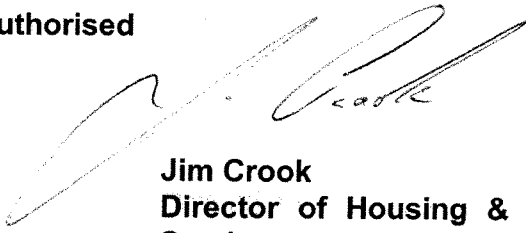


Overview and Scrutiny Committee**On 29 November 2006**

Report title:	Budget scrutiny - Pre business plan review documents for the Housing Portfolio	
Report of:	The Interim Director of Housing & Social Services and Acting Director of Finance	
Wards affected:	All	
1. Purpose	1.1 To update Members on the financial planning process and to consider the pre business plan reviews for the Housing Services business unit.	
2. Recommendations	2.1 To note the latest financial planning position as set out in the report. 2.2 To consider and make recommendations to the Executive on the pre-business plan review documents, in particular the new savings and investment proposals. The recommendations of the Overview and Scrutiny Committee will be considered by the Executive in agreeing the Council's final budget for 2007/08.	
Report authorised by:	 Jim Crook Director of Housing & Social Services	
	Gerald Almeroth Acting Director of Finance	
Contact officer:	Julian Higson	Kevin Bartle
Telephone:	020 8489 4338	020 8489 3743

3. Executive summary

3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.

4. Reasons for any change in policy or for new policy development

4.1 None

5. Access to information: Local Government (Access to Information) Act 1985

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

- Report of the Acting Director of Finance to the Executive 4 July 2006 – Financial planning 2007/8 to 2010/11
- Report of the Acting Director of Finance to the Overview & Scrutiny Committee 24 July 2005 – Budget Scrutiny
- Report of the Acting Director of Finance to the Executive 31 October – Financial planning 2007/8 to 2010/11 (including the detailed PBPR documents)

For access to the background papers or any further information please contact Kevin Bartle on 020 8489 3743.

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6 Background

- 6.1 The Executive on 4 July 2006 considered a comprehensive report on financial strategy for the period 2007/08 to 2010/11 and agreed a business planning and budget-setting process. At that time the budget showed a significant gap for the years 2007/08 and 2010/11, with an overall gap of £13.6m over the full four year planning period. This assumes the achievement of pre-agreed savings proposals of £8.2m. The assumed council tax in the projection is an increase of 2.5% in each of the four years and a known grant settlement figure of 2.7% in 2007/08. Attached at appendix 1 is the budget trail as reported to Executive in July which sets out the overall position.
- 6.2 A further report was considered by the Executive on 31 October 2006 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.
- 6.3 As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the governments Gershon efficiency targets of 2.5% per annum. Ring-fenced

funded services were separately identified within this process. The savings proposals will be required to fund the budget gap identified above and any additional investments that are agreed as part of this budget setting process. The final budget proposals will depend on the level of formula grant received from government, which will be announced in early December.

7 Pre business plan reviews

7.1 Members will recall that the purpose of the pre-business review process is to:

- ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
- ensure that all budget options support the achievement of community strategy objectives;
- ensure that proposals are considered in conjunction with the impact on service performance;
- ensure that budget options enhance the achievement of value for money;
- review the impact of previous years investment proposals;
- identify efficiency savings, both cashable and 'non-cashable', and investment opportunities both within and between business units;
- support consultation activity with key stakeholders;
- support the budget scrutiny process;
- gather information to support a number of planning processes.

7.2 The reviews have been prepared in conjunction with Executive Members and are released for scrutiny.

7.3 To assist members in the scrutiny process we have attached to this report in appendix 2 extracts of the PBPRs relevant to this portfolio by business unit in respect of new proposals:

- Pre agreed cashable efficiency savings (PBPR section 5.3)
- New proposed cashable efficiency savings (PBPR section 13)
- New revenue investment proposals (PBPR section 12);
- New capital investment proposals (PBPR section 11);
- Non General Fund proposals (if appropriate).

Members have also been provided with a list of the investments agreed in previous years' budgets for information (PBPR Section 5.5). Although these investments have been agreed and accounted for, it may be that, given the challenging forecast financial position, members would like to revisit them.

7.4 Members are asked to consider these proposals in relation to 7.1 above.

7.5 Appendix 3 provides an overview of the 2006/07 budget by business unit across the Council and summarises the proposals over the four year planning period to give members a view of the overall scale of the proposals.

7.6 The following section in the report summarises the key service issues and objectives by business unit over the planning period.

8 Housing Services Issues

8.1 The Housing Service took over responsibility for housing across all tenures in March 2006, following the creation of Homes for Haringey. Prior to this, the service was known as Housing Strategy and Needs.

8.2 The Housing Service is responsible for the following main areas of work:

- Housing Prevention and Options
- Re-housing and lettings
- Temporary accommodation management
- Housing Association development and partnerships
- Private sector housing options and empty property work
- Housing strategy development
- Housing performance management
- Client function for Homes for Haringey
- Management of Hearthstone domestic violence agency

8.3 There are several significant challenges facing the service between now and 2010/11. These are all related to meeting government floor targets, and/or new legislation. All will make a direct contribution to Haringey's core Council objectives, and in the case of next year's ALMO inspection and the RSL development programme will attract significant inward investment.

8.4 The issues of highest priority are:

8.4.1 *Housing Improvement Programme.* This area of activity is an essential requirement in preparation for the Audit Commission Housing Inspection in 2007. A minimum 2-star rating is needed for the Council to secure ALMO decent homes funding. The activities include a new lettings policy, new housing register and points scheme, and new Choice Based Lettings service through the Home Connections Company. Growth funding of £177K for advertising costs and virtual tours of empty properties is required in order realise the full potential of the Home Connections project.

8.4.2 *Temporary Accommodation (TA) reduction.* Earlier this year, the government set every local authority the target of reducing TA by 50% by 2010/11. As Haringey has the highest level of TA in the country, this target involves sourcing over 3,000 new private sector homes, as well as making a step change in homelessness prevention outcomes. Failure to address this issue is likely to have an impact on the Council's future CPA ratings. Funding of £1.53m is sought for prevention initiatives and private sector housing solutions.

8.4.3 *Hearthstone expansion.* Hearthstone has been recognised by the government as a leading example of joint working in the field of domestic violence. It also makes a major contribution the Council's safer communities and homelessness prevention targets. However, the existing premises are inadequate for the range of services that need to be offered by Hearthstone. A capital growth bid, of £0.3m has been submitted, with revenue growth of £0.110m.

- 8.4.4 *Project Support.* The success of the above initiatives is dependent on high quality project management and project support. Without this, there is a higher risk element attached to their delivery. A bid for growth funding of £38k for project support has been included.
- 8.4.5 *New housing supply.* The service is increasing the resources allocated to development of new permanent affordable housing (via housing associations). Haringey has the largest HA development programme in North London, with 600 new homes per year in the pipeline. The service is intending to increase resources in this area without submitting a growth bid.
- 8.4.6 *Service efficiencies.* It should be noted that the service has put forward £348k of efficiency savings for 2007/08, and a total of £763k between 2007 and 2011.

9 Consultation

- 9.1 This is part of the consultation of the business and financial planning process.

10 Summary and conclusions

- 10.1 The conclusions will be for the committee to decide before agreeing a report back to Executive as part of the budget process.

11 Comments of the Head of Legal Services

- 11.1 To be completed

12 Equalities implications

- 12.1 This is considered as part of the individual pre-business plan review documents.

13 Use of appendices

- 13.1 Appendix 1 – The budget trail as reported to the Executive in July 2006 which sets out the overall position.
- 13.2 Appendix 2 – extracts from the pre-business plan review documents showing:
- Pre agreed cashable efficiency savings (PBPR section 5.3)
 - New proposed cashable efficiency savings (PBPR section 13)
 - New revenue investment proposals (PBPR section 12);
 - New capital investment proposals (PBPR section 11).
 - Pre agreed investments (memorandum item PBPR section 5.5);
 - Non General Fund proposals (if appropriate).
- 13.3 Appendix 3 – summary budget analysis document (2006/07 to 2009/10)
- 13.4 Pre-business plan review documents (circulated separately)

London Borough Of Haringey
PBPR Capital Investment Bids 2007/08 - 2010/11
Executive Member For Housing

Appendix 2

Form Number	Portfolio	Directorate	Business Unit	Capital Project Title	Corporate Resources Funding Bid 2007/08 - 2010/11	Total Capital cost					Revenue Growth PBPR Table 12 2007/08 - 2010/11	Corporate Resources as a Contribution of Capital Cost %
						2007-08 £'000	2008-09 £'000	2009-10 £'000	2010-11 £'000	Total £'000		
064	Exec Member: Housing	Haringey/Homes Ltd - ALMO	Homes for Haringey	Saltram Close Regeneration	1,054	1,054	0	0	0	1,054		100%
			Homes for Haringey Total		1,054	1,054	0	0	0	1,054		
060	Exec Member: Housing	Social Services	Housing Strategy & Needs	Hearthstone Expansion	300	300	0	0	0	300		100%
061	Exec Member: Housing	Social Services	Housing Strategy & Needs	Renewal Area – Group Repair	300	300	0	0	0	300		100%
062	Exec Member: Housing	Social Services	Housing Strategy & Needs	Haringey Here to HELP Programme	500	500	0	0	0	500		100%
			Housing Strategy & Needs Total		1,100	1,100	0	0	0	1,100		
			Grand Total £000		2,154	2,154	0	0	0	2,154		50

PBPR Table	Saving/ Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/Investments	2007/08 over and above 2008/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	Home Connections Virtual Tours	150				150	Service to be bought in from CBL company, Home Connections (Harney) is a founder member of the organisation)
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	Home Connections advertising costs	27				27	Managed jointly with Corporate Comms. ** Impact on void property turn around times and increased public visibility of new service
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	Project Support Officer	38				38	Improved project and programme management
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	Heartstone Expansion	60				60	Help prevent homelessness, reduce temporary accommodation, expand service
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	TA reduction programme	831	324	348	27	1,530	DCLG recommendations that these areas funded from TA revenue
12	G	Exec Member: Housing	Social Services	Housing Strategy & Needs	There will be revenue implications relating to the expansion of Heartstone. Limited information is available at this time.	50				50	Rent 5k, loss of subsidy. Asset value approximately £295,000. Further analysis to be produced
G Total						1156	324	348	27	1,855	
Housing Strategy & Needs Total						1156	324	348	27	1,855	

Key:
 5.3 - Pre-Agreed Savings
 13 - New Proposed Savings
 12 - New Proposed Growth

PBPR Table	Saving / Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/ Investments	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
5.3	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Cross service efficiencies	125				125	On target
5.3	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Prescribed savings CEM3 21/7/04	148				148	On Target
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Centralisation of supplies ordering	5				5	nil
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Review of essential Car user allowances	20				20	nil
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Reducing temp staff	50	90	90		230	Successful permanent recruitment
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Training rationalisation			20		20	nil
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Home Connections joint procurement				60	60	Successful launch
13	S	Exec Member: Health & S.Serv	Social Services	Housing Strategy & Needs	Release of staff brought in to achieve 2* service				155	155	Achievement of 2*
				Housing Strategy & Needs Total		348	90	110	215	763	

Key:
5.3 - Pre-Agreed Savings
13 - New Proposed Savings
12 - New Proposed Growth