19,280	22,172	26,190	67,642

Total Planned Expenditure Budget												
Ref. No.	Name of Capital Scheme	Business Unit	Total Estimated Projected Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000	Total Funding Including Pre 2010/11 Spend (where stated) £'000				
Building Schools For The Future (BSF) - School Projects												
60	Alexandra Park	CYPS	3,532	233	38	0	271	3,803				
61	Fortismere/Blanche Neville	CYPS	3,020	1,533	33	0	1,566	4,586				
62	Gladesmore	CYPS	8,872	1,951	192	0	2,143	11,015				
63	Gladesmore Sports Hall	CYPS	1,391	0	0	0	0	1,391				
64	Hearlands High School	CYPS	13,475	18,283	1,153	247	19,683	33,158				
65	Highgate Wood	CYPS	4,907	46	0	0	46	4,953				
66	Hornsey Girls	CYPS	4,645	233	49	0	282	4,927				
67	John Loughborough	CYPS	5,022	54	0	0	54	5,076				
68	Northumberland Park/Vale	CYPS	14,428	2,006	184	0	2,190	16,618				
69	Park View Academy	CYPS	9,219	3,525	130	0	3,655	12,874				
70	Sixth Form Centre	CYPS	27,603	0	0	0	0	27,603				
71	St Thomas More	CYPS	5,637	2,308	75	0	2,383	8,020				
72	Woodside High	CYPS	13,466	8,867	5,687	168	14,722	28,188				
73	Young Peoples Centre	CYPS	5,225	151	0	0	151	5,376				
74	ICT MSP Contract	CYPS	7,496	5,188	3,802	2,307	11,297	18,793				
75	BSF Other - Total	CYPS	19,782	842	64	0	906	20,688				
76	BSF Programme Contingency	CYPS	3,376	3,412	385	25	3,822	7,198				
	(F) Sub-total BSF School Projects*		151,096	48,632	11,792	2,747	63,171	214,267				
	Total Children & Young People		151,096	67,912	33,964	28,937	130,813	281,909				
Housing Services (Housing Revenue Account (HRA))												
77	Aids & Adaptations*	Homes for Haringey		1,450	1,450	900	3,800					
78	Transferable Discount Scheme*	Homes for Haringey		150	150	70	370					
79	Estate Improvement*	Homes for Haringey		50	50	40	140					
80	Planned Preventative Maintenance*	Homes for Haringey		3,000	3,000	1,500	7,500					
81	Structural Works*	Homes for Haringey		600	600	400	1,600					
82	Extensive Void Works*	Homes for Haringey		1,200	1,200	947	3,347					
83	Energy Conservation*	Homes for Haringey		150	150	50	350					
84	Boiler Replacement*	Homes for Haringey		2,168	2,168	2,102	6,438					
85	Capitalised Repairs*	Homes for Haringey		4,363	4,363	4,000	12,726					
86	Lift Improvements*	Homes for Haringey		2,166	400	240	2,806					
87	Decent Homes*	Homes for Haringey	66,490	33,500	44,000	41,589	119,089	198,579				
88	Asbestos Removal*	Homes for Haringey		200	200	140	540					
89	Essential Capital Works*	Homes for Haringey		200	200	20	420					
90	Major Works Voids Conversions*	Homes for Haringey		150	150	100	400					
91	Mechanical & Electrical Works*	Homes for Haringey		1,850	3,616	1,000	6,466					
92	Professional Fees*	Homes for Haringey		1,408	1,408	1,400	4,216					
93	Sewerage & Drainage*	Homes for Haringey		37	37	0	74					
	Total Housing Services (Housing Revenue Account)*		66,490	52,642	63,142	54,498	170,282	236,772				
	Total Capital Programme		217,586	148,588	123,732	101,035	373,365	558,501				

Draft Haringey Council Capital Programme 2010/11 to 2012/13

Appendix J

Draft Capital Programme 2010/11 to 2012/13		Total Planned Expenditure Budget						
Ref. No.	Name of Capital Scheme	Business Unit	Total Estimated Projected Spend Up To 31.3.10 (where stated) £'000	Proposed Original Budget 2010/11 £'000	Indicative Original Budget 2011/12 £'000	Indicative Original Budget 2012/13 £'000	Total £'000	Total Funding Including Pre 2010/11 Spend (where stated) £'000
Schemes marked (*) are estimates. External funding sources to be confirmed.								

Draft Capital Programme 2010/11 to 2012/13		Total Funding Source (3 years)										
Ref. No.	Name of Capital Scheme	Capital Grants From Central Government Departments (inc SCE(C)) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Grants & Contribution From Non-Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Financing From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000	Total £'000
Urban Environment												
1	Maintenance (Principal road renewal and bridges)	0	0	0	1,046	0	0	0	0	0	0	1,046
2	Corridors	0	0	0	1,341	0	0	0	0	0	0	1,341
3	Neighbourhoods	0	0	0	1,068	0	0	0	0	0	0	1,068
4	Smarter Travel	0	0	0	298	0	0	0	0	0	0	298
5	Area Based Schemes (Wood Green Station Access)	0	0	0	350	0	0	0	0	0	0	350
6	Local Transport Funding	0	0	0	100	0	0	0	0	0	0	100
7	Local Implementation Plan Forecast Grant (estimate)*	0	0	0	8,406	0	0	0	0	0	0	8,406
8	Marsh Lane Depot Project (Building a new strategic depot)*	0	0	0	0	0	0	0	0	9,812	0	9,812
9	Replacement Wheelie Bins & Green Boxes For Refuse, Recycling And School Waste Collections	0	0	0	0	0	0	0	0	0	162	162
10	Parking Plan (Variety of measures including CPZ implementation and extension, provision of disabled bays etc.)	0	0	0	0	1,200	0	0	0	0	0	1,200
11	Planned Maintenance For Highway Bridges	0	0	0	0	342	0	0	0	0	0	342
12	Planned Road And Pavement Resurfacing And Reconstruction Of Non-Principal Roads	0	0	0	0	2,600	0	0	0	0	1,300	3,900
13	Street Lighting Investment Programme	0	0	0	0	1,600	0	0	0	0	0	1,600
14	Local Road Safety Improvements	0	0	0	0	200	0	0	0	0	0	200
15	Improvements To The Summerland Gardens Car Park	0	0	0	0	0	0	0	0	0	0	0
16	Hostel Deconversion Programme To Self-Contained Housing Units	0	0	0	0	0	0	0	0	0	0	0
17	Partnership Schemes In Conservation Area - Myddleton Road (Historic Building Improvements)*	0	0	0	0	0	0	0	0	0	100	100
Total Urban Environment*		0	0	0	12,609	5,942	0	0	0	0	13,323	31,874

Draft Capital Programme 2010/11 to 2012/13		Total Funding Source (3 years)										
Ref. No.	Name of Capital Scheme	Capital Grants From Central Government Departments (inc SCEIC) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Grants & Contribution From Non-Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Financing From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000	Total £'000
Adults, Culture and Community Services												
18	Aids And Adaptations For The Homes Of People With Disabilities*	749	0	0	0	2,100	0	0	0	0	0	2,849
19	Sports & Leisure Investment Programme (SLIP) (To improve services, update infrastructure and thus increase usage of leisure centres)	0	0	0	0	0	0	0	0	0	407	407
20	Lordship Recreation Ground (Redesign And Redevelopment)*	0	0	200	400	200	0	0	0	0	200	1,000
21	Tennis Court Refurbishment Programme*	0	0	0	0	105	0	0	0	0	115	220
22	Tree Planting (To maintain and increase existing tree stocks on Parks and Housing sites)	0	0	0	0	60	0	0	0	0	60	120
23	Strategic Sports Pitches Improvement Programme (improve quality of sports and outdoor pitch provision)	0	0	0	0	350	0	0	0	0	350	700
24	Play Builder (To renew and/or improve play provision in parks and housing estates, with a particular focus on deprived areas)*	603	0	0	0	0	0	0	0	0	275	878
25	Parks Improvement Programme (OSIP) (To maintain all of Haringey's Parks up to Green Flag standard)	0	0	0	0	300	0	0	0	0	300	600
26	Muswell Hill Library Development (Refurbishment)	0	0	0	0	0	0	0	0	0	500	500
27	Allotments Site Infrastructure Programme (To improve existing allotments and upgrade, replace and add new facilities)	0	0	0	0	50	0	0	0	0	150	200
Total Adults, Culture and Community Services*		1,352	0	200	400	3,165	0	0	0	0	2,357	7,474

Ref. No.	Name of Capital Scheme	Total Funding Source (3 years)										Total £'000
		Capital Grants From Central Government Departments (inc SCE(C) £'000	Grants & Contribution From Private Leaseholders £'000	Grants & Contribution From Non- Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	
Corporate Resources												
Accommodation Strategy Programme												
28	Homsey Town Hall Refurbishment & Development	0	0	0	0	5,591	2,154	0	0	0	0	7,745
29	Accommodation Strategy Phase 2 (Including Haringey Council Offices)	0	0	0	0	13,700	3,420	0	0	0	0	17,120
Sub-total Accommodation Strategy Programme												
		0	0	0	0	19,291	5,574	0	0	0	0	24,865
Information Technology Capital Programme (Corporate)												
30	Repair & Maintenance Of The Operational And Community Buildings Portfolio	0	0	0	0	2,250	0	0	0	0	0	2,250
31		0	0	0	0	1,500	700	0	0	0	50	2,250
Industrial Estate Refurbishment (Retention Money Only)												
32	Customer Service Centre Upgrades (Covering 2 Centres)	0	0	0	0	10	0	0	0	0	0	15
33	Dilapidations & Backlog Of Maintenance (Alexandra Palace)	0	0	0	0	70	0	0	0	0	0	70
34		0	0	0	0	1,000	0	0	0	0	0	1,000
35	Replacement Ice Rink (Alexandra Palace)	0	0	0	0	0	0	0	0	0	2,000	2,000
Sub-total Other Corporate Resources												
		0	0	0	0	4,830	700	0	0	0	2,055	7,585
Total Corporate Resources												
		0	0	0	0	24,121	6,274	0	0	0	2,055	32,450
Policy Performance Partnership & Communications												
36	Broadwater Farm Community Centre Refurbishment / Modernisation (Option 2)	0	0	0	0	112	283	0	0	0	77	472
Total PPP&C												
		0	0	0	0	112	283	0	0	0	77	472

Draft Capital Programme 2010/11 to 2012/13		Total Funding Source (3 years)										
Ref. No.	Name of Capital Scheme	Capital Grants From Central Government (inc SCE(C) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Grants & Contribution From Non-Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Financing From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000	Total £'000
Children & Young People Service												
37	Primary and Pre-School Programme	876	0	0	0	0	0	0	0	0	0	876
38	Primary ICT Strategy	4,815	100	0	0	0	0	12,196	0	0	0	17,111
39	PCP - Broadwater Farm ILC	8,063	74	0	0	0	0	0	0	0	0	8,137
40	Rhodes Avenue Expansion to 3 Form Entry	753	0	0	0	0	0	0	0	0	0	753
41	Coleridge Primary Expansion	1,600	0	0	0	0	0	2,433	0	0	0	4,033
42	Other Pupil Place expansion fund	2,100	0	0	0	0	0	0	0	0	0	2,100
43	Alternative provision for excluded pupils	1,100	0	0	0	0	0	0	0	0	0	1,100
44	Electrical and ICT infrastructure works	1,910	100	0	0	0	0	890	0	0	0	2,900
45	Mulberry Primary	450	3,026	0	0	0	0	3,524	0	0	0	7,000
46	New IFE School	1,200	0	0	0	0	0	0	0	0	0	1,200
47	Match funded projects (eco, catering, extended, development)	200	0	0	0	0	0	0	0	0	0	200
48	Project development (Phase 2 feasibility)	2,202	0	0	0	0	0	251	0	0	0	2,453
49	PCP Delivery costs	2,070	0	0	0	0	0	1,930	0	0	0	4,000
	PCP Programme Contingency	27,339	3,300	0	0	0	0	21,224	0	0	0	51,863
	(A) Sub-total Primary and Pre-School Programme*											
Early Years, Community and Access												
50	Children's Centres Phase 3	824	0	0	0	0	0	0	0	0	0	824
51	Early Years - Quality & Access	1,343	0	0	0	0	0	0	0	0	0	1,343
52	Playcentre integration	400	0	0	0	0	0	0	0	0	0	400
53	Youth Centre Projects	330	0	0	0	0	0	0	0	0	0	330
54	School Access Improvements	329	0	0	0	0	0	200	0	0	0	200
55	Disabled children short breaks	3,226	0	0	0	0	0	0	0	0	0	3,226
	(B) Sub-total Early Years, Community and Access*											
Planned Asset Maintenance												
56	Planned and reactive maintenance	1,583	0	0	0	0	0	0	1,417	0	0	3,000
57	PFI Costs - Lifecycle Fund	0	0	0	0	0	500	0	0	0	0	500
	(C) Sub-total Planned Asset Maintenance*	1,583	0	0	0	0	500	0	1,417	0	0	3,600
Devolved Schools Capital												
58	Devolved Capital	8,449	0	0	0	0	0	0	0	0	0	8,449
	(D) Sub-total Planned Devolved Schools Capital*	8,449	0	0	0	0	0	0	0	0	0	8,449
Social Care And Other												
59	Carer Home Adaptations	0	0	0	0	0	0	0	304	0	0	304
	(E) Sub-total Social Care And Other*	0	0	0	0	0	0	0	304	0	0	304
	(F) Total CYPs excluding BSF (F=A+B+C+D+E)*	40,597	3,300	0	0	0	600	23,145	0	0	0	67,642

Draft Haringey Council Capital Programme 2010/11 to 2012/13

Appendix J

Draft Capital Programme 2010/11 to 2012/13		Total Funding Source (3 years)										
Ref. No.	Name of Capital Scheme	Capital Grants From Central Government Departments (inc SCE(C) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Grants & Contribution From Non-Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Financing From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000	Total £'000
Building Schools For The Future (BSF) - School Projects												
60	Alexandra Park	271	0	0	0	0	0	0	0	0	0	271
61	Fortismere/Blanche Neville	1,566	0	0	0	0	0	0	0	0	0	1,566
62	Gladesmore	2,143	0	0	0	0	0	0	0	0	0	2,143
63	Gladesmore Sports Hall	0	0	0	0	0	0	0	0	0	0	0
64	Hearthands High School	18,983	0	0	0	0	0	0	0	0	0	18,983
65	Higgate Wood	46	0	0	0	0	700	0	0	0	0	746
66	Hornsey Girls	282	0	0	0	0	0	0	0	0	0	282
67	John Loughborough	54	0	0	0	0	0	0	0	0	0	54
68	Northumberland Park/Vale	2,190	0	0	0	0	0	0	0	0	0	2,190
69	Park View Academy	3,655	0	0	0	0	0	0	0	0	0	3,655
70	Sixth Form Centre	0	0	0	0	0	0	0	0	0	0	0
71	St Thomas More	2,243	140	0	0	0	0	0	0	0	0	2,383
72	Woodside High	14,722	0	0	0	0	0	0	0	0	0	14,722
73	Young Peoples Centre	151	0	0	0	0	0	0	0	0	0	151
74	ICT MSP Contract	8,717	0	0	0	2,080	0	0	0	0	0	10,797
75	BSF Other - Total	906	0	0	0	0	500	0	0	0	0	1,406
76	BSF Programme Contingency	3,262	0	0	0	0	0	560	0	0	0	3,822
	(F) Sub-total BSF School Projects*	59,191	140	0	0	2,080	0	1,200	560	0	0	63,171
	Total Children & Young People	99,788	3,440	0	0	2,080	0	1,800	23,705	0	0	130,813
Housing Services (Housing Revenue Account (HRA))												
77	Aids & Adaptations*	0	0	0	0	0	900	0	2,900	0	0	3,800
78	Transferable Discount Scheme*	0	0	0	0	0	70	0	300	0	0	370
79	Estate Improvement*	0	0	0	0	0	140	0	0	0	0	140
80	Planned Preventative Maintenance*	0	0	0	0	0	7,500	0	0	0	0	7,500
81	Structural Works*	0	0	0	0	0	1,600	0	0	0	0	1,600
82	Extensive Void Works*	0	0	0	0	0	3,347	0	0	0	0	3,347
83	Energy Conservation*	0	0	0	0	0	350	0	0	0	0	350
84	Boiler Replacement*	0	0	0	0	0	6,438	0	0	0	0	6,438
85	Capitalised Repairs*	0	0	0	0	0	4,000	0	8,726	0	0	12,726
86	Lift Improvements*	0	0	0	0	0	2,266	0	540	0	0	2,806
87	Decent Homes*	0	0	0	0	0	0	0	119,089	0	0	119,089
88	Asbestos Removal*	0	0	0	0	0	540	0	0	0	0	540
89	Essential Capital Works*	0	0	0	0	0	420	0	0	0	0	420
90	Major Works Voids Conversions*	0	0	0	0	0	400	0	0	0	0	400
91	Mechanical & Electrical Works*	0	0	0	0	0	6,466	0	0	0	0	6,466
92	Professional Fees*	0	0	0	0	0	4,216	0	0	0	0	4,216
93	Sewage & Drainage*	0	0	0	0	0	74	0	0	0	0	74
	Total Housing Services (Housing Revenue Account)*	0	0	0	0	0	38,727	0	12,466	119,089	0	170,282
	Total Capital Programme	101,140	3,440	200	13,009	35,420	38,727	8,357	36,171	119,089	17,812	373,365

Ref. No.	Name of Capital Scheme	Total Funding Source (3 years)										Total £'000										
		Capital Grants From Central Government Departments (inc SCE(C) £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Grants & Contribution From Non- Departmental Public Bodies £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Financing From Major Repairs (MRR) / Major Repairs Allowance (MRA) £'000	From General Fund Revenue Account £'000	SCE (R) Single Capital Pot £'000	SCE (R) Separate Programme Element £'000	Other Borrowing & Credit Arrangements Not Supported By Central Government £'000											

Schemes marked (*) are estimates. External funding sources to be confirmed.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

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2. Prudential Indicators
3. Interest Rate Outlook
4. Specified and non-specified Investments for use by the Council

Treasury Management Strategy Statement and Investment Strategy 2010/11 to 2012/13

1. Background

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") requires local authorities to determine the Treasury Management Strategy Statement (TMSS). This statement also incorporates the Investment Strategy. Together, these cover the financing and investment strategy for the forthcoming financial year.

In response to the financial crisis in 2008 and the collapse of the Icelandic banks, CIPFA has recently revised the TM Code and Guidance Notes as well as the Prudential Indicators. The Department for Communities and Local Government (CLG) is currently in the process of revising and updating the Investment Guidance.

- 1.2. CIPFA has defined Treasury Management as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 1.3. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal & Regulatory Risk

- 1.4. The strategy also takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Annex 1), the Prudential Indicators (Annex 2) and the outlook for interest rates (Annex 3).

- 1.5. The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2010-11 (Borrowing - Section 4, Debt Rescheduling - Section 5, Investments - Section 6)
- Prudential Indicators – Annex 2 (NB - PI No. 6 - The Authorised Limit is a statutory limit)
- MRP Statement – Section 8
- Use of Specified and Non-Specified Investments – Annex 4

2. Balance Sheet and Treasury Position

- 2.1. The underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) together with Balances and Reserves are the core

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drivers of Treasury Management Activity. The estimates, based on the current Revenue budget and Capital Programmes, are set out below:

	31 Mar 10 Estimate £000	31 Mar 11 Estimate £000	31 Mar 12 Estimate £000	31 Mar 13 Estimate £000
CFR	677,587	718,766	777,471	822,786
Balances & Reserves	18,025	15,687	16,076	16,076
Net Balance Sheet Position	659,562	703,079	761,395	806,710

- 2.2. The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Annex 1. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.
- 2.3. The CFR represents the level of borrowing for capital purposes. Consequently, revenue expenditure cannot be financed from borrowing. Net physical external borrowing should not exceed the CFR other than for short term cash flow requirements. It is permissible under the Prudential Code to borrow in advance of need up to the level of the estimated CFR over the term of the Prudential Indicators. Where this takes place the cash will form part of its invested sums until the related capital expenditure is incurred. This being the case net borrowing should not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years other than in the short term due to cash flow requirements.
- 2.4. The move to International Financial Reporting Standards (IFRS) has implications for the Capital Financing Requirement components on the Balance Sheet. Analysis of the Council's Private Finance Initiative (PFI) schemes and Operating leases against IFRS requirements may result in the related long term assets and liabilities being brought onto the Council's Balance Sheet. The estimates for the CFR and Long Term Liabilities will therefore need to take into account such items. This will influence the determination of the Council's Affordable Borrowing Limit and Operational Boundary.
- 2.5. The Department for Communities and Local Government has recently consulted on proposals to reform the council housing subsidy system. The proposed Self-financing option would require a one-off reallocation of housing debt. As the consultation period has only recently ended and the mechanism for debt transfer has not been determined, the estimates set out in this strategy do not take into account any potential debt transfer that may arise in future years.

3. Outlook for Interest Rates

The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Annex 3. Financial markets remain reasonably volatile as the structural changes necessary within economies and the banking system evolve. This volatility provides opportunities for active treasury management. The Council will reappraise its strategy from time to time and, if

Treasury Management Strategy Statement and Investment Strategy 2010/11 to 2012/13

needs be, realign it with evolving market conditions and expectations for future interest rates.

4. Borrowing Requirement and Strategy

- 4.1. The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR) – see Annex 2. The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the Revenue budget each year.
- 4.2. Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce an increased requirement to charge MRP in the Revenue Account.
- 4.3. Physical external borrowing may be greater or less than the CFR, but in accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.
- 4.4. The cumulative estimate of the maximum long-term borrowing requirement is estimated by comparing the projected CFR with the profile of the current portfolio of external debt and long term liabilities over the same financial horizon, as follows:

	31/03/2010 Estimate £000	31/03/2011 Estimate £000	31/03/2012 Estimate £000	31/03/2013 Estimate £000
Capital Financing Requirement	677,587	718,766	777,471	822,786
Less:				
Existing Profile of Borrowing and Other Long Term Liabilities	642,926	677,587	718,766	777,471
Cumulative Maximum External Borrowing Requirement	34,661	41,179	58,705	45,315
Balances & Reserves	18,025	15,687	16,076	16,076
Cumulative Net Borrowing Requirement/Investments	16,636	25,492	42,629	29,239

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- 4.5. The Council's strategy is to maintain maximum control over its borrowing activities as well as flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Council's Prudential Indicators.
- 4.6. In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the options it has in borrowing from the PWLB, the market and other sources identified in the Treasury Management Practices Schedules – up to the available capacity within its CFR and Affordable Borrowing Limit (defined by CIPFA as the Authorised Limit).

The outlook for borrowing rates:

- 4.7. Short-dated gilt yields are forecast to be lower than medium and long-dated gilt yields during the financial year. Despite additional gilt issuance to fund the UK government's support to the banking industry, short-dated gilts are expected to benefit from expectations of lower interest rates as the economy struggles through a recession. Yields for these maturities will fall as expectations for lower interest rates mount.
- 4.8. The differential between investment earnings and debt costs, despite long term borrowing rates being around historically low levels, remains acute and this is expected to remain a feature during 2010/11. The so-called 'cost of carry' associated with long term borrowing compared to temporary investment returns means that the appetite for new long term borrowing brings with it additional short-term costs. It is not surprising that the use of internal resources in lieu of borrowing has been the most cost effective means of financing capital expenditure but, at some stage, internal resources will become depleted and require topping up.
- 4.9. PWLB variable rates have fallen below 1%. They are expected to remain low as the Bank Rate is maintained at historically low levels to enable the struggling economy emerge from the recession. Against a backdrop of interest rates remaining lower for longer and a continuation of the 'cost of carry' backdrop, then a passive borrowing strategy i.e. borrow long term funds as they are required, may remain appropriate. Equally, variable rate funds (that avoid the cost of carry) or EIP (equal instalments of principal) that mitigate the impact are both active considerations.
- 4.10. Decisions to borrow at low, variable rates of interest will be taken after considering the absolute level of longer term interest rate equivalents and the extent of variable rate earnings on the Council's investment balances. When longer term rates move below the cost of variable rate borrowing any strategic exposure to variable interest rates will be reviewed and, if appropriate, reduced.
- 4.11. The PWLB remains the preferred source of borrowing given the transparency and control that its facilities continue to provide.
- 4.12. The Council has £125m loans which are LOBO loans (Lender's Options Borrower's Option) of which £50m of loans are currently in or will be in their

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option state in 2010-11. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The default position will be to repay the loans. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB.

5. Debt Rescheduling

- 5.1. The Council will maintain a flexible policy for debt rescheduling. Market volatility and the steep yield curve may provide opportunities for rescheduling debt from time to time. The rationale for rescheduling would be one or more of the following:
- Savings in interest costs with minimal risk
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.
- 5.2. In September 2009, the PWLB issued a Consultation document, entitled 'PWLB Fixed Rates', where the PWLB is reviewing the frequency of rate setting (currently daily) and could move to a live pricing basis. The deadline for the consultation period is 08/01/2010. The likely outcome of this is a reduction in the extent of the margins between premature repayment and new borrowing rates, particularly for longer maturities.
- 5.3. Any rescheduling activity will be undertaken within the Council's treasury management policy and strategy. The Council will agree in advance with Arlingclose the strategy and framework within which debt will be repaid/rescheduled if opportunities arise. Thereafter the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.
- 5.4. All rescheduling activity will comply with the accounting requirements of the local authority SORP and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).
- 5.5. Borrowing and debt rescheduling activity will be reported to the next meeting of the General Purposes Committee.

6. Investment Policy and Strategy

Background

- 6.1. Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

Investment Policy

- 6.2. To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital;
 - liquidity of the invested capital;

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- an optimum yield which is commensurate with security and liquidity.
- The CLG's recent (draft) revised Guidance on investments, reiterates security and liquidity as the primary objectives of a prudent investment policy.

The speculative procedure of borrowing purely in order to invest is unlawful.

- 6.3. Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Annex 4.
- 6.4. The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The Council will continue to maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength including monitoring of credit default swaps, share price movements and press comment.
- 6.5. The Council's current level of investments is presented at Annex 1.

Investment Strategy

- 6.6. The global financial market storm in 2008 and 2009 has forced investors of public money to reappraise the question of risk versus yield. Income from investments is a key support in the Council's budget.
- 6.7. The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates are likely to remain at very low levels which will have a significant impact on investment income. However, the yield curve is relatively steep and opportunities will be taken to exploit this situation. Although cognisant of this development, the Council's strategy will continue to adhere to its principal objective of security of invested monies.
- 6.8. The Chief Financial Officer under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the General Purposes Committee on a quarterly basis.

Investments managed in-house:

- 6.9. The Council's shorter term cash flow investments are made with reference to the outlook for the UK Bank Rate and money market rates.
- 6.10. In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Agency Deposit Facility.
- 6.11. Currently the Council has restricted its investment activity to:
- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure)
 - AAA rated Money Market Funds with a Constant Net Asset Value (CNAV)
 - Deposits with other local authorities

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- Business reserve accounts and term deposits
- Bonds issued by Multilateral Development Banks

Annex 4 contains a breakdown of the current counterparties, instruments, instruments and limits in operation.

- 6.12. At present, investments in banks and building societies (on a term, at call or on a certificate of deposit basis) are limited to UK banks and building societies that have a minimum AA- long-term credit rating and F1+ short-term rating and are participants in the UK Government's Credit Guarantee Scheme. This currently limits activity to seven UK institutions all of which have maximum investment limits of £20m at group level and term durations of a maximum of 12 months. These institutions are set out in Annex 4.
- 6.13. Following an improvement in market conditions in the financial sector, the Council's treasury advisors, Arlingclose, are presently recommending that in order to diversify the counterparty list, the use of comparable non-UK banks should now be considered for investment.
- 6.14. The sovereign states whose banks are recommended for inclusion are Australia, Canada, Finland, France, Germany, Netherlands, Spain, Switzerland and the US. The banks selected by Arlingclose have been considered after analysis and careful monitoring of:-
- Credit Ratings (minimum long-term AA-);
 - Share price (of the institution);
 - Credit Default Swaps;
 - GDP, net debt as a percentage of GDP;
 - Sovereign Support Mechanism/potential support from a well resourced parent institution.
- 6.15. Arlingclose has taken into account information on corporate developments and market sentiment towards the counterparties. However, given that these recommendations have only very recently been provided to the Council, officers have not had the opportunity to undertake due diligence into these institutions and consequently are unable to recommend that any of these proposed institutions be added to the counterparty list at present.
- 6.16. It is anticipated that in-house due diligence will be completed by April 2010, and that subject to a satisfactory outcome to this process, some or all of the potential counterparties be added, potentially on the following cautionary bases:-
- Minimum credit rating AA Long-term F1+ Short Term (or equivalent). This compares to the existing UK Institutions where the Council currently requires a long-term credit rating of a minimum of AA-.
 - Maximum exposure to any one institution (or group) of £10m. This compares with the existing UK counterparty limit of £20m per institution (or group).
- 6.17. At present, the Council has approved investment limits of up to £10m in Money Market Funds with a maximum exposure limit to any one fund of £5m. In accordance with his delegated authority, the Chief Financial Officer, in consultation and with the agreement of the General Purposes Committee, has recently appointed three firms of Money Market Fund managers. These funds

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have proved particularly useful in the management of the treasury operation in terms of security (short-term high quality paper and deposits), liquidity (immediate recall of cash), thereby reducing external borrowing on a number of occasions, and yield (typically 20 basis points higher than placements with the DMO). The maximum total investment in Money Market Funds is increased from £10m to £45m subject to a maximum exposure to any one fund of £15m. Annex 4 reflects this change.

- 6.18. To protect against a prolonged period of low interest rates, 1-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Annex 4). The longer-term investments will be likely to include:
- **Supranational bonds (bonds issued by multilateral development banks):** The joint and individual pan-European government guarantees in place on these bonds provide security of the principal invested. Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
 - **UK government guaranteed bonds and debt instruments issued by banks/building societies:** The UK Government's 2008 Credit Guarantee Scheme permits specific UK institutions to issue short-dated bonds with an explicit government guarantee. The bonds are issued at a margin over the underlying gilt and would be a secure longer-term investment option.

Investments which constitute capital expenditure

- 6.19. Investments meeting the definition of capital expenditure can be financed from capital or revenue resources. They are also subject to the CLG's Guidance on "non-specified investments". Placing of such investments has accounting, financing and budgetary implications. Whilst it is permissible to fund capital investments by increasing the underlying need to borrow, it should be noted that under the CLG's MRP Guidance, MRP must be applied over a 20 year period.
- 6.20. The Council has determined a maximum of £60m limit to investments which constitute capital expenditure.
- 6.21. All investment activity will comply with the accounting requirements of the local authority SORP.

7. Balanced Budget Requirement

- 7.1. The Council complies with the provisions of Section 32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2010/11 MRP Statement

- 8.1. For many years local authorities have been required by Statute and associated Statutory Instruments to charge to the Revenue Account an annual provision for the repayment of debt associated with expenditure incurred on capital assets. This charge to the Revenue Account was referred to as the Minimum Revenue Provision (MRP).

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- 8.2. In February 2008 the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Statutory Instrument 2008/414] were approved by Parliament and became effective on 31 March 2008. These regulations replace the formula based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new regulations require a local authority to determine each financial year an amount of MRP which it considers to be prudent. Linked to this new regulation, the Department of Communities and Local Government (CLG) has produced Statutory Guidance which local authorities are required to follow, setting out what constitutes a prudent provision.
- 8.3. The CLG Guidance recommends that before the start of the financial year, a statement of MRP policy for the forthcoming financial year is approved by the full Council.
- 8.4. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits. In the case of borrowing supported by Revenue Support Grant, the aim is that MRP is charged over a period reasonably commensurate with the period implicit in the determination of that grant. MRP is not required to be charged to the Housing Revenue Account. Where a local authority's overall CFR is £nil or a negative amount there is no requirement to charge MRP.

MRP Options:

- 8.5. Four options for prudent MRP provision are set out in the CLG Guidance. Details of each are set out below with a summary set out in Table 1:

Option 1 – Regulatory Method:

- 8.6. This method replicates the position that would have existed under the previous Regulatory environment. MRP is charged at 4% of the Authority's underlying need to borrow for capital purposes; the Capital Financing Requirement (CFR). The formula includes an item known as "Adjustment A" which was intended to achieve neutrality between the CFR and the former Credit Ceiling which was used to calculate MRP prior to the introduction of the Prudential System on 1 April 2004. The formula also took into account any reductions possible related to commutation of capital related debt undertaken by central government.

Option 2 – CFR Method:

- 8.7. This method simplifies the calculation of MRP by basing the charge solely on the authority's CFR but excludes the technical adjustments included in Option 1. The annual MRP charge is set at 4% of the non-housing CFR at the end of the preceding financial year.

Option 3 – Asset Life Method:

- 8.8. Under this method MRP is determined by the life of the asset for which the borrowing is undertaken. This can be calculated by either of the following methods:
- (a) Equal Instalments: where the principal repayment made is the same in

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each year, or

(b) Annuity: where the principal repayments increase over the life of the asset

- 8.9. MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational. This enables an MRP "holiday" to be taken in relation to assets which take more than one year to be completed before they become operational.
- 8.10. The estimated life of the asset will be determined in the year that MRP commences and will not be subsequently revised. However, additional repayments can be made in any year which will reduce the level of payments in subsequent years.
- 8.11. If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure, where this would exceed 50 years.
- 8.12. In instances where central government permits revenue expenditure to be capitalised, the Statutory Guidance sets out the number of years over which the charge to revenue must be made.

Option 4 - Depreciation Method

- 8.13. The depreciation method is similar to that under Option 3 but MRP is equal to the depreciation provision required in accordance with proper accounting practices to be charged to the Income and Expenditure account.

Conditions of Use

- 8.14. The CLG Guidance puts the following conditions on the use of the four options:

Options 1 and 2 can be used on all capital expenditure incurred before 1 April 2008 and on Supported Capital Expenditure on or after that date.

Options 3 and 4 are considered prudent options for Unsupported Capital Expenditure on or after 1 April 2008. These options can also be used for Supported Capital Expenditure whenever incurred.

Policy

- 8.15. The policy will be to use **Option 1** (Regulatory Method) for supported borrowing and **Option 3** (Asset Life Method) for unsupported borrowing.

9. Reporting on the Treasury Outturn

The Chief Financial Officer will report on treasury management activity/performance as follows:

- (a) Quarterly to the General Purposes Committee against the strategy approved for the year.
- (b) The Council will receive a mid-year report and an outturn report on its treasury

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- activity no later than 30th September after the financial year end.
(c) The audit committee will be responsible for the scrutiny of treasury management activity and practices.

10. Other items

Member Training

- 10.1. CIPFA's revised Code requires the Chief Financial Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

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ANNEX 1

EXISTING PORTFOLIO PROJECTED FORWARD

	Balances at 31 March 09 £000	Estimates at 31 March 10 £000	Estimates at 31 March 11 £000
External Borrowing:			
Fixed Rate – PWLB	520,572	564,470	614,779
Fixed Rate – Market	130,475	130,475	130,475
Variable Rate – PWLB	-	-	-
Variable Rate – Market	-	-	-
Other long-term liabilities	42,984	41,310	39,545
Total External Debt	694,031	736,255	784,799
Investments:			
<i>Managed in-house</i> Deposits and monies on call	99,731	65,000	65,000
Total Investments	99,731	65,000	65,000
Net Borrowing position	594,300	671,255	719,799

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ANNEX 2

PRUDENTIAL INDICATORS 2010/11 TO 2012/13

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008. The outcome from that review has now been published and there are no material changes to the Prudential Indicators.

2. Net Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

The Chief Financial Officer reports that the authority had no difficulty meeting this requirement in 2009/10, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

- 3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No. 1	Capital Expenditure	2009/10 Approved £000	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
	Non-HRA	149,280	121,981	95,956	60,590	46,537
	HRA*	49,725	60,479	52,642	63,142	54,498
	Total	199,005	182,460	148,598	123,732	101,035

- 3.2 Capital expenditure will be financed as follows:

Capital Financing	2009/10 Approved £000	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
Capital receipts	9,837	7,752	5,520	14,423	15,477
Government Grants	111,038	88,465	67,160	23,730	10,250
Other Grants etc	7,785	17,986	4,943	4,377	7,329
Major Repairs Allowance	12,407	18,966	12,909	12,909	12,909
Revenue contributions	12,330	5,393	7,757	400	200
Supported borrowing	42,186	39,771	40,497	59,893	54,870
Unsupported borrowing	3,422	4,127	9,812	8,000	0
Total	199,005	182,460	148,598	123,732	101,035

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4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code.

4.2 The ratio is based on costs net of investment income.

No. 3	Ratio of Financing Costs to Net Revenue Stream	2009/10 Approved %	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate &	2012/13 Estimate %
	Non-HRA	5.20	5.35	4.67	4.35	4.37
	HRA	33.59	32.77	33.39	32.47	30.85

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure.

No. 3	Capital Financing Requirement	2009/10 Approved £000	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
	Non-HRA	226,850	228,256	229,702	238,874	242,600
	HRA	449,242	449,331	489,064	538,597	580,186
	Total CFR	676,092	677,587	718,766	777,471	822,786

5.2 The year-on-year change in the CFR is due to the following

Capital Financing Requirement	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
Balance B/F	642,926	677,587	718,766	777,471
Capital expenditure financed from borrowing (per 3.2)	43,898	50,309	67,893	54,870
Revenue provision for debt Redemption.	(9,237)	(9,130)	(9,188)	(9,555)
Other items				
Balance C/F	677,587	718,766	777,471	822,786

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

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No.4	Actual External Debt as at 31/03/2009	£m
	Borrowing	651.0
	Other Long-term Liabilities	43.0
	Total	694.0

7. Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme. The full council tax and housing rent figures are shown below for information.

No.5	Impact of Capital Investment Decisions	2009/10 Approved £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
	Band D Council Tax	1,184.32	1,184.32	1,219.85	1,256.44
	Average Weekly Housing Rents	82.05	83.20	87.36	91.72

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

No. 6	Authorised Limit for External Debt	2009/10 Approved £000	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
	Borrowing	895,419	858,690	860,455	862,317	864,279
	Other Long-term Liabilities	4,581	41,310	39,545	37,683	35,721
	Total CFR	900,000	900,000	900,000	900,000	900,000

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8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Chief Financial Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet and Council.

No. 7	Operational Boundary for External Debt	2009/10 Approved £000	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000
	Borrowing	870,419	833,690	835,455	837,317	839,279
	Other Long-term Liabilities	4,581	41,310	39,545	37,683	35,721
	Total CFR	875,000	875,000	875,000	875,000	875,000

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted and will continue to adopt the principles of best practice.

No. 8	Adoption of the CIPFA Code of Practice in Treasury Management
	The Council approved and will adopt the new CIPFA Treasury Management Code 2009 at its meeting in February 2010.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments)

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

		2009/10 Approved %	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
No.9	Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100
No.10	Upper Limit for Variable Interest Rate Exposure	40	40	40	40	40

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10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No.11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	0	25
	12 months and within 24 months	0	25
	24 months and within 5 years	0	50
	5 years and within 10 years	0	100
	10 years and above	0	100

12. Upper Limit for total principal sums invested over 364 days:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

		2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
No.12	Upper Limit for total principal sums invested over 364 days	60	60	60	60	60

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ANNEX 3

Arlingclose's Economic and Interest Rate Forecast

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Official Bank Rate										
Upside risk				+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.50	0.50	1.00	1.50	2.25	3.00	4.00	4.00
Downside risk					-0.50	-0.50	-0.50	-0.25	-0.25	-0.25
1-yr LIBID										
Upside risk				+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	1.25	1.25	1.25	1.50	2.00	2.75	3.50	4.00	4.25	4.25
Downside risk					-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	2.60	2.70	2.80	2.90	3.00	3.25	3.50	3.75	4.00	4.25
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt										
Upside risk			+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	3.60	3.75	3.75	4.00	4.00	4.25	4.25	4.50	4.50	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	4.10	4.25	4.50	4.75	4.75	5.00	5.00	5.00	5.00	5.00
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt										
Upside risk	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	4.00	4.25	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The recession has taken a toll on global economies which are past the worst but still vulnerable. The recovery in growth is likely to be hesitant and uneven, more "W" than "V" shaped.
- The pace and sustainability of UK recovery is still very uncertain; policy rates will remain low for some while. Gilt yields are increasingly volatile and will remain so.
- The Federal Reserve will keep policy rates on hold for an extended period. The ECB will only hike rates after a durable upturn in growth.

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Underlying assumptions:

- The global financial system is fragile and although sentiment has improved, economies have yet to show consistent signs of recovery.
- **UK growth** contracted 5.2% in the year to September. There is no evidence of the economy exiting from recession – despite forecasts to the contrary – which is supported by weak real economic data and rising unemployment.
- **Looming bank regulation** and capital requirements will curb banking lending activity and is likely to be offset by a reduction in the Reserve Rate.
- **Recovery could be slow and protracted**, affected by the continuing adjustments in household, bank and public sector balance sheets.
- **Official interest rates remain at 0.5%. Quantitative Easing (QE)** could be expanded to beyond £200bn to address the sluggish economy.
- **Inflation** is falling, albeit slowly. CPI could dip below 1% in 2009 and be below the MPC's 2% target over the 2-year forecast horizon. RPI has been negative since March. Weakened sterling remains a risk, but is likely to be overshadowed by a slow recovery.
- The growing budgetary imbalances and bloated central bank balance sheets need credible and sustainable action. **UK gilt supply** is at record levels; the rising ratio of debt to GDP remains unaddressed. **Cuts in public spending and tax increases** are unpalatable but are necessary and inevitable. The risk of failed gilt auctions remains high although **QE is, for now, providing an effective balance to the supply side dynamic.**
- Buoyed by leading indicators and sentiment, equity markets are overoptimistically pricing in a quick, V-shaped recovery, but earnings growth may not be sustained over subsequent quarters.
- The likely political make-up of the next Parliament will increasingly have a bearing on the financial markets. Already the political agenda has rapidly shifted from the avoidance of cuts to their inevitability.

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ANNEX 4

Specified and Non Specified Investments

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

For credit rated counterparties, the minimum criteria will be the short-term / long-term ratings assigned by:

Long Term Minimum	AA-
Short term	F1+

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

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Specified investments will be made within the following limits:

Instrument	Country	Counterparty	Maximum Limit of Investments in Group (where applicable) £m	Fitch Credit Rating as at 31 December 2009		Maximum Term of Investment
				Long Term	Short Term	
Term Deposits	UK	DMO's Debt Management Account Deposit Facility	No limit	AAA	F1+	6 months
Term Deposits	UK	Other UK Local Authorities	£30m (per Local Authority)	N/A	N/A	364 days
Term Deposits/ Call Accounts	UK	Santander UK Plc (formerly known as Abbey)	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Lloyds TSB Bank Plc (Lloyds Banking Group)	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Bank of Scotland Plc (Lloyds Banking Group)	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Barclays	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Clydesdale	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	HSBC	£20m	AA	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Nationwide	£20m	AA-	F1+	364 days/Instant access
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland	£20m*	AA-	F1+	364 days/Instant access
AAA rated Money Market Funds	UK/Ireland/ Luxembourg	Constant Net Asset Value Money Market Funds	£15m in any one institution, subject to an overall limit in MM Funds of £45m	AAA	F1+	Instant access

* Approval of this TMSS by the Council also approves the use of the Council's current banker which is Nat West Bank, part of the Royal Bank of Scotland Group. Therefore, when maximum deposits with RBS are made (£20m) this group limit could be exceeded temporarily by the current account credit balance remaining overnight with Nat West Bank. There will also be the usual daylight exposure.

NB: All of the above banks and building societies are members of the UK Government Credit Guarantee Scheme.

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Non-Specified Investments determined for use by the Council

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Maximum maturity	Capital expenditure?	Maximum Counterparty Limit
Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government, e.g. GEFCO ▪ Sterling denominated bonds by non-UK sovereign governments 	✓ (on advice from treasury advisor)	<u>6 years</u>	No	£60m
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies (e.g. govt bonds issued by HBOS / RBS / Nationwide, etc)	✓	<u>6 years</u>	Yes	£60m

Note: In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

