

<b>Report for:</b>	<b>Cabinet</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Financial Planning 2013/14 to 2015/16</b>
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<b>Report Authorised by:</b>	<i>J. Parker 4/2/13.</i> <b>Julie Parker – Director of Corporate Resources</b>
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<b>Lead Officer:</b>	<b>Kevin Bartle – Assistant Director of Finance</b>
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<b>Ward(s) affected: All</b>	<b>Report for Key decisions</b>
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## **1 Purpose of Report**

1.1 To provide a Medium Term Financial Plan (MTFP) covering the next three years to March 2016, with a revised assessment of the General Fund, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and the Capital Programme. The report sets out:

- The financial resources available to the Council;
- The cost of providing existing services; and,
- The overall level of savings that have been and still need to be identified to give a balanced, sustainable budget over the medium term planning period.

1.2 To consider the Cabinet's proposed budget package for 2013/14 and later years.

## **2 Introduction by Cabinet Member for Finance and Carbon Reduction – Councillor Joe Goldberg**

2.1 I reported in December that a huge level of uncertainty dominated the budget position for 2013/14, because the Government had not by then released the provisional Local Government Finance Settlement. This is now also the case in February, as we have not had the final settlement figures to include in this report. This is utterly unprecedented and is further evidence in my view that the Government's fiscal strategy is off the rails.

2.2 We now know from the Autumn Statement, that the period of austerity is being extended. Whereas we had been led to believe that public sector cuts to budgets would come to an end by the end of this parliamentary term, we now know we will face at least 7 continuous years of cuts. This is unprecedented and some analysis suggests that with rising demand we will, if we continue as we are, have only budgets for core children's and adult services.

2.3 This announcement in my view is nothing short of an admission that this 'hyper-austerity' has failed.

2.4 I have continuously claimed that the Government's cuts are too fast and too deep and that choking deprived areas like Haringey some thirteen times harder than places like Richmond-upon-Thames was a recipe for economic and social disaster, that would inevitably lead us into a cycle of further cuts being required as has been seen with this failed strategy.

2.5 Across the country we are starting to see authority after authority consider the unthinkable. The fate of West Somerset council is particularly alarming and indicative of what is to come for local government the length and breadth of our nation. A report by the LGA has said that in essence it is no longer 'viable' and the authority is considering making all its staff redundant.

2.6 In particular I have said that such speed and depth of cuts would choke off the economic growth which would offer up further receipts to the Treasury and would help close the deficit. This is now the slowest recovery since 1830, with GDP (i.e. the size of the economy) some 3% below its 2008 peak, meaning UK is the only G8 nation not to have returned to pre-crisis levels of economic activity. This may be embarrassing for the Chancellor but I am more concerned about the pain and unnecessary suffering that has resulted with living standards now 13% lower on average than they were pre-recession, and the loss of much valued services that are now on horizon, including the potential loss of service at Tottenham and Hornsey Police Stations.

2.7 The provisional settlement showed that our population has increased hugely since the last census, a point that we have consistently made to the Government during previous settlement consultations. However, the way that 'damping' operates within the funding system means that we have very little to show for this increase.

2.8 Analysis of the provisional settlement for Haringey shows:

- A further 9.7% reduction in our overall government funding by 2014/15 compared with 2013/14.
- A reduction in 'spending power' of 6.7% from 2012/13 to 2014/15 compared to 6.0% for London. The government miscalculated this figure by double counting Council Tax support grant, so in reality the reduction is higher.
- Our forecast indicates a funding shortfall of over £40m by 2015/16.
- By the end of 2016/17 the council will have had to make savings of circa £144m since 2010.

2.9 These reductions have been applied despite demographic challenges faced by Haringey:

- High unemployment - Northumberland Park ward in Tottenham has the 2nd highest number of JSA claimants in London (12.3%), and the 2nd highest number of unemployed 18-24 year olds in London (18.2%).
- The number of households living in temporary accommodation remains amongst the highest in the country.
- Increased level of deprivation since 2007 (2010: 13th most deprived in England; 2007: 18th most deprived in England).
- The rate of population increase in Haringey is higher than both London and England (there was a 17.7% increase between 2001 and 2011, compared to just 14.0% and 14.1%, respectively).

2.10 The challenges set out above are huge, and the Council is working hard to address them within the limited resources available. However, Haringey does not receive similar levels of funding as demographically similar boroughs (with the exception of DSG). When Haringey's Start-up Funding Allocation is compared with that of its similar neighbouring boroughs there is a significant differential which equates to a £56.7m shortfall, as shown below.

	2013 Sub-National Population Projections	Start-up Funding Allocation (£m)	Start-up Funding Allocation per head (£)
Hackney	251,923	242.8	963.8
Haringey	262,506	179.3	683.0
Camden	231,149	200.1	865.5
Islington	215,142	186.4	866.5

*Produced by the Strategy and Business Intelligence Team, Haringey Council. Source: ONS SNPPs 2013, London Councils Local Government Finance settlement 2013/14 Annexes*

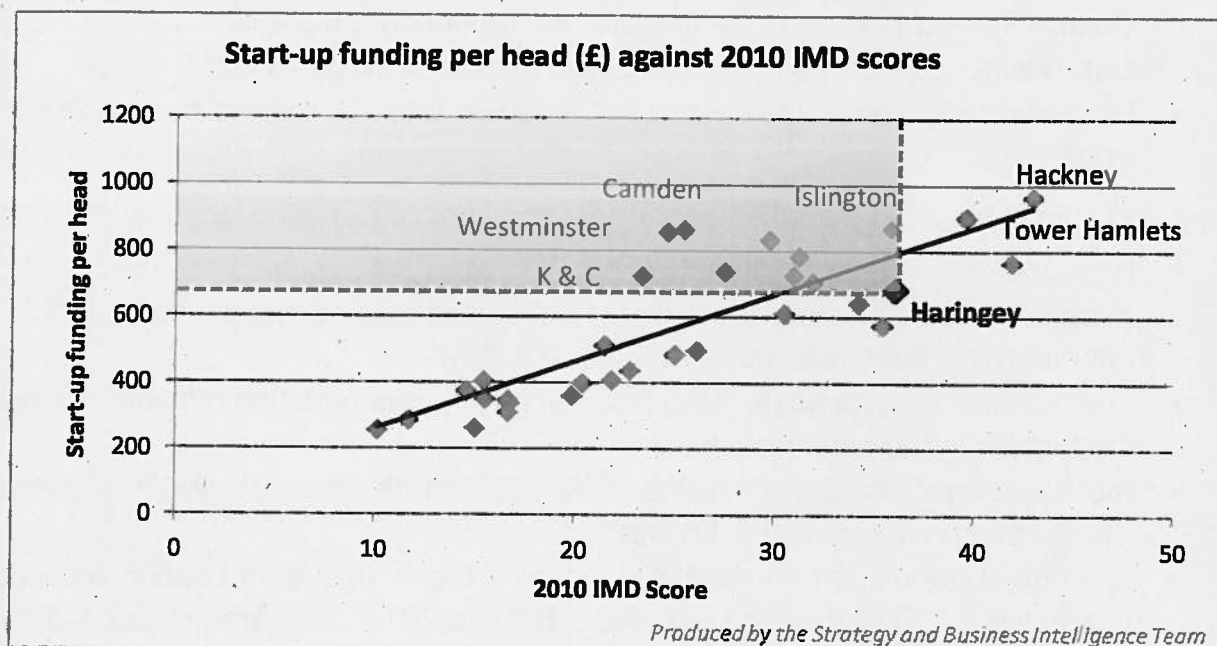
Average Start-up funding for Haringey's Inner London Neighbours = **£899 per head**  
 Differential between Haringey and the average = **£216 per head**  
 Shortfall for Haringey based on 2013 population projections = **£56.7m**

2.11 Haringey's Start-up Funding per head is the 2<sup>nd</sup> lowest of all Inner London Boroughs and 13% below the Inner London Boroughs average (£683 compared to £787).

2.12 In terms of the change between Start-up Funding in 2013/14 and 2014/15, Inner London Boroughs will see, on average, a 9.9% reduction. By contrast, Outer London boroughs will see only a 9.2% reduction. Haringey's reduction will be 9.7%, the 8<sup>th</sup> biggest loss of all

London boroughs.

2.13 The chart below shows start-up funding per head against deprivation levels (as measured by the 2010 Index of Multiple Deprivation).



2.14 The greater the distance from the line, the greater the disparity between deprivation and funding levels. Boroughs below the black line receive less grant per head than average based on their deprivation score. Boroughs in the highlighted quadrant (8 in total) receive more formula funding per head than Haringey despite having lower overall levels of deprivation.

2.15 I hope this gives some notion about the extremely difficult situation facing Haringey in particular. This budget is very much designed to ensure we are able to stabilise our financial position, protect frontline services and give us the ability to take our borough forward in what are extremely challenging times.

### 3 Recommendations

3.1 Cabinet is recommended to:

- propose to the Council that it approves the Council's Revenue Budget 2013/14 and MTFP 2013-2016, including savings and growth proposals provisionally approved at December Cabinet and as revised in this report, as set out in Appendix 1;
- propose to the Council that the General Fund budget requirement for 2013/14 is set at £288.1m, net of Dedicated Schools Grant, subject to the decisions of precepting and levying authorities, the final local government finance settlement, and grant notifications from other government departments, as set out in Appendix 1;
- note that significant savings still have to be identified to deliver a balanced budget in 2014/15 and 2015/16;
- approve the responses to the recommendations of Overview and Scrutiny Committee to the draft revenue budget proposals agreed at the Cabinet's meeting of 18 December 2012 (paragraphs 7.1 to 7.3 and Appendix 6);
- note the summary of the budget consultation responses received to date on the

draft revenue proposals agreed at the Cabinet's meeting on 18 December 2012 (paragraphs 7.4 to 7.8);

- f) note the latest position and approve the funding allocations within the Children and Young People's Dedicated Schools Grant (DSG) budget set out in section 13 and Appendix 3;
- g) propose to the Council that it approves the housing rent increases (average increase of £4.19 per week, 4.45%) set out in paragraph 4.7 of Appendix 4;
- h) propose to the Council that it approves the tenants' service charges set out in paragraph 5.3 of Appendix 4;
- i) propose to the Council that it approves the HRA budget 2013/14 and MTFP 2013-2016 as set out in section 6, and Annex A of Appendix 4;
- j) agree that up to £1,305k redundancy and staff exit costs arising from Homes for Haringey's first phase implementation of the New Vision for Housing Management can be funded in 2012/13 by drawing on the HRA reserve balances, subject to the Director of Corporate Resources' confirmation that this is in the financial interests of the HRA and the Council;
- k) approve the re-profiling of the Decent Homes Backlog funding grant from the GLA by bringing forward £2m of grant from 2014/15 into this financial year 2012/13, noting that this does not affect the overall amount of grant or expenditure, only the relative proportions of GLA and Haringey funding in these two financial years;
- l) approve the revision to and establishment of certain earmarked reserves as set out in this report,
- m) propose to the Council that it approves the Council's Capital Programme for the period 2013-16, comprising spending and funding of £227m, as set out in section 15 and Appendix 5;
- n) approve changes in Directorate cash limits as shown in Appendices 1 and 2;
- o) note that this report will be considered by the Council on 27 February 2013 to inform the Council's final decisions on the budget 2013/14 and Council Tax 2013/14;
- p) delegate to the Director of Corporate Resources any minor adjustments that may be required to the 2013/14 budget as a result of the final Local Government Finance Settlement being announced by the Government and/or final grant figures notified by other bodies. This would impact on the recommendations set out above.

#### **4 Other options considered**

- 4.1 In accordance with legislation and the Council's constitution, this report proposes that Cabinet should consider draft proposals to deliver a balanced and sustainable MTFP 2013-16, including the budget for 2013/14, and to make recommendations on those matters to the Council at its meeting on 27 February 2013. Accordingly, no other options have been considered.

#### **5 Background information**

- 5.1 The decisions taken by Cabinet at this meeting will inform the Council's consideration of the Budget 2013/14, MTFP 2013-16, including the Capital Programme, and the level of Council Tax for 2013/14.
- 5.2 Cabinet has progressively developed its budget proposals over several months and has made a series of decisions at its meetings in July and December.



- 5.3 It is essential that the Council is provided with a comprehensive report setting out the totality of the Cabinet's proposals and recommendations on revenue and capital spending and financing, the DSG and the HRA.
- 5.4 In order to ensure that the Council is fully and properly advised, a report will also be considered by the Council on 27 February 2013. This report therefore includes some material that has been previously reported, amended and updated as appropriate to reflect a number of recent developments and the outcomes of work undertaken since December 2012.
- 5.5 In February 2012, the Council approved its Budget 2012/13 and MTFP 2012-15. The current year's budget was balanced with the continuation of an unprecedented savings programme of some £62m over 2 years. However, the overall MTFP at that stage showed planned spending exceeding anticipated resources by £25m over the period 2012-15.
- 5.6 Cabinet undertook an intensive exercise during 2012 designed to reduce planned spending and to review all key assumptions underpinning the forecasts of spending and resources. At the same time, the Government undertook a large scale reform of Local Government Finance and state welfare. This has been one of the most uncertain planning periods in recent memory, and this huge level of uncertainty has been reflected in previous reports to Cabinet.
- 5.7 At its meeting in December 2012 Cabinet received a report and agreed a number of recommendations on the Council's 2013-16 MTFP, including the Capital Programme and HRA.
- 5.8 This report sets out the latest position in light of the provisional Local Government Finance Settlement, together with a number of other matters. The presentation is in a similar format to the report considered by Cabinet in December 2012, and proposes a budget package for the planning period to 2016, which is set out in the following paragraphs:
- Strategic approach;
  - Consultation and Scrutiny;
  - Financial resources;
  - Revised budget proposals;
  - Budget pressures;
  - Budget and MTFP Revenue proposals;
  - Risks and opportunities;
  - Dedicated Schools Grant (DSG);
  - Housing Revenue Account (HRA);
  - Capital Programme; and,
  - Treasury Management Strategy.

## **6 Strategic Approach**

- 6.1 As reported in December, the Council's plans for spending reductions have been framed by a need to ensure that priority services and outcomes for Haringey citizens were protected as far as possible. This has been at the core of the Council's strategic response to austerity and deficit reduction, encapsulated by the MTFP. The key element of this response is the vision for the Borough defined in "Re-thinking Haringey: Implementing One Borough One Future".
- 6.2 To reflect this approach, the Council has protected front line services and placed the largest

savings burden on administration and support services such as Finance, HR, IT and Policy.

- 6.3 A common feature of the reports in July and December was the level of uncertainty generated by Government policy. Local Government Finance has been dramatically altered; Council Tax Benefit has been abolished and replaced by a localised scheme of discounts, and welfare payments, including Housing Benefit, which are being substantially changed. The December Cabinet report did not contain the results of the provisional Local Government Finance Settlement as it was not announced until 19 December, the Autumn Statement led to a further 2% cut in funding over and above that already announced, and there will be a further Spending Review in 2013 with the possibility of further reductions and change. It is also clear that 'austerity' will last well beyond the current parliament if the current fiscal policy continues. Because of this, the 2014/15 and 2015/16 figures in particular will almost certainly be subject to further change as Government plans become clearer during 2013.

## 7 Consultation and Scrutiny

### Scrutiny

- 7.1 The Overview and Scrutiny Protocol sets out the process of Budget Scrutiny. This revised protocol was implemented for the first time in 2012. The budget this year was therefore scrutinised by each Scrutiny Review Panel, in their respective areas. Their reports were then provided to the Overview and Scrutiny Committee (OSC) for approval. The areas of the budget which are not covered by the Scrutiny Review Panels were considered by the main OSC.
- 7.2 The panels established are as follows:-
- Adults and Health;
  - Communities;
  - Environment and Housing; and,
  - Children and Young People.
- 7.3 The recommendations agreed by the Overview and Scrutiny Committee at its meeting on 22 January 2013, together with the responses of the Cabinet, are set out in Appendix 6.

### Consultation

- 7.4 The Council informed, consulted and engaged residents and businesses between December 2012 and January 2013.
- 7.5 The consultation was undertaken using both an online and paper questionnaire which included factual information about the council's budget and its services. In addition 7 public meetings (including 4 Area Forums) were held, led by Councillor Goldberg, Cabinet Member for Finance and Carbon Reduction. A senior Finance Officer also attended each meeting and presented key financial detail to inform discussion and to support Councillor Goldberg in answering questions. Staff from the Communications team also attended to take notes.
- 7.6 The questionnaire sought to establish, amongst other questions, respondents' degree of support for the Council to freeze Council Tax again for Haringey residents in 2013/14. Of the total of 68 respondents to this question, 57% would support another freeze but 29% would not. 12% neither agreed or disagreed with the proposed freeze. The Cabinet proposes to freeze Council Tax in 2013/14 in line with the majority view.
- 7.7 The questionnaire also sought residents' degree of support for the Council to prioritise cuts to administrative functions such as IT, communications, finance and legal services. 77% of respondents support the Council's policy in this regard.
- 7.8 The Cabinet have also responded to the views expressed during the consultation period about the proposed increase to allotment charges. This item has now been removed from

the list of proposed savings.

- 7.9 The final consultation report, which will be made available on the Council's website to coincide with the publication of this report, sets out the responses to questions raised and also records comments made. It is pleasing to note that generally the Council is prioritising the areas that residents feel should be prioritised.

## **8 Financial Resources**

- 8.1 The Council funds expenditure from a number of sources. The Government sets out details of its funding for Councils in the Local Government Finance Settlement, showing grant allocations. These in turn are derived from the Spending Review process and any relevant announcements in the Chancellor of the Exchequer's Autumn Statement.
- 8.2 The settlement for 2013/14 contains an unprecedented amount of changes in the way that Local Government is funded, including the new business rates scheme and localised Council Tax support. Both the Autumn Statement and the Local Government Finance Settlement were unusually late, with provisional figures not being released until 19 December 2012. At the time of writing this report, the final settlement figures are still awaited. The settlement was crucially important in that as well as grant figures, it set the baseline for the new business rates scheme.

### The Autumn Statement

- 8.3 The Chancellor of the Exchequer made his annual Autumn Statement on 5 December 2012. Cabinet was advised of the key announcements affecting local government at its meeting in December, including:
- growth forecasts in previous statements and budgets had been optimistic;
  - austerity measures and public sector cuts would have to be extended into 2017/18;
  - departmental Budgets are being reduced by 1% in 2013/14 and 2% in 2014/15. Local Government will be exempt from the 1% cut in 2013/14 on the basis that budgets are being held down to deliver a Council Tax freeze, but the 2% cut in 2014/15 will apply. This means that nationally, a further £445m will be cut from Local Government Funding;
  - a Spending Review will be announced during the first half of 2013.

### The Local Government Finance Settlement 2013/14 – 2014/15

- 8.4 Reports to Cabinet in July and December have set out the way in which the current formula grant regime will be replaced by a business rates retention scheme, combined with government support via Revenue Support Grant and other grants.
- 8.5 Despite promising a simpler scheme, the details have proved to be very complex, with scope for volatility and risk. The late announcement of the provisional details meant that Councils had very little time to react if original projections were adrift from Government figures.



8.6 The figures contained in the December Cabinet report compared to those announced in the provisional settlement are as follows:

	December	Settlement
	£000	£000
Business Rates	19,626	18,577
Top up	54,419	52,711
<b>Total = business rates baseline</b>	<b>74,045</b>	<b>71,288</b>
Revenue Support Grant	100,889	107,663
<b>Total = Start up funding</b>	<b>174,934</b>	<b>178,951</b>
Top sliced RSG returned	1,297	800
Education Services Grant	5,265	3,760
<b>Total Funding</b>	<b>181,496</b>	<b>183,511</b>

- 8.7 The starting point of the revised scheme was to run the Local Government control totals through the formula grant mechanism, allowing for technical changes to the factors within the formula. The biggest change for Haringey was the population figures. The Council, like many other London Boroughs, has repeatedly made the case that the population figures used in the grant calculation were understated. The 2013/14 settlement has used the 2011 census data, which shows that the 18-64 population in Haringey has increased by 14.4% compared to the 2012/13 estimates (1.2% average in England) and the 0-17 population by 17.8% (4.1% average in England). Using these figures has had the effect of moving Haringey from the 'floor' – i.e. receiving the minimum guaranteed amount - but the system has 'damped' the figures to reduce them by £1.4m. Damping is the mechanism used to scale back grant increase in order to pay for the floor. Whilst the new figures recognise pressure from the population increase, the funding has not increased in proportion to the population increase.
- 8.8 The revised formula gives a 'start-up funding assessment' of £179.3m. This figure is then split between the business rates system and Revenue Support Grant pro-rata to the national totals. Haringey's baseline funding for business rates purposes has been set at £71.6m. The government's assessment of the business rates yield based on previous returns, and split proportionate to the national aggregate is £18.9m. This has reduced from the December figure of £19.6m as the Government has 'fine-tuned' the figures, the biggest change being a reduction for the appeals backlog within the valuation process.
- 8.9 However, Haringey's own estimate of the amount of NNDR collectable for 2013/14, based on the NNDR1 return is £18.6m, £300k less than the Government baseline. This is why the start up funding in the table above is less than the Government's start up funding assessment.
- 8.10 The business rates baseline of £71.6m generates a top-up payment to the Council based on an £18.9m estimated yield. This top-up payment will be uplifted by RPI each year. The business rates amount of £18.6m in the budget will increase in line with the national multiplier each year (also uplifted by RPI) and the Council will benefit from any increases in the base, but will also assume the risk for any losses. The Government will provide safety net support for those Councils who lose over 7.5% of their baseline – for Haringey this would be £5.37m, i.e. 7.5% of £71.6m. This is equivalent to a loss of 28.9% of the collectable amount (£18.6m), meaning that the downside risk to the scheme is significant for the Council.

- 8.11 The business rates figures in the MTFP assume a static base, i.e. the number and value of properties does not change. It is proposed that resources are allocated to a reserve to deal with volatility in the revenue base of the Council in order to manage the downside risk.
- 8.12 Haringey as an area is expected to generate £62m in business rates during 2013/14. 50% of this is paid to the Government as a 'central share', the GLA receives 20%, and the remaining 30%, £18.6m, is retained by the Council.
- 8.13 When comparing figures, the new Education Services Grant has to be taken into account. As reported in December, the Government has removed Local Authority Central Services Equivalent Grant (LACSEG) from Revenue Support Grant, and has replaced it with Education Services Grant. Academies will receive their element of the grant separately, and the Council will receive an amount for its maintained schools.
- 8.14 The December figures assumed that £6.5m would be removed from RSG, with a replacement grant of £5.3m, a net loss of £1.2m. The government has lowered the quantum to be removed from RSG, and the settlement shows £5m removed from RSG, with a replacement grant of £3.8m, a net loss of £1.2m. Whilst the gross figures have changed, the net loss to the Council remains the same.
- 8.15 The Government has also continued to roll grants in to the RSG that were previously identified as separate core grants. The loss of £4m non-ring fenced Early Intervention Grant (EIG) has been confirmed by the settlement, and the comparison of the December estimates to the settlement is as follows:

	December	Settlement
	£000	£000
Early Intervention Grant	12,001	11,615
Learning Disabilities Grant	3,773	3,749
Homelessness Prevention	746	746
Local Flood Grant	207	131
Council Tax Support Grant	26,107	26,031
<b>Total</b>	<b>42,834</b>	<b>42,272</b>

- 8.16 The Government top-sliced more from EIG than was originally envisaged, which has led to a £386k lower than expected allocation. This will be transferred back to Councils in the form of an Adoption Grant, but the grant will be ring fenced and therefore does not replace the loss of £386k un-ring fenced grant.
- 8.17 An additional complication in modelling the impact of the new funding regime has been the way in which New Homes Bonus (NHB) will operate from 2013/14 onwards. In previous years, NHB has been a fully funded government grant. From 2013/14 onwards, the resource will be top-sliced from existing Revenue Support Grant, and any spare money returned to Local Government. Additionally, the top slice will pay for any shortfall in the business rates safety net, and any capitalisation requests from Councils. The MTFP now assumes that £600k will be returned from the general NHB pot, and £200k from the safety net and capitalisation top slice, the actual amounts will be confirmed in due course.
- 8.18 Taking all of these factors into account, the Council is circa £2m better off in 2013/14 as a result of the settlement compared to December.
- 8.19 The settlement also exemplified figures for 2014/15, although these may be amended by the spending review announced by the Chancellor. The further cuts announced in the Autumn Statement has resulted in an additional circa £4m reduction in overall funding for that year.

8.20 In line with the Cabinet's strategy to take every opportunity to influence government to maximise the financial resources available to the Borough, Haringey made representations on the provisional settlement, both through a written response and in a meeting with the minister on 14 January 2013.

8.21 Key points put to the Government included:

- overall funding does not reflect levels of deprivation and remains lower than inner London boroughs;
- the 'damping' applied to Haringey has restricted our formula grant increase which could have brought us in line with comparator boroughs;
- High unemployment – the Northumberland Park ward in Tottenham has the 2nd highest number of JSA claimants in London (12.3%), and the 2nd highest number of unemployed 18-24 year olds in London (18.2%);
- The number of households living in temporary accommodation remains amongst the highest in the country;
- Increased levels of deprivation since 2007 (2010: 13th most deprived in England; 2007: 18th most deprived in England);
- The rate of population increase in Haringey is higher than both London and England.

8.22 The Council has requested that the Government responds to the concerns by:

- ensuring the borough's socio-demographic pressures are recognised to a greater degree in the formula funding, as they have been in the Dedicated Schools Grant;
- focussing on growth for Tottenham;
- Investing in people – exploit and expand the Troubled Families programme by investing more in it and widening to the cohort of families that are covered;
- making sure that the Council is not financially disadvantaged as a result of implementing the Benefit Cap as one of the four pilot authorities.

8.23 The Government has not published the final Grant Settlement in time for the implications to be included in this report.

#### **Council Tax**

8.24 The Council will consider the Cabinet's MTFP and Budget recommendations at its meeting on 27 February 2013, and informed by those recommendations, will determine the level of Council Tax for the financial year 2013/14 at that meeting.

8.25 In October, the Chancellor and the Secretary of State for Communities and Local Government announced that £245m was being made as a grant for Councils who commit to freezing their Council Tax levels. The Grant would be an amount equivalent to a 1% increase in the 2012/13 Council Tax, payable in both 2013/14 and 2014/15. Additionally, the threshold required to trigger a referendum in the local area on proposed Council Tax increases was lowered to 2%.

8.26 Further changes to Council Tax have also come about as a result of the local Council Tax Support Scheme. Council Tax Benefit has been replaced with a scheme approved by Council on 17 January 2013, and this means that discounts will be awarded on bills rather than benefit being paid. This reduction in the tax base means that a 1% increase in Council Tax will generate circa £750k, rather than the circa £1m generated previously.

8.27 In considering the level of its Council Tax for 2013/14, the Council should have regard to:

- The level of non-Council Tax funding resources that will be available in the next three years;
- The ongoing demand for services;
- The views of residents, trade unions, business and other stakeholders;
- The level of efficiency savings and/or service reductions that can realistically be delivered;
- The likely restrictions on any proposed Council Tax increases and the level of grant being offered to freeze Council Tax;
- The general economic climate and the additional financial burden any increase would have on Council Tax payers.

8.28 The MTFP 2013-16 cash limits presented in this report at Appendices 1 and 2 assume, for planning purposes only, no increase in Haringey's Council Tax in 2013/14, and the consequential receipt of additional Council Tax freeze grant in both 2013/14 and 2014/15.

8.29 The projected income from Council Tax in 2013/14 is £75.23m based on 63,530 Band D equivalent properties and a collection rate of 94%.

### **Fees and Charges**

8.30 Cabinet, and Regulatory Committee where appropriate, have approved separate reports on the level of fees and charges at their respective meetings, and the approved changes are reflected in Directorate cash limits.

## **9 Revised Budget Proposals**

9.1 Changes to the proposals approved by Cabinet in December are set out below.

### **Savings and Growth Proposals**

9.2 The proposal relating to the increase in allotment fees, and associated reinvestment of part of the fee increase, has been removed from the budget. The Cabinet have listened carefully to representations made through the Council's budget consultation process, including from the Allotments Association, and have decided to forego this saving. The MTFP will be revised in the light of this revision. The Council will look to provide a long term solution to the allotment holders concerns.

9.3 The Cabinet have also decided to make a revision to their previously advised Capital Programme by investing an extra £1.5m in the Borough's Roads. The Capital Programme will be revised in the light of this revision.

### **Grant related proposals**

9.4 As the Local Government Finance Settlement was not available in time for the December Cabinet report, the following proposals relating to grant funding are now recommended:

**New Homes Bonus** - the Government notification of New Homes Bonus (NHB) is £74k greater than the estimate included in the December MTFP. It is proposed that this increase is used to fund the general fund budget in line with previous treatment of NHB.

**Housing Benefit Administration Grant** – the grant is £45k more than the December estimate and it is proposed that it will be used to offset the cost of the service in line with the rest of the grant.

**NHS Grant** – this grant for Adult Social care is £530k more than originally anticipated. The grant is issued and monitored by the new Clinical Commissioning Groups, and certain outcomes are expected from the funding. It is proposed that the Adults and Community Services cash limit is increased by £530k, and this grant is used to offset the additional

cost. This money is to be applied to support early interventions.

**Social Fund Administration Grant** – as part of the government's welfare reform programme, Councils will administer a local fund that replaces community care grants and crisis loans for living expenses. This is a new £236k grant for administering the scheme, and it is proposed that the Revenues, Benefits and Customer Services cash limit is increased by £236k and the grant is used to offset the additional cost.

**Community Right to Challenge** - this is a new grant issued in order to help deal with the costs of any challenges to deliver Council Services as part of the Localism Act. It is proposed to increase the Chief Executive's Directorate cash limit by £8,547, and use the grant to offset the cost as an equal but opposite amount.

**Community Right to Bid** - this is a new grant issued in order to help deal with the costs of any bid to run council assets as part of the Localism Act. It is proposed to increase the Chief Executive's Directorate cash limit by £7,855, and use the grant to offset the cost as an equal but opposite amount.

**Local Reform and Community Voices** – as part of the government's NHS reforms, the Council will be receiving £201k for Local Reform and Community voices. The Council will be absorbing additional responsibilities regarding strengthening Local Healthwatch, transfer of the Independent Complaints Advisory Service and the transfer of Independent Mental Health Advocacy. It is proposed that the Adults and Community Services Directorate cash limit is increased by £201k and the grant is used to offset the extra costs.

**Public Health** – the Council has been notified that the Public Health Grant that it will receive in 2013/14 is £17.6m. The Council also currently has a budget within the General Fund that supports Public Health activity. In 2013/14 as the Council will receive the increased ring fenced Public Health grant, the General Fund budget can be reduced by £500k, as the grant will be able to cover some existing costs. Much of this budget is a commissioning budget attached to the achievement of specific outcomes and the Director of Public Health will be reporting to Cabinet in April on how this resource will be utilised.

**Local Flood Grant** – it is proposed that the grant of £75k be retained centrally. Confirmation of allocation to service budgets to be dependent on a case to be made for its use.

#### **Other proposals**

- 9.5 At the end of 2011/12 and the beginning of 2012/13, the Council underwent significant restructuring of its debt portfolio as a result of revised arrangements for financing of the Housing Revenue Account. A prudent approach was taken in budgeting for these effects in 2012/13, and as the changes have bedded in, underspends have been reported to Cabinet.
- 9.6 These structural changes, when combined with historically low interest rates, have meant that further savings will be achievable going forward. At the same time, the Council is at risk of a high level of volatility on its resource base due to the introduction of Business Rates retention and local Council Tax support. The Collection Fund operates in arrears for both Council Tax and Business Rates, i.e. a precept is set, and any surplus or deficit is accounted for a year later. It is therefore proposed that a contingency budget of £2m is created in the Non Service Revenue cash limit in 2014/15 to provide for volatility on the revenue base, to be funded from savings within the treasury management budget.

#### **Budget pressures / savings**

##### Impact of Government Legislation

- 9.7 The Government has a wide ranging legislative programme. Accordingly, £1m has been set aside in 2013/14 in order to mitigate the potential impact of policy changes and future legislation.





	2013/14	2014/15	Total
	£m	£m	£m
<b>MTFP Shortfall approved February 2012</b>	<b>6.1</b>	<b>19.3</b>	<b>25.4</b>
Changes to the Council's resource base	-0.8	6.2	5.4
Service demand pressures	0.8	1.0	1.8
Investment proposals	4.5	0.9	5.4
Savings Proposals	-7.1	-6.1	-13.2
Re-profiling and revisions to savings	1.9	-1.3	0.6
Changes to assumptions	-4.1	-1.1	-5.2
<b>Cabinet December 2012</b>	<b>1.3</b>	<b>18.9</b>	<b>20.2</b>
Re-phasing of NLWA Levy	-1.1	1.1	0.0
Local Government Finance Settlement	-2.0	4.0	2.0
Additional grants	-0.3	-1.7	-2.0
Impact of Government legislation	1.0	0.0	1.0
Changes to assumptions	1.4	-1.9	-0.5
Transfer from reserves	-0.3	0.3	0.0
<b>MTFP Surplus (-) / shortfall (+)</b>	<b>0.0</b>	<b>20.7</b>	<b>20.7</b>

### 2015/16

- 10.2 The overall financial position for 2015/16 is uncertain as the Government has announced a Spending Review (SR) to be carried out in 2013. As noted elsewhere in this report, the Council is making strenuous efforts to influence the Government in order to deliver a more equitable funding regime. However, it is very likely that further cuts to funding will arise from the spending review.
- 10.3 Other material changes that could affect the Council's finances in 2015/16 are:
- Changes in core and specific grants;
  - Inflation and interest rates;
  - The general economic climate; and,
  - The impact of Government legislation.
- 10.4 At the moment, it is estimated that there will be a further gap of £22.5m in 2015/16 based on current assumptions.

## 11 Transformation

11.1 Based on the above analysis the combined gap for 2014/15 and 2015/16 is £43.2m. This represents the 5th and 6th years of the Government's Austerity programme, and the council will need to find additional efficiency savings towards these gaps. The Council will also need to develop a transformational programme approach to take it forward to address the financial challenges in the years to come. The following themes are being considered for the programme:

- Customer Service
- Asset Management
- Future of housing
- Support Services
- Early Intervention and Demand Management
- Procurement
- Growth of revenue base

These programme themes will need to be refined and are likely to be revised as they are shaped into a comprehensive plan.

## 12 Risks and Opportunities

12.1 In constructing the draft MTFP, Directors have provided their best estimates of service cost and income based on the information currently available. However, there will always be factors outside of the Council's direct control that will vary key planning assumptions underpinning these estimates.

12.2 There are a number of significant risks that could affect either the level of service demand (and therefore delivery costs), or its funding. In addition there are general economic factors, such as inflation and interest rates that can impact on the net cost of services.

12.3 Similarly there are opportunities either to reduce costs or increase income that may have not, as yet, been factored into the planning assumptions. The main risks and opportunities are summarised below:

### Risks

- Funding uncertainty due to SR13
- Reduction in service standards/performance
- Increased demographic pressure
- Impact of government legislation and welfare reform
- Delay or non-delivery of savings proposals
- Volatility on the revenue base due to economic conditions
- Uncertainty over NHS joint funding arrangements
- Further Academy transfers and loss of funding/flexibility

### Opportunities

- Further synergies between Public Health and Children's and Adults Social Care
- Investment in the Housing stock as a result of business planning
- Growing the local economy through regeneration leading to increased business rate yield.

12.4 As the council faces the financial challenges going forward it will need to make investments in order to change the way it delivers services so that it can keep pace with the reducing financial envelope and increasing demands on services. For this reason it is recommended

that when the full council considers the budget, specific reserves are earmarked for these purposes as follows:-

Transformation - the current transition reserve is used to fund redundancy costs, decommissioning and the investment necessary to deliver longer term efficiencies and change. This reserve will be better classified as a transformation reserve and revised to reflect the investment needs of the Medium Term Financial Plan.

Community Infrastructure and Growth – going forward the council will need to grow its revenue base as government funding reduces, this will be achieved by increasing the Council Tax and Business Rate base. Resources are likely to be needed to support the community, infrastructure and growth in housing and business.

Both of these reserves are going to be key in helping the Council address the financial challenges ahead, which are likely to be significant and relentless.

Urban Renewal – it would be beneficial for the council to support local businesses so they can share the benefits of the growth, this could include supporting town centres and business investment districts, and maintaining retail business.

### **13 Dedicated Schools Grant**

- 13.1 At its last meeting the Cabinet noted the significant reform of school funding being implemented for 2013/14, agreed the projected level of the Dedicated Schools Grant (DSG) 2013-14, noted other projected income supporting the Dedicated Schools Budget (DSB) and noted the proposed allocation of the Schools Block.
- 13.2 The Education Settlement for 2013/14 was announced on 19 December 2012. The key points were anticipated in the report to Cabinet on 18 December 2012 and the main points arising from the settlement are set out below.
- 13.3 The indicative Dedicated Schools Grant has now been set at £226.834m, an increase of £0.59m compared to the December projection. This increase is due to:
- £0.90m transitional relief for three year old funding (Early Years Block);
  - £0.046m transfer into DSG for newly qualified teacher induction (Schools Block);
  - £0.098m additional funding for high needs students (High Needs Block); and
  - -£0.454m lower than anticipated Schools Block (due to final pupil number count at October 2012 of 30,589 compared to an estimated 30,667).
- 13.4 The pupil premium estimate has been updated following the settlement to £13.183m (compared to £12.793m reported in December) using data from the October 2012 pupil count. Members should note that the final allocations for 2013/14 will be based on January 2013 data and announced in the summer.
- 13.5 The Schools Forum met on 17 January 2013 to consider the Dedicated Schools Budget Strategy for 2013/14 and to make decisions on the allocation of the Schools Block. A number of proposals were put to the Forum and their views and decisions have been set out below, to inform the Cabinet's consideration of these issues.
- 13.6 Appendix 3 sets out the revised projected income (£251.605m) from all sources that will be used to fund the DSB in 2013/14, across each of the three separate blocks.

#### Schools Block - Income

- 13.7 The projected income for the Schools Block comprises DSG, pupil premium and Education Funding Agency (EFA) post 16 funding. The DSG is final and based on the verified number

of R-16 pupils recorded through the October 2012 pupil count. The settlement confirmed that the baseline funding units have been held at the 2012/13 level, although for Haringey they do reflect the increased resources in respect of the change announced relating to Area Costs. Applying the new, baseline guaranteed unit of funding (GUF) of £5,878.37 to the final pupil numbers (30,589) generates £179.862m DSG.

13.8 In addition to this funding, schools will continue to receive the Pupil Premium of £900 for each eligible pupil in 2013/14.

13.9 The projected Schools Block income continues to assume that funding for 6<sup>th</sup> Forms in Haringey Schools (including the VI Form centre) will be maintained at £11.477m.

#### High Needs Block - Income

13.10 The income for the High Needs Block will all come through the DSG. The High Needs Block DSG has still not been finalised and the latest confirmed cash sum is £29.699m. Additional income is expected in respect of hospital school provision and finalisation of the transfer into the DSG in respect of those post 16 SEN students not in schools. Final confirmation is expected by March 2013.

#### Early Years Block - Income

13.11 The projected income for the Early Years (EY) block is all provided through the DSG. The DSG funding will be based on the new, baselined guaranteed unit of funding (£5,345.46) multiplied by actual participation in 2013-14. The indicative Early Years DSG is estimated and based on the January 2012 pupil count but will be updated retrospectively using actual pupil numbers.

13.12 In order to support increasing three year old participation in early education, authorities with actual participation levels below 90% have received funding at a 90% participation level. Haringey received £1.8m through this support in 2012-13. From 2014-15, the 90% guarantee on the number of three year olds funded will be removed. As part of the education settlement, transitional arrangements for 2013-14 were announced. Authorities will receive 50% of the former top-up in 2013-14 which will increase Early Years Block DSG by an additional £0.9m.

13.13 As previously advised, with effect from 1 September 2013 Haringey will have a legal responsibility to deliver free early education to around 20% of the most disadvantaged 2 year olds. In order to fund this responsibility, a transfer has been made from the Council's Early Intervention Grant (EIG) into DSG with effect from 1 April 2013. The value of the transfer into the DSG has been confirmed at £3.699m.

13.14 In effecting the transfer of the Early Intervention Grant from the General Fund to DSG, the DfE also retained nationally £150m. An announcement was made on 24 January that this topslice will be returned in full to local authorities in the form of a new, Adoption Reform Grant. The grant comprises two elements: £100m, not ring-fenced, to support adoption reform and £50m, ring-fenced, to address structural problems. The financial implications of this announcement will be clearer once details of the formulae and allocations are provided.

13.15 The updated Early Years Block DSG is now £17.273m.

#### Dedicated Schools Grant 2013-14

13.16 Cabinet is asked to agree the updated indicative level of the DSG as £226.834m, comprising £179.862m Schools Block, £29.699m High Needs Block and £17.273m Early Year Block.

#### Schools Block Expenditure

13.17 Under the new arrangements, the Schools Block must be delegated to mainstream schools and Academies through a compliant R-16 (Reception to 16 year olds) formula, with



the exception of three items.

- 13.18 Local authorities can continue to retain a number of historic and statutory commitments at a maximum of their 2012-13 level, subject to the approval of Schools Forum. Agreement has been sought to the retention of the budgets for Admissions (£421,400), Carbon Reduction Commitment (£220,253), Capital Expenditure Funded from Revenue (£489,100), Contribution to Combined Budgets (£2,158,300) and Miscellaneous (£302,900). Schools Forum approved these proposals for 2013-14 at their meeting on 17 January 2013.
- 13.19 Local authorities can also retain a Growth Fund to ensure the supply of school places, subject to the approval of Schools Forum. At their meeting on 17 January, Schools Forum approved the central retention of a Growth Fund to the value of £1.5m in 2013/14 with clear criteria.
- 13.20 The remaining projected Schools Block income (£199.359m) must be distributed to all schools and Academies using the R-16 compliant funding formula approved by Cabinet on 18 December 2012 or, in the case of post 16 funding and the pupil premium, must be passported directly to the relevant institutions.
- 13.21 The funding to be delegated to schools and Academies in 2013/14 includes a number of budgets that were previously centrally retained by the local authority. The new delegation supports the enhanced commissioning role of schools and Academies and includes all services previously transferred to Academies and funded through Schools Block LACSEG.
- 13.22 Maintained schools can choose to continue to have some of these services provided centrally, through a process called de-delegation. At the meeting on 17 January, Schools Forum made decisions on de-delegation (up to £1.637m) for 2013/14.
- 13.23 Maintained school members from both primary and secondary phases approved the de-delegation of support for schools in financial difficulty.
- 13.24 Maintained school members from both primary and secondary phases voted not to de-delegate the behaviour support service.
- 13.25 Maintained school members from the primary phase approved the de-delegation of both support to underperforming ethnic minority groups and bilingual learners and staff costs (time off for trade union duties). Maintained school members from the secondary phase voted not to de-delegate these services.
- 13.26 For those services where de-delegation has not been approved, officers are assessing the service and financial implications.

#### High Needs Block Expenditure

- 13.27 Officers are continuing to work with schools to implement the reformed funding arrangements. Budget proposals in respect of the High Needs Block will be presented to Schools Forum at their meeting on 28 February. The High Needs Block will largely fund commissioning of SEN and Alternative Provision places in schools and other providers, as well as additional support for high needs pupils. No budget pressures are anticipated on the High Needs Block in 2013/14.

#### Early Years Block

- 13.28 The Early Years Block will continue to fund participation in free early education for disadvantaged two year olds, and all three and four year olds, as well as centrally retained budgets for early years. Budget proposals in respect of the Early Years Block will be presented to Schools Forum at their meeting on 28 February.
- 13.29 Officers are continuing to work with the Schools Forum to develop a two year old EYSFF for implementation from 1 April 2013.

## LACSEG / Education Services Grant

13.30 The DfE has now finalised arrangements for replacing Local Authority Central Services Grant (LACSEG) from 2013/14 in two ways. Schools Block LACSEG will cease to exist through delegation of all funding to maintained schools and Academies. LA Block LACSEG will be replaced by a new grant, the Education Services Grant (ESG).

13.31 The ESG will be distributed as follows:

- Retained responsibilities: £15 for every pupil will be paid to local authorities for the statutory duties that do not transfer to academies such as education welfare services and statutory and regulatory duties;
- A single national per-pupil rate: the remaining money will be divided equally among all pupils aged 3-19 in state funded schools in England with weightings applied for pupils in Pupil Referral Units (PRU's) (4.25 weighting) and special schools (3.75 weighting).

13.32 Education Services Grant rates for local authorities in 2013/14 will be:

- |  |      |
|--|------|
| • Basic per-pupil rate                         | £116 |
| • Per-pupil rate for PRUs                      | £435 |
| • Per-pupil rate for special schools           | £493 |
| • Per-pupil rate for retained statutory duties | £15  |

13.33 The ESG will be deducted using the same rates that will be used to allocate the ESG back to local authorities. Based on academies that are open or planned to be open by 1 April 2013, the net loss of funding to Haringey will be at least £578k (4,981 pupils x £116). Local authority ESG allocations for 2013-14 will not be confirmed until early March 2013, based on the number of pupils in maintained schools and academies at that time. In the meantime, the estimated impact has been reflected in the Council's MTFP.

## **14 Housing Revenue Account (HRA)**

14.1 Under the provisions of the Localism Act 2011, on 1 April 2012 the previous Housing Revenue Account subsidy system was abolished and replaced by a system of self-financing.

14.2 Under the new system housing authorities no longer receive HRA subsidy but are allowed to retain all rental income and make decisions on how to spend it to meet their local housing needs.

14.3 The Council must set a balanced HRA budget each year, using rent and other revenue collected to manage and maintain its housing stock and to pay all interest and financing costs associated with its housing debt.

14.4 In December 2012 Cabinet received a comprehensive report on the level of rent increases, service charges, and the overall financial planning assumptions for the HRA. Draft proposals for the overall HRA Revenue Budget 2013/14, the Capital Programme 2013-16 and MTFP 2013-16 were agreed on this basis.

14.5 Since December, a number of revisions to the detailed spending and funding of the HRA have been necessary. In order to ensure the Council is fully informed of the current position in the HRA when it considers Budget and MTFP decision on 27 February, a revised comprehensive report is set out at Appendix 4.

## **15 Capital Programme**

15.1 The December 2012 Cabinet meeting received details of, and agreed, draft proposals for the capital programme 2013-16 to be recommended to the Council.

15.2 Since then a number of changes in both spending and financing have been identified and

are included in the updated proposals set out in Appendix 5.

- 15.3 Cabinet is recommended to approve these proposals for consideration by the Council at its meeting on 27 February 2013.

#### Improved Customer Services

- 15.4 As part of the Councils ongoing commitment to providing top quality services for residents, £2m has been included in the capital programme, £500k to be spent in 2013/14, and £1.5m in 2014/15. This will be funded from reserves.

#### Housing Revenue Account

- 15.5 Since the December Cabinet report the allocation of capital funding has been revised slightly. The amount of funding required for Extensive Void Works has been reduced and the funding for Estate Improvements increased. The allocation for Other Capital Works in 2014/15 has been increased by £950k. The HRA schemes are all funded from HRA reserves, and a separate narrative in HRA capital is also included in the Appendix.

- 15.6 Taking these changes into account, the revised summary is as follows:

<b>Expenditure</b>	<b>Proposed Budget 2013/14</b>	<b>Indicative Budget 2014/15</b>	<b>Indicative Budget 2015/16</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Place & Sustainability	24,447	10,125	7,133	41,705
Children & Young People	20,228	8,918	6,350	35,496
Adults & Housing	2,036	2,036	2,036	6,108
HRA	34,202	56,777	47,319	138,298
Other	2,100	2,500	1,100	5,700
<b>Total Capital Programme</b>	<b>83,013</b>	<b>80,356</b>	<b>63,938</b>	<b>227,307</b>

<b>Draft Capital Funding</b>				
Government Grants	8,781	8,507	6,886	24,174
Other Grants	11,484	947	1,583	14,014
Capital Receipts	16,573	11,128	7,600	35,301
Section 106	463	0	0	463
HRA	34,202	56,777	47,319	138,298
Reserves & Revenue	2,635	1,950	550	5,135
Prudential Borrowing (pre-agreed)	8,875	1,047	0	9,922
<b>Total Capital Financing</b>	<b>83,013</b>	<b>80,356</b>	<b>63,938</b>	<b>227,307</b>

- 15.7 Further changes to these figures may occur as grant notifications from Transport for London and the Department for Education are finalised.

## **16 Treasury Management Strategy**

- 16.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 will be brought to the meeting of the Council on 27 February 2013.
- 16.2 The TMSS has been formulated by the Corporate Committee and scrutinised by the Overview & Scrutiny Committee, who had no comments to make on the statement. The TMSS will set out the proposed strategy for the Council's borrowing, investment of cash balances and the associated monitoring arrangements.

## **17 Comments of the Chief Finance Officer and financial implications**

- 17.1 As the report is primarily financial in its nature, comments of the Chief Finance Officer are contained throughout the report.

## **18 Head of Legal Services and legal implications**

18.1 The Budget and Policy Framework Procedure Rules at Part 4 Section E of the Constitution set out the process which must be followed when the Council sets its Budget. It is for Cabinet to approve the proposals and submit the same to the Full Council for adoption in order to set the budget.

18.2 The Cabinet will need to ensure that where necessary, consultation is carried out and equalities impact assessments are undertaken and that the outcomes of these exercises inform any final decisions. The Council will need to ensure that any finalised proposals do not result in the Council being unable to comply with its statutory duties.

## **19 Equalities and Community Cohesion Comments**

19.1 Equality Impact Assessments are being carried out on the budget proposals and outcomes will be included in the relevant Cabinet reports as appropriate.

## **20 Head of Procurement Comments**

20.1 Not applicable

## **21 Policy Implication**

21.1 The Medium Term Financial Plan represents the resource framework for delivery of Council Policy and objectives.

## **22 Use of Appendices**

22.1 Appendix 1 – Summary of the MTFP 2013/14 to 2015/16 (including Annex A; Revenue Savings, Growth and Re-profiling Requests from December 2012 Cabinet (as amended))

22.2 Appendix 2 – Directorate Cash Limits

22.3 Appendix 3 – Dedicated Schools Grant

22.4 Appendix 4 – Housing Revenue Account incl. Annex A: HRA MTFP 2013-16

22.5 Appendix 5– Capital Programme

22.6 Appendix 6 – Scrutiny recommendations

## **23 Local Government (Access to Information) Act 1985**

23.1 The following background papers were used in the preparation of this report:

- Financial Planning 2012/13 to 2014/15 - Cabinet 7 February 2012
- Financial Planning 2013/14 to 2015/16 - Cabinet 10 July 2012
- Financial Planning 201/14 to 2015/16 - Cabinet 18 December 2012

23.2 For access to the background papers or any further information please contact Barry Scarr, Interim Head of Corporate Finance, on 0208 489 3743.







<b>Savings Proposals for consideration</b>				
	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>Total £'000</b>
<b>Adults &amp; Housing</b>	1,447	1,200	365	<b>3,012</b>
<b>Children's Services</b>	3,025	2,975	0	<b>6,000</b>
<b>Place &amp; Sustainability</b>	641	950	200	<b>1,791</b>
<b>Chief Executive's Service</b>	235	264	60	<b>559</b>
<b>Corporate Resources</b>	1,705	725	0	<b>2,430</b>
<b>TOTAL</b>	<b>7,053</b>	<b>6,114</b>	<b>625</b>	<b>13,792</b>

Savings Proposals - Adults & Housing						
Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/impact on Performance (Service Delivery)
A1	Staffing reduction	0	0	80	80	This is a reduction to the senior management team; a deletion of 1 senior manager post in the light of service closures and restructures. Proposal is to explore:
A2	New model of service delivery for Occupational Therapy and possibly Social Work Assessment.	0	180	0	180	(i) Integration of occupational therapy and social assessment with a community health partner; or (ii) work with a partner / another council. This will achieve budget savings through improved integrated working and consequently some staffing savings.
A3	Redesign of Adult Social Work Assessment Service	300	420	0	720	This will involve a large restructure of the management of social work staff and will require significant staff consultation and changes to business processes.
A4	Process improvements within personalisation and assessment	0	0	35	35	No impact on service delivery
A5	Integrated Access Team Officers. Reduction of two posts.	65	0	0	65	Efficient systems management should be able to mitigate against any reduction in responsiveness.
A6	Day Centre Temporary Day Service Officers - delete 4 posts	25	85	0	110	Successful training for staff to work with people who have both mental and physical health needs means that the service has been fully integrated and the service can be managed effectively without the additional temporary posts required to assist the transition.
A7	Senior Reablement Worker - deletion of 1 post.	30	0	0	30	Low impact as this is a new post that has never been recruited to. Vacant Post.
A8	Prevention service - Service Support officer - deletion of 1 post.	0	35	0	35	This is not a front-facing post and there is no direct contact with the public. Most of the work is for the Residential Homes which have now closed and sheltered step-down. Given the closures it is now possible to manage without this post.
A9	Catering Contract Manager - deletion of one post.	40	0	0	40	Manages & monitors meals contract and home 'nutrition advisor'. Now residential homes have closed and Meals service is moving to tri-borough cost and volume contract arrangement it is now possible to manage without this post.
A10	Learning Disability Day Opportunities Restructure - delete 4.5 posts (1 currently vacant).	130	0	0	130	This is a re-structuring of Learning Disabilities Day Opportunities' management and supervisory posts with the aim of rationalising the management structure.
A11	Learning Disability Community Support Worker (Adult Placement Team) - delete 1 post.	30	0	0	30	Delete one vacant post. There is little or no impact on service delivery. This is a vacant position this service has held for over a year.
A12	Learning Disability Support Worker (Day Opportunities) delete 1 post - currently vacant.	20	0	0	20	Delete 1 vacant post.
A13	Voluntary Sector Strategy	50	200	100	350	Through the implementation of the Voluntary Sector Commissioning Framework; more focused service specifications, a greater emphasis on collaboration between agencies these savings will be achieved
A14	A Framework-1 (Children & Adults client data base) system improvement (efficiency) change		10		10	No service impact. An efficiency following a systems process change.
A15	Framework-1 (Children & Adults client database) contract renegotiation	50	0	0	50	No service impact. Contract cost reduction

Savings Proposals - Adults & Housing						
Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/Impact on Performance (Service Delivery)
A16	Adults Develop a Supported Living scheme to allow more young disabled adults to live in the community close to their families	0	0	150	150	Develop a Supported Housing scheme for six to seven young disabled adults. Supported Living is a model of care that promotes independence and helps clients to remain within the community. As such it is the preferred model of care and represents a better service
A17	Adults Further Staffing Efficiencies	200	200		400	I rely to include some front line staff although this will be minimised as far as possible. May therefore have an impact on performance.
A18	Housing Remodel Private Sector/TA Lettings and Visiting functions	170	0	0	170	This saving involves the merger of two lettings teams and deletion of the dedicated visiting team to create a single team with a broader range of functions and responsibilities.
A19	Housing Remodel HB Assessment/Liaison function	40	0	0	40	Review of the service in the light of Welfare Reforms and the deletion of one post. Capacity in the team will be reduced and there is a risk that performance could be affected.
A20	Housing Remodel Technical/Service Support	40	30	0	70	This saving depends on process improvements being achieved, without which there could be a loss of responsiveness and support to the professional staff
A21	Housing Reduce posts in the Housing Assessments Team	60	0	0	60	Increased automation of the housing register and applications has created scope for efficiencies. This assumes that demand remains at the current level.
A22	Housing Delete Advice & Options vacancies	60	0	0	60	This involves the deletion of the specialist overcrowding officer post and a reduction in the overall size of the team.
A23	Housing Remodel Tenancy Support and Income Recovery	80	40	0	120	May reduce levels of rent collected and support provided.
A24	Housing Miscellaneous non-salary budget reductions	57	0	0	57	No impact on service delivery.
	<b>Total Adults &amp; Housing</b>	<b>1,447</b>	<b>1,200</b>	<b>365</b>	<b>3,012</b>	

## Savings Proposals - Children's Services

Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/Impact on Performance (Service Delivery)
Business Unit						
C1 Children and Families	Reduction in LAC Placements.	2,410	2,250		4,660	Achieving the target set out will bring the Council into line with the average performance of our Inner London statistical neighbours.
C2 Children and Families	Review of Early Years Services.		150		150	This is an efficiency contribution to savings.
C3 Children and Families	Net reduction in staffing requirements following early intervention processes and reductions in numbers of LAC.	85	150		235	Providing that the reduction in LAC happens as planned the impact on performance should be minimal.
C4 Children and Families	Reduction in Legal Services budget as a result of fewer care proceedings.	50	50		100	Providing that the reduction in LAC happens as planned the impact on performance should be minimal.
C5 Children and Families	Reduction in the need for Contact Services following reductions in numbers of LAC.	30	50		80	Providing that the reduction in LAC happens as planned the impact on performance should be minimal.
C6 Children and Families	LAC Commissioning Savings flowing from the work of the North London Strategic Alliance	150	0		150	Reduction in price paid may result in reduction in choice of placements
C7 Children and Families	Review of the Fostering and Adoption services to achieve better value for money outcomes	50	75		125	This proposal is anticipated to improve the performance and value for money of the service.
C8 Children and Families	Reduction in SEN transport costs	100	150		250	Provision of more local places at the Brook and Riverside have reduced our costs and improved our offer to families.
C9 Prevention and Early Intervention	Consolidation of arrangements for Youth Offending, Alternative Provision and Behaviour Support services to achieve efficiencies.	150	100		250	A review is underway of management and service delivery in YOS, Alternative Provision and YCP. We intend to rationalise the offer and deliver efficiencies through a more unified approach.
Total Children's Services		3,025	2,975	0	6,000	



## Savings Proposals - Place &amp; Sustainability

Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/Impact on Performance (Service Delivery)
Business Unit						
P1 Corporate Property	Efficiency savings through centralisation of Facilities Management functions for all Council occupied buildings to achieve lower costs through standardisation and maximising purchasing power.	25	75		100	No adverse impact on service delivery is anticipated.
P2 Corporate Property	Efficiency savings in senior management, project management/support and information/administrative support through merger of Corporate Property and Capital Projects to form a new business unit: Property & Major Projects	100	100		200	Majority of capital project delivery team funded by capitalisation against projects. Revenue savings predicated on more efficient use of shared resources and by maintaining fee charges at current prices.
P3 PRE	Additional Income from Planning Fees	25			25	No Impact
P4 PRE	Delete Team Leader Post in Service Management		80		80	Reduction in Management and Reallocation of Responsibilities across the Business Unit
P5 PRE	Reduce Management within Carbon Management Team	75			75	Reduction in Management given development of projects work under Assistant Director post
P6 Leisure and Culture	School Swimming - Increase charges to schools	70			70	No direct impact on the delivery or sessions unless schools choose to cancel sessions.
P7 Leisure and Culture	Amend Council policy to allow more events in Finsbury Park	40	45		85	This will require a change in the Council's agreed policy for events in parks. The change would need to remove the restriction at Finsbury Park and develop policy to cover the cost of hiring and using all parks.
P8 Leisure and Culture	Deletion of Mobile Library Service		100		100	Reduce access to Library Services
P9 Leisure and Culture	Further reduction in Leisure Staffing		50		50	Limited impact, as part of a reduction and reorganisation of Service Commissioning and Client functions.
P10 Single Front Line	Restructure Enforcement response (noise service) to enable the deletion of 1 post	40			40	The service will reduce its operating hours by 10%.
P11 Single Front Line	Revision to Arrangements for Area Committees / Forums	147			147	To reduce the support to Area Committees which includes not supporting Area Action Plans and maintaining distribution lists. Also reducing the available level of support for Single Frontline consultations and engagement proposals.
P12 Single Front Line	Increase in pest control charges to Homes for Haringey by 2.5%	19			19	No impact
P13 Single Front Line	Change in Penalty Charge Notice Charge band across the borough. Higher band already in operation in Wood Green and this will bring the rest of the borough in line.		400		400	Parking compliance and income may be affected.

## Savings Proposals - Place &amp; Sustainability

	Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/Impact on Performance (Service Delivery)
	<b>Business Unit</b>						
P14	Single Front Line	Re-organisation efficiency savings		100		100	No impact.
P15	Single Front Line	Increase in income received from North London Waste Authority as payments for commingled recycling (CIPS)	100			100	No impact on service delivery - the increased income is related to increases in levels of commingled recyclates collected by the Council.
P16	Single Front Line	Conduct service review to rebalance street cleansing aligned with need			200	200	Any change in service will be predicated on minimising the potential impact on overall street cleansing performance targets.
	<b>Place &amp; Sustainability Grand Total</b>		641	950	200	1,791	

## Savings Proposals - Chief Executive

Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Further information/impact on Performance (Service Delivery)
<b>Business Unit</b>						
E1	Reduce overtime, Member training and conference budgets	45			45	This proposal involves changing working practices to work more flexibly. It also means a reduction in Member training spend.
E2	Reduction to central marketing budget	30	29		59	No impact.
E3	As the Council's workforce reduces some further reduction in the HR service can be made.		100		100	This proposal is likely to result in a reduction in services specific to Haringey.
E4	Secretariat support rationalisation	60			60	Impact will be managed.
E5	Likely reduction in canvassing costs following introduction of individual Voter Registration.		35		35	Once IVR is implemented cost will shift from canvassing to initial registration.
E6	Centralising of all L&D, change and service improvement staff and budgets.			60	60	impact manageable
E7	Reduction in the size and capacity of the communications and consultation service	100	100		200	This saving will reduce the capacity of the work of the team.
<b>Total Chief Executive's Service</b>		<b>235</b>	<b>264</b>	<b>60</b>	<b>559</b>	

Savings Proposals - Corporate Resources						
Directorate/Service Area	Business Unit	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
R1	N/A - financing adjustment	Remove additional budget allocated to cover prudential borrowing for the Infrastructure Renewal Programme.	900			900
R2	ICT	Remove revenue for one year the budget allocated to future renewal of desktop technologies.	500	(500)		0
R3	ICT	On-going review of IT Contracts		100		100
R4	ICT	Further ICT Efficiencies		500		500
R5	Procurement	OneSAP efficiencies due to (a) integration of E-procurement systems and processes & (b) reduction of manual invoice payments		45		45
R6	Procurement	Remodel Accounts Payable - reduction in staffing of 1 Senior and 1 Payment officer.		40		40
R7	Audit and Risk	Reduction in corporate revenue contributions required to the internally funded insurance reserve	150			150
R8	Audit and Risk	Reduction in internal audit days procured from the existing framework contract.	10			10
R9	Audit and Risk	Internal review to identify further efficiency savings across Audit & Risk Management.	40			40
R10	Legal	Staff reduction, achieved by prioritising what work is required and what can be carried out without legal input by clients, and expected reduction of demand on legal advice by clients.		325		325
R11	Corporate Finance	Corp Finance - further re-structuring and revised service offer. Will be rolled into the existing pre-agreed savings.		150		150
R12	Revenues, Benefits and Customer Services	Reduction of contractual costs for out of hours	20			20
R13	Revenues, Benefits and Customer Services	Use resources already mobile in the borough to conduct council tax inspections and review the internal team.	35			35
R14	Revenues, Benefits and Customer Services	Hold Assistant Head of Service vacancy		65		65
R15	Legal	Registrars - increases to volumes will deliver higher income to the Council	50			50
Total Corporate Resources			1,705	725	0	2,430
			Further information/Impact on Performance (Service Delivery)			
			Infrastructure Renewal Programme will be delivered under budget and prudential borrowing will not be required			
			None			
			None			
			Operational service levels will be reviewed to meet this reduced budget			
			The reduction may impact upon performance.			
			Will require changed processes across the council.			
			Operational processes to handle insurance claims against the Council will not be affected.			
			Operational processes will not be affected - audit plan will be kept under review to focus on high risk areas.			
			Operational processes may be affected depending on the areas identified for savings			
			Turnaround time on legal work will increase. The volume of legal work has to decrease in order to deliver these savings.			
			Will require buy in, across the organisation, to revised procedures & processes.			
			No impact.			
			Performance levels maintained			
			Role to be covered by other Assistant Heads in post.			
			None expected as the increased activity will be met from existing resources			

<b>Investment Proposals for consideration</b>				
	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>Total £'000</b>
<b>Adults &amp; Housing</b>	4,400	650	950	6,000
<b>Children's Services</b>	0	0	0	0
<b>Place &amp; Sustainability</b>	100	0	0	100
<b>Chief Executive's Service</b>	0	310	(310)	0
<b>Corporate Resources</b>	0	0	0	0
<b>TOTAL</b>	<b>4,500</b>	<b>960</b>	<b>640</b>	<b>6,100</b>





<b>Investment Proposals for consideration</b>							
	<b>Directorate/Service Area</b>	<b>Proposed Use of Investment &amp; Justification (KPIs etc)</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>Total £'000</b>	<b>Why is this needed? / What outcomes will be achieved? (e.g. impact on P.I.)</b>
	<b>Adults &amp; Housing</b>						
A1	Adults	Care Costs for Young People in transition from Children's to Adults Services.	0	1,250	1,350	2,600	Transition - To fund the care needs of young people when they leave school or reach 18 in 2013-16. All client groups. A total of 173 children over 3 years.
A2	Adults	Care costs arising from NHS Continuing Care Reassessments	3,600	(200)		3,400	To fund the increased care costs of Learning Disabilities and Mental Health clients transferred from Continuing Health Care Funding.
A3	Housing	AST Incentives - homelessness prevention	800	(400)	(400)	0	Provision of incentives to private sector landlords for access to good quality private sector lets, allowing the Council to discharge duty to households who approach as homeless.
	<b>Total Adults &amp; Housing</b>		<b>4,400</b>	<b>650</b>	<b>950</b>	<b>6,000</b>	
	<b>Place &amp; Sustainability</b>						
P1	PRE	Increased cost of neighbourhood Planning related work due to Localism Bill	100			100	To meet increased statutory requirements due to Localism Act and manage the growth in demand from Planning and Regeneration projects and additional changes in planning legislation.
	<b>Total Place and Sustainability</b>		<b>100</b>			<b>100</b>	
	<b>Chief Executive's Service</b>						
E1	Elections	Funding for 14/15 Local Council Election		310	(310)	0	Statutory requirement
	<b>Total Chief Executive's Service</b>			<b>310</b>	<b>(310)</b>	<b>0</b>	



## Amendments to Pre-Agreed Savings

Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Reason for change
<b>Corporate Resources</b>						
CR1	Revenues, Benefits and Customer Services Sharing or externalisation of call centre	100		(100)	0	To be re-profiled from 13/14 to 15/16 and incorporated into savings derived from the review of the customer service offer.
CR2	Corporate Finance Review finance support post Support Functions Review.	230	(230)		0	Requirement to re-profile to 2014/15 to enable a single staffing review to be undertaken alongside other 2014/15 savings. The effects of the significant SFR restructure in 2011 are still being experienced; 2013/14 would be too early and could destabilise the service.
CR3	Corporate Finance Increase debt collection of miscellaneous debts	150			150	Current income collection levels have not made this saving possible as proposed.
CR4	Procurement Reduction in accounts payable team	100	(100)		0	Reduction in budget through staffing efficiencies will not be met in 2013-14, but will be actioned after the implementation of ONE SAP. E-invoicing solution to be implemented in 2014-15.
<b>Total Corporate Resources</b>		<b>580</b>	<b>(330)</b>	<b>(100)</b>	<b>150</b>	
<b>Chief Executives</b>						
CE1	Cross Cutting Reduce one head of service plus two managers	200			200	It is now proposed that this saving will be delivered by efficiencies and staff reductions across the Communications team. These are set out as new savings
CE2	OD&L Share OD Services with WF - this is a proposal to share the Head of OD and thereafter to look for a single OD service offer. Initial work has focussed on sharing training commissioned spend.	50		(50)	0	To date £100k of saving have been delivered through the sharing of services with Waltham Forest and by not filling vacant posts. Any further savings can only be achieved by centralising spend on change, L&D and service development spend within the council, which is proposed as a new saving.

## Amendments to Pre-Agreed Savings

Directorate/Service Area	Efficiency & Saving proposal	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Reason for change
CE3 OD&L	Review of OD&L -The review of Organisational Development activity will aim to improve the OD Service Offer to the council in the context of the need for savings and efficiencies.	80		(80)	0	The service has delivered a budget reduction of 70% over 2011/12 - 2013/14 (£1.25m). The service is now shared with LBWF. Any further reductions need to be achieved by centralising training, change and service development resources and spend. Reprofile to 2015/16 over 2014/15.
<b>Total Chief Executives</b>		<b>330</b>	<b>0</b>	<b>(130)</b>	<b>200</b>	

Place and Sustainability		2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000	Reason for change
P1 Corporate Property	Reduction in Office Accommodation and future savings through revised accommodation plan	750	(750)		0	Saving for 2012/13 being achieved. For the remainder, savings identified to date fall short by £500K which is currently part of the property review work. Of the savings identified there is a slippage of £750K from 2013/14 into 2014/15 and future years.
P2 Single Front Line	Reduce Contract Monitoring of Veolia Contract	212	(212)		0	Saving possible once contract has bedded in, incl. rollout of fortnightly collections. Request saving be slipped to 2014/15.
P3 Cross-Cutting	Savings on Security Costs at Customer Service Centre's	32			32	Saving will not be achieved in this way. Alternative savings have been made in the service.
<b>Total Place and Sustainability</b>		<b>994</b>	<b>(962)</b>	<b>0</b>	<b>32</b>	
<b>TOTAL</b>		<b>1,904</b>	<b>(1,292)</b>	<b>(230)</b>	<b>382</b>	

## Appendix 2

### Business Unit Cash Limits

2013/14

	Cash Limit £000
Director of Adults & Housing	760
Adults and Community Services	74,436
Community Housing Services	16,903
<b>Total Adults and Housing</b>	<b>92,099</b>
Director of Place & Sustainability	404
Single Front Line Services	27,963
Planning, Regeneration & Economy	2,872
Single Front Line Management	146
Tottenham Team	700
Property	6,624
Leisure Services	1,628
Culture, Libraries & Learning	3,275
BSF Revenue/Direct Services	81
<b>Total Place &amp; Sustainability</b>	<b>43,693</b>
Director of Public Health	17,811
<b>Total Public Health</b>	<b>17,811</b>
Director of Corporate Resources	201
Revenues, Benefits & Customer Services	7,032
Corporate Finance	5,402
Corporate Procurement	1,845
Legal Services	-824
Information Technology	11,153
<b>Total Corporate Resources</b>	<b>24,809</b>
Prevention and Early Intervention	10,309
Children & Families	48,905
Director's Budget	615
<b>Total Children &amp; Young People's Services</b>	<b>59,829</b>
Chief Executive	2,168
Electoral Service	309
Human Resources	2,190
Organisational Development & Committee	865
Local Democracy	888
Policy, Intelligence & Partnerships	2,165
Communications	1,285
<b>Total Chief Executive</b>	<b>9,870</b>
<b>Non Service Revenue</b>	<b>39,976</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>288,087</b>





Dedicated Schools Budget 2013-14

Appendix 3

Projected Income	Final		Latest High Needs Block £'000	Indicative Early Years Block £'000
	Total £'000	Schools Block £'000		
Gross Dedicated Schools Grant (DSG) reported December Cabinet	226,244	180,270	29,601	16,373
<u>Adjustments to DSG</u>				
- NQT Funding	46	46		
- DSG protection - 3YO participation	900			900
- Adjusted pupil numbers	454	454		
- Adjustment for High Needs Students	98		98	
Indicative DSG 19 December 2012	226,834	179,862	29,699	17,273
Pupil Premium	13,183	13,183		
<u>Education Funding Agency Schools Post 16</u>				
- 6th Form	11,477	11,477		
- Teachers Pay Grant	111	111		
Estimated Dedicated Schools Budget	251,605	204,633	29,699	17,273
<b>Allocation</b>				
Growth Fund		1,500		
Centrally retained budgets		3,663		
Delegated to Schools		199,470		
		204,633		
* October 2012 Pupil Numbers		30,589		2,371
* January 2012 Participation Numbers				5,345
* DSG Guaranteed Unist of Funding		£ 5,878		£



## **HOUSING REVENUE ACCOUNT 2013/14 to 2015/16**

### **1 Summary**

- 1.1 The report makes recommendations in respect of the Housing Revenue Account MTFP (set out at Annex A to this Appendix) and Capital Programme 2013-16 (set out as part of Appendix 5 to this report).
- 1.2 It also makes recommendations about HRA rent increases, service charges, and the future maintenance and improvements programme, on the basis of which overall financial assumptions for 2013-16 are recommended.

### **2 Other options considered**

- 2.1 The Council is required to approve an HRA budget and Capital Programme for 2013-14 and to set rent and service charges for the year. The report outlines the considerations the Cabinet should take into account and the options available to them in doing so.

### **3 Background information**

- 3.1 Under the provisions of the Localism Act 2011, on 1 April 2012 the previous Housing Revenue Account subsidy system was abolished and replaced by a system of self-financing.
- 3.2 Under the new system housing authorities no longer receive HRA subsidy but are allowed to retain all rental income and make decisions on how to spend it to meet their local housing needs.
- 3.3 The introduction of Self Financing was accomplished with a final debt settlement between Central Government and Local Authorities. Although most authorities were required to take on additional debt, Haringey had £234m of its housing debt paid off.
- 3.4 The Council must set a balanced HRA budget each year, using rent and other revenue collected to manage and maintain its housing stock and to pay all interest and financing costs associated with its housing debt

### **4 Rent increases**

- 4.1 Under the self-financing regime rents are the main source of income for the HRA and Cabinet continue to be required to make decisions annually on the level of increases. At the February meeting, Cabinet will be asked to agree a recommendation to Council.
- 4.2 For several years it has been the Council's policy to set rent increases in accordance with government policy following the rent restructure guidance. This policy is based on gradually increasing council housing rents so that they converge with typical rent levels of other social landlords.
- 4.3 Although the Council is not required to follow rent restructuring, the calculations underpinning the self financing model assume that it will do so and it will not be possible to meet the investment needs of Haringey's stock without achieving this level of income. Setting lower rents will reduce the income available to the HRA and restrict the funding available for housing services and capital investment.

- 4.4 Conversely, although the Council has some freedom to set rent levels slightly above rent restructuring, in previous years the DWP has used the limit rent mechanism to restrict the Housing Benefit subsidy payable to councils who levy excessive rent increases. Clear guidelines of how this will work in 2013-14 have not yet been announced. However the introduction of Welfare Reform and the economic climate are likely also to make it difficult to collect large rent increases from tenants.
- 4.5 It is therefore recommended that Cabinet continues to follow their established policy with target rent increases for 2013-14 reflecting the September 2012 RPI announcement (2.6%) and convergence in April 2016.
- 4.6 The exception to this will be where a tenancy comes to an end and the property is relet to a new tenant. It is recommended that in such cases the rent should be raised immediately to the target rent thereby achieving convergence in advance of the main stock. The amount of additional income raised will be dependent on the properties that become vacant in year but is estimated to be in the region of £62k.
- 4.7 The average weekly dwelling rents with caps and limits applied according to the Government's restructuring policy will increase by **£4.19** (4.45%) from £94.04 to £98.23. There will be differing increases across dwellings as set out below:

Forecast weekly dwelling rents for 2013-14 with caps and limits applied

Number of Bedrooms	Number of Properties	Min Rent	Max Rent	Average Rent
0	144	63.49	108.86	79.40
1	5,631	53.69	131.51	84.03
2	5,437	75.64	140.91	98.19
3	4,029	71.69	146.45	112.83
4	621	83.38	155.13	127.74
5	102	98.98	162.67	147.36
6	11	128.30	171.04	155.54
7	2	130.23	166.29	148.26
8	1	168.22	168.22	168.22
<b>Grand Total</b>	<b>15,978</b>	<b>53.69</b>	<b>171.04</b>	<b>98.23</b>

Percentage increase in weekly dwelling rents for 2013-14 with caps and limits applied

No of bedrooms	Minimum	Maximum	Average
	%	%	%
Bedsit	1.3	6.5	4.8
1	1.0	7.1	4.4
2	2.2	5.9	4.5
3	2.1	6.1	4.4
3+	2.6	5.6	4.3
All dwellings	1.0	7.1	4.5

Range of changes

<b>Amount</b>	<b>Number of properties</b>
Less than £4.00	7092
Between £4.00 and £5.00	5920
Between £5.00 and £6.00	2741
Between £6.00 and £7.00	225
<b>Total</b>	<b>15,978</b>

- 4.8 Were the Council not to implement the full increase the loss of rent would be £810k per annum for each 1% of reduced increase. This would reduce the revenue contribution to the capital funding available for the Decent Homes programme and is not recommended for that reason.
- 4.9 Over 70% of the Council's tenants currently have at least part of their rent paid by benefits.
- 4.10 The Cabinet is recommended to agree the inclusion of the rent increases detailed in paragraph 4.7 above.

## **5 Service charges**

- 5.1 In addition to rents, tenants need to pay separate service charges for specific services that they receive. Charges are currently made for the following services.
- Concierge services
  - Caretaking
  - Grounds maintenance
  - Street sweeping
  - Light and power
  - District heating
  - Water
- 5.2 The Council's policy has been to set charges to match budgeted expenditure unless this would be an increase of more than the limits used in rent restructuring in which case charges are increased by RPI + 0.5%. For 2013-14 this is equal to 3.1%. Except in unusual circumstances it has not been the policy to compensate for under or over recovery in previous years. However charges will be adjusted for future years to avoid its continuance.

5.3 Based on current policy the following adjustments to charges are recommended:

<b>Tenants' Service Charges</b>	<b>No of Tenants</b>	<b>Proposed Charge</b>	<b>% Change</b>	<b>Change £</b>
Concierge	2,027	14.43	1.8%	55,900
Grounds Maintenance	8,221	2.95	2.8%	57,700
Caretaking	7,792	5.58	3.1%	111,100
Street Sweeping	8,231	3.55	-2.5%	-9,200
Bin & Chute Cleaning	8,231	0.15	-	64,700
Integrated Reception Service (Digital TV)	9,920	0.77	0.0%	53,000
District Heating Scheme - BWF (p/KWh)	193	0.0567	45.8%	12,000
Estates Road maintenance	9,494	0.46	2.2%	9,200
Communal Lighting	8,008	2.15	-29.5%	-353,200
Heating (Average charge)	638	12.25	8.1%	37,700
<b>Total Tenants' Service Charges (excluding water rates)</b>				<b>38,900</b>
Water	15,919	6.92	5.73%	390,800
<b>Total Tenants' Service Charges</b>				<b>429,700</b>

*Forecast additional Income based on number of Tenants x increase in charge x 98% (Recovery rate- i.e. 2% void and bad debts)*

- 5.4 Reductions are recommended in Street Sweeping and Light and Power where the current level of charge is resulting in an over-recovery. For other service charges increases are recommended at the lower of 3.1% or full cost recovery.
- 5.5 Service charges other than District Heating charges are eligible for Housing Benefit. (District Heating charges are for the supply of heat from a central supply to individual properties. As such they are not considered to be part of the rental cost.)
- 5.6 A new charge has been proposed for bin and chute cleaning at £0.15 per week for relevant properties.
- 5.7 It is recommended that the Cabinet agree the service charges set out above.

## 6 Revenue Budget and MTFP 2013-16

- 6.1 As part of the Council's budget strategy to generate efficiency savings, Homes for Haringey have been asked to reduce the portions of their Company Budget within their full control, that is excluding charges made by the Council, by 5% which equates to £1.787m.
- 6.2 In 2013-14 the bulk of this saving (£1.5m) will be made through a review of Housing Management services that is expected to increase productivity resulting in improved services, greater consistency of standards and decreased costs. The balance of savings, £255k, will be met from back office services.
- 6.3 In order to make the necessary staffing reductions, Homes for Haringey will incur transition costs, including redundancy and early retirement costs. Provision has been made in the MTFs for these costs to be met from the HRA reserve.



Approximately £1,305k costs are expected to fall in 2012-13. It is recommended that Cabinet agree that these costs be funded from the HRA reserve in the current financial year.

- 6.3 Homes for Haringey have identified £652k savings for 2014-15 across a range of services and are developing further proposals to meet the rest of the target.
- 6.4 The net budget for the managed account which comprises most of the HRA income sources is estimated to realise increased net income of £3.6m arising largely from rent increases discussed above and additional service charges. However this is offset by the need to make an increased provision for bad debts. The level of bad debt has been increasing over recent years and this is expected to worsen following Welfare Reform Act changes including the benefits cap, the under occupation penalty and the payment of housing support to the tenant rather than the landlord under Universal Credit.
- 6.5 The retained Account shows an expenditure reduction of £0.7m arising mainly from the reduction in the Management Fee payable to Homes for Haringey (-£1.787m). However £425k of costs for Broadwater Farm Leisure Centre and ASBAT have been transferred to the HRA from the General Fund following a review of charges between accounts.
- 6.6 There is also new investment growth for activity to support the HRA Estate Renewal work (see below.) This is made up of a contribution to the Regeneration team of £225k for HRA specific activity and £550k one off costs for feasibility studies and other development work.
- 6.7 It is recommended that Cabinet agree the MTFP as set out at Annex A to this Appendix.

## **7 HRA Capital Programme**

- 7.1 In recent years the Council's programme for maintaining its estate has depended mainly on subsidy determinations and supported borrowing.
- 7.2 In addition Haringey has received Decent Homes Backlog Grant funding from the Greater London Authority. The total allocation over the three years: 2012-15 is £51m but this is not evenly phased (£17m/£6.5m/£27.5m.) The GLA has recently requested a variation to the originally agreed phasing – bringing £2m grant funding forward from 2014-15 into this financial year. This does not affect the overall total. It is recommended that Cabinet approve this profiling change.
- 7.3 The Housing capital programme for 2013-14 is £34.2m of which £15.1m is for a planned programme of works to maintain the stock condition and £1.2m is for Disability Adaptations HRA properties.
- 7.4 In addition there is £15.5m earmarked for Decent Homes, funded from £6.45 Decent Homes Backlog Grant from the GLA and £9m from the HRA revenue surplus.
- 7.5 A further £2.45m is for specific capital projects including loft conversions and the development of Supported Living Schemes. There is also some initial funding for Infill and new Development. Further funding is set aside in the following year under Other Capital Works to continue these schemes. This is funded from HRA internal

sources.

- 7.6 Since the December capital report the allocation of capital funding has been revised slightly. The amount of funding required for Extensive Void Works has been reduced and the funding for Estate Improvements increased. The allocation for Other Capital Works in 2014/15 has been increased by £950k. Following the introduction of Self Financing, Council Officers and Homes for Haringey are developing a 30 year business plan that will set out the proposed use of HRA borrowing capacity, Right to Buy receipts and future income streams in order to improve and enhance the condition of the housing stock and support wider Council priorities and Regeneration aims including possible new build schemes to increase the housing stock. This is a complex piece of work and is not due to be finished until after the budget is finalised. It will be reported to Cabinet in the first half of next year. For this reason the later two years of the capital programme should be regarded as indicative only.
- 7.7 In order to ensure maximum flexibility for the Council in advance of completion of the Stock Options Appraisal it is proposed that the capital programme for 2013-14 relies solely on internally generated resources . It is not planned to draw on the limited borrowing capacity nor on any capital receipts.
- 7.8 A proposed programme with commentary totalling £34.2m in 2013/14 is included within Appendix 5. Funding is proposed as follows:

<b>Funding Source in 2013/14</b>	<b>£m</b>
Decent Homes Grant	6.5
Internally generated funds	27.7
<b>TOTAL</b>	<b>34.2</b>

- 7.9 Should any of the works cover leasehold properties the costs will be recoverable from the leaseholders and will not be a charge on the Council's resources.
- 7.10 It is recommended that the Cabinet approve this capital programme.

Draft Haringey Council Capital Programme 2013/14 to 2015/16

Appendix 5

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget					Total Funding Source (3 yrs)					
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Capital Grants From The National Lottery £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Section 106 £'000	Use of reserves £'000	Total £'000
<b>Place and Sustainability</b>												
1	<b>Growth on the High Road - Tottenham Regeneration</b> Scheme to improve and regenerate public realm in Tottenham Green, Bruce Grove and local markets	3,013	0	0	3,013	0	0	1,975	800	238	0	3,013
2	<b>Northumberland Park Accessibility and Parking</b> GLA supported scheme to implement highways works and parking zones in Northumberland Park Area related to new stadium development	3,296	547	1,483	5,326	0	0	2,626	2,700	0	0	5,326
3	<b>Green Lanes OLF</b> GLA supported scheme in partnership with local traders to improve shop fronts and public realm along Green Lanes	1,359	0	0	1,359	0	0	1,078	0	225	56	1,359
4	<b>Tottenham Hale Gyrotory</b> TfL led scheme to change Gyrotory to two way traffic flow. Funding previously agreed by Cabinet to enable the Gyrotory project to proceed to Phase 2 and to mitigate the possible impact of any reductions in expected S106 contributions.	500	1,778	0	2,278	900	0	0	1,378	0	0	2,278
5	<b>Lordship Lane</b> Residual costs of Heritate Lottery supported scheme to upgrade Lordship Recreation Ground	160	0	0	160	0	160	0	0	0	0	160
6	<b>TfL - Corridors/Neighbourhood/Smarter Travel</b> Estimated TfL allocations for works on corridor highway schemes, safety schemes, walking and cycling schemes	2,123	0	0	2,123	0	0	2,123	0	0	0	2,123
7	<b>TfL - Local Transport</b>	100	0	0	100	0	0	100	0	0	0	100
8	<b>TfL - Principal Road Maintenance</b> Estimated TfL allocation for maintenance of Principal Roads	760	0	0	760	0	0	760	0	0	0	760
9	<b>TfL - Bridges</b> Estimated TfL allocation for structural works to bridges	446	0	0	446	0	0	446	0	0	0	446

**Draft Haringey Council Capital Programme 2013/14 to 2015/16**

**Appendix 5**

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget			Total Funding Source (3 yrs)							
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10	<b>TfL - Wood Green Town Centre</b> Major TfL supported scheme to upgrade highways and public realm around Wood Green Centre	3,600	0	0	3,600	0	0	3,600	0	0	0	3,600
11	<b>Repair &amp; Maintenance of Council Buildings</b> To support planned condition upgrades and health and safety compliance works of property estate	750	750	750	2,250	0	0	0	2,250	0	0	2,250
12	<b>Accommodation Strategy</b> To support second phase of Accommodation Strategy including further smart working, consolidation of property holdings and release of surplus property.	1,325	2,750	700	4,775	0	0	0	4,775	0	0	4,775
13	<b>Street Lighting</b> Funding required for a rolling programme of investment to replace an aging stock of street lights with more efficient, lower maintenance modern alternatives.	400	400	400	1,200	0	0	0	1,200	0	0	1,200
14	<b>Planned Carriageway &amp; Footway Maintenance</b> Funding for the planned programme of footway reconstruction and carriageway resurfacing on non-principal roads, and for flood drainage works.	4,500	1,500	500	6,500	0	0	0	6,500	0	0	6,500
15	<b>Road Safety/Drainage/Structures</b> Funding is required for Road safety measures, the annual programme of drainage inspection and maintenance and the maintenance of structures such as bridges, subways etc.	150	150	150	450	0	0	0	450	0	0	450
16	<b>Bruce Castle</b> Funding to support a planned bid to Heritage Lottery for a major scheme to renovate and improve this heritage asset.	200	0	1,000	1,200	0	0	0	1,200	0	0	1,200
17	<b>Borough Parking Plan</b> Funding for design and implementation work on new CPZs and to ensure signs and lines are compliant on existing schemes.	300	100	0	400	0	0	0	400	0	0	400

Draft Haringey Council Capital Programme 2013/14 to 2015/16

Appendix 5

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget			Total Funding Source (3 yrs)							
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Grants & Contribution From Private Developers & Leaseholders £'000	Capital Grants From The National Lottery £'000	Capital Funding From GLA Bodies £'000	Use Of Capital Receipts £'000	Section 106 £'000	Use of reserves £'000	Total £'000
18	<b>Hornsey Town Hall</b> Funding previously agreed by Cabinet to support the renovation of Hornsey Town Hall and allow sustainable use through lease to an anchor tenant.	1,100	2,100	2,100	5,300	0	0	0	5,300	0	0	5,300
19	<b>Tree planting programme</b> Funding to allow completion of agreed tree planting programme.	65	0	0	65	0	0	0	65	0	0	65
20	<b>Down Lane Park - Master Plan Implementation</b> Match funding to enable leverage of external grants to support implementation of park improvement plan.	250	0	0	250	0	0	0	250	0	0	250
21	<b>Capital Delivery - Programme Support</b> Funding for the overall programme management of the council's capital programme.	50	50	50	150	0	0	0	150	0	0	150
<b>Total Place and Sustainability</b>		<b>24,447</b>	<b>10,125</b>	<b>7,133</b>	<b>41,705</b>	<b>900</b>	<b>160</b>	<b>12,708</b>	<b>27,418</b>	<b>463</b>	<b>56</b>	<b>41,705</b>



## Draft Haringey Council Capital Programme 2013/14 to 2015/16

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget		Total Funding Source (3 yrs)					Total		
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Capital Grants From Central Government Departments (inc SCE(C) £'000	Grants & Contribution From Private Leaseholders £'000	Use Of Capital Receipts £'000	Prudential Borrowing £'000	Use of reserves £'000	Total £'000
<b>Children &amp; Young People's Service</b>											
<b>Secondary Schools</b>											
22	ICT MSP Contract Residual funding for refresh of ICT for schools included in the managed service ICT contract, ending August 2013	400	0	0	400	400	0	0	0	0	400
23	Lifecycle Works Funding for agreed condition upgrade schemes in the Secondary School estate	1,400	200	200	1,800	171	0	0	0	1,629	1,800
	<b>(A) Sub-total BSF Programme</b>	<b>1,800</b>	<b>200</b>	<b>200</b>	<b>2,200</b>	<b>571</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,629</b>	<b>2,200</b>
<b>Primary and Pre-School Programme</b>											
24	Broadwater Farm ILC Final year of scheme to re-provide primary and special schools in an integrated campus	2,646	0	0	2,646	1,263	0	0	1,383	0	2,646
25	Rhodes Avenue Expansion to 3 FE Scheme to expand school to 3 Forms of Entry and address condition and suitability issues	3,479	1,177	87	4,743	1,763	0	2,033	947	0	4,743
26	Rhodes Avenue Provision for funding of claim against parties to secure recovery of costs	500	0	0	500	500	0	0	0	0	500
27	Mulberry Modernisation Retention on completed modernisation scheme	301	0	0	301	301	0	0	0	0	301
28	Earlismead - temporary expansion	4	0	0	4	4	0	0	0	0	4
29	Alexandra - Primary Expansion Scheme to expand school by 1 Form of Entry	1,383	513	0	1,896	1,796	100	0	0	0	1,896
30	Weilbourne - Primary Expansion Scheme to expand school by 1 Form of Entry	2,660	1,146	0	3,806	1,146	0	0	2,660	0	3,806
31	Primary Pupil Place expansion fund Provision for future primary school expansions required to meet population growth	3,460	3,724	1,700	8,884	5,324	100	0	3,460	0	8,884
	<b>(B) Sub-total Primary and Pre-School Programme</b>	<b>14,433</b>	<b>6,560</b>	<b>1,787</b>	<b>22,780</b>	<b>12,097</b>	<b>200</b>	<b>2,033</b>	<b>8,450</b>	<b>0</b>	<b>22,780</b>

Draft Haringey Council Capital Programme 2013/14 to 2015/16

Appendix 5

Ref. No.	Name of Capital Scheme	Total Planned Expenditure Budget		Total Funding Source (3 yrs)					Use of reserves	Total
		Proposed Original Budget 2013/14	Indicative Original Budget 2014/15	Indicative Original Budget 2015/16	Total	Capital Grants From Central Government Departments (inc SCE(C))	Grants & Contribution From Private Developers & Leaseholders	Use Of Capital Receipts		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Planned Asset Improvement</b>									
32	Funding for reactive condition works and upgrades to existing school estate	1,000	500	500	2,000	1,792	0	208	0	2,000
33	School Kitchen enhancements	200	200	200	600	600	0	0	0	600
34	Electrical infrastructure upgrades	281	8	0	289	289	0	0	0	289
35	Capital Delivery - Programme Support	100	100	100	300	100	0	200	0	300
	Funding for the overall programme management of the council's capital programme.									
	<b>(C) Sub-total Planned Asset Maintenance</b>	<b>1,581</b>	<b>808</b>	<b>800</b>	<b>3,189</b>	<b>2,781</b>	<b>0</b>	<b>408</b>	<b>0</b>	<b>3,189</b>
36	<b>Devolved Capital</b>	550	550	550	1,650	1,650	0	0	0	1,650
	Capital funds devolved directly to schools									
37	<b>Programme Delivery Costs</b>	800	800	800	2,400	2,400	0	0	0	2,400
	Costs of managing schools capital programme									
38	<b>Programme Contingency</b>	1,064	0	2,213	3,277	2,213	0	1,064	0	3,277
	Contingency to cover risks on all schools projects									
	<b>(D) Sub-total</b>	<b>2,414</b>	<b>1,350</b>	<b>3,563</b>	<b>7,327</b>	<b>6,263</b>	<b>0</b>	<b>1,064</b>	<b>0</b>	<b>7,327</b>
	<b>Total Excluding BSF (B+C+D)</b>	<b>18,428</b>	<b>8,718</b>	<b>6,150</b>	<b>33,296</b>	<b>21,141</b>	<b>200</b>	<b>9,922</b>	<b>0</b>	<b>33,296</b>
	<b>Total Children &amp; Young People</b>	<b>20,228</b>	<b>8,918</b>	<b>6,350</b>	<b>35,496</b>	<b>21,712</b>	<b>200</b>	<b>9,922</b>	<b>1,629</b>	<b>35,496</b>

Draft Haringey Council Capital Programme 2013/14 to 2015/16

Appendix 5

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget			Total Funding Source (3 years)				
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Capital Grants From Central Government Departments (inc SCE(C)) £'000	Other Grants £'000	Use Of Capital Receipts £'000	Total £'000
<b>Adults and Housing</b>									
39	Major Adaptations in Non Council Owned Properties Adaptations to homes to support residents with disabilities or other needs.	1,536	1,536	1,536	4,608	2,508	0	2,100	4,608
40	Compulsory Purchase - empty properties Funding to bring empty properties back into use and sell on to registered providers	500	500	500	1,500	0	0	1,500	1,500
<b>Total Adults and Housing</b>		<b>2,036</b>	<b>2,036</b>	<b>2,036</b>	<b>6,108</b>	<b>2,508</b>	<b>0</b>	<b>3,600</b>	<b>6,108</b>

Draft Haringey Council Capital Programme 2013/14 to 2015/16

Appendix 5

Ref. No.	Name of Capital Scheme	Total Planned Expenditure Budget			Total Funding Source (3 yrs)				Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000	Total £'000
		Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Capital Grants From Central Government Departments (Inc SCE(C) £'000)	Capital Funding From GLA Bodies £'000	Financing From HRA £'000		
<b>Housing Services (Housing Revenue Account (HRA))</b>										
41	Mechanical and Electrical Rewiring and door entry systems	1,250	1,250	1,250	3,750	0	0	0	3,750	3,750
42	Asbestos Removal Removal of asbestos during responsive repair works	100	100	100	300	0	0	0	300	300
43	Boiler Replacements and Major Repairs	3,500	3,500	3,500	10,500	0	0	0	10,500	10,500
44	Lift Improvements Replacement of life expired lifts	2,181	2,181	2,181	6,543	0	0	0	6,543	6,543
45	Structural Works Underpinning, concrete and brickwork repairs	200	200	100	500	0	0	0	500	500
46	Capitalised Repairs Kitchen, bathroom and heating repairs	4,400	4,150	4,150	12,700	0	0	0	12,700	12,700
47	Extensive Void Works: Programme to bring homes back into use where major repairs/upgrades are required	920	1,091	1,150	3,161	0	0	0	3,161	3,161
48	Decent Homes Schemes to upgrade dwellings to Decent Homes standards involving works to kitchens, bathrooms, heating and general structural repairs.	15,500	35,480	30,938	81,918	33,931	0	37,658	10,329	81,918
49	Aids and Adaptations Adaptations for disabled residents	1,200	1,200	1,200	3,600	0	0	0	3,600	3,600
50	Professional Fees	1,571	1,750	1,750	5,171	0	0	0	5,171	5,171
51	Energy Efficiency Programme match funding for additional energy efficiency measures, insulation and heating controls	100	0	0	100	0	0	0	100	100
52	Conversions/Employment Provision of new affordable housing combined with new work placements	250	0	0	250	0	46	204	0	250
53	Development Opportunities Funding to encourage provision of new affordable homes via land agreements with Developers	300	0	0	300	0	0	300	0	300
54	Infill Funding to encourage provision of new affordable homes on underused sites.	1,150	0	0	1,150	0	0	1,150	0	1,150

Draft Haringey Council Capital Programme 2013/14 to 2015/16

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55	Loft Conversions To reduce overcrowding in existing Council property	250	0	0	250	0	0	250	0	250
56	Supported Living Programme to convert units to include carers accommodation	500	500	500	1,500	0	0	1,500	0	1,500
57	Estate Improvements	730	730	500	1,960	0	0	1,960	0	1,960
58	Other Capital Works	0	4,645	0	4,645	0	0	4,645	0	4,645
<b>Total Housing Services (Housing Revenue Account)</b>		<b>34,202</b>	<b>56,777</b>	<b>47,319</b>	<b>138,298</b>	<b>33,931</b>	<b>46</b>	<b>47,667</b>	<b>56,654</b>	<b>138,298</b>

**Draft Haringey Council Capital Programme 2013/14 to 2015/16**

Draft Capital Programme 2013/14 to 2015/16		Total Planned Expenditure Budget			Total Funding Source (3 yrs)			
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Indicative Original Budget 2015/16 £'000	Total £'000	Use Of Capital Receipts £'000	Financing From General Fund Revenue Account £'000	Total £'000
<b>Corporate Resources, Assistant Chief Executive &amp; Cross-Directorate</b>								
59	<b>IT Capital Programme</b> To Invest in specific business IT projects which deliver efficiencies and improved customer service. All projects require a detailed business case to be presented and approved by Corporate IT Board to ensure they meet strategic aims and can deliver demonstrable outcomes.	250	250	250	750	750	0	750
60	<b>Alexandra Park &amp; Palace - maintenance</b> Essential refurbishment of premises and plant to ensure on-going compliance, safety and operability of the site in the short to medium term. This will enable the Palace to continue trading whilst actively pursuing a longer term regeneration solution.	850	250	350	1,450	0	1,450	1,450
61	<b>Alexandra Park &amp; Palace - regeneration</b> Estimated programme development costs to support a comprehensive regeneration of the whole site during the period 2013-2017 to deliver the stated vision for the Park and Palace and create a viable operating model in the long term.	500	500	500	1,500	1,500	0	1,500
62	<b>Improved Customer Services</b> Improvements to the Customer Services Function in line with the residents strategy	500	1,500	0	2,000	0	2,000	2,000
<b>Total Corporate Resources, Assistant Chief Executive &amp; Cross-Directorate</b>		<b>2,100</b>	<b>2,500</b>	<b>1,100</b>	<b>5,700</b>	<b>2,250</b>	<b>3,450</b>	<b>5,700</b>





OVERVIEW & SCRUTINY COMMITTEE -- January 2013  
BUDGET SCRUTINY RECOMMENDATIONS

The OSC RESOLVED that the following recommendations be presented to the Cabinet on 12<sup>th</sup> February 2013 in response to the draft Medium Term Financial Plan 2013/14-2015/16.

Recommendations	Cabinet Response
<p><b>OVERVIEW AND SCRUTINY COMMITTEE RECOMMENDATIONS:</b></p>	
<p>1. The Council accelerate work around Community Based Budgeting with a view to improving integrated services as well as making savings for council and partner agencies.</p>	<p>The Cabinet is presently not minded to accelerate work around Community Based Budgeting as more evidence of the benefits would need to be understood before progressing further. It is felt generally that there is more appetite from Councils to 'sell' services rather than to 'buy' them, so this limits opportunity.</p>
<p>2. The Council renew efforts into Shared Services.</p>	<p>The Council still has a memorandum of agreement in place with the London Borough of Waltham Forest and is continuing to pursue opportunities. The point made above regarding selling services is also pertinent to Shared Services.</p>
<p>3. Consideration be given to the outsourcing of sections of Haringey People with the intention of making it into a profit centre, whilst maintaining the Council's editorial control.</p>	<p>Haringey People currently generates advertising income of £35.5k per year which is used to offset against the overall production costs of the magazine. Each edition of Haringey People carries six pages of advertising. The rate card is being reviewed with a view to maximising paid for advertising in the magazine.</p>
<p>4. Detailed information on savings / expenditure figures over certain thresholds (to be prescribed) be provided in future reports when scrutinising the budget.</p>	<p>The Cabinet would welcome a review of the budget scrutiny protocol for next year's process in the general spirit of improvement; it is also content for this recommendation to be included within the revised protocol. However, Cabinet is mindful of the significant resources required to undertake detailed budget scrutiny and requests that O&amp;S considers both breadth and depth of subject when selecting areas for review. The Cabinet recognises the importance of the education</p>

**OVERVIEW & SCRUTINY COMMITTEE – January 2013  
BUDGET SCRUTINY RECOMMENDATIONS**

	sessions on the budget run for members and commends their future use.
<p><b>5.</b> OSC to undertake a review of property, split into four themes – Accommodation strategy; Heritage &amp; Regeneration; Corporate Portfolio; and Community buildings.</p>	The Cabinet approves this recommendation.
<p><b>ADULTS AND HEALTH SCRUTINY PANEL RECOMMENDATIONS:</b></p>	
<p><b>1.</b> a) Any moves which are made in relation to the redesign of Adult social work assessment relating to Occupational therapy and social work assessment should focus on the integration of health and social care. b) The Council should be the lead authority on service provision. (A2)</p>	<p>Closer integration between Social Care and Health services is a leading priority for Adults and Community Services and will be a key design principle in all the Directorate's service transformation work.</p> <p>In integrating services the Directorate will take care that the best balance of control and efficiency is achieved. In many cases the Council will be the most appropriate lead provider; however there may be services for which a health lead would be more appropriate – for example in some more specialist provision where health expertise is greater. The Directorate will provide a full justification for all service reconfigurations.</p>
<p><b>2.</b> a) The move to enable more people with learning disabilities to live independently in the community is welcomed and the Panel looks forward to hearing further updates on progress. The Campsbourne model, which the Panel considered at its meeting in September, should</p>	<p>Officers from Adults and Housing will be happy to provide updates to future meetings.</p> <p>Officers will continue to build on and develop previous good practice</p>

OVERVIEW & SCRUTINY COMMITTEE -- January 2013  
BUDGET SCRUTINY RECOMMENDATIONS

	be used as a model for other supported housing schemes. (A16)	such as the Campsbourne project.
3.	The Panel raised concerns that a Principal Policy Officer post in the Adult Commissioning service is being cut at a time of transition when these skills may be needed. The Panel therefore recommends that Public Health consider picking up the full funding of the post, at least during the forthcoming transitional period. (A17)	The Public Health Grant is ringfenced and can only be spent within agreed parameters. Furthermore, work to allocate the grant in the target areas is advanced. However, the Director of Public Health is committed to working closely with colleagues over the coming year to maximise synergies and achieve the optimum outcomes for public health of the Borough
4.	<p>The Panel welcomes the NHS Grant and recognises that the service needs an injection of funding in order to manage the demographic changes and an increase in demand.</p> <p>The Panel therefore recommends that the full amount of money is given to Adults in all of the remaining years of the grant.</p> <p>The Panel also strongly supports making a further business case to ensure that the level of the NHS grant continues to keep pace with the increased pressures on the service and an increased demand. (NHS Grant to Support Care and Benefit Health)</p>	<p>The Cabinet approves this recommendation and has therefore included the additional grant funding announced within the Adults and Housing cash limit from 1 April 2013. This adjustment is included within the MTFP as set out in this report.</p> <p>Officers from Adults and Housing will continue to make best efforts to ensure funding from the NHS keeps pace with demand.</p>
5.	The Panel is encouraged by the number of health and social care integrated services and recommends acceleration in the move to greater	Adults and Housing are working on further integration between health and social care services and will be happy to report on this further next year.

**OVERVIEW & SCRUTINY COMMITTEE – January 2013  
BUDGET SCRUTINY RECOMMENDATIONS**

	integration in order to improve outcomes for service users and improved financial efficiency. ( <i>Health and Social Care Integration</i> )	
<b>6.</b>	Public Health - The Panel understands that the Public Health budget is not yet available and looks forward to receiving the Public Health budget when it becomes available in order to allow the Panel to scrutinise the proposals as per its constitutional duty.	A report on the new Public Health budget for 2013/14 is planned to be discussed by Cabinet in March 2013. Cabinet are content that, once approved, the report is passed to Overview and Scrutiny for further consideration.
<b>COMMUNITIES SCRUTINY PANEL RECOMMENDATIONS</b>		
<b>1.</b>	That the option of obtaining external grant funding from appropriate national bodies with a role in sport promotion and, in particular, swimming, be explored. (P7)	The Cabinet approves this recommendation. The service has successfully secured a range of external grant funding to support service provision and will continue to do so.
<b>2.</b>	It is recommended that the following options be explored fully to enable the continuation of the mobile library service; <ul style="list-style-type: none"> <li>• Sharing responsibility with other service providers and, together with them, developing an integrated service; and</li> <li>• Developing a joint service with a neighbouring borough. (P9)</li> </ul>	The existing saving proposal already allows time to explore alternative service provision for the most vulnerable clients, including shared service options, although not all neighbouring boroughs provide such a service.
<b>3.</b>	In view of Haringey's stated commitment in the last Governance Review to devolving decision making and greater involvement of the	The Enablement Team was established as part of the Single Frontline restructure, to fulfil the following roles:

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<p>communities in the Borough, the Panel is greatly concerned that the possibility has emerged of withdrawing the funding for a significant portion of the support currently available for area forums and committees.</p> <p>It recommends that, before any decision is made, clarity be provided on how the functions that directly support the work of forums/committees that are undertaken currently by the team to be deleted will continue to be provided. (P12)</p>	<ul style="list-style-type: none"> <li>• Supporting the monitoring of the Area Plans including managing the distribution list and sending out notifications about upcoming Area Forums.</li> <li>• Negotiating with services to ensure services are being planned in response to area needs, and with consideration to the SFL elements of the Area Plans;</li> <li>• Providing the link between communities and Single Frontline (SFL);</li> <li>• Identifying local priorities in relation to SFL;</li> <li>• Supporting SFL service changes and engagement/consultation activity.</li> </ul> <p>The work on the creation of Area Plans is now substantially complete and the proportion of Area Committee workload that relates to SFL is much lower than originally envisaged and thus these queries are already being picked up elsewhere.</p>
<p><b>ENVIRONMENT AND HOUSING SCRUTINY PANEL RECOMMENDATIONS</b></p>	
<p>1. a) The allotments service should be revenue neutral and any increase should only be considered with the full consultation and involvement of all relevant stakeholders. (P6)</p> <p>b) Any future revenue surplus made within the allotment service should be ring fenced and reinvested in allotments.</p>	<p>It is not possible to make a saving from this area whilst maintaining the existing revenue neutral position. The Council will seek to engage and involve relevant stakeholders on developing and implementing the related changes.</p> <p>The Directorate will explore the scope to use some of the surplus to support reinvestment in allotments site infrastructure renewal.</p>
<p>2. a) Consideration should be given to whether</p>	<p>The Council already seeks to obtain the maximum possible fee from</p>



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	<p>enough is charged for the set up and break down of events at Finsbury Park, based on comparators.</p> <p>Any increase in revenue should be from an increase in the cost of holding events at Finsbury Park and not an increase in the number of events held. (P8)</p>	<p>holding events in Finsbury Park and will continue to do so - the 'market' for Concerts is very competitive and this has been increased by the availability of the Olympic Park for concerts and events.</p>
<p>3.</p>	<p>That there be an increase in the number of well designed loft conversions to help to alleviate housing pressures in the borough. (Capital programme 56)</p>	<p>It would be attractive to consider doing more of this if possible, but the Council needs to take into account the impact of Welfare Reform. If the number of bedrooms is increased the rent would need to go up which may have benefit cap implications for larger families. Also the "bedroom tax" – a penalty for under occupying council housing will restrict the number of suitable properties. In particular it will mean that it would not be appropriate to undertake this kind of work on a whole block or row of houses at a time since this might mean that some families amongst the row could be disadvantaged or the properties could be harder to find tenants for.</p>
<p>CHILDREN AND YOUNG PEOPLE SCRUTINY                  PANEL RECOMMENDATIONS</p>		
<p>1.</p>	<p>The Panel notes that the success of the budget proposals is very much dependent on the continued reduction in the numbers of Looked after Children and, although the projected reductions are very welcome, concern be expressed at the potential of these not being achieved and the implications that this might</p>	<p>The risks attached to movement in the numbers of looked after children are acknowledged. However, numbers have already been reduced from 547 (end March 2012) to 503 (end December 2012) during the current financial year. The current strategy to reduce numbers, contain unit costs and bring Haringey closer to our statistical neighbours will continue and be closely monitored so that effective corrective action can be taken if necessary.</p>

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	have. C1/C3/C6	
2.	That the Panel recommend that, as far as is possible, no school should lose out as a result of the reduction in local discretion over the School Funding formula and noted that a maximum of four schools – Campsbourne, St. Michaels, St Thomas More's and John Loughborough have been identified as at risk of being adversely affected.	Final allocations of school budget shares have now been determined based on October 2012 data supplied by the DfE and the application of the approved Haringey formula. Following the delegation of additional resources to schools, implementation of £0.5m SEN contingency fund and application of the minimum funding guarantee, the only schools adversely affected are St Michael's N6 (-£11k) St Thomas More (-£397k) John Loughborough (-£19k). These schools are adversely affected by falling rolls (-7 pupils, -56 pupils and -12 pupils respectively, rather than changes to the funding formula.
3.	That advice given to young people on careers and further education should be aspirational to give them the best chances and that this should be monitored to improve outcomes for young people. The Council should take a lead role together with local businesses and schools to ensure the best outcomes for young people. (C9)	The responsibility for careers advice now rests with schools.
4.	That, in respect of Youth Services, the Panel request details of work commissioned and of the planning that had been made for extending the service to younger children and that these be submitted to the March meeting of the Panel, which is already scheduled to have a youth focus. (Bruce Grove Youth Centre)	A report will be presented to the CYPs Scrutiny Panel in March.
5.	That in future years, the effective scrutiny of budget proposals be assisted by Members being provided with details of how the specified saving	The Cabinet approves this recommendation and would welcome its inclusion in the proposed revised budget scrutiny protocol.

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	or growth proposal compares, in proportionate terms, to the associated base budget. (General Budget Scrutiny Process recommendation).
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