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COUNCIL MEETING - 29 FEBRUARY 2024

Councillors of the London Borough of Islington are summoned to attend a meeting of the Council to be held in the Council Chamber, Town Hall, Upper Street, N1 2UD on **29 February 2024 at 7.30 pm.**

Victoria

Victoria Lawson,
Chief Executive

AGENDA

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1.	Minutes The Minutes of the previous meeting held on 14 December 2023.	1 - 40
2.	Declarations of Interest	

If you have a **Disclosable Pecuniary Interest*** in an item of business:

- if it is not yet on the council's register, you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may **choose** to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you **must** leave the room without participating in discussion of the item.

If you have a **personal** interest in an item of business **and** you intend to speak or vote on the item you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent but you **may** participate in the discussion and vote on the item.

*(a) **Employment, etc -** Any employment, office, trade, profession or vocation carried on for profit or gain.
(b) **Sponsorship -** Any payment or other financial benefit in respect of your

expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) **Contracts -** Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) **Land -** Any beneficial interest in land which is within the council's area.

(e) **Licences -** Any licence to occupy land in the council's area for a month or longer.

(f) **Corporate tenancies -** Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to **all** members present at the meeting.

3. Mayoral Announcements

   (i) Apologies
   (ii) Order of business
   (iii) Declaration of discussion items
   (iv) Mayor's announcements
   (v) Length of speeches

4. Leader's Announcements

   - The Leader will address the Council;
   - The Leader of the Opposition will then be invited to respond.

5. Petitions

Enquiries to	:	Jonathan Moore
Tel	:	0207 527 3308
E-mail	:	democracy@islington.gov.uk
Despatched	:	21 February 2024

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LONDON BOROUGH OF ISLINGTON

COUNCIL MEETING - 14 DECEMBER 2023

MINUTES OF PROCEEDINGS

At the meeting of the Council held at Council Chamber, Town Hall, Upper Street, N1 2UD on 14 December 2023 at 7.30 pm.

Present:

Bell-Bradford	Hayes	North
Burgess	Heather	Ogunro
Champion	Hyde	O'Halloran
Chapman	Ibrahim	O'Sullivan
Chowdhury	Jackson	Ozdemir
Cinko-Oner	Jeapes	Pandor
Clarke	Jegorovas-Armstrong	Russell
Comer-Schwartz	Kay	Shaikh
Convery	Khondoker	Staff
Craig	Khurana	Turan
Croft	Klute	Ward
Gilgunn	Mackmurdie	Wayne
Gill	McHugh	Williamson
Graham	Nathan	Woolf
Hamdache	Ngongo	Zammit

The Mayor (Councillor Gary Heather) in the Chair

260 MINUTES

RESOLVED:

That the minutes of the previous meeting held on 28 September 2023 be agreed as a correct record and the Mayor be authorised to sign them.

261 DECLARATIONS OF INTEREST

Councillor Flora Williamson and Councillor Toby North's details of interests remain published on the website and a copy of the register remains available for inspection at the Town Hall during working hours in relation to agenda item 11 and their register of interests has been updated.

262 MAYORAL ANNOUNCEMENTS

(i) Apologies

Apologies were received from Councillors Weekes, Poyser, Bossman-Quarshie, Spall, Gallagher and Nargund.

(ii) Order of business

The order of business was as per the Agenda.

(iii) Declaration of discussion items

No items were declared.

(iv) Mayor's announcements

The Mayor expressed their condolences for the recent passing of former Hillrise Councillor Lorraine Constantinou, acknowledging their significant contributions as a campaigner in the Elthorne community.

The Mayor updated the Council on their activities since the last Council meeting in September. The Mayor highlighted their attendance at numerous community events, emphasising the joy of connecting with Islington residents. Some notable events include recognising a firefighter's long service at Upper Street fire station, participating in citizenship ceremonies in the council chamber, attending the Andover Estate fun day, and witnessing the formal opening of the south Family Hub on the Bemerton Estate. The Mayor also shared experiences from art projects in Bunhill Fields and at Angel Central. The Mayor mentioned awarding recognition certificates to children and volunteers, visiting schools, youth centres, churches, and attending carol services in the borough and engaging with food projects at community centres, recognising their vital role in the current cost-of-living crisis.

The Mayor reported on the success of a recent fundraising dinner at Fish Central, which raised over £2,000 for Voluntary Action Islington. They expressed support for the Poppy appeal, attending Remembrance Day ceremonies, and commended the diversity, community, tolerance, and solidarity in Islington. The Mayor was also involved in switching on festive season lights in six town centre areas,

The Mayor encouraged nominations for the upcoming Civic Awards, which spotlight local individuals and organisations making significant contributions to the community.

263 LEADER'S ANNOUNCEMENTS

The Leader expressed condolences for the tragic murder of Mohamed Abdi Noor in Tufnell Park. The Leader said her thoughts were with his family and friends and emphasised the need to prioritise the safety of local residents. Reassurance patrols were taking place in the area.

The Leader condemned an antisemitic attack at Islington Green during Hanukkah, asserting that hate crimes had no place in the borough. The Leader underscored Islington's commitment to standing against all forms of hate crime.

The Leader commented on the successful Remembrance services held in November, and thanked all those involved in the events.

The Leader addressed the impact of the Israel-Palestine conflict on local residents and highlighted the council's efforts to support the community, advocating for a motion promoting peace in the region.

Turning to healthcare, the Leader expressed concern about the Whittington Hospital's maternity services facing potential changes due to inadequate government funding. The Leader commended efforts to save the Whittington Maternity Unit and encouraged support for the cause.

The Leader expressed pride in the proposed scheme that would exempt 8,000 households from paying Council Tax and reduce the bill for another 6,000 households, particularly in the context of the ongoing cost-of-living crisis.

The Leader highlighted the council's commitment to supporting the community, emphasising the importance of community spirit and caring for each other in making Islington special.

The Leader of the Opposition began by expressing the difficulty they had faced in finding suitable words for the evening. They reflected on the tragic loss of Mohamed Abdi Noor to knife violence and the desecration of a menorah.

The Leader of the Opposition called for the Council's support for a lasting ceasefire in Gaza, emphasising the need for genuine negotiations and justice. They noted the Prime Minister and government had not adequately addressed these pressing issues, highlighting a perceived lack of commitment to peace-making and humanitarian efforts.

The Leader of the Opposition acknowledged the challenges faced by residents in Islington, addressing instances of abuse based on race, faith, or values. They expressed solidarity with those who had suffered such abuse and wanted for Islington to be a borough that promotes safety, sanctuary, acceptance, and equity.

The Leader of the Opposition condemned the Home Secretary for prioritising the next leadership election over her responsibilities and the Prime Minister for scapegoating migrants and protesters to save his job. They asserted that the government had failed on various fronts, including justice, peace, and climate action. The Leader of the Opposition also commented on the Labour Party, particularly its stance on international law in Gaza, and its policies on migration, austerity, and green investment. The Leader of the Opposition acknowledged and supported colleagues within the Chamber who had been working to improve the Labour Party. They expressed hope for positive change, both within the party and in addressing the broader challenges facing the community.

264 PETITIONS

The Council received a petition from Pauline Cartwright related to the proposed redevelopment of the Oasis Café on Highbury Fields.

265 QUESTIONS FROM THE YOUTH COUNCIL

(a) YCllr Eva to Cllr Champion, Executive Member for Environment, Air Quality and Transport:

We recently attended a Youth Debate organised by Islington Faith Forum and Islington Council. What measures has the Council taken in 2023 to minimize the impact of climate change and what plans are in place for next year?

Response:
Thank you for your question, Eva. The council is committed to tackling climate change and is working hard to deliver against the commitments made in our Vision 2030: Building a Net Zero Islington strategy. The latest data on the council's own direct carbon emissions (correct at end of financial year 2022/23) shows an overall 6% reduction in the council's operational emissions (buildings and transport) between 21/22 and 22/23, and a 43% reduction within the last five years.

Our own carbon emissions reduction has been supported by the council switching the electricity supply of most of its corporate buildings to a renewable tariff in 2021, resulting in the electricity related emissions of those buildings reducing to zero. A key milestone this year was the installation of solar panels on 5 council sites. The new panels will save approximately 18 tonnes of carbon dioxide per year. We have also progressed work to decarbonise housing estates and our first school. In addition, over the past year we have improved the energy management of our corporate buildings, as well as completing Heat Decarbonisation Plans for more of our buildings to support external funding bids to fund the decarbonisation measures.

Our people-friendly streets programme is the cornerstone of our transport strategy and we have delivered seven Low Traffic Neighbourhoods and are continuing the programme by developing proposals for liveable neighbourhoods and cycleways, alongside electric vehicle charging infrastructure and our active travel programme.

We are also supporting the green economy through the green skills hub in partnership with Peabody, and our Energising Small Business Grants scheme.

We have been delivering our Greener Together programme in partnership with the community, and our Waste and Recycling Team has delivered repair and reuse workshops and are focused on increasing recycling on our estates.

Our new local plan includes strengthened policies on low carbon development and retrofit, and we have supported this with free planning advice for householders interested in retrofit and engagement workshops on how to develop net zero guidance for householders and developers.

In terms of finance, we have continued to decarbonise the council's pensions and investments.

We work with London Councils, the GLA and other boroughs to share best practice and develop collaboration. The 6 week Go Zero campaign this spring was our first campaign delivered in partnership with our Anchor Institutions Network.

We will continue to deliver and further develop all of these initiatives next year, as well as:

- Launching climate awareness training for all staff
- Working with Public Health to understand our climate risks and climate adaptation needs.
- Launching a citizens panel to focus on climate change
- Publishing our draft net zero Supplementary Planning document

We report on our progress towards Vision 2030 to the Environment and Regeneration Scrutiny Committee and the latest report, detailing activity from April to September 2023 is available to download from the council's website.

(b) YCllr Areeb to Cllr Khondoker, Executive Member for Equalities, Culture and Inclusion:

How is the council supporting and reassuring young people from all faiths, to feel they are welcome to practice their faith freely in Islington?

Response:
Thank you for your question, Areeb. Doing all that we can to keep children and young people safe is one of the council's top priorities embedded in all council work. Supporting young people who are part of a particular faith group is subsequently important, as we recognise that this is key to helping them thrive and realise their full potential.

Young people are able to attend and access the youth groups attached to various places of worship in Islington. This is where they will be able to meet other young people who share the same faith as them. They are also able to go directly to places of worship where they can connect with other members of their faith community. We encourage young people to do this through our youth hubs, VCS organisations and other youth focussed services.

Proximity is important to young people and they tend to go to places of worship that are near to them to practice their faith safely. If they travel further afield, this can introduce other risk factors. We want them to be able to practice safely and will continue to promote these places to our young people.

There was also a Youth Debate forum on 15th November at Lift Youth hub. This was delivered by Islington's Faith Forum with support from the council's Young Islington department. At this forum, young people had a safe space to talk about topical issues from a faith perspective. A video of this was created of this and is available online.

In addition, we have also continued to work closely with the Police to ensure that perpetrators of hate crime are reprimanded. Young people and their faith communities should feel free to practice without fear of repercussions, harm or violence. We will continue to encourage our young people to report any threats or violence should they experience this and are open to debates and discussions with them on this topic. Thank you again for your question.

(c) YCllr Vincent to Cllr Turan, Executive Member for Health and Social Care:

The Olympic Games will be held in Paris in 2024, what sporting, and leisure opportunities can Islington's young people look forward to participating in, next year?

Response:
Thank you for your question, Vincent. Both now and next year, young people in Islington can take part in twenty-one sports that will take place at the Paris Olympics: archery, athletics, badminton, basketball, boxing, canoeing and kayaking, cycling, fencing, football, gymnastics and trampolining, handball, judo, rugby, swimming, table tennis, taekwondo, tennis, triathlon, and volleyball. The council's website has further information, including a map that shows where these sports are on offer and information specifically for young people.

The council plans to hold a free sports event during the Olympics, which will be an opportunity for young people to try many of these sports and other opportunities to be active in Islington.

We are proud to have many leisure centres and sporting facilities in our borough which young people have access to. Thank you again, Vincent.

(d) YCllr Ameera to Cllr Woolf, Executive Member for Community Safety:

We have enjoyed participating in events held during the "Standing together fortnight". This included promoting the youth night and sharing our views in recoded podcasts. What plans are in place to promote Safe Havens so more young people are aware of their locations and purpose?

Response:
Thank you for your question, Ameera. And thank you for all your work as youth Mayor.

We have increased our Safe Haven scheme from the original 75 sites to currently over 350 in the past 18 months, meeting our manifesto pledge ahead of schedule. We are now focusing on ensuring that people are aware of the sites and are accessing them successfully so that we can develop a culture of care in our community.

About 30% of our Safe Havens say they have helped somebody in the past year and we have examples where they have been used to flee significant violence including a stabbing in Canonbury, Robberies in St Peter's & St James' ward and predatory sexual behaviour in the Arsenal ward.

We work closely with Young Islington and most recently have developed a Safe Haven video specifically for young people to be more aware of the scheme. This video was designed, written and recorded by the young people themselves as experts in messaging for their peers. The video was screened for the first-time last week at a VCS event to support young people and will form part of an ongoing campaign to raise awareness and will be uploaded online.

We worked with service users at Islington Learning Disability Partnership to create In Case of Emergency cards which are available for ordering from our website. As part of the new council website, we'll be updating our pages and adding videos to that, as well as updating the interactive map which has all of the Safe Haven sites listed. Thanks again for your question, Ameera.

Supplementary Question:
Do you have any other schemes to help young people in Islington?

Response:

There are various initiatives undertaken by the Council to support and assist young people. The Council aims to work alongside communities and young individuals. In terms of prevention, the Council provides a range of resources, including youth centres and diversionary activities, aimed at offering enjoyable experiences and skill development opportunities for young people. There is a team specifically dedicated to working with vulnerable youth to prevent exploitation.

The presence of targeted youth support that offers one-on-one assistance and engages with schools. Additionally, a hate crime prevention champion scheme has been recently developed, with the intention of involving young people in becoming champions for hate crime prevention. The overarching goal is to support those vulnerable to difficulties in the borough and create an environment where young people feel active, heard, and safe.

266 QUESTIONS FROM MEMBERS OF THE PUBLIC

(a) James O'Doherty to Cllr Champion, Executive Member for Environment, Air Quality and Transport

Please explain the legal basis for parking e-bikes on pavements in Islington. I am asking for the explicit legal permission that e-bike companies have that allows the dumping on e-bikes on pavements. How does this reconcile with Rule 64 of the Highways Code which states, "You MUST NOT cycle on a pavement." I understand the need to promote cycling however why does the Council allow this kind of irresponsible dumping on pavements of e-bikes and why do resident have to deal this nonsense?

As the questioner was not present in the Council Chamber, a written response was sent:
Thank you for your question, James. You are correct to point out that Rule 64 of the Highways Code states "You must not cycle on a pavement." Cyclists should dismount and walk with their bikes when on a pavement. However, the Highways Act 1980 permits bikes to be parked anywhere they do not cause nuisance or obstruction on

the public highway so that pedestrian access is maintained. In order to try and regulate the scheme the council has a Memorandum of Understanding (MoU) with three operators (Lime, Forest and Tier).

We do believe that they provide a good option for local people to use sustainable ways of travelling in Islington and beyond. They are certainly very well used. In the past year there have been 1.5 million trips made by dockless hire bikes in Islington alone.

But, with the strong uplift in trips last year there has also been an uplift in the number of poorly parked bikes causing very significant issues for people walking and wheeling especially those with visual or mobility impairments. This is something we do take very seriously. The Lime bike hack did not help.

Officers work with the hire bike companies to require them to take what steps they can to make sure that bikes are not causing problems and that includes fining people who part their bikes inconsiderately as this does lead to behaviour change. It includes ensuring badly parked hire bikes are either removed or relocated as soon as possible.

It also includes setting up exclusion zones where there are particularly sensitive locations, such as near the RNIB offices on Pentonville Road or where there are particular problem areas.However, we recognise that we need to do more and are also rolling out the introduction of bays where users who park on the pavement outside of a designated space will be subject to penalties. A pilot of up to 10 locations are expected to be installed in the coming weeks, with a further 50 to follow in summer 2024.

Thank you again for your question.

(b) Rebekah Kelly to Cllr Champion, Executive Member for Environment, Air Quality and Transport

The latest proposals for the Barnsbury and Laycock Liveable Neighbourhood shows clear winners and losers, where some benefit from a "Liveable Neighbourhood" and some do not. How does this create a more equal borough?

Response:
Thank you for your question, Rebekah. The Council's top priority and focus is to challenge inequality to work towards a more equal Islington. The development of Islington's Liveable Neighbourhoods is a key part of this and we are working with teams across the council on this so people really can benefit from this.

Evidence from studies of Low Traffic Neighbourhood across London, including a study by the University of Westminster, shows that traffic filtering schemes do not benefit more affluent residents at the expense of less affluent residents. This is particularly prevalent in a place like Islington where large, expensive houses exist right beside large estates. The Barnsbury-Laycock Liveable Neighbourhood area includes some of the parts of Islington with the highest level of social housing. We want to make sure everyone can benefit from less traffic and cleaner air.

By addressing the negative impacts of through traffic, Liveable neighbourhoods aim to make the borough's streets better for people who live, work, walk, wheel or cycle on them, transforming streets into more environmentally-friendly places where communities can come together and flourish. With car ownership in London increasing with household income, public space improvements which support walking and cycling have a wide role to play in increasing inclusion and reducing inequality.

In parts of the Barnsbury and Laycock area, the historic traffic calming measures and traffic filters have resulted in areas of low traffic volume, speed, and noise, and it is clear that people do value these spaces. There are, however, still a number of streets which, aided by satnav, provide cut-through routes and receive traffic volumes which are too high for the nature and design of these streets. One of our priorities is to reduce the volume of overall traffic in the area, including streets which are not suited to the volumes of traffic they are currently experiencing, so that others in Barnsbury and Laycock can also benefit from low traffic volume, speed and noise.

The strategic placement of traffic filters in Barnsbury and Laycock will enable us to extend the benefits of low traffic environments to many others who live in the area, including children, people with more limited mobility, and people who would be inclined to walk, cycle or wheel more if there was less traffic and they felt safer doing so. When there is less traffic on our streets, they also become spaces that can be enjoyed more by everyone with other improvements such as places for people to stop and rest, planting and trees which help the borough's resilience to the impact of climate change including heat and flooding.

Supplementary Question:
Considering that these roads, like Holloway Road, are community main roads used by a diverse group of people, including those who are vulnerable and from minority or lower-economic communities. Do you find it fair that such a burden is placed on specific areas, potentially leading to social injustice for those residents, while the Council's inflexible approach may adversely impact people living, working, and going to school in those locations? Additionally, are you awaiting the air quality report to demonstrate the success of diverting traffic and improving air quality, particularly for individuals who may not have a choice in where they live or how they travel?

Response:
The annual report is currently being prepared and is expected to be released in the next few months. I completely understand your concerns, and we do share the same level of concern for every street and road. We've been closely monitoring road traffic in neighbourhoods, and what we've observed is that the feared impact hasn't materialised in Blackstock Road, particularly between Brownswood and Finsbury Park.

While traffic has reduced, we are committed to ensuring that streets like Blackstock Road also benefit from our initiatives. The challenge lies in addressing the serious traffic volumes on streets designed to accommodate them while encouraging people to make different choices. We aim to tackle issues such as freight to ultimately remove vehicles from main roads and local streets.

We recognise that some people will still need to drive, but there are alternative ways to encourage behaviour change. Combining trips and making car use inconvenient for short journeys can be effective. It's crucial for us to focus not only on internal areas but also on improving the experience for those who live, work, and travel on main roads. Additionally, we want to empower individuals who may not have considered biking or walking as viable options to feel confident in making such choices.

(c) Siobhan Cartwright to Cllr Champion, Executive Member for Environment, Air Quality and Transport

I'd like to address the problem re LTNs, road closures, left and right turn changes that are causing huge traffic jams on Islington main roads:

- Upper Street
- Holloway Road
- Seven Sisters Road
- Caledonian Road
- Tufnell Park Road

How are the emergency services expected to reach an emergency situation when the traffic is jammed throughout the day on the above roads listed above? Emergency services are hampered by road and turning changes as none (to my knowledge) are indicated on GPS systems. Reliable GPS is absolutely vital for Emergency Service vehicles, along with access on ALL roads. Cars are unable to move out of their way due to traffic jams, cycle lanes and parked cars. Has there been enough consideration in the planning discussions re: Emergency Services response routes re: the latest road closures? It is apparent to anyone living, working, walking, driving and trying to navigate a way out of the latest traffic nightmare in Islington that planning consideration was not given to the points listed above.

As the questioner was not present in the Council Chamber, a written response was sent:
Thank you for your question, Siobhan. Resident health and wellbeing are at the forefront of all of our decision making as a Council, and supporting the emergency services to carry out their vital job is a top priority.

I am happy to assure you that the council does engage with the emergency services and liaises with them during the development of transport schemes so that they have an input at that stage.

Finally, before a scheme is implemented they are given a further opportunity as statutory consultees, that being a legal requirement to comment. A number of designs have been changed in response.

Their feedback is the reason we use so many camera-enforced traffic filters rather than a physical (bollard) filter. These filters allow emergency vehicles to drive through them, and therefore directly through the traffic calmed streets within the neighbourhoods.

As you can imagine, the council also has ongoing relationships with the emergency services as part of other council operations, which also gives other opportunities for feedback outside the transport planning forum.

In relation to the point about the satnavs, the council provides updates on any new traffic measures to one.network (a cloud-based platform that centralises official data from multiple road agencies) and satnav companies via the Traffic Information Manager at TfL. As far as we are aware, all changes to the road network as part of the people-friendly streets programme are shown on sat nav systems, but we are happy to investigate any examples where these are not shown. Thanks again for your question.

(d) Patricia Niclas to Cllr Champion, Executive Member for Environment, Air Quality and Transport

Regarding all the LTNs currently in operation and planned for the borough and the method for recording and presenting data and statistics for use in consultation results.

Please confirm whether such data recording has ever been carried out during school holidays and if so, when and which LTNs has this applied to and if data has been collected during school holidays would she agree that this data cannot be considered as a true reflection of actual traffic counts?

As the questioner was not present in the Council Chamber, a written response was sent:
Thank you for your question, Patricia. Data collection has been central to the development and decision making on all of the council's LTNs and continues to inform the council's Liveable Neighbourhood programme. This is one of the reasons why we implemented all our LTNs as trials, allowing monitoring to take place both before and during the trial period to inform decision making on whether or not to make the LTNs permanent.

When planning traffic counts as part of our monitoring strategy for the LTNs, we do try to make sure that the data is as representative as possible and I believe that this would avoid school holidays.

All LTNs are now permanent and the dates of the data collection that took place for each LTN is set out in each final monitoring report – this can be found at the beginning of each report in the 'Traffic Counts Approach' section. Thanks again for your question, Patricia.

(e) Antionette Fernandez to Cllr O'Halloran, Executive Member for Homes and Communities

What support is given to smaller charities and CICs to bid for council funding and to deliver council services?

As the questioner was not present in the Council Chamber, a written response was sent:
Thank you for your question. There are several methods and ways the Council supports smaller charities and Community Interest Companies to be able to bid for council funding and to deliver services.

One way is through the VCS Partnership Grants Programme 2021-24. We fund Voluntary Action Islington (VAI) as the CVS (Council for Voluntary Service) for the borough. Through their capacity building work, they deliver:

a. 121 support in areas such as funding and finance
b. Host regular meet the funder sessions such as The Big Lottery
c. Host and deliver training on how to write successful bids

Additionally, the Community Partnership team and VAI are working in close partnership to relaunch The Compact. The Islington Compact is a written agreement outlining a shared commitment to working together effectively to meet the changing needs of Islington's communities. The Compact which is currently being redeveloped and will come into effective in 2024 and is the framework in which the Council and the VCS sector form alliances to enhance the relationship and equity in which we work. This provides a tool where the VCS are partners in delivering our ambitions of a 'fairer Islington'. The Compact will look at thematic areas such as Funding and Commissioning cycles. Thank you again for your question, Antoinette.

(f) Rose McDonald to Cllr Ward, Executive Member for Finance, Planning and Performance

We're aware that the council and Peabody plan to put out a tender for the managing agent and operator of the Holloway women's space early next year. It's key that these are chosen with the unique character of the site and the ethos of the Supplementary Planning Document in mind. What support will be offered to smaller organisations, who may have less experience but may have a connection to HMP Holloway? How will the council ensure that the bidding process to manage and operate the space is transparent, widely publicised, and managed in a fair and equitable.

Response:
Thank you for your question, Rose. The council is committed to tackling all forms of inequality in Islington including gender inequality and the unequal treatment that women receive in the criminal justice system.

I am pleased to say that the construction of the Women's Building is now underway as part of Phase One of the redevelopment of the Holloway site. Since the moment we knew that the Holloway site would become available for redevelopment, the council has always been very clear that we expect to see a Women's Building provided on the site.

Under the terms of that legal agreement, Peabody is responsible for commissioning the operator of the building. However, the council is responsible for agreeing the operator prior to their appointment.

The legal agreement also requires Peabody to set up a Steering Group and for the Steering Group to guide the development of a Feasibility and Commissioning Plan. The membership of the steering group includes experts in the field of women's services and a representative of the Community Plan for Holloway Group.

During the preparation of the Plan, there has been extensive engagement with a very broad range of women's organisations including local women's organisations. This Plan is currently being finalised and will guide the process for commissioning an operator. The council will be responsible for approving the Feasibility and Commissioning Plan.

You are of course correct that Peabody will start the process of commissioning an operator next year. I hope that this will be another major step forward in the delivery of the building.

I am assured that there will be an open and public commissioning process. Transparency will be secured by the fact that the documents setting out an invitation to tender will be in the public domain. As I have already said, the council is responsible for approving the operator prior to their appointment. We will therefore work with Peabody to ensure that:

- the opportunity to tender is publicised as widely as possible; and
- any recommendation in relation to the appointment is made in an open and transparent manner.

I have worked long and hard to secure the best possible Women's Building. I will continue to do so in 2024 to ensure that we make the best possible use of this once in a generation opportunity to tackle gender inequality in Islington. Thanks again for your question, Rose.

Supplementary Question:
Would the criteria for occupants of commercial units include considerations for community benefit and the contributions that organisations or businesses can provide? This is to ensure that the development remains a community-oriented space and doesn't primarily cater to private rentals or purchases, potentially squeezing out social tenants. Additionally, can you commit to providing regular updates on the Peabody build at each housing scrutiny committee meeting? We would like to be involved as campaign for Holloway and collaborate with you to ensure that the community and social tenant elements are not overlooked in the planned construction. Can you confirm these commitments, acknowledging our desire for a closer working relationship with Campaign for Holloway, increased transparency, and representation of tenant interests in the decision-making process?

Response:
Thank you for your points. Social value is a priority in Islington, and we're deeply invested in community wealth building efforts. I collaborate with various community groups across the borough, and I fully support the involvement of local community organisations in these initiatives. Regarding updates on the Peabody build, while it might not happen at every housing scrutiny committee due to the slower pace of the process, I am open to discussing how we can ensure relevant updates are shared, whether through the housing or planning committees. I attended a recent community planning event where efforts were made to align with shared goals, including 415 social rent homes, a public park, and a women's building. I'm proud of these achievements and am committed to continuing collaboration with Campaign for

Holloway and other community groups to keep residents at the centre of this transformative project. I'm more than willing to meet and discuss further.

(g) Susanne Lamido to Cllr Ward, Executive Member for Finance, Planning and Performance

The Community is really looking forward to seeing much needed council homes on the Holloway Park site. At least 40% of the flats will be sold privately. The last thing our community needs is a ghost development where flats are sold to overseas investors and remain empty for most of the year or let as Airbnb. Peabody has offered assurances that private leases will stipulate that flats can not be sublet for periods of less than six months and flats can not be left empty for periods of more than six months. There are strong concerns that these assurances might not always be met: what power does the council have to ensure that they are?

Response:
Thank you for question, Susanne. I too am looking forward to the delivery of 415 new high-quality homes for social rent on this site. 60% of the homes on the site will be affordable. This substantially reduces the risk that the new neighbourhood will be a ghost development. I do however share your concern that all the homes in the development including the private homes must be fully occupied. I therefore welcome the assurances that Peabody has provided.

The council is aware of the scourge of buy to leave properties. These are properties that are bought as investments and left empty by their owners. The council is the only local authority that has sought to tackle this problem through the introduction of a Supplementary Planning Document and the use of planning conditions.

However, our plans to formalise this policy in our newly adopted Local Plan were rejected by the Planning Inspectorate. We were deeply frustrated and disappointed by this decision. It means that we cannot now use our planning powers to address the problem of new homes being permanently left vacant by their owners.

At present, it is estimated that nearly 4,700 short term holiday lets in Islington are advertised on the Air BnB platform alone and nearly two thirds of these lets are entire homes rather than single rooms. These are homes that could be providing permanent homes to either owner occupiers or renters. The council has consistently lobbied for greater planning and regulatory powers to control short term holiday lets in the borough.

Earlier this year the Government consulted on planning proposals to enable yet more deregulation of the short term holiday let sector. We strongly objected to these proposals as they would greatly undermine the council's ability to use its planning powers to regulate short term holiday lets where this would lead to a reduction in housing supply. We await an announcement from Central Government on this matter.

As I have said above, I very much welcome the commitment that Peabody has already made on this matter, and I can assure you that the council will work with Peabody to ensure that it keeps to these commitments. Thanks again for your question, Susanne.

Supplementary Question:
Can the council take action to address concerns about private houses being left unattended and the potential for anti-social behaviour issues? Given that Blackpool, Oxford, and Cambridge having a proactive stance on managing AIRBNBs and ensuring compliance with regulations, can the council implement a similar approach to control potential issues before Peabody completes construction? It's alarming that houses are already being sold in Hong Kong before completion, and there is a need to establish control mechanisms to address potential problems once the construction begins. Can the council initiate measures to ensure responsible behavior and prevent issues like parties leaving a mess in these properties?

Response:
We do have some powers regarding ASB and Environmental Health. However, the critical issue here is that, as a local authority, we lack the authority to halt short-term lets, and this extends to the Mayor of London as well. It's truly disappointing that in a global city like London, landlords, often from overseas, can freely use London property as a global reserve currency. It's imperative that we advocate for change at the government level and push for proper regulation in this sector. Similar to cities like New York and Berlin, London needs the authority to regulate short-term lets effectively. While we will work with the local community to address ASB and utilise the powers we currently have, the real solution lies in obtaining the necessary powers to ban short-term lets, ensuring that homes are available for genuine, long-term residents. This is crucial given the significant housing crisis we're facing, and we need every possible solution to address it.

(h) Pete Gilman to Cllr Ward, Executive Member for Finance, Planning and Performance

Across Britain many local authorities are in a dire financial position with some rumoured to be close to bankruptcy, and Islington council is facing an almost impossible situation. The reason is the withdrawal of government funding from local authorities on a massive scale. With next year's probable change of government will Islington council, preferably in alliance with many other local authorities, press for the restoration of government funding?

Response:
Islington provides over 600 services to our 239,000 residents including schools, services for vulnerable adults, support to local businesses, libraries, street cleaning and community safety.

Much of the funding for these services comes from central government, which is why the last 13 years of austerity cuts have had a devastating impact on councils like ours, forcing us to make nearly £300 million worth of budget savings.

At the same time, demand for many local services continues to rise, including adult social care and support for children with special educational needs and disabilities. We’re working hard to make the most of the finance and resources we do have to protect the things that matters to residents like yourself.

Since 2010, we've managed to make savings with only a limited impact on front-line services. We've done this mainly by being as efficient as we possibly can, for instance, selling our services to bring in revenue, and sharing services with other councils.

We have also had to be creative and rethink how we design our services around the people who use them to make sure they are joined up and residents get the support they need easily and quickly.

But you're right, we cannot go on like this. The current piecemeal approach to funding is not sustainable – we need an ongoing settlement that creates a resilient adult social care system fit for the future and increases local government funding in real terms to help protect local services from further cuts.

Ahead of the Autumn Statement, the Leader of the Council and I wrote a letter to the Chancellor outlining our position and it is every intention that Islington would lobby a future Labour government to reverse the austerity measures implemented by the Tories. Thanks again for your question, Pete.

Supplementary Question:
Councils are performing actual miracles given the financial challenges, with many local authorities facing bankruptcy due to the government's fund withdrawal Given the government's options, such as selling off assets, and the potential impact on council housing and estates, isn't the only viable solution a new government? Despite the possibility of a new government next year, concerns arise about the shadow chancellor's statement on 'no money for local authorities', potentially leading to widespread bankruptcies. In light of this, can we unite councils across London and beyond to demand the funds owed to us as taxpayers?

Response:
In a word, yes. I am incredibly proud to lead this campaign, and the Leader of the Council and I have already reviewed the Government's plans ahead of the autumn statement. This situation is unsustainable. We must have adequately funded local services provided by local councils to serve the people of Islington, particularly those in urgent need in areas like adult social care, children's services, and council housing. The current financial strain on these essential services cannot continue, and we will persist in our fight for change.

(i) Naomi Peck to Cllr Khondoker, Executive Member for Equalities, Culture, and Inclusion:

It is my understanding that the only way that an Islington resident can ask a question at Full Council and be given a verbal response, along with the opportunity to ask a follow-up question is to attend in person. However, attending in person is simply not possible for many: those with caring responsibilities, those who work in the evenings, those who would find the formal setting challenging for all kinds of reasons, those who cannot afford the travel fare, those who do not feel safe leaving their homes in the evenings.

I know that the meetings are streamed but given that, since the pandemic, so many meetings in so many organisations are of a hybrid nature, does the Council not agree that it is somewhat behind the curve on this issue and it should implement a policy that offers an option for its residents to ask a question and optional follow-up question by Zoom (which seems to be the best option for meetings with external participants).

This would help to make the process a bit more inclusive than at present and this step towards an 'equalisation of access' would be in alignment with what seems to be a goal of the Council's Islington Together 2030 plan. If the Council does agree, could this policy be implemented by the next Full Council meeting?

Response:
Tonight, your question highlights an important issue. Some people couldn't attend for various reasons, and it's worth noting that even if you're not present, you can submit a question and receive a response. I acknowledge the barriers such as caring responsibilities, work commitments, challenges with the formal setting, affordability of travel, and concerns about safety, all of which you rightly pointed out. I agree with these challenges and aim to make our meetings more accessible, especially in the evening.

This Full Council meeting is crucial in our democratic calendar, but it's set in an archaic manner. It should be a space where councillors and the public can come together, discuss issues, address concerns, and find solutions that matter to local people. We are regularly reviewing our meeting arrangements and democratic processes to enhance engagement and accessibility. Since May 2021, we've been broadcasting meetings, recording them for six months, and making improvements for accessibility.

We've even gone further than other councils, making our Scrutiny and Executive meetings open to the public, allowing them to ask questions in person. Despite our efforts, challenges arose in June 2021 due to social distancing, leading the council to pass a motion calling on the government to allow hybrid and virtual meetings. Unfortunately, it wasn't allowed, presenting a challenge that we continue to address.

While we can't immediately resolve this, we are committed to finding technical solutions that make these meetings more accessible. Thank you for raising this issue, and we appreciate your question.

Supplementary Question:
Can we include this issue on the list of concerns to be raised with the government, emphasizing the importance of making Council meetings more accessible to those who cannot attend in person? Given the challenges some people face in attending, could we explore the possibility of allowing proxies, similar to how they are used in local elections, to represent individuals who cannot participate virtually or in person? This could potentially enhance involvement and address mistrust by making participation easier for a wider range of people.

Response:

Absolutely, I'll take that first point. Regarding the second point, I'll definitely look into it. While I'm not certain about what we can or can't do, it's a priority for me to make council services and our activities more accessible. I'm actively discussing this with council officers, addressing inclusivity and accessibility across all our different directorates. It's crucial that we don't just sit in a room with only a few people understanding what's happening. If we can't get everyone in the room, how do we re-engage with them? How can we ensure their voices are heard, listened to, and inform the decisions we make? It's an ongoing conversation for us.

The Mayor announced that the time allowed for questions had expired and a written response would be sent for all remaining questions.

(j) Gill Shepherd to Cllr Champion, Executive Member for Environment, Air Quality and Transport

How aware is the Executive Member of the cumulative impact on boundary roads of more and more LTNs/LNs extruding traffic onto the same fixed number of boundary roads? This will shortly become a major problem for Upper Street and the Holloway Road if Barnsbury and Laycock LTN goes ahead. And if Highbury New Park goes ahead this will have massive impacts on St Paul's Road and the Blackstock Road.

Written response:
Thank you for your question, Gill. Liveable Neighbourhoods are designed so that choosing alternatives to car travel is an easy choice to make. And we have the evidence to show it is working across our network of now permanent LTN's, we have seen a reduction in the volume of traffic within the LTNs, and an increase in people cycling.

We also monitor the volume of traffic on the boundary roads of LTNs, before implementation and throughout the schemes as trials. In most cases, traffic on boundary roads did not increase, and on a number of roads, decreases in overall traffic volumes were observed. On a small number of streets, we have seen an increase in the volume of traffic, including on Blackstock Road. In terms of Blackstock Road, as the Highbury LTN scheme settles in, we are observing that the overall volume of traffic on the street is reducing, and we expect this to continue. This is set out in the recently published Highbury LTN decision and monitoring report.

All LTN schemes have published monitoring reports, publicly available to view on the council's website, including monitoring data related to the main road network.

The council will continue to monitor boundary roads in areas where new Liveable Neighbourhoods are being developed and will work with Transport for London to understand and protect bus journey times. Liveable Neighbourhoods are intended to support more shorter journeys to be made by active and sustainable modes of transport, helping to keep the main roads clearer for journeys that must be made by motor vehicle. Thanks again for your question, Gill.

(k) David Twine to Cllr Champion, Executive Member for Environment, Air Quality and Transport

Climate Emergency UK assessed all UK councils on the actions they have taken towards net zero carbon and the findings were published in October 2023 - Council Climate Action Scorecards | Climate Emergency UK (councilclimatescorecards.uk). The assessment found that Islington scored more poorly than its neighbouring boroughs of Camden and Haringey for the following three questions on Buildings and Heating.

What lessons have the council learned from this Climate Emergency assessment for Buildings and Retrofit - especially in relation to at least matching, and ideally exceeding, what Camden and Haringey have achieved, and what actions will it take, and by when, to address these lessons?

Written Response:
Thank you for your question, David. The council has undertaken a full assessment of its housing stock and the capacity for net zero carbon retrofit providing both location opportunity and with an overall additional investment cost estimated at. £1.5billion.

The council has successfully applied for numerous grants and is progressing several schemes decarbonising street properties and retrofitting communal heating systems.

The council does not have sufficient funds to undertake all of this work within the current economic framework without Government subsidy, as the investment requirements to maintain our homes are substantial against a background of additional regulatory burdens, and inflationary cost pressure while rental income has been capped below inflation in 7 of the preceding 12 years by Government representing a real terms cut of £1.7bn in investment available to maintain Council homes.

The council will continue to work up schemes and bid for funding wherever possible balancing investment in this area with investment on fire and building safety and maintaining homes.
The council is also ensuring that where possible the delivery costs to leaseholders and running cost to residents are not negatively impacted by these schemes.

The areas the council scored low points reflect the challenges of investment and retrofit the borough is grappling with and will continue to work on. Thanks again for your question.

(I) Phillipa Dowswell to Cllr Ngongo, Executive Member for Children, Young People and Families

Whilst we, at the NEU, appreciate that the council has no wish to close any school in the borough, we are very concerned that the time for the proposed merger between Montem and Duncombe (which in practical terms is a closure of Montem) is too short for there to be time to explore alternative options. We are also concerned about the likelihood of academisation of our primary schools - Blessed Sacrament is already exploring this option. Will the council consider a longer time frame for consultation, ensure that the borough NEU reps are consulted at an early stage in any future changes, and will the council take a collaborative approach, involving all the schools in the borough, not just those with the lowest rolls? The Council and NEU should challenge the Department for Education on the school funding formula, to address the funding gap facing our schools.

Written Response:
Thank you for your question, Phillipa. Our School Organisation Plan sets out our approach and strategy for managing the high levels of surplus capacity in our schools to ensure the best outcomes for children and sustainable schools.

Phase Two of this plan was approved by the Executive on 19 October 2023 which agreed to consult on a proposal to amalgamate – or merge – Duncombe and Montem Primary schools.

We have regular meetings with education unions to encourage a strong channel of communication and we have added additional meetings with representatives from all the teaching unions, specifically on the school organisation plan, to understand the rationale for the proposals we are making.

The consultation started on 15 November and will closed on 20 December. We have held a series of meetings at the school for parents and are including a public meeting on 12 December at Arts and Media School Islington (AMSI). We encouraged the NEU and anyone else to attend this meeting, and to submit their comments on the proposal on the Let's Talk Islington site.
The process for managing school closures, including amalgamations, is determined by statutory guidance which includes a requirement to complete an informal consultation, and then to issue a formal proposal and a formal representation period. A final decision on the future of Duncombe and Montem Primary Schools will not be made until April 2024.

The Local Authority does not decide on whether schools can academise. A school can academise through one of two routes: either a forced academisation following an 'Inadequate' judgement from Ofsted, or a voluntary academisation by the school. Schools could choose to take this option to avoid being prioritised for amalgamation or closure, the final decision-maker is the regional director within the Department for Education and not a Local Authority decision. One of the determining factors for prioritisation within the school organisation plan is falling rolls and subsequently poor financial health which would be an influencing factor in their decision. Thank you again for your question.

(m) Caz Royds to Cllr Champion, Executive Member for Environment, Air Quality and Transport

How is the Council responding to Islington's recycling rate falling from around 30% to 27%, and in the light of this fall will its representatives on the NLWA board press for an urgent exploration of the potential for advanced mixed waste sorting to extract recyclables from residual waste?

Written Response:
Thank you for your question, Caz. While we're disappointed to see this drop in the recycling rate, other Local Authorities have seen similar trends in waste tonnages and recycling rates and our overall tonnage of waste per household continues to be

relatively low. The dry summer of 2022 resulted in significantly less garden waste being generated. In addition, there have been some issues relating to data compilation which has resulted in some recycling tonnages from 2022/23 being allocated to the following year's data set. Islington's provisional recycling rate for the first quarter of 2023/24 is 29.2%.

Islington has a Reduction and Recycling Plan that sets out a range of initiatives for increasing recycling in Islington, as well as reducing overall levels of waste, which is equally as important. As part of this plan, significant investment is being made to improve recycling facilities across Islington's estates.

Food waste recycling services are being provided to all residents living in purpose built blocks of flats, and we also aim to provide this service to residents in flats above shops and businesses. However, we continue to wait for government to confirm details of promised funding to support food waste recycling services for our residents, as well as details of their important policy proposals relating to Deposit Return Schemes and Extended Producer Responsibility.

We've also been delivering a series of community repair events, aimed at supporting the Circular Economy, reducing waste and helping residents to reduce, reuse and repair.

NLWA's focus is on maximising the quality of recyclable materials at the kerbside rather than after waste is already collected, because recyclables become highly contaminated in residual waste. NLWA has campaigned for compulsory recycling and powers for Local Authorities to enforce more recycling as well as a Deposit Return Scheme (DRS), which evidence shows greatly incentivises recycling. The DRS is due to be implemented across England in 2025. Likewise, Extended Producer Responsibility, once implemented by the Government, should help to create a change in the design of packaging, minimising waste and reducing plastics in residual waste. Incoming government legislation will also mandate the collection of plastic film for recycling, which will further remove the amount of plastic in residual waste.

We have looked at the performance of sorting facilities in the UK and these have not shown that it is viable to implement large scale advanced sorting of recycled materials from all residual waste, and it would not result in net zero carbon. However, as discussed with members of the Islington Environmental Alliance, we will look at the technologies in use overseas and their viability at the scale we need. There are opportunities to explore this more as we open the new recycling facilities at the EcoPark, where there is more space and flexibility to consider removing recyclable items from waste. NLWA officers have procured a consultant to look at a range of technologies which could be installed at the new Resource Recovery Facility, with an options appraisal to be completed next year.

We will request an update from NLWA regarding exploration of pre-sorting of household waste and share their response. Thanks again for your question.

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(a) Cllr McHugh to Cllr Woolf, Executive Member for Community Safety:

The Casey Report found the Met Police to be institutionally sexist, racist and homophobic. Cllr Woolf, we passed a motion calling on the Met to adopt and implement the Casey review at September Council. What have you done since September to push for policing that is fair and safe for people of all genders, races, and sexual orientations in Islington?

Response:
Thank you for your question, Hannah.

Since our last Full Council in September, we have been working hard alongside the Met to deliver on our 10-point action plan. I am proud to say we are the only BCU in the Met area to have a 10-point action plan in place with the police, which shows our commitment as a council to be bold and innovative in how we push for policing that is fair and safe for our residents.

On action point 2 of the plan, ‘Enhancing Professionalism’, we established the Central Professional Board which will ensure effective grip and governance of all professionalism matters. Dealing with discrimination will be a key priority of the BCU & the Board. This will ensure that our borough is anti-discrimination of all kinds including being anti-racist, anti-misogynist, anti-ableist and anti-homophobic. Senior leadership across the BCU and the Board will deliver visible leadership and daily check ins and role model behaviours that communities of Islington expect.

We are also working with Islington’s Young Black Men and Mental Health programme and delivering Cultural Competency Training to enhance knowledge and compassion. Met officers will be trained on taking a Trauma informed approach to Policing.

We’ve developed a Memorandum of understanding which has helped to guide us in our relationship and building this work in partnership. Colleagues and I here have also contributed to the Stop & Search Charter Consultation, giving us space to tell the Met what our communities expect from local policing and more broadly how to better engage with residents.
As well as the uplift in neighbourhood policing officers, there has been a commitment to align the locality of police teams to that of the Community Safety team in a North, Central and South Cluster arrangement.

Other pieces of work we have been delivering include:

- Conversations around the Youth IAG
- Recruitment of School Safety Officers
- Weekly Walk & Talks
- Ward Panel Partnership Promise
- Tri-borough work regarding Love Finsbury Park

There is a lot of work going on to ensure we create a safer Islington, and I am pleased that we are able to work collaboratively with the Met and other key stakeholders to achieve our ambitions.
Supplementary Question:
Can you commit to ongoing collaboration with the police to enhance trust and confidence, ensuring the safety of the borough? Specifically, can you continue to advocate for increased diversity within the police force in Islington, addressing the

urgent need for representation that reflects the population, encompassing individuals of different genders, ethnicities, sexual orientations, and backgrounds?

Response:
Yes, I can.

(b) Cllr Hamdache to Cllr Turan, Executive Member for Health and Social Care:

Could the council spell out the total spend on drug and alcohol services from Islington Council each financial year since 2014, and the percentage of residents who successfully complete drug treatment?

Response:
Thank you for your question, Benali.

Since 2014, the council has spent between £9.9 million and £7.1 million each year on drug and alcohol services. In the most recent year, 2022/23, the spend was £9.2 million. This covers the full range of services and help for people with drug and alcohol needs, including treatment and care, social support, prevention and harm reduction.

50% of residents successfully complete drug and alcohol treatment, which is similar to London and England averages where successful completions are 51.5% and 50% respectively.

Through the new national strategy for drug and alcohol addiction, we are investing in increased capacity for treatment and recovery so that more residents can get the help they need.

We are investing in more street-based outreach with people who are rough sleeping and vulnerable and work with hostels for people who are homeless to support engagement with care.

Recognising the importance of wider economic and social factors in supporting people to recover and to live well without drugs and alcohol, we are investing in individual placement support to help people with training and access to employment.

We are also working with the local criminal justice system including prisons to improve the transition of people with drug and alcohol needs into on-going treatment and care in the community service. Staff from the Better Lives drug and alcohol service co-located with criminal justice services to facilitate continuity of care into their service.

People from African, Caribbean and Dual Heritage backgrounds are over-represented in prison and largely underrepresented in drug and alcohol services. An additional investment of £150k will support a new, innovative programme called Support When It Matters (SWIM). SWIM aims to proactively reach and support Black men who are in or leaving the prison system and may not have accessed prison substance misuse services. The programme, using culturally sensitive approaches, will support at least 60-70 men to access community substance misuse services this year.

Thank you again for your question.

Supplementary Question:
Might we try and quantify the cost to the Council of people not completing these services, and might it be more worthwhile to invest more into these services to help more people out of addiction and save the Council money in other budgets?

Response:
Yes Councillor, I agree with you. We are making more investments and I will be happy to share these with you after the meeting via email.

(c) Cllr Convery to Cllr Ngongo, Executive Member for Children, Young People and Families:

Ensuring that children have the best possible start in life is vital in reducing inequalities and making sure that every single child can start school healthy and is not limited in reaching their potential. How is the Council using family hubs to ensure parents and children access the best wellbeing and developmental support in the crucial early years?

Response:
Thank you for your question, Paul.

Family Hubs give us the opportunity to enhance wellbeing and developmental support in the early years including during the crucial perinatal period through the Family Hub Start for Life offer delivered through Bright Start.

The existing Bright Start integrated health and early childhood partnership approach has enabled us to build quickly on our current offer to target support and services that evidence shows have the most long-term impact for those that would benefit the most whilst ensuring universal access means every child and their family benefits from the best start in life. The single point of access through the physical hubs and online platform means we are able to connect families with the right help from the right people in the right way.

Following a recent visit to Family Hub Central at New River Green Childrens Centre with DfE and DHSC representatives, Dame Andrea Leadsom the Parliamentary Under-Secretary of State for Public Health, Start for Life and Primary Care gave feedback on how impressive the strength of the integrated partnership across Bright Start was. They confirmed how this has given Islington a strong base from which to deliver the Start for Life offer. In addition, professionals demonstrated high levels of expertise and knowledge about the programme and how universal services have long lasting impact for children’s learning and development.

Family Hubs give us further opportunity to close the inequality gap through increased reach to global majority families and those with SEND as well as targeted parenting programmes for specific communities e.g., Somali and Turkish Incredible Years programmes. Our enhanced Family Hubs offer includes more opportunities for early identification of need, expanding infant feeding peer support and more breast feeding welcome venues across Islington, a greater parent-infant relationships and perinatal mental health offer including increasing the number of fathers supported by the Parent Baby Psychology Service, targeted home learning and additional communication and language support by speech therapists for those children most impacted by Covid so their developmental needs can be supported before they start school and parent support to build resilience in all families including an increase in access to evidence based parenting programmes.

Thank you again for your question.

Supplementary Question:
Can we plan to expand the family hub provision to encompass more of the council's children's centres, reframing the modern Sure Start as not just specialized targeted services, but an integral component of comprehensive early years provision within the entire system of state education in our borough? This approach, echoing the success of the past, could ensure that all children in our borough not only survive but thrive, receiving the best possible start in life.

Response:
We are fully committed to serving our children, and that's why we prioritise Children's Services. In response to your question, we're currently assessing where the gaps are and exploring what more we can do. Despite the challenges of austerity, we are actively advocating for additional funding from the government. We understand the importance of early investment in mental health for our children, and we are determined to secure more resources to better serve our local community. While the budget constraints pose challenges, we continue to send a strong message to the government, urging them to allocate more funds to ensure the well-being of our local pupils.

(d) Cllr Chapman to Cllr Bell-Bradford, Executive Member for Inclusive Economy, and Jobs:

Islington is filled with diverse organisations, making the borough a melting pot of opportunity for local people, however – these opportunities are not always accessed equally. What is the Council doing to ensure that employment opportunities are accessible to everyone?

Response:
it's clear that opportunities are not equally accessed in our borough. Drawing inspiration from successful community wealth-building strategies in places like Preston and Cleveland, I've focused on prioritising opportunities to bring about positive change. Residents in areas like Bunhill, living in the shadow of the City, emphasise the lack of access to opportunities. Over the past decade, our community wealth-building strategy aims to tackle this issue head-on.

To give you a glimpse of our interventions, we're running impactful programs to level the playing field, such as getting women apprentices onto the Holloway prison site. A dedicated staff member is working towards bringing 50 apprentices, specifically women, to work on the site. Our Lift program directly engages with young working-class individuals, those with disabilities, and women residents, placing them in high-growth sectors for long-term job prospects. Collaborating with anchor institutions ensures a commitment to hiring Islington residents and lowering barriers to job opportunities.

We've also launched a childcare bursary scheme to support mothers in re-entering the workforce. Our collaboration with Isaacs, a specialist team assisting those with disabilities, involves working directly with employers and employees, creating dedicated support for those with disabilities. We even have a dedicated refugee team to ensure a swift and smooth path for refugees in our borough to secure long-term and permanent employment.

In essence, when it comes to community wealth-building and accessing opportunities, our focus is on prioritizing those furthest from opportunities, ensuring they have the necessary resources to bridge the gap. This principle has guided our efforts over the last decade in addressing and solving the challenges faced by our community.

Supplementary Question:
Could the Council provide standard and tailored apprenticeships to address qualification gaps? Additionally, given your involvement with the Archway town centre group, can you continue local procurement efforts to support independent businesses that can offer work experience to young people facing challenges in Islington?

Response:
I collaborate closely with Michelin to ensure that care leavers receive holistic support, addressing various aspects of their lives as they transition into adulthood. This includes assistance with housing, employment opportunities, and meeting their fundamental needs.

In terms of employment, while we already have initiatives in place, I recognise the need to further tailor our efforts to better support care leavers in securing and maintaining employment. This involves exploring targeted support programmes that specifically address the challenges they may face in entering the workforce.

The Archway Town Centre Group, I acknowledge the significance of local procurement. We are actively involved in initiatives like mock trailer courses, which have shown a notable success rate—around 70-75%—in helping individuals from the community start market stalls. This is part of a broader strategy to empower local residents to initiate and grow small businesses, contributing positively to places such as Oxford Market.

(e) Cllr Hayes to Cllr Khondoker, Executive Member for Equalities, Culture and Inclusion:

We know that Islington's Libraries are vital – they not only offer access to books but also to the internet, warm spaces, and community events. With winter coming up and the cost-of-living crisis continuing, what is the Council doing to make our libraries accessible and welcoming to all residents?

Response:
Thank you for your question, Ruth.

Since last year when we declared a cost of living crisis, the 10 libraries in the borough have been designated as warm spaces, enabling residents to access a comfortable space during the winter months as well as a wide range of free services and activities.

To also help residents with the cost of living crisis we've abolished library fines as these (or the fear of them) are seen by many residents as a barrier to library use. In addition, all outstanding fines were waivered to encourage Library users to return to us.

Our libraries have also worked with a number of other services and organisations to provide advice sessions in libraries to help residents reduce costs. For example, a member of the Shine team provided information and advice on reducing energy costs, insulating homes and other relevant themes. The service ran a Repair Café where residents were able to get small electrical items repaired for free.

The library service engages with residents from all walks of life and embodies the council priorities in creating a child-friendly Islington; supporting local communities and creating a healthier, greener Islington.

At two of our libraries, we've started an initiative to offer free period products to residents in need in partnership with Happy Flow, who work with a number of libraries across London.

At Central library we've started an initiative to offer free sim cards to eligible adults facing digital exclusion. This is in partnership with Good Things Foundation.

We work to make all libraries usable and accessible

Thanks again for your question, Ruth.

<u>Supplementary Question:</u>
Please explain what steps the libraries are taking to improve links with the different community groups in the borough and what they are doing to improve access to lifelong learning.

<u>Response:</u>
We currently provide a range of adult learning classes covering subjects like maths, English, and IT, and we are committed to expanding and enhancing this offering. To better understand the community's needs, we are actively engaging with libraries and seeking feedback to identify any service gaps and opportunities for improvement.

Additionally, our outreach efforts extend to collaborating with community groups and organizations such as Age UK and Help on Your Doorstep. Given the challenges posed by the cost of living crisis and the upcoming winter, we are intensifying our collaboration with them to disseminate information about the support services available in Islington. This includes services not only at libraries but also at various locations throughout the borough.

Through outreach activities conducted at libraries and community spaces like Manor Gardens, we aim to connect with residents and communities. Our team actively reaches out to different community groups, exploring potential collaborations and synergies. Similar to our partnerships with Help on Your Doorstep and Age UK, we are open to establishing place-based services either in our locations or theirs, facilitating broader access to community support services.

(f) Cllr Clarke to Cllr Turan, Executive Member for Health, and Social Care:

Islington GP Federation is an outstanding example of an organisation of GPs. It works for the people of Islington providing high standards of service, caring for and protecting Islington patients. Do you think all GP practices in Islington should be encouraged to become members of the federation?

Response:
Thank you for your question, Tricia.

I completely agree.

Islington GP Federation has brought together practices to deliver high quality services to patients at a time of exceptional pressures on GPs and across the NHS. Since the Federation was established in 2017, its track record has been built around innovation to improve services, working collaboratively with others to provide more integrated care and treatment, action to improve quality and through its Training Hub, supporting learning and development across the primary care workforce. There is a real focus on inequalities, for example on services to improve the physical health of people with Serious Mental Illness and people with Learning Difficulties.

The benefits that patients have seen from the work of the Islington GP Federation with GP practices and other partners include improved access to a wider range of services, such as extended opening hours, urgent care, and more specialist clinics provided through general practice in the community.

Islington GP Federation has also worked with local practices to help recruit and retain key groups of staff, such as offering training, support, and opportunities for career progression for pharmacists working in GP surgeries.

Another example is the Apprenticeship scheme for administrators working in general practice which Islington GP Federation developed working in collaboration with Islington Council which is opening up career opportunities for local people.

The GP Federation has also stepped in at times of exceptional need:

- offering on-site GP surgeries when asylum seekers were first being placed in local hotels, ensuring new arrivals received the help they needed and supporting access to ongoing care.
- stepping in to support practices and improve the organisation of services at short notice when there has been a risk of closure
- and playing a vital role in setting up and co-ordinating **covid vaccination centres** across the borough during the pandemic, working with the council and voluntary sector.

Islington GP Federation is a great example of GPs and others working together to make a real difference for the people of Islington and exemplify the best in public service ethos.

Supplementary Question:
How can patients be assured that their data is secure under the £480 million contract awarded to the US spy technology firm Palantir and its partner, Essential, for the construction of the NHS Federated Data Platform (FDP)? Considering concerns about patient privacy and potential misuse, how will the Council ensure that patients' data won't be sold to private companies or used for surveillance purposes?

Response:
I share your concerns about the security of patients' information under the current government's approach to the NHS. It's disheartening to witness the consistent underfunding of the NHS and the potential shift towards a system resembling the United States. The government's willingness to hand over a crucial role in managing patients' data to a US spy technology firm is alarming.

The information patients provide should not be sold to other companies or misused, but the current trajectory raises significant concerns. I believe it's disgraceful that the government is allowing such practices, putting profits before patient confidentiality.

In response to this, I encourage supporting organisations public interest groups. Collaborative efforts are essential to slow down detrimental processes and challenge decisions that jeopardise patient data security. Victories, such as St Ian losing the contract for one of the GP practices, demonstrate the impact of collective advocacy. As we continue the fight, there's a meeting next week where St Ian is transferring ownership to another healthcare group, showcasing that persistence can lead to positive outcomes. While the challenges are significant, I am hopeful that through continued advocacy, we can achieve more victories in the future. Thank you.

(g) Cllr Croft to Cllr Khondoker, Executive Member for Equalities, Culture and Inclusion:

Last year, Islington Council launched the Young Black Men and Mental Health Programme. Can you provide an update on how the programme is promoting wellbeing and tackling structural and institutional racism?

Written Response:
Thank you for your question, Joseph.

Strong progress has been achieved across all four pillars of the Young Black men and mental health programme since its launch last November.

Pillar 1, the Becoming a Man programme has been successfully implemented and delivered across three Islington secondary schools. Strong engagement has been achieved through schools continued support of the delivery of the programme, onboarding and integration of the programme into practice through consistent referrals into the programme. The three BAM psychologists/ counsellors are fully recruited to, operational and are assigned to each school. Feedback from schools is this continues to make a difference, have an impact and has been integrated into the school inclusion and pastoral strategy for supporting students. There are currently 17 BAM groups across three secondary schools with 178 pupils engaging with the BAM programme across three schools in years 8,9 and10.

Pillar 2, **The Elevate Team** launched and was fully operational in July. The Elevate service is aimed at young Black men aged between 13-25 who are affected by mental health and serious youth violence. The service provides holistic therapy and youth work interventions, based on a flexible therapeutic relational and assertive outreach model which meets young people at whatever stage they are at in their lives.

The team are currently working with up to 45 young black men intensively and the team report that due to flexible relational therapeutic model – the engagement from young black men in interventions has been very strong. Plans are in place to develop a parent champion model to support parents of young black men referred to the scheme delivering a whole family approach. This will go live in January 2024.

Pillar 3, The Barbers Round Chair Project has engaged 5 Islington Barbershops in training barbers to become mental health ambassadors. This innovative engagement model has been highly effective in supporting conversations around mental health and wellbeing at an early stage.

We've utilised existing lead barbers to operate as recruitment agents to recruit further Barber Mental Health Ambassadors into the scheme. We are planning to recruit up to 25 new barbers to join the scheme and training commences in February 2024. The training has been refreshed and expanded to cover: Mental Health First Aid, Safeguarding, Trauma informed and Making Every Contact Count (MECC) as well as sexual health screening.
The next phase is to develop the barbers' shops into multifaceted wellbeing sites to provide mental health and sexual health support as well as a refreshed website for the barbers round chair project.

Pillar 4, Catalysing whole system change is imperative for the programme in shifting the dial in embedding anti racist and cultural competency practice. Designed in partnership with the Staff College, the system change and innovation programme is a pioneering and multi professional programme intended to embed equity, diversity, and inclusion, by facilitating a greater knowledge and understanding of cultural competence and anti-racist practice.

The training programme launched in September 2023 and so far, we have trained up to over 800 professionals – we are targeted to train up to another 300 professionals through remaining training events. As part of this we have a commitment to train up to 500 metropolitan police officers through a series of just fair police summits.

Thanks again for your question, Joseph.

<u>(h) Cllr Ozdemir to Cllr Khondoker, Executive Member for Equalities, Culture and Inclusion:</u>

The Halabja genocide was a tragic chemical massacre where thousands of innocent civilians died, and others were severely wounded. This moment in history is seared in the hearts and minds of the Kurdish community, of which there is a substantial population here in Islington. How will the Council commemorate this dreadful moment in history so we can learn lessons of the past and build a better future now?

Written Response:
Thank you for your question, Gulcin.

Islington has a strong and thriving Kurdish community, and many of our Kurdish residents will have direct connections to the Halabja genocide that continue to impact their families today.
I know the council's Equalities team have contacted you to discuss how we could commemorate the massacre as part of our ongoing work and look forward to working with you on that.

I'm proud to say that we are looking into the possibility of hosting a speaker at our Holocaust Memorial Day event to speak about the Halabja genocide and mark it on that day.

We know that this is a difficult and upsetting time for many communities in Islington, and that they will have family and friends who are suffering right now. That's why we're reaching out directly to our communities and faith leaders and providing extra support to help people feel safe and welcome.

It is important for us to stand united in the face of adversity and where we can, celebrate what makes Islington special and create opportunities for our community to come together.

Thanks again for your question.

(i) Cllr Williamson to Cllr Woolf, Executive Member for Community Safety:

Tollington is now the second highest ward in the borough for reporting of drug issues and has had a 95% increase in the last 5 years of drug reports. However there has been little increase in on the ground resource. How will the council work with the police to ensure better resourcing so we can improve safety within the community?

Written Response:
We recently held a drugs round table to address concerns about drug use across the borough with attendance from a range of services including Public Health, Community Safety, and Housing, recognising this as a public health issue.

Our first combatting drugs partnership (CDP) meeting took place on Monday 4th December. The meeting brought together a range of partners including the police, council, and voluntary sector. There is a draft Strategic Needs Assessment that forms the basis of the CDP and in identifying the areas for development in commissioning and responding to the issues around drug use and treatment.

Over the last few months, walk and talks have been undertaken with myself, council officers and the local police with approximately 50 people in attendance. Since then, physical improvements have been made for instance, by relocating a problematic bench in Evershot Gardens to Whittington Park.

There are also longer-term improvements awaiting funding including creating wildlife space at Evershot which would be in consultation with local residents, councillors and stakeholders.

We have significantly increased outreach work in the area and are supporting those presenting with the case study at St Mellitus Church being one example. We are seeing significant decreases in ASB since intervention but clearly there is still more work to be done.

The Love Finsbury Park campaign has a clear link to Tollington ward and more broadly, police resources are being uplifted significantly as part of the new Met for London plan. Islington will see double the number of Neighbourhood Inspectors to four from the current two in post with a similar uplift in ward Sergeants from 6 to 13.

There will also be a significant uplift in PCSO numbers recognising the need for more officers on the ground, rooted in the community. Final details are being developed but there is an aspiration for there to be 41 PCSOs in Islington in year one. This would mean an increase in the higher harm locations of six additional officers and an increase of four officers in medium harm wards (including Tollington) in the coming year. By the end of the process in year three, the aspiration is to have 69 PCSO's for the borough.

As well as the uplift in neighbourhood policing officers, there has been a commitment to align the locality of police teams to that of the Community Safety team in a North, Central and South Cluster arrangement.

<u>(j) Cllr Shaikh to Cllr Ward, Executive Member for Finance, Planning and Performance:</u>

In February 2020, the Office of the United Nations High Commissioner for Human Rights (OHCHR) published a database of business enterprises involved in certain specified activities related to the Israeli settlements in the Occupied Palestinian Territory. The Database identifies 112 business enterprises involved in one or more activities that raised particular human rights concerns in a UN-led investigation. These companies are involved in serious human rights abuses.

Can you provide the full list of Islington Council's LGPF holdings, and can you confirm that Islington's LGPF, or any other investment activities, have no investments with the 112 OHCHR's listed business enterprises?

<u>Written Response:</u>
Thank you for your question, Cllr Shaikh

The LGPS Divest campaign has identified 63 local authorities with investments that are considered financially complicit in the illegal occupation of the Palestinian territories.

Islington Council is not on that list of such local authority pension funds.

The list can be checked on https://lgpsdivest.org/lgps-investments/

We continue to monitor this and are currently conducting due diligence against the latest UNHRC list of companies identified as having commercial interests in the illegal occupation of Palestinian territories (ratified in July 2023) to ensure that we have no indirect holdings in any such companies.

Thanks again for your question.
(k) Cllr Ogunro to Cllr Turan, Executive Member for Health and Social Care:

In 2017, we passed the motion to make Islington dementia friendly, and since then, we have been recognised by the Alzheimer's Society for our work in becoming a dementia-friendly borough. However, many of our residents are still unaware of the range of support available. Can you please give an update on what services the Council offers and what plans you have to increase awareness?

Written Response:
Residents living with dementia can access a range of Adult social care support to help them maintain independence at home such as aids and adaptations, Assistive Technology, Telecare and Homecare.

Residential and nursing care services are also available to those who are no longer able to live at home.

Residents are supported by an advocate if they lack capacity, to ensure decisions are made in the person's best interests. Adult Social Care also commissions the Islington Carers Hub which can support all Islington adult carers, including carers of people living with dementia. The carers hub provides access to advice and support to maintain their wellbeing and sustain the caring relationship.

The council invests in a Dementia Coordinator to drive efforts across the partnership to make Islington a more inclusive borough for people living with dementia. The Dementia Coordinator is working to grow the dementia friendly communities network, connecting people with resources to raise awareness and enhance the community offer.

Islington also has several initiatives, resources and activities that go towards making Islington a dementia inclusive borough which helps people with dementia live well in the community:

- **Dementia friendly environments** for example dementia friendly planning guidance and design standards and Disabled Facilities Grants which provides adaptions in people's homes to enable independence

- **Dementia Inclusive communities work** to raise awareness and reduce stigma, including work with the Alzheimer's Society Ambassador to deliver Dementia Friendly sessions to council employees and residents.
- **Work to drive more Inclusive communities** encouraging businesses to support people to live their everyday lives, e.g., Safe Haven scheme promoted to people living with dementia and Toilets in town centre promotion

However, we know there is still more to do. We are developing a dementia strategy in partnership with health trusts and voluntary and community sector organisations.

Around 150 residents and 80 professionals from partner organisations have helped shape the strategy, drawing on the experience of people living with dementia, mapping out the existing offer in Islington and identifying the gaps we need to close to improve outcomes for residents. This engagement has shaped the key themes the strategy will address which are:

- **Preventing avoidable dementia** – Residents would like to know more about what dementia is, what the risk factors are and how to lower risk.
- **Timely identification and diagnosis** – Diagnosis rates in Islington compare well to national benchmark. However, residents and the community groups that support them want to know how to recognise dementia in those they care for or support and they want to know what to do if they suspect someone has dementia.
- **Post Diagnostic Care and Support** – Residents and stakeholders describe a rich service offer delivered by dedicated and passionate professionals. But carers and professionals have told us that there needs to be better access to information and advice.
- **Living Well with Dementia** – The Dementia Friendly Islington network has 50 members from across the community. The network, facilitated by our Dementia Coordinator, will continue to drive our dementia friendly communities ambitions where attendees share news, information, resources and best practice.

There will be several priorities under each of these themes but with regards to raising awareness, there are a few commitments to highlight:

- A dedicated dementia resource will be developed within the Islington Directory (Find Your Islington) so that residents and professionals will find what they need in one place.
- Dementia will be embedded in the Make Every Conversation Count framework to help improve identification of dementia and access to support.
- We have joined the recently formed North Central London Dementia network which shares good practice and provides opportunities for partnership. Since the loss of the Alzheimer’s Society Dementia Friends scheme, we are exploring options for a North Central London scheme.
- We will grow the dementia friendly communities network, connecting people with resources to raise awareness and enhance the community offer.

The strategy is due to be published in the spring of 2024 and will be implemented over the course of the next five years with support and oversight of the health and care partners in the Islington Borough Partnership.

I hope this response finds you well.

(I) Cllr Jegorovas-Armstrong to Cllr Ward, Executive Member for Finance, Planning and Performance:

Can you provide an update on the campaign for residence based voting rights?

Written Response:
Thank you for your question, Cllr Jegorovas-Armstrong

Currently, to register to vote you must be living at the address where you are registering, aged 16 or over and you must also be either a British citizen, an Irish or EU citizen living in the UK, a Commonwealth citizen who has permission or whom does not need permission to enter or stay in the UK.

Following the implementation of the Elections Act 2022, from 7 May 2024 EU citizens' voting and candidacy rights will depend on when they moved to the UK and which country they are from. EU citizens who were resident in the UK before 1 January 2021 will retain their voting and candidacy rights for local elections in England if they retain a lawful immigration status.

EU citizens resident in the UK from 1 January 2021 will only get local election voting rights if there is a bilateral agreement between the UK and their home country. In due course, Electoral registration officers will be required to check whether an EU citizen currently registered can remain registered to vote. The Government has yet to finalise the arrangements that EROs will have to follow.

Thanks again for your question.

268 COUNCIL TAX SUPPORT POLICY 2024-25

Councillor Ward moved the recommendations in the report. Councillor Ozdemir Seconded. Councillor Hamdache contributed to the debate. Councillor Ward exercised their right of reply.

The recommendations were put to the vote and CARRIED.

RESOLVED:
(i) To agree to adopt the Council Tax Support Scheme for 2024/25 as contained in appendix C. For working age households this is model three from the consultation (see appendix A). Model three provides the most overall total financial support to households of the three models that were part of the consultation. Model three was the preferred model with respondents to the consultation.

(ii) To retain the amendments to council tax agreed at full Council on 8 December 2022. With number four below updated to properties that have remained empty for over 1 year rather than 2 years. Number five updated to reflect that the bill has now been enacted. The council will charge the premium on second homes from the earliest date possible.

1. Council tax exemption classes A (unoccupied and unfurnished property that requires or is undergoing major repairs) and C (unoccupied and unfurnished property) will have a discount of 0% for all cases.

2. Council tax discount for second homes will be 0% in all cases.

3. Council tax discount for empty furnished lets will be 0% in all cases; and

4. A premium will be charged at the maximum percentage allowed of 100% on the council tax of all properties that have remained empty for over 1 year but less than 5 years in all cases. A premium will be charged at the maximum percentage allowed of 200% on the council tax of all properties that have remained empty for over 5 years but less than 10 years in all cases. A premium will be charged at the maximum percentage allowed of 300% on the council tax of all properties that have remained empty for over 10 years in all cases.

5. With effect from 1 April 2025, a premium will be charged at the maximum percentage allowed of 100% on the council tax for Second Homes (also known as "dwellings occupied periodically"). A Second Home is substantially furnished but is not the main or principal home of any resident.

(iii) To note that the savings of £250k attached to the implementation of a banded CTSS for 2024/25 will be delivered upon full implementation of the new CTSS policy.

269 TREASURY MANAGEMENT OUTTURN REPORT 2022-23

Councillor Ward moved the recommendations in the report.

The recommendations were put to the vote and CARRIED.

RESOLVED:

To note the Treasury outturn for the year.

270 ADJUSTMENT TO THE CAPITAL PROGRAMME - PURCHASING 410 EX RIGHT TO BUY PROPERTIES

Councillor O'Halloran moved the recommendations in the report.

The recommendations were put to the vote and CARRIED.

RESOLVED:

(i) To approve the addition to the capital programme funded by borrowing of £111,663,000 within the Housing Revenue Account to supplement the funding provided by the DLUHC and the GLA to enable the council to purchase 410 Ex Right to Buy properties.

(ii) To approve the addition to the capital programme funded by £102,316,260 allocated to Islington Council by the DLUHC and the GLA for the purchase of 410 Ex Right to Buy properties in Islington to accommodate homeless households with a local connection to Islington.

(iii) To note the two Executive reports attached to the report.

271 CONSTITUTION REPORT

Councillor Hyde moved the recommendations in the report. The recommendations were put to the vote and CARRIED.

RESOLVED:

To approve the amendments to the Constitution as set out in the appendix to the report.

272 COUNCIL APPOINTMENTS REPORT

Councillor Hyde moved the recommendations in the report.

The recommendations were put to the vote and CARRIED.

RESOLVED:

That Cllr Williamson be re-appointed to the Board of the Cloudesley Charity from February 2024 for a period of 4 years, or until a successor is appointed.

273 NOTICES OF MOTION

Motion 1: A call for peace

This motion was withdrawn.

Councillor Russell moved the withdrawal. Councillor Hamdache seconded.

RESOLVED:

That the motion be withdrawn.

Motion 2: Standing in solidarity with Islington’s diverse community in times of conflict by supporting the cessation of hostilities on all sides.

A cross-party amendment to this motion was circulated in a second despatch of papers.

Councillors Khondoker and Russell moved the joint amendment. Councillors Cinko-Oner, Hamdache, Woolf and Pandor seconded the amendment.

Councillors Chowdhury, Shaikh, Graham, Gilgunn, Williamson and Nathan contributed to the debate.

Councillor Khondoker and Russell exercised their right of reply on the amendment.

Councillor Nathan requested a recorded vote. This was supported by several members of the council.

The Amendment was put to a vote and **CARRIED.**

FOR:
Councillors Bell-Bradford, Burgess, Champion, Chapman, Chowdhury, Cinko-Oner, Clarke, Comer-Schwartz, Convery, Craig, Croft, Gilgunn, Gill, Graham, Hamdache, Hayes, Heather, Hyde, Ibrahim, Jackson, Jeapes, Jegorovas-Armstrong, Kay, Khondoker, Khurana, Klute, Mackmurdie, McHugh, Nathan, Ngongo, North, Ogunro, O'Halloran, O'Sullivan, Ozdemir, Pandor, Russell, Shaikh, Staff, Turan, Ward, Wayne, Williamson, Woolf, Zammit.

AGAINST:
None.

ABSTENTIONS:
None.

The Amended Motion was put to a vote and **CARRIED.**

FOR:
Councillors Bell-Bradford, Burgess, Champion, Chapman, Chowdhury, Cinko-Oner, Clarke, Comer-Schwartz, Convery, Craig, Croft, Gilgunn, Gill, Graham, Hamdache, Hayes, Heather, Hyde, Ibrahim, Jackson, Jeapes, Jegorovas-Armstrong, Kay, Khondoker, Khurana, Klute, Mackmurdie, McHugh, Nathan, Ngongo, North, Ogunro, O'Halloran, O'Sullivan, Ozdemir, Pandor, Russell, Shaikh, Staff, Turan, Ward, Wayne, Williamson, Woolf, Zammit.

AGAINST:
None.

ABSTENTIONS:
None.

RESOLVED:

This Council resolves to:

i. Support those in Islington with loved ones in the affected region by writing to the Prime Minister and the Leader of the Opposition to support calls - made by the Mayor of London, a number of trade unions including Unite and UNISON, the UN General Assembly, over 200 countries and many global humanitarian aid agencies - for an immediate cessation to hostilities in Israel and Palestine, including an immediate humanitarian ceasefire and the release of hostages and political prisoners. Also to support calls for an embargo on the sale of offensive weapons for this conflict, an investigation by the International Criminal Court into alleged breaches of international law during this conflict and to begin a political process for permanent peace.

ii. Write to our local MPs and ask they use every avenue to pursue peace and to call for ceasefire.

iii. Continue to work with faith and community leaders from across Islington to preserve and celebrate our borough's diversity and cohesion, this will include working with the Islington Faiths Forum to organise an inter-faith event in early 2024, allowing people from all parts of Islington to come together and celebrate our community's shared values.

iv. Further promote the work of the Council's Hate Crime Prevention Champions, encouraging more local people to take ownership and support our drive to tackle hate crime in Islington.

v. Continue to promote the work of Islington-based charities working to support those affected by the humanitarian crisis in Israel and Palestine.

Motion 3: Protecting Islington's families through the Childcare Crisis.

Councillor Ngongo moved the motion. Councillor North Seconded.

Councillor Jegorovas-Armstrong contributed to the debate. Councillor Ngongo exercised their right of reply.

The motion was put to a vote and **CARRIED.**

RESOLVED:

This Council resolves to:

i. Write to the Secretary of State for Education to call on the Government to:
   - work with childcare providers to ensure funding rates are increased in real terms and childcare workers are paid a decent living wage.
   - Provide universal free childcare for children over nine months old and support the Labour Party's policy of free breakfast clubs for all primary school children.

ii. Support the Labour Party's call to an immediate review into childcare if they are elected to government, including a review into SEND provisions.

iii. Continue to support parents and families with our family hubs, children's centres and other early years settings.

iv. Protect Islington Council's investment in the Childcare Bursary and continue to help Islington's disadvantaged families through our free school meals and school uniform grant.

The meeting closed at 10.25 pm

MAYOR

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ISLINGTON
For a more equal future

COUNCIL MEETING – 29 FEBRUARY 2024

QUESTIONS FROM MEMBERS OF THE PUBLIC

a **Rebekah Kelly to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

Can you explain the budget proposal for the Green Garden Waste subscription that has been advertised on Islington Council media accounts?

b **Patricia Niclas to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

Set out below are extracts from the Councils response from the St. Peters LTN consultation:

"24% of resident feedback suggested road closures except for cycles and buses"; 76% did not and yet the Council did not publicise this;

"40% of respondents stated they walk or cycle more to local shops"; Results show that 54% say there is no change or that they do so less;

"30% of respondents state they walk or cycle more for shorter journeys instead of driving"; Statistics state 38% of their habits haven't changed, 12% walk or cycle less and 20% stated that it doesn't apply. This equates to 70% who do not walk and cycle more.

Can I have your view regarding publication of the above data which appears to be selective and the fact that no pollution monitors were used on Essex Road (St Peters LTN) and no traffic counters from St Peter's Street onwards.

c **John Hartley to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

We are pleased to see the Council's continuing commitment to rolling out Liveable Neighbourhoods in Islington to benefit us all and make Islington a Healthier, Safer, Greener, Fairer Borough.

Conscious of the fact that this project needs to deliver more than the necessary modal changes for transport, what steps are the Council taking to ensure that health benefits, particularly for children and more vulnerable people, are realised?

d **Roderik Gonggrijp to Cllr Ward, Executive Member for Finance, Planning and Performance:**

In light of the recent Non-Material Amendment planning application logged by Peabody with regard to the installation of second staircases on the former Holloway Prison site.

The modifications to the design affect a number of social housing units, family units and housing units that are wheelchair accessible specifically.

In our opinion no planning application that affects, and in this case even reduces the number of beds at social rent, can be considered non-material. The actual planning application as submitted, shows the applicant considers this non-material. However, in Islington, there are over 12,000 individuals on the housing waiting list, many of them families in overcrowded accommodation; does this imply that the planning committee members do not consider the provision of social housing units to be material?; who decides or how is a planning application decided to be non-material?

e **David Harrison to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

In the light of the recent and expected improvements in conditions for pedestrians the Council has made, how she plans to promote walking routes in the borough?

f **Ollie Steadman to Cllr Turan, Executive Member for Health and Social Care:**

Community engagement is vital in ensuring local people are able to have a say in the services they receive. The Whittington provides expert care to mothers and babies and yet its maternity unit is under threat of closure from the local NHS. With the consultation open until the 17th March, what is the Council doing to raise awareness and encourage people to respond to the consultation?

g **Eilidh Murray to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

When will the council reduce the cost of a place in a bike hangar in Islington which at £107.25/place plus refundable key deposit of £27.75 remains the highest in all London?

h **Peter O'Garr to Cllr O'Halloran, Executive Member for Homes and Communities:**

Since November 2022, leaseholders on Highbury Quadrant Estate have been requesting breakdowns of caretaking costs allocated to individual properties, in the context of caretaker vacancies and inconsistent caretaking standards across the estate. The IBC estate services department insists that caretaking absences or unfulfilled caretaking tasks are not charged to leaseholders. But it has produced no evidence to account for this claim. Why has the council not responded to requests for itemised caretaking costs, including information about uncharged-for gaps in service, and will it agree to provide this information moving forwards?

i **Jonathan Ward to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

Now that Cycleway 50 is built, will the council assess the impacts for Islington businesses and residents, especially children, older and disabled people? Please look in particular at: differences in levels of walking and cycling, air quality, bus passenger journey times, accidents, business access difficulties, and new rat-running on residential roads to avoid queuing traffic. And will you ask TfL to provide funding for any mitigation measures if they are required?

j **Pete Gilman to Cllr Ward, Executive Member for Finance, Planning and Performance:**

How much time is there between local authorities being informed of the government allocation of funding to them and their requirement to set annual budgets? There is some concern that the time given may be inadequate causing unnecessary and avoidable difficulties. Are such concerns justified?

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ISLINGTON
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COUNCIL MEETING – 29 FEBRUARY 2024

QUESTIONS FROM MEMBERS OF THE COUNCIL

a **Cllr Wayne to Cllr Woolf, Executive Member for Community Safety:**

Consumers deserve to be protected from unscrupulous and unethical traders. Is the council committed to maintaining a robust trading standards department and what is it doing to deter rogue traders?

b **Cllr Craig to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

Over 20 Islington residents die each week, but many of those bereaved don't know where to turn for support, or face delays in accessing services. Earlier this year the Good Grief Trust launched the Sit with Hope campaign, to improve access to support. The aim is to place plaques with a QR code direct to their website on benches and seats across the community, in parks, urban spaces and hospital gardens. To purchase a plaque for each of Islington's 39 parks would cost under £600 and will signpost residents to immediate advice and support, help and hope. Is this something the council is willing to support?

c **Cllr Staff to Cllr Khondoker, Executive Member for Equalities, Culture, and Inclusion:**

What is the Council doing to ensure that its decision-making processes have diverse representation from all of Islington's communities?

d **Cllr Zammit to Cllr Bell-Bradford, Executive Member for Inclusive Economy and Jobs:**

London's youth unemployment rate (those aged between 16-24 years old) stood at 14.1% in the 2nd quarter of 2023, compared with 3.4% in those who are 25-64 years old. We know that being in work contributes to wellbeing and the local economy. What is Islington Council doing specifically to support young people into work?

e **Cllr Gilgunn to Cllr Bell-Bradford, Executive Member for Inclusive Economy and Jobs:**

Labour's New Deal for Working People, launched by Angela Rayner in 2021 at Labour Conference and reaffirmed unanimously at this year's conference, in partnership with Labour's affiliated trade unions is a comprehensive plan that aims to improve the lives of working people by empowering both individual and collective rights. It also sets out repealing anti-trade union laws, including the Trade Union Act. It plans new laws protecting workers from fire and re-hire and other exploitative practices. The new deal for working people will set out rights for collective bargaining which the Institute of Employment Rights in partnership with the unions and the Labour Party have researched that this is a way to challenge low pay. The New Deal will introduce new rights for unions to organise and recruit new members. As a council, how are we protecting the rights of working people and how can we strengthen our collaboration with the unions?

f **Cllr North to Cllr Champion, Executive Member for Environment, Air Quality and Transport:**

The Mayor of London has committed to his election pledge on the delivery of cycleways across the capital, with progress being made right here in Islington with cycleways 38 completed and cycleway 50 currently in construction. How will the council continue to work with the Mayor of London and TfL to ensure more people feel safe and confident to cycle in our borough?

g **Cllr Hamdache to Cllr Ward, Executive Member for Planning, Finance and Performance:**

Council budgets have never been more strained. We have a responsibility to try to protect frontline services. But there's a number of cost saving and revenue raising measures adopted by other council's that are absent from the budget here. A workplace parking levy. Fortnightly non-recyclable waste collection. Ending free electric parking on estates. Can we expect any movement from Islington Labour before the end of this council term?

h **Cllr Ozdemir to Cllr Ward, Executive Member for Planning, Finance and Performance:**

As a ward councillor in Tufnell Park, I share the many views of my residents in strongly opposing the significant reduction in the number of 3-bedroom flats for social rent and adapted homes. There are families that are desperate and have been stuck on Islington's housing list waiting for years to have a 3 bedroom property in Islington. We saw during lockdown the adverse impact overcrowding had on the emotional and physical wellbeing of these families, especially young children. Will Islington Council reject these plans and instead insist that Peabody locate the number of 3-bedroom flats for social rent on the massive site that the Holloway development is and insist we do not lose the wheelchair accessible homes?

i **Cllr Burgess to Cllr Turan, Executive Member for Health and Social Care:**

Around 12 babies are born every day at the Whittington Maternity Unit in Archway, and the unit provides essential care for families from a wide range of backgrounds. However, the unit is currently under threat of closure, with the consultation due to close on the 17th March. What has the council done to campaign to keep the maternity unit open?

j **Cllr Staff to Cllr Woolf, Executive Member for Community Safety:**

Last December, the government announced a series of measures it will be taking to tackle spiking, including clarifying the language under the Criminal Justice Bill so that without a doubt, spiking is illegal, more training for door staff and funding for testing kits. In Islington, measures have been put in place to crackdown on spiking and support businesses to help victims under our recently refreshed Licensing policy 2023-27. Could you please provide us with specific examples of how we have worked with local businesses and the police to crackdown on spiking?

k **Cllr Jegorovas-Armstrong to Cllr Ward, Executive Member for Planning, Finance and Performance:**

With less than two thirds of the one million pounds hardship fund going directly to residents, and less than four fifths spent by February 2024. What has the council learned about getting money into the hands of residents?

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ISLINGTON
For a more equal future

Finance
222 Upper Street

London N1 1XR

Report of: Corporate Director of Resources

Meeting of: Full Council

Date: 29th February 2024

Ward(s): All

Subject: Treasury Management Mid-Year Review

1. Synopsis

1.1. This report reviews the activities of the Council's treasury management function over the half year period ended 30 September 2023. The month of September has been a challenging environment with volatile interest rate and gilt markets.

1.2. Over the reporting period, all treasury management (TM) activities have been carried out in accordance with the approved limits and the prudential indicators (PI) set out in the Council's Treasury Management Strategy.

1.3. Treasury Management comprises:

1.3.1. Managing the Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost;

1.3.2. investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity.

2. Recommendations

2.1. To note the Treasury Mid-Year Review

3. Background

3.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

3.2 The Council's treasury management strategy for 2023/24 was approved at the Council meeting of 2nd March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

4. Detailed Report

4.1 On 31st March 2023, the Council had net borrowing of £231.906m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below:

Table 1: Balance Sheet

	31.3.23 Actual £m
General Fund CFR	190.703
HRA CFR	463.593
Total CFR	**734.849**
Less: *Other debt liabilities	(80.552)
Loans CFR	**654.297**
External borrowing	(285.606)
Internal (over) borrowing	**368.691**
Less: Balance Sheet Resources	(422.4)
Treasury Investments	**53.7**
Net [borrowing / investments]	**231.906**

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

4.2 On 30th September 2023, the Council had net borrowing of £193.3m arising from its revenue and capital income and expenditure. The treasury management position as at 30th September 2023, the change over the six months is shown in Table 2.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	30.9.23 Balance £m	30.9.23 Rate %
Long-term borrowing	265.606	(18.062)	247.544	3.95
Short-term borrowing	20.000	0.000	20.000	5.30
Total borrowing	**285.606**	**(18.062)**	**267.544**	**4.05**
Long-term investments	10.000	0.000	10.000	0.55
Short-term investment	43.700	20.500	64.200	5.18
Total investments	**53.700**	**20.500**	**74.200**	**4.55**
Net [borrowing / investments]	**231.906**	**2.438**	**193.344**	

Economic Update

4.3 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 20 September 2023, the MPC voted by a majority of 5–4 to maintain Bank Rate at 5.25%. The Committee also voted unanimously to reduce the stock of UK government bond purchases held for monetary policy purposes, and financed by the issuance of central bank reserves, by £100 billion over the next twelve months, to a total of £658 billion.

4.4 Twelve-month CPI inflation fell from 7.9% in June to 6.7% in August, 0.4 percentage points below expectations at the time of the Committee's previous meeting and triggering the exchange of open letters between the Governor and the Chancellor of the Exchequer that is being published alongside this monetary policy announcement. Core goods CPI inflation has fallen from 6.4% in June to 5.2% in August, much weaker than expected in the August Report. Services CPI inflation rose from 7.2% in June to 7.4% in July but declined to 6.8% in August, 0.3 percentage points lower than expected in the August Report.

Arlingclose View:

4.5 Q2 GDP growth surprised to the upside, with the office for national statistics (ONS) revising the first estimate of -0.1% to +0.2%, driven by upward revisions to household and government spending. While the revision suggests that the UK economy has avoided a technical recession so far, growth remains soft and is on a downward track. We expect growth to be negative in Q3 and thereafter due to the heightened impact of the rising cost of living, higher interest rates and slowing global growth. However, this will not stop the BoE tightening monetary policy further to combat perceived inflationary pressures.

Borrowing

4.6 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decisions that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the council.

4.7 Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity to retain its access to PWLB loans.

4.8 The 2023/24 Treasury Management Strategy sets out an operational borrowing limit of £383.4m and maximum borrowing limit of £533.9m for the year. As at 30th September there is still a potential for the Council to borrow up to a further £115.8m, this level of borrowing has been revised due the current level of capital programme slippage. This matter is being closely monitored through the Council's 5-year capital programme model and the cash flow model.

4.9 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

4.10 The Council retains flexibility to renegotiate loans should the Council's long-term plans change. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

4.11 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account (HRA) and for refinancing existing HRA loans, providing a window of opportunity for HRA-related borrowing and to replace the Council's loans relating to the HRA maturing during this time frame.

4.12 In keeping with these objectives, the strategy is to replace the HRA maturing debt of £8m, borrow additional sums to fund the existing capital programme and the purchase of ex-right to buy properties in line with the authorised borrowing limits. This strategy enabled the Council to reduce net borrowing costs and reduce overall treasury risk.

Borrowing Update

4.13 The Council currently holds £267.5 million of loans, a reduction of £18.06 million from the previous year, as in line with the strategy to borrow only if required hence use internal resources in lieu of borrowing despite the increase in rates. During this half year the Council considered it to be more cost effective in the near term to either use internal resources and short to medium term borrowing to minimise the "cost of carry". Outstanding loans on 30th September 2023 are summarised in Table 3 below:

Table 3: Borrowing Position

	31.3.23 Balance £m	Net Movement £m	30.9.23 Balance £m	30.9.23 Weighted Average Rate %	30.9.23 Weighted Average Maturity (years)
Public Works Loan Board	234.606	(8.062)	226.544	4.1465	19.92
Local authorities (long-term)	31.000	(10.000)	21.000	1.8595	1.33
Local authorities (short-term)	20.000	(0.000)	20.000	5.3000	0.22
Total borrowing	**285.606**	**(18.062)**	**267.544**	**4.0532**	**16.99**

4.14. The Council's short-term borrowing cost has continued to increase with the rise in line with the Bank and England base rate and short-dated market rates. The average rate on the Council's short-term loans at 30th September 2023 of £20m was 5.3%.

4.15 There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. The base rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. The base rate was 2% higher than at the end of September 2022.

4.16 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

Forward starting loans

4.17 To enable certainty of cost to be achieved without suffering a cost of carry in the intervening period, the Council may arrange forward starting loans with fixed interest rates of for the delivery of cash a specified future year date. The Council has not actively pursued this option currently and does not seem prudent with rates at their current levels.

4.18 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

Other Debt Activity

4.19 After £4.5m repayment in 2022/23 of Private Finance Initiative liabilities, total debt other than borrowing stood at £77.6m on 31st March 2023.

Treasury Investment Activity

4.20 CIPFA revised TM Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

4.21 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £54 million and £110 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.23 Balance £m	Net Movement £m	30.9.23 Balance £m	30.9.23 Income Return %
Government (incl. local authorities)	53.7	(8.5)	45.2	4.09
MMF	0.0	29.0	29.0	5.28
UK Banks	0.0	0.0	0.0	0.00
Total investments	**53.7**	**20.5**	**74.2**	**4.56**

4.22 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

4.23 The Council expects to be a long-term borrower and new treasury investments therefore primarily made to manage day-to-day cash flows short-term low risk instruments where limited additional risk is accepted in return for higher investment income to support local public services.

4.24 Bank of England base rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% and Money Market Rates between 5.22% and 5.35%.

4.25 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30.09.2023	4.62	A+	39%	95	4.54
30.09.2022	4.73	A+	19%	154	1.12
Similar LAs	**4.54**	**A+**	**67%**	**48**	**4.94**
All LAs	**4.47**	**AA-**	**59%**	**50**	**4.79**

Non-Treasury Investment

4.26 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

4.27 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

4.28 The Council lends money to its subsidiaries, local businesses, local charities, local residents and its employees to support local public services and stimulate local economic growth.

4.29 As at 31/03/2023, the Council had lent £0.639m (including accrued interest) to three private companies responsible for managing schools under the Building Schools for the Future programme (Transform Islington Phase 1 Holdings Limited, Transform Islington Phase 2 Holdings Limited and Transform Islington Limited). All loans were issued at market rates. Where loans are advanced at below market rates they are classed as 'soft loans. As at 31/3/2023 the Council had also issued around £1.302m of soft loans, mainly to employees (e.g., travel season ticket, gym membership, home computer loans).

4.30 The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth. The Council holds equity investments in Islington Limited (iCo), a wholly owned subsidiary providing local services, and minority (10%) equity investments in three private companies responsible for managing schools under the Building Schools for the Future programme (Transform Islington Phase 1 Holdings Limited, Transform Islington Phase 2 Holdings Limited and Transform Islington Limited). The fair value of these shares is nil, and the shares are not traded in an active market. The Council has no current plans to dispose any of these shareholdings.

4.31 The Council holds investments in local and regional, commercial property with any profits spent on local public services. The Council does not actively invest in these markets currently. The market value of all such properties as at 31/3/2023 was £43.6m. In 2022/23, rental income from investment property was £1.6m against direct operating expenditure arising from investment property of £0.3m.

4.32 The Council also made a loan to the Highbury Roundhouse Association which is valued at £78k on the balance sheet (31/03/23).

Compliance

4.33 The Corporate Director of Resources reports that all treasury management activities undertaken during the period complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

4.34 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	H1 Forecasted	**30.9.23 Actual**	**2023/24 Operational Boundary £m**	**2023/24 Authorised Limit £m**	**Complied?** Yes/No
Borrowing	345.848	267.5	383.393	533.860	Yes
PFI and Finance Leases			74.973	79.973	
Total debt			**458.366**	**608.833**	Yes

4.35 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Indicators

4.36 The Council measures and manages its exposures to treasury management risks using the following indicators.

4.37 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 8: Credit Ratings

	30.9.23 Actual	**2023/224 Target**	**Complied?**
Portfolio average credit rating	A+	A+	Yes

4.38 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

Table 9: Liquidity of investments

	30.9.23 Actual	**2023/24 Target**	**Complied?**
Total cash available within 1 months	£48m	£25m	Yes

4.39 **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Table 10: Interest Rate risk (income)

Interest rate risk indicator	**30.9.23 Actual**	**2023/24 Limit**	**Complied?**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.530m	£2.6m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0m	£1.6m	Yes

4.40 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

4.41 **Maturity Structure of Borrowing:** This indicator is set to control the Councils exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 11: Maturity Structure

Refinancing rate risk indicator	30.9.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	18%	30%	0%	Yes
12 months and within 2 years	5%	35%	0%	Yes
24 months and within 5 years	6%	40%	0%	Yes
5 years and within 10 years	19%	40%	0%	Yes
10 years and within 20 years	9%	50%	0%	Yes
20 years and above	43%	100%	40%	Yes

4.42 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

4.43 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 12: Amounts invested for more than one year

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£10m	£10m	£0
Limit on principal invested beyond year end	£30m	£20m	£20m
Complied?	Yes	Yes	Yes

5. Implications

5.1. **Financial Implications**

5.1.1. The report is wholly financial in nature.

5.2. **Legal Implications**

5.2.1. Treasury risk management at the Council is conducted within the framework of the CIPFA Code, which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

5.2.2. In addition, Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Good Treasury Management supports the discharge of this responsibility.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.3.1. There are no environmental considerations.

5.4. **Equalities Impact Assessment**

5.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.4.2. An Equalities Impact Assessment is not required in relation to this report, as it does not impact individuals.

Appendices:

Appendix 1: External context

Appendix 2: Interest Rate Forecast

Final report clearance:

Signed by: **Corporate Director of Resources**

Date: 13 December 2023

Report Author: Jeannette Mckenzie-Taylor, Treasury & Pension Investment Manager
Email: jeannette.mckenzie-taylor@islington.gov.uk

Financial Implications Author: Matthew Hopson, Deputy Director of Finance (Corporate)
Email: matthew.hopson@islington.gov.uk

Legal Implications Author: Marina Lipscomb
Email: marina.lipscomb@islington.gov.ukb

Appendix 1

External Context from Arlingclose

Economic background

UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

Financial markets

Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

Credit review: Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Appendix 2

Arlingclose's Economic and Interest Rate Forecast as at 25th September 2023

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.38	4.50	4.50	4.40	4.25	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.50	-0.70	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.27	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.50	-0.70	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.67	4.65	4.60	4.55	4.45	4.35	4.25	4.20	4.20	4.20	4.20	4.20	4.20
Downside risk	0.00	-0.50	-0.70	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.25	4.25	4.20	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.50	-0.70	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%; PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40%; UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

UK inflation and wage growth remain elevated, but the August CPI data suggested that inflation was falling more rapidly. In a narrow 5-4 vote, the MPC took the opportunity to hold rates at

5.25%, a level we see as the peak. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy inevitability slides into recession.

While the MPC vote was close, and the minutes contained the warning about the need for further tightening if inflationary pressures persist, both the decline in closely-watched inflation measures and confidence that wage growth had peaked, clearly allowed policymakers to focus on the weaker activity data.

The UK economy has so far been resilient. However, recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will be soft, so offer little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.

Employment demand has weakened and unemployment has increased, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and wage growth, and we expect unemployment to rise.

Consumer confidence has improved due to signs of real wage growth amid strength in the labour market, but household spending will remain weak as mortgaged households suffer higher interest payments and unemployment rises. Business investment/spending will fall back due to higher borrowing costs and weaker demand.

Inflation will fall continue to fall over the next 12 months, albeit with upside risk. The MPC's attention will remain on underlying inflation measures and wage data. Policy rates will remain at the peak for another 10-12 months, until the MPC is comfortable the risk of further second round effects have diminished.

Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling (as the recent PMI data indicate), will require significant policy loosening in the future to boost demand and inflation.

Global bond yields remain volatile. Like the UK, the Federal Reserve and other central banks see persistently higher policy rates through 2023/2024 as key to dampening domestic inflationary pressure. Data points will therefore prompt changes in bond yields as global interest rate expectations shift.

ISLINGTON
For a more equal future

Resources Department
Town Hall, Upper Street

Report of: Director of Law and Governance and Monitoring Officer

Meeting of: Council

Date: 29 February 2024

Ward(s): All

Subject: Monitoring Report February 2024

1. Synopsis

1.1 Paragraph 8.10 in the Part 3 of the Council's Constitution authorises Corporate Directors to take decisions that would ordinarily be reserved to the Executive, where the matter is urgent and delay would seriously prejudice the interest of the Council or of the public.

1.2 Paragraph 8.11 in Part 3 of the Council's Constitution requires that any decisions made under the above provisions are reported to the next meeting of the Executive. Procedure Rule 68 also requires that the Proper Officer reports to the council on those occasions on which either the call-in provisions were waived or a key decision was taken which had not appeared in the Forward Plan or five clear working days notice had not been given.

1.3 The Corporate Director Community Wealth Building, made a decision using the urgency procedures on 'Andover Health Centre Funding' on 12 February 2024. The five clear working days' notice was achieved and the decision was available for call-in, but it was not possible to publish the 28 day statutory notice of our intention to take the decision.

1.4 The decision was considered urgent because the financial contribution NHS England are making to the project has been allocated within the current financial year and it is necessary for the Council to enter into a binding agreement to receive the funding before 16 February 2024. It was therefore not possible for the 28 day statutory notice to be issued or for this decision to wait for a future meeting of the Executive and the urgency provisions in the Constitution were used to ensure that the project can proceed.

1.5 A key decision was also taken by the VCS Committee at its meeting on 30 January 2024, titled ‘The Voluntary and Community Sector Partnership Grants Programme 2024-28’. Although this decision was not taken under the urgency procedures, a general exception notice was issued for this item as the matter was not publicised 28 days in advance of the decision. The report was published in the agenda five clear working days’ in advance as usual. This report confirmed the funding allocations to voluntary sector organisations over the four years of the programme. The decision could not wait until the next meeting of the Committee as a decision was required to allow the funding to be allocated for the start of the new financial year.

2. Recommendations

2.1. To note the decisions detailed in this report and the attached appendix.

3. Background

3.1. In accordance with the Constitution, the Chief Executive, Corporate Directors and Chief Finance Officer are authorised to take decisions where the matter is urgent. If the decision concerns an executive function, or it has not been possible to comply with the statutory notice period or call-in has been waived, the exercise of authority under that provision must be reported to the next available meeting of the Executive.

Andover Health Centre Funding

3.2. The Corporate Director Community Wealth Building took the decision using the general exception procedures in accordance with paragraph 8.10 in Part 3 of the Constitution.

3.3. Decisions were made on the following recommendations and are notified to the Council for information:

‘To agree to receive a funding contribution of £4.313m from NHS England towards the costs of the Andover Health Centre Scheme at 7 Newington Barrow Way, subject to the agreement of a 25 year lease with NHS England.’

‘To note that any unspent monies form the £4.313m contribution will be ringfenced for other health related projects in Islington that will be agreed with NHS England, or will be returned to NHS England.’

'To note that If the scheme does not go ahead, the £4.313m contribution (less any costs incurred in relation to the scheme) will be returned to NHS England.'

'To note that a further report will be brought to the Executive to agree to enter into a lease with NHS England for the provision of the Andover Health centre at 7 Newington Barrow Way.'

3.4. The relevant report is published on the Democracy Website and attached to this report as an Appendix.

The Voluntary and Community Sector Grants Programme 2024-28

3.5. The Voluntary and Community Sector Committee (VCS Committee) took a key decision at its meeting on 30 January 2024. Although this decision was not taken under the urgency procedures, a general exception notice was issued for this item as the matter was not publicised 28 days in advance of the decision.

3.6. The decisions taken were:

'To note the update on the VCS Partnership Grants Programme 2024-28'

'To confirm the funding allocation of £2,711,500 per full financial year and over the programme for four years, totally £10,846,000 as detailed in Appendix 1',

3.7. The relevant report is published on the Democracy Website and is also attached to this report as an appendix.

4. Implications

4.1.1. The implications are detailed within the attached appendices.

5. Conclusion and reasons for recommendations

5.1. To comply with the rules in the Council's Constitution, the Council is asked to note the decisions made using the urgency provisions and where it was not possible to publicise the decision for 28 days in advance.

Appendix:

- Decision report: Andover Health Centre Funding
- Decision report: Voluntary and Community Sector Partnership Grants Programme

Background papers:

- None

Final report clearance:

Authorised by: Director of Law and Governance and Monitoring Officer

Date: 20 February 2024

Report Authors: Philippa Green, Head of Democratic Services and Governance
Jonathan Moore, Deputy Head of Democratic Services and Governance
Tel: 020 7527 3184 / 3308
Email: Democracy@islington.gov.uk

Community Wealth Building
Town Hall,

Report of: Corporate Director of Community Wealth Building

Date: 2 February 2024

Ward(s): Finsbury Park

Subject: Andover Health Centre Funding

Reason for urgency: The financial contribution NHS England are making to the project to provide a new Health Centre on the Andover Estate has been allocated within the current financial year and it is necessary for the Council to enter into a binding agreement to receive the funding before 16 February 2024. It is therefore not possible for the 28 day statutory notice to be issued or for this decision to wait for a future meeting of the Executive and the urgency provisions in the Constitution are being used to ensure that the project can proceed.

1. Synopsis

1.1. The Council is determined to make Islington a more equal place and to ensure that, wherever possible, our assets are used in the best way to support our communities.

1.2. The Council's FutureWork programme has enabled the office at Newington Barrow Way to be vacated and it is proposed that, in partnership with NHS England, part of the building is used to provide a new Health Centre.

1.3. NHS England are providing a financial contribution to the project and this decision is for the Council to receive that income. Further decisions on the lease arrangements and to appoint a contractor to undertake the necessary building work will follow in the future.

2. Recommendations

2.1. To agree to receive a funding contribution of £4.313m from NHS England towards the costs of the Andover Health Centre Scheme at 7 Newington Barrow Way, subject to the agreement of a 25 year lease with NHS England.

2.2. To note that any unspent monies form the £4.313m contribution will be ringfenced for other health related projects in Islington that will be agreed with NHS England, or will be returned to NHS England.

2.3. To note that If the scheme does not go ahead, the £4.313m contribution (less any costs incurred in relation to the scheme) will be returned to NHS England.

2.4. To note that a further report will be brought to the Executive to agree to enter into a lease with NHS England for the provision of the Andover Health centre at 7 Newington Barrow Way.

3. Proposed decision date:

Monday 12 February 2024

4. Background

4.1. As part of the FutureWork programme 7 Newington Barrow Way has been vacated with a plan to let the first floor to Andover GP Doctors Surgery. Initial design work has been undertaken to accommodate the surgery.

4.2. The landlords at the current location of the Andover Health Centre wish to secure vacant possession of the property in order to redevelop. There is a clear necessity for the Health Centre to move and this move has the full support and involvement of NHS England and North London ICB.

4.3. Initial design work has been undertaken and the Andover Health Centre is committed to a move to 7 NBW. This move is supported and funded by NHS England, hence the desire to transfer funds to facilitate the process.

5. Implications

5.1. **Financial Implications**

5.1.1. The scheme is at an early design stage and is not yet fully costed. A budget of £4.313m has been incorporated into the Council's proposed capital programme as part of the Council's budget proposals and medium term financial strategy that is going to full Council for agreement on 29 February. If the scheme costs less than the £4.313m contribution from NHS England, the balance of funding will be either be returned to NHS England or used to support other health related schemes in the borough.

5.1.2. If the scheme does not go ahead the £4.313 will be returned to NHS England less any cost that have been occurred (subject to agreement in the heads of terms). To date £120k of fees have been incurred on design work and a further £160k is forecast to be incurred by the end of this financial year.

5.2. **Legal Implications**

5.2.1. The Agreement for Funding and Long-Term Lease states that NHS England has a general power pursuant to section 2 of the NHS Act 2006 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any function conferred on it by that Act.

5.2.2. The council has power to receive the income pursuant to Section 111 of the Local Government Act 1972 and Section 1 of the Localism Act 2011.

5.2.3. This urgent key decision must be approved by the Monitoring Officer and Chief Executive in accordance with urgency key decision provisions in part 3 of the Constitution.

5.2.4. The Procurement of a contractor to undertake the necessary building work must comply with the Public Contracts Regulations 2015 and the council's Procurement Rules.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.3.1. This will be addressed when subsequent approval is sought for agreeing lease terms at 7 Newington Barrow Way.

5.4. **Equalities Impact Assessment**

As above an EIA will be undertaken at the time of seeking approval for entering into a lease.

5.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.4.2. An Equalities Impact Assessment is not required in relation to this report, because this paper seeks approval to receive monies only. A subsequent paper will be submitted to enter into a lease agreement and as part of seeking this approval a full EQIA will be included.

6. Conclusion and reasons for recommendations

6.1. This paper seeks approval to receive monies from NHS England to undertake works on NHS projects in the Borough. The works and lease terms for these works are in draft form only at this stage and subsequent approvals will be sought when in principle agreement with the parties has been achieved.

6.2. Receipt of these monies is a step, without commitment, towards maintaining the presence of a much-needed GP surgery in the Finsbury Park Ward, with the creation of a new facility at 7 Newington Barrow Way.

7. Record of the decision

I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Authorised by: **Stephen Biggs**
Corporate Director of Community Wealth Building

Date: 12 February 2024

Appendices: None
Background papers: None

Report Author: Nick Cummings, AD Corporate Asset Management
Email: Nick.Cummings@islington.gov.uk

Financial Implications Author: Tim Partington, Assistant Director Finance
Email: Tim.Partington@islington.gov.uk

Legal Implications Author: Mark Ferguson, Senior Commercial Contracts and Procurement Lawyer
Email: Mark.Ferguson@islington.gov.uk

Report of: Executive Member for Homes and Communities

Meeting of	Date	Agenda item	Wards
Voluntary and Community Sector Committee	30 January 2024		All

SUBJECT: Voluntary and Community Sector Partnership Grants Programme 2024-2028 (Update)

1. Synopsis

1.1 The council's current four-year VCS Partnership Grants programme 2021-24 is due to end on 31st March 2024.

1.2 The current grant budget totals £2,696,000 per annum and currently funds 50 VCS organisations.

1.3 Since the launch of the council's VCS Partnership Grants Programme 2021-24, the council has developed a new Corporate Plan - Islington Together 2030, agreed a series of missions and Corporate Values.

1.4 The council's VCS Partnership Grants Programme is a key component of the council's efforts to support the development of resilient communities and the council has committed to protect levels of council grant-giving to the local voluntary and community sector in the Labour Manifesto

1.5 A new programme for the VCS Partnerships Grant 2024 -28 was launch in August 2023, and the the VCS Committee considered the recommendations for the allocation of the funds on 7 December 2023, and this report provides an update on the programme, and asks for confirmation of the awards.

2. Recommendations

2.1 To note the update of the VCS Partnership Grants Programme 2024 -28.

2.2 To confirm the funding allocation of £2,711,500 per full financial year and over the programme for four years, totalling £10, 846,000, as detailed in Appendix 1.

3. VCS Partnership Grants 2024 -28

3.1 The Council, across all departments currently spends £44 million with the borough's VCS partners. £2,696,000 of the Council's £44 million spend is currently allocated through the Council's VCS Partnership Grants Programme, a programme that provides core funding to strategic VCS partners and support with our strategic priorities.

3.2 The current grant budget totals £2,696,000 per annum made up of £2,431,000 from the general fund (HASS and Public Health), £146,000 from the Housing Revenue Account (HRA) and £119,000 from Islington ICB.

3.3 On 7 December 2023 the Voluntary and Community Sector Committee endorsed recommendations to provide funding to 51 organisations across 6 strands as detailed below:

Strand	Number of applications funded	Funds allocated
Independent Advice and Navigation	6	£1,415,000
Community Hubs	13	£615,000
VCS Capacity Building	2	£80,000
Volunteering	1	£35,000
Delivery Partners	26	£436,500
Equalities and Cohesion Networks	5	£130,000

3.4 The VCS Partnership Grants 2024-28 totals £2,711,500 per full financial year, and £10, 846,000 over the programme for four years. This exceeds the annual budget of £2,696,000 with the overspent per annum of £15,000 being allocated from the VCS Partnership Grant reserve balance.

3.5 Out of the 51 organisations which are being awarded (appendix 1), there are 4 organisations which exceed the total contract value of £500,000, and therefore this is deemed to be a key decision under the council's governance arrangements.

3.6 At the end of December 2023 all 51 organisations were sent confirmation notifications, and subject to them returning their annual work plans by 16 February 2024, their Service Level Agreements are marked to be completed by 31 March 2024, with a start date for the contracts to commence on 1 April 2024.

4. Monitoring arrangement

4.1 To ensure that the commitments made within any established grant agreements and applications are developed and actioned, regular monitoring and partnership meetings will be held throughout the duration of the grant programme.

5. Implications

5.1 Financial Implications

The Council seeks to provide funding to VCS organisations to a total of £2,696,000 per year over the financial years: 2024/25, 2025/26, 2026/27, and 2027/28. Of the £2,696,000 funding per year available for VCS organisations to bid for as part of the 2024-2028 VCS grants programme, the report recommends £2,711,500 per annum (pro rata FY24/25) be awarded.

Maintaining the Council's existing financial commitment of £2,696,000 per annum to the VCS Partnership Grants Programme requires continued funding of £119,000 from the CCG. An agreement has been reached between the Council and the CCG to commit to this funding arrangement for the duration of the 2024-2028 programme. The £15,500 overspend will be met by the VCS reserve balance, drawing down a total balance of £62,000 over the four year period that this report covers. The current position of the VCS reserve is £380,563 prior to 2024-28 drawdowns. It is intended that grant commitments will be protected for a 2 period with a mid-programme review to commit another 2 years, as per the last grants programme. The Council's Medium-Term Financial Strategy currently incorporates a continuation of the scheme as proposed. This is subject to ongoing Council wide savings discussions. The table below displays the additional money requested in the recommendations, where the funding is coming from, remaining funding, and the number of allocations in the FY24-28 period. Please note that the proposed allocations range in funding size from £35,000 to £1,450,000.

Strand	Number of applications funded	Funds allocated
Independent Advice and Navigation	6	£1,415,000
Community Hubs	13	£615,000
VCS Capacity Building	2	£80,000
Volunteering	1	£35,000
Delivery Partners	26	£436,500
Equalities and Cohesion Networks	5	£130,000

5.2 Legal Implications

The general power of competence pursuant to Section 1 of the Localism Act 2011 provides the council with very broad powers 'to do anything that individuals generally may do'. This covers the power to give grants to voluntary and community sector organisations as proposed in this report and includes anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of the whole or part of its area or all or any of the persons resident or present in that area. The provision of resources through the Local Initiatives Fund is likely to promote the social and economic well-being of Islington's residents.

The council is under a fiduciary duty to ensure that its resources are used appropriately. Where the money is allocated to outside bodies, the requirements of the procurement rules may apply. In any event it will be important to maintain current practice of ensuring that the money will be used for the purposes for which it is allocated and that individual members are made aware of the responsibility they bear in making recommendations in relation to specific groups.

5.3 Environmental Implications

The grant programme in itself has minimal environmental impacts, being limited to those associated with the office use of the staff involved. However, the grants will be used to fund activities that are likely to have a range of environmental impacts, most of which will have resulting carbon emissions. These include energy and water use in buildings, the purchase of goods with supply chain impacts and the generation of waste.

5.4 Equalities Impact Assessment

An equalities impact assessment has been completed (appendix 3) to understand the impact of the grants programme on residents in the borough, particularly those with protected characteristics. The new grants programme aims to support the overarching Council priorities of addressing inequality, promoting community cohesion and supporting the most vulnerable residents.

Key highlights from the resident impact assessment are detailed below:

- 31 of the 53 organisations recommended for funding are classified as having a 'targeted' approach and 22 with a 'universal' approach. In comparison to core grant-funding awards in 2021-2024, there has been a 5% increase in the level of funding going to organisations with a 'targeted' approach to working with residents with protected characteristics.

6. Conclusions and reasons for recommendations

6.1 Following consideration of the proposed grant awards at the previous VCS Committee meeting, the Committee is asked to note the update and confirm the awards made under the Voluntary and Community Sector Partnership Grants Programme. The grant awards endorsed by the VCS Committee at its meeting on 7th December are set out at Appendix 1. Where the total value of the grant exceeds £500,000 over the four year period, this is deemed to be a Key Decision under the council's governance arrangements.

Appendices

Appendix 1: **List of organisations recommended for funding by strand**

Appendix 2: **Equalities Impact Assessment**

Background papers: None

Final report clearance:

Una O'Halloran

Signed by: Una O'Halloran, Executive Member for Homes and Communities **Date: 15/01/24**

Report Author:	**Hinnah Gill and Pamela Aristokle**
Tel:	**07714 170190, 020 7526 4257**
Email:	**Hinnah.gill@islington.gov.uk** **Pamela.aristokle@islington.gov.uk**

Financial Implications Author:	**Ellena Smith**
Tel:	**020 7527 4257**
Email:	**Ellena.Smith@islington.gov.uk**

Legal Implications Author:	**Sonal Mistry**
Tel:	**020 7527 3833**
Email:	**Sonal.Mistry@islington.gov.uk**

Environmental Implications Author:	**Sarah Hitchcock**
Tel:	**020 7527 5577**
Email:	**Sarah.Hitchcock@islington.gov.uk**

APPENDIX 1: LISTS OF ORGANISATIONS RECOMMENDED FOR FUNDING BY STRAND

Independent Advice and Navigation	
Help on Your Doorstep	£150,000
Islington BAMER Advice Alliance	£100,000
Arachne Greek Cypriot Women's Group	£35,000
RCJ Advice and Citizens Advice Islington	£450,000
Islington Law Centre	£450,000
Islington People's Rights	£230,000
TOTAL	**£1,415,000**
Community Hubs	
Caxton House Community Centre	£40,000
Hanley Crouch Community Association	£60,000
Highbury Roundhouse	£40,000
Highbury Vale Blackstock Trust	£50,000
Hilldrop Area Community Association	£50,000
Holloway Neighbourhood Group	£40,000
Hornsey Lane Estate Community Association	£50,000
Mildmay Community Partnership	£45,000
Muslim Welfare House	£40,000
St Luke's Parochial Trust	£60,000
The Peel	£40,000
Whittington Park Community Association	£60,000
Light Project Pro International	£40,000
TOTAL	**£615,000**
Capacity Building	
Octopus Community Network	£40,000

Voluntary Action Islington	£40,000
TOTAL	**£80,000**
Volunteering	
Voluntary Action Islington	£35,000
TOTAL	**£35,000**
Delivery	
ALAG on behalf of the Autism Hub Islington	£20,000
All Change	£20,000
Chabad Ludavitch of Islington	£10,000
Community Language Support Services	£24,000
Company 3	£15,000
Claremont Project	£20,000
Eritrean Community in UK	£20,000
Finsbury Park Mosque	£10,000
Global Generations	£10,000
Healthy Generations	£10,000
Hillside Clubhouse	£15,000
Holloway Neighbourhood Group	£15,000
Imece Women's Centre	£15,000
Islington Bangladesh Association	£25,000
Islington Centre for Refugees and Migrants	£25,000
Islington Pensioners Forum	£10,000
Islington Somali Community	£25,000
Kurdish and Middle Eastern Women Organisation	£20,000
One True Voice	£10,000
Maa Shanti	£15,000
Middle Eastern Women and Society Organisation	£15,000
The Lilliesleaf Trust UK	£10,000
The Margins Project	£25,000
The Maya Centre	£15,000
The Parent House	£17,500
The Stuart Low Trust	£20,000

TOTAL	**£436,500**
Equalities and Cohesion Network	
Disability Action in Islington DAII	£30,000
London Irish Centre	£30,000
Islington Faith Forum	£30,000
Forum+	£20,000
Islington Refugee & Migrant Forum (IRMF)	£20,000
TOTAL	**£130,000**
GRAND TOTAL	**£2,711,500**

APPENDIX 2: EQUALITIES IMPACT ASSESEMENT

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Equalities Impact Assessment: Full Assessment

Before completing this form you should have completed an Equalities Screening Tool and had sign off from your Head of Service and the Fairness and Equality Team.

This Equality Impact Assessment should be completed where the Screening Tool identifies a potentially negative impact on one or more specific groups but it can also be used to highlight positive impacts.

Summary of proposal

Name of proposal	Voluntary and Community Sector Partnership Grants Programme 2024-2028
Reference number (if applicable)	N/A
Service Area	Community Wellbeing & Engagement
Date assessment completed	20.11.23

Before completing the EQIA please read the guidance and FAQs. For further help and advice please contact equalities@islington.gov.uk.

1. Please provide a summary of the proposal.

Please provide: • Context on how the service currently operates (if relevant) and the scope of suggested changes • The intended beneficiaries and outcomes of the proposal • Reference to any savings or income generation
The council's four-year VCS Partnership Grants programme is due to end on 31st March 2024. The current grant budget totals £2,690,000 per annum. Since the launch of the council's VCS Partnership Grants Programme 2021-24, the council has developed a new Corporate Plan, agreed a series of Corporate Objectives and Corporate Values, and has undertaken significant work to enable us to become the best council at early intervention and prevention in the country. The council's VCS Partnership Grants Programme is a key component of the council's efforts to support the development of resilient communities. Our recently published Islington Together 2030 plan sets out a bold vision for working together with our communities to create a more equal future for our borough by 2030 and the five key missions we have set ourselves to achieve this. In summary, we want Islington to be a place where people know their children will get the absolute best start in life, where people can access help and support when they need it and where wealth is created and enjoyed locally. A place where people can live sustainable, happy and healthy lives. The council's corporate plan provides the over-arching framework for our work and the partnerships that the council forms with the voluntary and community sector, through our Fairer Together objectives. The council has set out ambitions to adopt an early intervention and prevention approach to improve community resilience. Through this work a 'prevention' pyramid was established, segmenting services into four levels; 'specialist', 'targeted', 'universal' and 'place-shaping'. Achieving our aspiration of being the best council in the country at delivering preventative work will require a reorientation towards community resilience and a rebalance of our current spend towards early intervention and prevention work at 'universal' and 'place shaping levels'. This means investing through grant funding and commissioning in universal services, to prevent residents in Islington reaching crisis point. Islington's VCS are key partners in delivering an interconnected system of preventative services in community settings across the borough.

Please provide:

- Context on how the service currently operates (if relevant) and the scope of suggested changes
- The intended beneficiaries and outcomes of the proposal
- Reference to any savings or income generation

The Islington Compact is a written agreement outlining a shared commitment to working together effectively to meet the changing needs of Islington's communities. The Compact which is currently being redeveloped and will come into effective in 2024 is the framework in which the Council and the VCS sector form alliances to enhance the relationship and equity in which we work. This provides a tool where the VCS are seen as partners in delivering our ambitions of a 'fairer Islington'.

VCS PARTNERSHIPS GRANT FUNDING 2021–24

£2.7 million of the council's current annual £44 million spend with the borough's VCS is allocated through the council's VCS Partnership Grants Programme 2021-24, a programme that provides core funding to our strategic VCS partners. Islington's VCS Partnership Grants Programme serves as an enabler, ensuring that the borough has a strong, independent VCS that is able to respond to the needs of our local communities and to attract resource into the borough. The council's VCS Partnership Grants Programme is a key component of the council's efforts to support the development of resilient communities and the council has committed to protect levels of council grant-giving to the local voluntary and community sector in the Labour Manifesto.

The table below details of the various strands and the indicative levels of funding which were made available up to a total fund of £2,690,000:

2024-2028 Strand	Indicative Total Funding	Indicative Funding Awards
Independent Advice and Navigation	Up to £1.45 million	Up to £500K
Community Hubs	Up to £600K	Up to £60K
VCS Capacity Building	Up to £80K	Up to £60K
Volunteering	Up to £35K	Up to £35K
Delivery Partners	Up to £400K	Up to £25K
Equalities and Cohesion Networks	Up to £150K	Up to £30K

This paper sets out details of the programme and recommendations for the organisations which have been selected for awards under the 2024-28 programme.

Please provide: • Context on how the service currently operates (if relevant) and the scope of suggested changes • The intended beneficiaries and outcomes of the proposal • Reference to any savings or income generation
The Council's VCS Partnership Grants Programme is a corporate undertaking, requiring collaboration across the organisation to ensure that that the programme responds to corporate priorities and the aims and objectives of different departments. The exact structure of the council's VCS Grants Programme was co-designed and co-delivered, with involvement of a range of Executive Members, directorates, and external partners. The programme is structured around the following strands: • Independent Advice and Navigation • Community Hubs • VCS Capacity Building • Delivery Partners • Equalities and Cohesion Networks • Volunteering In July 2023, the VCS Committee approved the recommendations for the launch of the VCS Partnerships Grants programme 2024-28 to take place in August 2023 and agreed the various recommended implications which included the application process which was previously just at one stage, be moved to a two stage process to ensure the eligibility of applicants and make the process more streamlined and efficient. This process was more equitable for smaller grassroot organisations applying, where if they did not meet the minimum and eligibility criteria, they did not have to fill out a long application form, which can be resource intense. On 29 August 2023, the VCS Partnerships Grant programme 2024-28 was launched with nine 'Meet the Funder' events taking place during the months of June – September 2023. The success of the events was illustrated with 94 applications being received in Stage 1 Expression of Interest Stage, which resulted with 81 organisations being selected for the Stage 2 Full Application stage. A total of 88 applications were received by 80 organisations at Stage 2 and officers then assessed the applications and selected the awards based on the following scoring and weighting criteria, as detailed in the application forms: • Needs, Issues and Beneficiaries - 20% • Outcomes, Services, Activities and Risks - 20% • The Difference We Want You to Make - 30% • Organisational Development - 20% • Evaluating and Communicating Impact - 10%

Please provide: • Context on how the service currently operates (if relevant) and the scope of suggested changes • The intended beneficiaries and outcomes of the proposal • Reference to any savings or income generation
Once the applications were scored the Leadership Team then applied the following factors to ensure a systematic approach was implemented to the recommended groups: • Geographical spread across the borough • Thematic spread • Equalities and protected characteristics • The benefit and impact of core funding to organisations The Council has a strong partnership with the voluntary, community and not-for-profit sector and values highly the role that local independent organisations play in meeting the needs of some of Islington's most disadvantaged communities. The VCS Partnership Grants Programme 2021-24 builds on the overarching aim of the Council's work with the VCS to support the Council priority of making Islington a fairer place and the ambitions we have for our community through the Fairer Together programme.

Please provide: • Context on how the service currently operates (if relevant) and the scope of suggested changes • The intended beneficiaries and outcomes of the proposal • Reference to any savings or income generation

2. What impact will this change have on different groups of people?

Please consider: • Whether the impact will predominantly be external or internal, or both? • Who will be impacted – residents, service users, local communities, staff, or others? • Broadly what will the impact be – reduced access to facilities or disruptions to journeys for example?
The VCS Partnership Grants Programme 2024-28 will provide grant funding for 53 applications for 51 organisations amounting to £2,711,500. This will be supplemented from the current grant programme 2021-24 underspend. Organisations recommended for funding present a fair spread across pathe borough and are targeted in reaching equalities groups in Islington. There is a diverse range of delivery models and areas of focus, including organisations which work across the protected characteristics. Examination of the profile of beneficiaries that applicants have identified in their respective submissions indicate that the organisations being recommended for funding will represent the diverse communities in Islington, particularly focussing on those that are disadvantaged

as a result of their ethnicity, gender, age, sexual orientation and religion/belief. Borough profile from the 2021 census.

		Borough profile
		Total: 216,589
Gender	Female	113,304
	Male	103,288
Age	Under 16	14%
	16-24	14%
	25-44	41%
	45-64	22%
	65+	9%
Disability	Disabled	16%
	Non-disabled	84%
Sexual orientation	LGBT	No data
	Heterosexual/straight	No data
Race	BME	41%
	White	59%
Religion or belief	Christian	35%
	Muslim	12%
	Other	4%
	No religion	51%

3. What impact will this change have on people with protected characteristics and/or from disadvantaged groups?

This section of the assessment looks in detail at the likely impacts of the proposed changes on different sections of our diverse community.

3A. What data have you used to assess impacts?

Please provide: • Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help) • A breakdown of service user demographics where possible • Brief interpretation of findings
Overview A key aim of the VCS Partnership Grants Programme is to provide core funding to voluntary and community sector organisations working across Islington's diverse communities to improve outcomes for residents and communities with protected characteristics. The fund seeks, not only to pay due regard to the aims of the Equality Act 2010, but to actively support a portfolio of organisations that can pro-actively address structural

Please provide: • Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help) • A breakdown of service user demographics where possible • Brief interpretation of findings

inequalities within the borough, where there are voluntary and community organisations that are well-placed to reach communities at risk of exclusion.

To be eligible for funding, all organisations are required to have an Equal Opportunities Policy and adhere to the Equality Act 2010.

Through the application process all organisations were required to detail how they would challenge inequality, promote community cohesion, and empower residents and communities to be resilient and feel a sense of belonging in the borough.

Application Summary and Equalities Assessment

In line with the aspirations of the VCS Partnership Grants Programme, funding is being recommended to organisations working across all protected characteristics, but which may have a specific focus on a particular group.

Every application was assessed against the nine protected characteristics and was classified as either:

- **Targeted:** Either working specifically with sections of the community with protected characteristics in a targeted way as part of their core organisational purpose or working pro-actively with sections of the community with protected characteristics
- **Universal:** Being open access, universal services that ensure access through their approach to equal opportunities

In 2024-28 VCS Partnership Grants Programme, 31 out of 53 organisations recommended for funding are classified as having a 'targeted' approach and 22 with a 'universal' approach. This is 61% recommended funding going to 'targeted' organisations, and there has been a 5% increase from 2021-24 in the level of funding going to organisations with a 'targeted' approach to working with residents with protected characteristics. This means that 81% of delivery organisations are offering targeted services to residents with one or more protected characteristic.

Of the 53 that are recommended for funding, 22 organisations provide unrestricted access 'universal' services such as legal advice agencies (3) and multi-use community hubs (11), capacity building organisations (3) and delivery (5)

Please provide:

- Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help)
- A breakdown of service user demographics where possible
- Brief interpretation of findings

The breakdown below is the equalities data across recommended funded organisations for protected characteristics, this is in line with the aspirations of the VCS Partnership Grants Programme, funding is being recommended to organisations working across all protected characteristics.

All organisations	Total
Age - Children and YP	28
Age - Over 55	30
Disability	23
Gender Reassignment	9
Marriage and Civil Partnership	7
Pregnancy and Maternity	12
Ethnicity	34
Religion or Belief	19
Sex	16
Sexual Orientation	18

Consideration has been given to organisations currently funded who are not being recommended for funding, because other applications working with residents with protected characteristics better demonstrated their ability to meet the assessment criteria. In appraising the impacts of these recommendations, officers have considered organisations' financial viability, the overall equalities profile of the recommendations and the allocation of wider Council funding through commissioned services. Islington council will continue to work with these organisations to support their ongoing development and viability.

Positive Impacts

Equality and Cohesion Networks Strand

The Equality and Cohesion Networks strand is a new strand created in the current 2021-2024 of the VCS Partnership Grants programme. This strand, has brought together strategic leaders working across a range of protected characteristics, ensuring that the voice and challenge of organisations who represent or work with residents with protected characteristics is elevated. Critical to this is the collaboration and partnership between

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organisations who work with specific protected characteristics, to reflect the reality that many residents would identify as having more than one protected characteristic. This strand is in place for this round of funding for 2024-28. The recommendations for funding within this strand are for 5 organisations (6 applied).

This particular strand set the following objectives for organisations to:

- Act as a strategic leader in equalities and community cohesion
- Deliver, co-produce or provide signposting to services that improve wellbeing and quality of life for people with protected characteristics
- Transform attitudes and behaviours towards people with protected characteristics.
- Work collaboratively across the wider equalities agenda to ensure residents facing multiple discrimination are recognised and supported.

This funding is reflective of the Council's commitments and aspirational work with community partners to tackle structural inequality in the borough. These partners have been and will continue to be integral to the Council's Challenging Inequalities Programme.

BAME Representation Across the Portfolio

Applications received from organisations working across ethnicity, and particularly with the BAME community had a higher success rate than the overall average success rate.

All organisations recommended for funding across the new grants programme, work with BAME residents. For example, Community Hubs provide multi-use spaces and often host BAME groups and organisations. Advice services are open to all residents and close monitoring and focus is given to ensure outreach and engagement with BAME groups and organisations.

Advice and Navigation Strand

This funding stream aims to establish a whole-community approach to advice which sees outreach and engagement to those most at risk of exclusion, targeted advice for some of our most vulnerable residents, and resilient community organisations able to provide early and responsive help to sections of the community

Please provide:

- Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help)
- A breakdown of service user demographics where possible
- Brief interpretation of findings

A total of £1.4 million in funding is recommended to 6 organisations (including a consortium made up of 6 organisations) working to ensure that the offer in the borough is of a high quality and can provide independent advice and navigation to Islington residents.

Community Advice: Through ongoing work with community organisations, the Council recognised that residents with protected characteristics face additional challenges in accessing independent legal advice. In response to this, for the 2021-24 grants programme, the Council established a 'community advice' strand of the VCS grants programme. Organisations being recommended for funding in the Community Advice strand will be required to:

- Use data and intelligence to understand the advice needs of communities that have unmet advice needs or that face particular barriers to accessing advice services.
- Reach and engage residents that face barriers to accessing independent legal advice, particularly people with protected characteristics.

1 application is being recommended for a funding total of £100,000 per annum, this is funding for a consortium of 6 organisations working with the BAME community and funding for an organisation working specifically with women in the borough. This recommendation represents a 5% increase in the level of funding going to advice focussed organisations working with a targeted focus on supporting BAME communities to access independent legal advice.

Targeted Specialist Advice: Funding is recommended to one organisation in this strand that can offer specialist legal advice that is targeted towards residents; in particular those experiencing mental health difficulties, disabilities, ex-offenders, and those from BAMER backgrounds. This funding is at the same level as through the 2021-24 grants programme.

Under our Equalities and Cohesion Network strand, Delivery strand and Advice and Navigation strand we have allocated funds to organisations which directly support our ambition to meet our equalities priorities and we have covered all nine protected characteristics in the Equality Act 2010

Please provide: • Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help) • A breakdown of service user demographics where possible • Brief interpretation of findings

3B: Assess the impacts on people with protected characteristics and from disadvantaged groups in the table below.

Please first select whether the potential impact is positive, neutral, or negative and then provide details of the impacts and any mitigations or positive actions you will put in place.

Please use the following definitions as a guide:

Neutral – The proposal has no impact on people with the identified protected characteristics
Positive – The proposal has a beneficial and desirable impact on people with the identified protected characteristics
Negative – The proposal has a negative and undesirable impact on people with the identified protected characteristics

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Age	Positive	One organisation which is currently funded and recommended for funding, and one new organisation, so a total of 2 organisations working specifically with older residents in the borough to ensure that this population group is represented in this strand. A total of 31 organisations recommended for funding offer services for older people. This includes Community Centre Hubs who provide universal services in a geographical place, advice organisations who offer free independent legal advice and smaller organisations who offer direct delivery in areas such as The Arts.	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme. Through our grant monitoring relationship with both VCS organisations working specifically with people of 55. We will build their capacity through partnerships and networks, and encourage them to collaborate to meet any emerging need of older residents in the borough.

Disability (include carers)	Positive	Within the Equality and Cohesion Networks strand, ring-fenced funding is being recommended to support a pan-disability organisation working across the borough to support residents with disabilities. The organisation's vision is to enable local disabled people to access services and entitlements and challenge exclusion and discrimination. The funding will support the organisation to deliver its vision. A total of 24 organisations recommended for funding offer services for people with disabilities. This mainly consists of Community Centre Hubs who provide universal services in a geographical place, who may also host services to organisations who are disability led, and advice organisations who offer free independent legal advice	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme. Through our grant monitoring relationship with the pan-disability organisation, we will support them to continue to play the role of 'critical friend' holding statutory organisations to account, and advising how decisions and services can affect residents in the borough with disabilities. An example of this is the work on People Friendly Streets.

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?

Race or ethnicity	Positive	One organisation working in the area of ethnicity is being recommended with no funding decrease in the new grants programme, recognising the organisation's role as a strategic leader in bringing together BAMER residents and organisations in the borough, with a particular focus on working with refugees and migrants. One organisation is being recommended who support refugees and migrants, through activities and advocacy, has had a recommended funding increase by 25%. One organisation is being recommended for funding to work with Islington's Irish community, recognising that this is one of the largest ethnic	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme. Through the new City if Sanctuary work, we will align closely with the NRPF team and support VCS organisations, not only those funded through the grants programme, to actively take part in this important initiative.

		groups in the borough, this will ensure that there is representation from this large resident group in the new programme, with a focus on further developing the work being undertaken to address inequality, and transform attitudes and behaviours towards people across the protected characteristics for this community group. One organisation is being recommended for funding to work with Islington's Jewish community with a focus on further developing the work being undertaken to address inequality, and transform attitudes and behaviours towards people across the protected characteristics for this community group. The recommendation is to fund 6 new organisations which are not	

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
		currently funded under the 2021-24 programme, these fall into the Delivery strand. This includes groups that are supporting older people in Islington and groups that support marginalised communities.	

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Religion or belief (include no faith)	Positive	One organisation is being recommended with no funding decrease in funding in the new grants programme. This organisation promotes positive inter-faith relations and works with key faith leaders and organisations to promote community cohesion and positive inter-faith relations.	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme Organisation is well linked into Hate Crime Forum and Community Safety work. Further capacity is provided to this organisation to support them with some direct delivery off community cohesion work.

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Gender and gender reassignment (male, female, or non-binary)	Positive	One organisation being recommended with no funding decrease in funding in the new grants programme. This organisation works with Islington residents who face inequality and prejudice due to sexual orientation or gender reassignment.	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme. Targeted work with this VCS organisation and other VCS organisations to build the capacity of the them to meet the need of residents in our borough with this protected characteristic.

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Maternity or pregnancy	Positive and Negative	One organisation being recommended with a 12.5% decrease in funding in the new grants programme. This organisation works with Islington parents. Across the 53 recommended organisationsn for funding, a total of 12 offer universal services for this protected characteristic.	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme. Work closely with Bright Start Team and VCS organisations that work with residents of all protected characteristics , to understand communities not engaging in services around maternity or pregnancy.

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Sex and sexual orientation	Positive	One organisation being recommended with no funding decrease in funding in the new grants programme. This organisation works with Islington residents who face inequality and prejudice due to sexual orientation or gender reassignment.	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme Targeted work with this VCS organisation and other VCS organisations to build the capacity of the them to meet the need of residents in our borough with this protected characteristic.

Characteristic or group	Positive/Neutral/Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Marriage or civil partnership	Positive	7 organisations being recommended offer services and activities for this protected characteristics within the advice and delivery strands	Engage equality and cohesion networks and key VCS organisations through Islington's Challenging Inequalities Programme

4. How do you plan to mitigate negative impacts?

Please provide: • An outline of actions and the expected outcomes • Any governance and funding which will support these actions if relevant
With reference to the guidance, please describe what are the equality and socio-economic impacts for residents and what are the opportunities to challenge prejudice or promote understanding? **Negative Impacts and Proposed Mitigation** There are no gaps in provision that have been identified as every protected characteristic has an organisation(s) working with residents in this area. From the VCS organisations recommended for funding, there is no specific targeted organisation delivering services and activities around maternity and pregnancy. However, any lack of support for this group specifically is mitigated by the support provided by organisations that support families as a whole. To ensure that the VCS Partnership portfolio is fully able to support the Council's equality and community cohesion ambitions, meet existing and emerging need, the following measures are being proposed: • Continuous conversations and proactive dialogue with VCS organisations who are experts in their field, attending existing networking meetings and facilitating meetings through Challenging Inequality programme, Community Conversations and The Community Partnership Board. • Ongoing interaction, relational ways of working with grant funded VCS organisation and 6 monthly monitoring of business plans and thematic areas such as organisation development, services, and finances. Leading to reports to demonstrate impact and identify trends; state of the sector, to inform what capacity building support is needed

5. Please provide details of your consultation and/or engagement plans.

Please provide: • Details of what steps you have taken or plan to take to consult or engage the whole community or specific groups affected by the proposal • Who has been or will be consulted or engaged with • Methods used or that will be used to engage or consult • Key findings or feedback (if completed)
The exact structure of the council's VCS Grants Programme was co-designed and co-delivered, with involvement of a range of Executive Members, directorates, and external partners. When the 2021-24 VCS Partnership Grants Programme was launched on 29 August 2023, 9 meet the funder sessions were held. This allowed engagement with over 90 VCS organisations, which allowed explanation of the prospectus, the ask of each strand, and questions and answers on application process and content. A capacity Building offer was in place, and BIG Alliance hosted two training sessions to the sector to support with the application process and explore what partnership bids might look like. The 2021-24 VCS Partnership Grants Programme provides funding to 50 VCS organisations, designed to meet our early intervention and prevention ambitions. All partners are subject to a rigorous assessment process and ongoing monitoring as 'strategic partners'. Organisations are continuously assessed, monitored and supported through a Funder+ model in terms of; service delivery and outcomes for residents, governance, organisational management, financial management, fundraising capacity, communications, safeguarding, and data protection. The council's VCS Partnership Grants Programme is a key component of the council's efforts to support the development of resilient communities and the council has committed to protect levels of council grant-giving to the local voluntary and community sector in the Labour Manifesto.

Please provide: • Details of what steps you have taken or plan to take to consult or engage the whole community or specific groups affected by the proposal • Who has been or will be consulted or engaged with • Methods used or that will be used to engage or consult • Key findings or feedback (if completed)
The Islington Compact is a written agreement outlining a shared commitment to working together effectively to meet the changing needs of Islington's communities. The Compact which is currently being redeveloped and will come into effective in 2024 is the framework in which the Council and the VCS sector form alliances to enhance the relationship and equity in which we work. This provides a tool where the VCS are seen as partners in delivering our ambitions of a 'fairer Islington'. The Compact will engage the sector on thematic areas such as volunteering, funding and commissioning, premises, and capacity building, where statutory and voluntary sector will work in partnership for action-based solutions. The Compact will build the capacity and voice of smaller grassroot VCS organisations.

Please provide: • Details of what steps you have taken or plan to take to consult or engage the whole community or specific groups affected by the proposal • Who has been or will be consulted or engaged with • Methods used or that will be used to engage or consult • Key findings or feedback (if completed)

6. Once the proposal has been implemented, how will impacts be monitored and reviewed?

Please provide details in the table below.

Action	Responsible team or officer	Deadline
Engage equality and cohesion networks and key VCS organisations in Islington's Challenging Inequalities Programme	Community Partnership Team	Ongoing 2024-2028 (grant programme duration)
6 monthly monitoring and impact reporting of the VS Grants and the grants programme	Community Partnership Team	Ongoing 2024-2028 (grant programme duration)

Please send the completed EQIA to equalities@islington.gov.uk for quality checking by the Fairness and Equality Team. All Equality Impact Assessments must be attached with any report to a decision-making board and should be made publicly available on request.

This Equality Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.

Member	Name	Signed	Date
Staff member completing this form	Pamela Aristokle	Pamela Aristokle	21.11.23
Fairness and Equality Team	Hezi Yaacov-Hai	*Hezi Yaacov-Hai*	28/11/23
Director or Head of Service	Billy Wells	[illegible]	29.11.23

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Report of: Executive Member for Finance, Planning and Performance

Meeting of: Council

Dates: 29 February 2024

Ward(s): All

Budget Proposals 2024/25 and Medium-Term Financial Strategy

1. Synopsis

1.1. The principal purpose of this report is for Full Council to agree budget proposals in respect of the council's 2024/25 budget, the level of council tax and the latest assumed medium-term financial position. The proposals have been reviewed and recommended for approval by Executive on 8 February 2024.

1.2. The budget setting process for the 2024/25 financial year has been particularly challenging due to the national cost-of-living and energy crisis, and the ongoing economic and political uncertainty. The long-term economic impact of COVID-19 and global conflicts, have contributed towards the current cost-of-living crisis with inflation, as measured by the Consumer Prices Index (CPI), high throughout 2023 and only recently falling, with the latest figure 4.0% in January 2024.

1.3. The cost-of-living crisis is still having a significant impact on Islington residents and businesses, and the council. High, prevailing inflation has resulted in significant budget pressures in respect of energy and fuel costs, pay inflation and significant levels of contract inflation for key service areas.

1.4. Very high demand pressures have been evident in the 2023/24 quarterly budget monitoring reports, including significant demographic pressures within key services such as Adult Social Care and Children's Services. These pressures are anticipated to continue into the 2024/25 financial year and to grow further over the medium term.

1.5. The scale of the current demographic pressures are unprecedented over recent times, and when added to the huge challenge of persistently high inflation, the result is council financial health that is very delicately positioned. Local government finance settlements, although slightly improved in recent years, are still not keeping pace with inflation and do nothing to address the historic under funding of the local government sector since the austerity budgets commenced in 2010.

1.6. The 2024/25 and medium-term budget setting process started with a very significant funding gap to close. To set a balanced budget in 2024/25, the council is proposing savings of £10.820m in 2024/25. A further £7.061m of savings are planned over 2025/26 to 2026/27 towards the medium-term gap. The underlying, structural financial position is extremely challenging, exacerbated by the in-year financial position in 2023/24, with a gross General Fund (GF) overspend at Quarter 2 (Q2) of £17.729m. The estimate of the net budget gap for 2025/26 is approximately £31m at this stage in the medium-term planning cycle and around £25m for 2026/27. Over a 5-year financial planning cycle, the level of the budget gap stretches to £97m. If there is not a significant increase in local government funding settlements, other revenue sources or a reduction in assumed budget pressures, then the savings requirement in 2025/26 alone will be over three-times the level of GF savings being proposed for 2024/25 in this budget report. This will require very difficult decisions as regards expenditure in order for the council to maintain a sustainable and robust financial position going forward.

1.7. Despite the very challenging financial position, the Council continues to protect and enhance the vital council services that residents rely on. The 2024/25 budget enables the delivery of the principles and priorities set out in the council's Strategic Plan – *Islington Together 2030*. Budget proposals include growth to support manifesto commitments and continued transformation funding to put strategic principles into practice.

1.8. The 2024/25 budget recommends an increase of core council tax by the maximum amount (2.99%) and a further 2% Adult Social Care (ASC) precept. For the average (Band D) property, the recommended 4.99% increase in the basic 2024/25 Islington council tax (excluding the GLA precept) equates to an increase of around £1.32 per week for full council taxpayers.

1.9. The Mayor published the Greater London Authority (GLA) final draft consolidated budget, capital spending plan and proposed council tax precept for 2024/25 on 14 February 2024. The final precept (at the time of drafting) was set to be approved formally at the London Assembly budget meeting on 22 February 2024.

1.10. The Policy and Performance Scrutiny Committee reviewed the budget proposals on 18 January 2024 and its comments have been considered in finalising the budget proposals and proposed level of council tax.

1.11. The Council invited comments from residents and business rates payers (and representatives) in Islington on the draft 2024/25 budget proposals set out in this report. The consultation period ran from 4 January 2024 to 24 January 2024 and 15 responses were received. A summary of these responses can be found in **Section 9**.

1.12. The contents of the report are summarised below:

- **Section 2** sets out the recommendations.
- **Section 3** summarises the assumptions within the GF Medium-Term Financial Strategy (MTFS) and sets out the 2024/25 net revenue budget, fees and charges.
- **Section 4** sets out the reserves and balance sheet strategy, reserves analysis including key risks and mitigations, and the CIPFA Financial Management (FM) Code assessment.
- **Section 5** covers the Housing Revenue Account (HRA) and includes HRA savings, rents, service charges and other fees and charges.
- **Section 6** summarises the 2024/25 to 2026/27 capital programme and funding, and the latest indicative programme up until 2032/33. This also includes the Capital Strategy, Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Investment Strategy.
- **Section 7** provides an overview of work the council is doing in respect of climate action and its Greener, Healthier Islington mission.
- **Section 8** includes the detailed, statutory council tax calculations and matters relating to retained business rates.

- **Section 9** details the matters to formally consider in setting the final budget, namely the comments of the Section 151 Officer and the Monitoring Officer, a cumulative Equality Impact Assessment (EQIA) of the budget proposals, budget consultation summary, the Annual Pay Policy Statement and the Retail Relief Scheme.

2. Recommendations

The General Fund Budget 2024/25 and MTFS (Section 3)

1.13. To agree the latest assumed MTFS and 2024/25 budget, including the underlying MTFS principles, latest in-year monitoring position and the budget assumptions (paragraphs 3.7-3.8, Table 1, and Appendix A).

1.14. To agree the proposed 2024/25 net budgets by directorate (paragraph 3.9, Table 2, and Appendix A)

1.15. To agree the 2024/25 savings and note that individual savings may be subject to individual consultation before they can be implemented (paragraphs 3.28-3.31, Table 4, and Appendix B).

1.16. To note the funding assumptions following the announcement of the Final Local Government Settlement (paragraphs 3.37-3.47, Table 5 and 6).

1.17. To note the fees and charges policy and the GF fees and charges from 1 January 2024 and 1 April 2024, agreed by the Executive (paragraph 3.57-3.62).

1.18. To agree that the Section 151 Officer is delegated responsibility for any technical adjustments required for the 2024/25 budget (in line with the council's Financial Regulations).

1.19. To agree that centrally held demographic growth be allocated to service budgets in-year once a more evidenced assessment is available and has been approved by the Section 151 Officer (paragraph 3.19).

Reserves and Balance Sheet Strategy and CIPFA FM Code Assessment (Section 4)

1.20. To agree the Reserves and Balance Sheet Strategy, including proposed minimum reserves levels, and agree the movements to/from earmarked reserves assumed as part of the 2024/25 revenue budget (paragraphs 4.1-4.14 and Table 8).

1.21. To note the assessment of compliance against the CIPFA FM Code and that this will be re-visited annually as part of the budget process, with any actions or recommendations implemented on an ongoing basis (paragraphs 4.15-4.17 and Appendix E1).

1.22. To note the balance sheet analysis, which provides a snapshot of the council's financial position detailing assets, liabilities, and reserves, and aids understanding of the underlying financial position of the council (paragraphs 4.18-4.20 and Appendix E2).

The HRA Budget and MTFS (Section 5)

1.23. To agree the balanced HRA 2024/25 budget and note the latest estimates over the 3-year MTFS period (paragraphs 5.1-5.9, Table 9, and Appendix D1).

1.24. To note the final HRA rents and other HRA fees and charges for 2024/25, agreed by the Executive (paragraphs 5.10-5.44, Tables 11-13, and Appendix D2).

1.25. To agree the 2024/25 savings and note that individual savings may be subject to individual consultation before they can be implemented (Table 9, and Appendix D3).

1.26. To agree the updated HRA 30-year business plan (Section 5 and Appendix D4).

Capital Investment and Treasury and Investment Management (Section 6)

1.27. To agree the proposed 2024/25 to 2026/27 capital programme and latest indicative capital programme for 2027/28 to 2033/34, noting the changes since the previous version (paragraphs 6.1-6.6, Tables 14-15, Appendix F1 and Appendix F7).

1.28. To agree the funding of the 2024/25 to 2033/34 capital programme and to delegate authority to the Section 151 Officer, where necessary, to apply capital resources to fund the capital programme in the most cost-effective way for the council (paragraphs 6.7-6.9 and Table 16).

1.29. To agree the Capital Strategy, Minimum Revenue Provision (MRP) Policy Statement, Treasury Management Strategy, Investment Strategy and Flexible Use of Capital Receipts Strategy (paragraph 6.2 and Appendices F2-F6).

1.30. To agree the Flexible Use of Capital Receipts Strategy for 2024/25 (Appendix F6), up to a maximum of £20m, and note that approving the strategy does not commit the council to using it (paragraph 6.3 and Appendix F6).

1.31. To agree to delegate responsibility for the adoption of the Flexible Use of Capital Receipts Strategy to the Section 151 Officer, if it is considered appropriate to do so at the end of the financial year in the context of the council's overall financial position (paragraph 6.3 and Appendix F6).

1.32. To note that inclusion of a scheme in the capital programme does not in itself necessarily grant permission to commit expenditure against the approved capital budget. This remains subject to any additional approval requirements of the council's constitution, financial regulations and procurement rules.

1.33. To note that the Executive delegated responsibility to the Section 151 Officer to approve the business case to accept grant funding offers for decarbonisation requiring match funding. If grant funding offers are not received or accepted, the budget will be subject to review as part of the quarterly updates to the Executive.

Council Tax and Retained Business Rates (Section 8)

1.34. To agree the calculations required for the determination of the 2024/25 council tax requirement and the level of council tax as detailed in Section 8 and summarised below:

- The 2024/25 council tax requirement of £118,220,685.65 (paragraph 8.6 and Table 22)
- The relevant basic amount of Islington Band D council tax of £1,449.41, a 4.99% increase compared to 2023/24 (comprising 2% specifically for expenditure on adult social care and 2.99% for all expenditure), and that this is not 'excessive' in

accordance with the council tax referendum principles for 2024/25 (paragraph 8.7 and Table 23)

- The basic amount of Islington Band D council tax for dwellings to which no special item relates (i.e. outside of the Lloyd Square Garden Committee area) of £1,449.13 (paragraph 8.9 and Table 24).
- The amount of 2024/25 council tax (excluding the GLA precept) for each valuation band over each of the council's areas (paragraph 8.11 and Tables 25 and 26).
- The total amount of 2024/25 council tax (including the GLA precept) for each valuation band over each of the council's areas (paragraph 8.13 and Tables 28 and 29).

1.35. To note the council's estimated retained business rates funding in 2024/25, as per the 2023/24 NNDR1 return estimate (paragraph 8.15 and Table 30).

1.36. To note the council's forecast NNDR surplus/(deficit) for 2023/24 (paragraph 8.16 and Table 31)

Matter to Consider in Setting the Budget (Section 9)

1.37. To have regard to the Section 151 Officer's report on the robustness of the estimates included in the budget and the adequacy of the proposed financial reserves when making decisions about the budget and the level of council tax, as required under Section 25(2) of the Local Government Act 2003 (paragraphs 9.1-9.14).

1.38. To note the Monitoring Officer comments (paragraphs 9.15-9.20).

1.39. To note the Equality Impact Assessment (paragraphs 9.27-9.29 and Appendix G) and to take fully account of it in approving the overall budget and related proposals.

1.40. To note that the council invited residents and business rate payers (or representatives of business rate payers) in Islington to comment on the draft 2024/25 budget proposals in this report, as required under Section 65 of the Local Government Finance Act 1992 and to note the summary of responses received (paragraphs 9.30-9.35).

1.41. To agree the Retail Relief Scheme for 2024/25 (Appendix H and paragraph 9.36).

1.42. To agree the Annual Pay Policy Statement for 2024/25 (Appendix I and paragraph 9.37).

3. General Fund MTFS and 2024/25 Revenue Budget

The Budget and Islington Together 2030 Plan

1.43. In the 2030 Plan, Islington Together, the ambition was set to create a more equal Islington where everyone is able to thrive. The council has set five missions to create a more equal future for Islington in 2030. These are:

- Child-friendly Islington
- Fairer Together
- A Safe Place to Call Home
- Community Wealth Building
- Greener, Healthier Islington

1.44. Islington is a unique borough with specific demographic requirements:

- Islington is the most densely populated local authority area in England and Wales.
- There has been a population increase of approximately 19% since 2011.
- Socially rented properties make up 35% of the borough.
- The pattern of deprivation differs to other London boroughs with affluent areas being immediately next to deprived areas.

1.45. To deliver on these missions, we are committed to put communities at the heart of everything we do. This includes how we manage and spend our finances.

1.46. The council's funding will drive these five missions, with new investment already in place to ensure we achieve our objectives. Budgets will be set with a strong focus on mission delivery. Examples of this include:

- A safe place to call home: Continuing to deliver new genuinely affordable homes as part of the council's commitment to build 750 new council homes by 2027.
- Greener, healthier borough: Continued investment of more than £10m for School Streets and Liveable Neighbourhoods to reduce air pollution, and make it easier to walk, cycle and scoot. This includes work on Liveable Neighbourhoods for Mildmay, The Cally, Barnsbury and Laycock, Bunhill and Dartmouth Park, and school streets across Islington including secondary schools. Almost £6m investment in electric vehicles for council services, and £1.8m to create more electric charging points.
- A fairer local economy: Continuing to support thousands of residents into work by protecting investment in our pioneering iWork services and investing in affordable workspaces.
- Child-friendly Islington: Protecting an extra £500,000 investment, first begun in 2019, to tackle serious youth violence and opening our third Family Hub.
- Help and support where and when people need it: Continuing to fund new Access Islington hubs that bring together help and support under one roof and maintain funding support key voluntary sector partners.

1.47. The council can put residents at the heart of our work in lots of different ways, including by changing the way we do things. For example *Let's Talk* Islington aims to work with communities to fundamentally change the way we work to tackle inequality over the next decade.

1.48. In the context of the challenges we face, providing genuine power for residents and local businesses to influence decisions and deliver on key issues impacting their lives can fundamentally change and transform the relationship between state and citizen. It is an essential component to enable us to realise our ambition of a more equal Islington. This includes developing initiatives such as participatory budgeting pilots allowing residents to decide how money is spent in their local area.

Summary of MTFS 2024/25 to 2026/27

1.49. The latest assumed budget position for 2024/25 and over the medium term is summarised in **Table 1** and detailed at **Appendix A**, with a balanced budget position in 2024/25. There is a remaining estimated £31.1m gap in 2025/26 and £24.7m in 2026/27, as set out below.

Table 1 – Summary Budget Gap 2024/25 to 2026/27

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Pay and pension inflation	5.695	6.200	6.000	**17.895**
Non-pay/contract inflation	13.070	6.819	5.146	**25.036**
Demographic growth	8.814	11.468	12.602	**32.884**
Base budget adjustments/growth	4.297	0.928	0.286	**5.511**
Corporate levies/capital financing costs	5.201	7.448	5.253	**17.902**
Transfer to/(from) reserves movement	(0.991)	4.000	0.000	**3.009**
Inflation, energy & demand contingency	(1.404)	1.404	0.000	**0.000**
Government funding	(15.402)	1.292	0.000	**(14.110)**
Gross Budget Gap	**19.280**	**39.559**	**29.288**	**88.127**
Proposed savings	(10.770)	(5.457)	(1.604)	**(17.831)**
Business rates inflation funding	(3.330)	0.000	0.000	**(3.330)**
Assumed council tax base decrease/ (increase)	0.487	(0.570)	(0.584)	**(0.666)**
Budget Gap (Before Council Tax Increases)	**5.667**	**33.533**	**27.100**	**66.300**
Assumed Council Tax Increase	(3.396)	(2.385)	(2.445)	**(8.226)**
Assumed ASC precept increase	(2.272)	0.000	0.000	**(2.272)**
Remaining Budget Gap to Close	**0.000**	**31.148**	**24.655**	**55.802**

MTFS Principles

1.50. The proposed 2024/25 budget is under-pinned by the following key principles.

- Compliance with the CIPFA FM Code.
- Setting a balanced budget for the year ahead and working up robust estimates and funding scenarios over a 3-year period, as well as longer-term horizon scanning.
- Fully budgeting for ongoing budget pressures, and not applying one-off funding to bridge ongoing funding gaps. If one-off funding is used, to ensure that any residual, ongoing budget gap is resolved using ongoing savings over the medium term and that one-off funds are restored.

- Reflecting the ongoing revenue cost of the capital programme (both the cost of interest and prudently setting aside enough to repay debt principal) in the revenue budget, in particular considering the potential for interest rate volatility.
- Not assuming additional funding from central government until it is confirmed and developing exit plans for specific funding streams that are due to come to an end.
- Increasing the level of council tax in line with the government's expectations in local government finance settlements to avoid an ongoing shortfall in the base budget.
- Budgeting for sufficient contingency provision for in-year budget risks and using available one-off funding to strengthen financial resilience in reserves for hardening budget risks over the medium term.
- Maintaining a minimum balance in the Core Funding Reserve to mitigate against a potential fall in retained business rates funding to the government safety net level.

Summary Net Revenue Budget 2024/25

1.51. **Table 2** summarises the 2024/25 net revenue budget by directorate (cash-limited budgets). The table is subject to change based on the final local government final settlement.

1.52. A breakdown of the movement between the 2023/24 and 2024/25 budget is shown in **Appendix A**. Movement in the table below is broken down by:

- Inter-Directorate Changes - Representing virements and structural adjustments between council directorates (e.g., due to restructures that transfer responsibilities between directorates). These inter-directorate changes net off to nil across the council.
- Growth and Base Budget Adjustments – Representing any agreed growth, management actions such as contract efficiencies or new funding allocations as a result of specific grant funding or additional forecast income.
- Savings – Representing the total of savings proposed as part of the 2024/25 process. A further breakdown can be found at **Table 4.**

Table 2 – Net Revenue Budget 2024/25

	2023/24 Net Budget £m	Inter-Dept. Changes £m	Growth/ Base Budget Adjs. £m	Savings £m	2024/25 Net Budget £m
Adult Social Care	52.232	8.143	(1.343)	(1.965)	57.067
Chief Executive's Directorate	1.327	(1.275)	0.000	0.000	0.052
Children and Young People	87.594	(7.809)	2.646	(0.577)	81.854
Community Engagement and Wellbeing	8.563	5.757	0.539	(0.999)	13.860
Community Wealth Building	21.312	(2.379)	0.185	(1.463)	17.655
Environment and Climate Change	0.496	(12.850)	5.279	(2.967)	(10.042)
Homes and Neighbourhoods	7.888	4.750	1.130	(0.687)	13.081
Public Health (fully grant funded)	0.000	0.000	0.000	0.000	0.000
Resources	35.146	(0.414)	0.387	(2.112)	33.007
Central Costs	29.944	6.077	17.151	0.000	53.172
Net Cost of Services	**244.502**	**0.000**	**25.973**	**(10.770)**	**259.705**
General Contingency	5.000	0.000	0.000	0.000	5.000
Inflation, Energy and Demand Contingency	5.000	0.000	(1.404)	0.000	3.596
Transfer to/(from) Earmarked Reserves	13.518	0.000	(5.866)	0.000	7.652
Non-Specific Grants	(3.530)	0.000	2.238	0.000	(1.292)
Net Budget Requirement	**264.490**	**0.000**	**20.941**	**(10.770)**	**274.661**
Settlement Funding Assessment	(116.967)	0.000	(6.534)	0.000	(123.501)
Business Rates Growth	(24.770)	0.000	(3.330)	0.000	(28.100)
Collection Fund (Surplus)/Deficit	(9.714)	0.000	4.875	0.000	(4.839)
Council Tax Requirement	**113.039**	**0.000**	**15.952**	**(10.770)**	**118.221**

Budget Monitoring Position 2023/24 – Q2 Budget Monitoring

1.53. The estimated outturn position for the current financial year (2023/24) is reported to the Executive at quarterly intervals throughout the financial year and on to the Policy and Performance Scrutiny Committee. Where there are significant variances to the financial position, management actions are identified and detailed within the report, with the intention of bringing the anticipated year-end position back to target. Any ongoing impact on budgets beyond the current financial year, that would remain even after management actions have been implemented, is considered within the budget planning process for the forthcoming financial year and over the medium term. Where such ongoing variances are identified late in the budget process, then there can be a knock-on impact to future financial year budget gaps if the pressures are not fully closed by ongoing savings.

1.54. High inflation and low economic growth have created a very uncertain backdrop to the 2023/24 financial year. When combined with significant demand pressures within services and the ongoing effect of central government under-funding of council services since 2010, the 2023/24 financial position presents a challenge to keep in balance. This is even after using available inflation energy and demand and general contingencies, as at the Q2 2023/24 financial position reported to the Executive on 30 November 2023.

1.55. The Q2 2023/24 financial position estimates significant, adverse outturn variances in the three main spending directorates of Adult Social Care (£4.911m), Children and Young People (£2.480m), and Environment and Climate Change (£9.084m). In total at Q2 the financial position shows a £17.729m gross GF overspend. This is partly mitigated by applying the inflation, energy and demand, and general contingencies. It is possible that there will be a further erosion of earmarked reserves at year end as a result of the estimated outturn GF overspend. This follows a £37m reduction in earmarked reserves in the 2022/23 financial year. A significant proportion of the 2023/24 GF overspend has been factored into the ongoing GF budget in 2024/25 and over the medium term. This is reflected in the MTFS at **Appendix A** and the significant budget gaps presented in this budget report for the financial years 2025/26 (£33.6m) and 2026/27 (£24.7m).

1.56. Maintaining sufficient earmarked reserves and contingencies for future budgetary pressures and risks is a key component of a council's overall financial resilience. Earmarked reserves can only be used once. They cannot sustainably be used to fund recurrent expenditure. Persistent and significant in-year overspends are very damaging to the council's ongoing financial health and when coupled with significant budget gaps over the medium term bring into question financial sustainability over a medium to longer term forecast period if not addressed.

1.57. Taking forward the strategic implications of the in-year budget monitoring position into the medium-term budget planning process is a crucial aspect of the overall budget monitoring process. This can take the form of:

- Ensuring that ongoing budget implications of in-year gross and net expenditure are fully reflected in base budgets, informing future budget processes.
- Reviewing base savings proposals for deliverability in-year and over the medium term and assessing overall savings requirements for future budget processes as far in advance of the next budget setting cycle as possible.
- Working up new savings proposals in the context of financial and performance monitoring data analysed within the in-year budget monitoring process.
- Reviewing reserve positions in light of any drawdown in-year to ensure that there are sufficient reserves to provide financial resilience going forward, and measures to replenish earmarked reserves and contingency budgets over the medium term.

Key Revenue Budget Cost Pressures

1.58. The MTFS assumes a 3% pay award in 2024/25 (and budget provision for the final 2023/24 pay settlement) and 3% over the remainder of the medium term.

1.59. The MTFS provides for contract and non-pay inflation that cannot be managed within existing budgets. Where it is possible to do so, management actions are taken to reduce contract inflation additions to the budget. This includes:

- Adults Social Care Pay Contracts – The council contracts staff to provide social care provision across the borough and is required to pay National and London Living Wages as part of these contracts. This is set by Living Wage foundation annually and the council bears the additional cost.
- Temporary Accommodation (TA) and No-Recourse to Public Funds (NRPF) – The combination of high inflation on private sector rents and energy bills impacts the Council's expenditure on TA and NRPF. Attempts are made to control this through representation in the London council Inter-Borough Temporary Accommodation agreement.

- Parking NSL Staffing Contract – Inflationary growth is required to meet pressures existing from 2023/24 and forecast in 2024/25 as a result of high inflation levels, London Living Wage announcement and Cost-of-Living pay claims contributions.
- Children Looked After Placements – Inflationary growth for Residential and Independent Fostering Agency Placements. There is a programme of management actions in place to reduce placement cost pressures.

1.60. A further, significant cost pressure for the council is the increasing quantum and complexity of demand for council services. Based on latest estimates, the MTFS assumes demographic budget growth of £11m in 2024/25 and on average £12m per annum over the remainder of the medium term. This is the net growth requirement after planned management actions to mitigate cost increases. There is considerable uncertainty around these estimates, mainly due to the unknown enduring impact of the pandemic on demand.

1.61. It is recommended that demographic growth, as in previous financial years, is held centrally and allocated to service budgets in-year once a more evidenced assessment is available and has been approved by the Section 151 Officer.

1.62. The number of residents requiring adult social care has risen over the past number of years. This demand is driven by:

- An ageing population with people living longer with multiple of complex needs requiring social care.
- Increased prevalence of learning disabilities or physical or mental illness among working-age adults over recent years.
- Significant backlogs and longer waits in the NHS have exacerbated demand.

1.63. The demographic growth for Adult Social Services is split into the following client groups:

- Mental Health Service Users
- Learning Disability Service Users
- Memory, Cognition and Physical Support Service Users

1.64. The demographic growth for Children's Services relates to the following service areas:

- Children Looked After (Under 18/18+)
- SEND Transport
- Short Breaks and Personal Budgets

Levies

1.65. The council is required to pay levies to various external organisations, estimated to total £21m in 2024/25. The most significant levies are the council's contribution to Transport for London (TfL) for the cost of concessionary fares (London Freedom Pass) and the North London Waste Authority (NLWA) levy towards the disposal of household waste in partnership with six other north London boroughs.

1.66. The estimated levies for 2024/25 are shown in **Table 3**.

Table 3 – Levies 2024/25

	2023/24 Budget £m	2024/25 Estimate £m	Increase/ (Decrease) £m
Concessionary Fares	8.341	10.475	**2.134**
NLWA Household Levy	5.497	8.288	**2.791**
Inner North London Coroner's Court	0.510	0.520	**0.010**
London Pensions Fund Authority (LPFA)	0.493	0.493	**0.000**
Traffic and Control Liaison Committee	0.296	0.243	**(0.053)**
Lee Valley Regional Park Authority	0.208	0.212	**0.004**
Environment Agency (Thames Region)	0.194	0.198	**0.004**
London Boroughs Grants Scheme	0.184	0.164	**(0.020)**
Total Levies	**15.723**	**20.593**	**4.870**

1.67. Islington’s two largest levies are forecast to increase by 36% in 2024/25. The North London Waste Authority (NLWA) is reporting increased charges relating to operating costs and interest charge increases. Costs are forecast to increase over the medium term but likely to remain moderate compared to other waste authorities.

1.68. The London Boroughs Grants Committee contributes towards the funding of many London-wide organisations providing a wide range of services. These services are accessible by Islington residents and contribute towards the council’s priorities including tackling homelessness, dealing with violence against women and girls and support people with no recourse to public funds.

1.69. The London Councils Grant Committee report was considered by the London Councils Leaders’ Committee on 12 December 2023. The report proposes an overall level of expenditure in 2024/25 of £6.732 million, which requires borough contributions of £6.668m, the same level of contribution as for 2023/24, and a transfer from the Premises Transition Reserve of £64,000. Two-thirds of boroughs were required to agree the grants budget by the third Friday in January. Islington’s contribution in 2024/25 will be £164,317 compared to £183,779 in 2023/24, a reduction of £19,462. This contribution was agreed by the Executive on 11 January 2024.

Revenue Savings

1.70. The 2024/25 revenue budget assumes the delivery of savings totalling £17.881m in 2024/25 (**Appendix B**). This is summarised by directorate in **Table 4**.

Table 4 – General Fund Budget Savings Proposals by Directorate

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Adult Social Care	1.965	1.601	-	**3.566**
Children & Young People	0.577	0.212	0.165	**0.954**
Cross-Cutting	0.764	0.504	-	**1.268**
Community Wealth Building	1.463	0.469	-	**1.932**
Community Engagement & Wellbeing	2.197	1.112	1.358	**4.667**
Environment & Climate Change	2.867	0.498	0.081	**3.446**
Homes and Neighbourhoods	0.787	0.601	-	**1.388**
Public Health	-	0.060	-	**0.060**
Resources	0.150	0.400	-	**0.550**
Total	**10.770**	**5.457**	**1.604**	**17.831**

1.71. It should be noted that some savings may be subject to individual consultation before they can be implemented. In the event that any savings do not proceed as planned following consultation, any in-year pressure would need to be funded from the corporate contingency budget and the ongoing implications considered as part of the next budget process.

1.72. The identification and delivery of savings gets more challenging every year. This is particularly the case for cross-cutting savings. In order to enhance delivery of cross cutting savings in the 2024/25 budget it is imperative that all cross-cutting savings are applied to directorate cash limited budgets at the earliest opportunity post budget setting and in advance of the 2024/25 financial year.

1.73. Updates on the delivery of the 2024/25 budget savings will be provided as part of the budget monitoring process, reported up through the Executive and scrutinised by the Policy and Performance Committee.

Economic Forecasts

1.74. The Chancellor of the Exchequer announced the Autumn Statement ('the Statement') on 22 November 2023. The Office for Budget Responsibility's (OBR) economic forecasts were published alongside the Statement.

1.75. Looking further ahead over the medium term, prospects for local government finance settlements look very bleak with expected real-terms funding cuts for unprotected departmental spending, including most of local government. This could equate to cash flat local government funding settlements, or even cash cuts given that inflation is estimated to fall over the government's forecast period. Islington's core spending power has been cut by 45% since 2010 and is highly likely to be cut further. The Resolution Foundation has estimated that unprotected departments' core spending power is set to be cut by 16% between 2022/23 and 2027/28.

1.76. The negative local government funding outlook is reinforced by the Chancellor setting out his aim in the Statement that growth in public sector spending should be lower than the growth in the wider economy (in theory to indicate an improvement in public sector productivity) over the forecast period.

1.77. Living standards, as measured by real household disposable income (RHDI) per person, are forecast to be 3.5% lower in 2024/25 than their pre-pandemic level and are not forecast to recover to the pre-pandemic level until 2027/28. This represents the largest reduction in real living standards since Office for National Statistics began in the 1950s.

1.78. The fiscal forecasts by 2027/28 improved by £27bn since the Spring Budget in March 2023 due to higher tax receipts offset by higher interest rates and inflation. However, the Autumn Statement spends nearly all of this net fiscal improvement on a 2% cut in employee National Insurance Contributions (NICs), permanent corporation tax write-offs for business investment, and welfare and health reforms aimed at boosting employment.

Funding Announcements (Final Local Government Finance Settlement)

1.79. The final settlement for 2024/25 was announced on 5 February 2024.

1.80. The settlement was broadly in line with expectations following the Autumn Statement 2023 announcement in November, except for the scale of the cut to the Services Grant. The Services Grant is an unringfenced (general) grant first introduced in the 2022/23 settlement, cut in 2023/24 and now being further cut in 2024/25. This will further reduce the council's capacity in the 2024/25 budget to absorb additional budget pressures or risks and makes a further call on reserves over the next financial year more likely.

1.81. This settlement is for one-year only, representing the final year of the current spending review period. The next spending review announcement is expected in Autumn 2024 which will set out government spending forecasts for the financial planning period from 2025/26. It is conceivable however that the next spending review and the 2025/26 settlement could subsequently be amended by the outcome of the next General Election.

1.82. Based on the government's methodology, Islington's Core Spending Power (CSP) will increase by 7.5% in 2024/25, broadly in line with the England average. CSP is the government's measure of a local authority's resources available to fund service delivery. It mainly consists of income from retained business rates, grants, and council tax (assuming that council tax is increased by the maximum allowed without a referendum).

1.83. In calculating Islington's CSP the government has applied the council's average annual growth in taxbase between 2019/20 and 2023/24 to project growth in taxbase for 2024/25. However, based on local knowledge, Islington's taxbase is currently estimated to fall by 0.39% in 2024/25. This means that the government is over-estimating Islington's council tax raising ability in 2024/25 by approximately £1.4m.

1.84. Islington's Settlement Funding Assessment (SFA) is made up of a Baseline Funding Level under the partial (30%) business rates retention system (comprising a business rates baseline amount and a 'top-up' grant) and Revenue Support Grant. This is summarised in **Table 5** below.

1.85. The increase in SFA announced in the 2024/25 settlement does not fully keep pace with the inflationary pressures underpinning the 2024/25 budget and headline increase in CSP, and so represents a real-terms funding cut. Furthermore, it does not address the historical funding shortfalls since 2010 whereby Islington's spending power decreased by 45% in real terms between 2010/11 and 2023/24.

Table 5 – Settlement Funding Assessment

	2023/24 £m	2024/25 £m	Change £m	Change %
Business Rates Baseline	79.160	82.453	3.293	4.2%
Top-Up Grant	9.284	10.636	1.352	14.6%
Baseline Funding Level	**88.444**	**93.089**	**4.645**	**5.3%**
Revenue Support Grant	28.523	30.412	1.890	6.6%
Settlement Funding Assessment	**116.967**	**123.501**	**6.534**	**5.6%**

1.86. Islington does not benefit from the government's minimum funding guarantee because the council's CSP increase is already higher than 3%.

1.87. Previous announcements of additional social care grant funding in 2024/25 were confirmed at authority level, as shown in **Table 6** below.

Table 6 – Social Care Funding (Ringfenced)

	2023/24 £m	2024/25 £m	Change £m
Improved Better Care Fund	14.501	14.501	-
Social Care Grant	23.690	30.826	7.136
Adult Social Care Discharge Fund	2.033	3.388	1.355
Market Sustainability and Improvement Fund	4.967	5.626	0.659
Total Social Care Funding	**45.191**	**51.662**	**9.151**

1.88. The Services Grant is an unringfenced (general) grant first introduced in the 2022/23 settlement, cut in 2023/24 and now being further cut in 2024/25 to £0.595m. For Islington, this equates to a £2.853m funding cut on the 2023/24 allocation of £3.448m. Whilst a cut in this grant was anticipated after the Autumn Statement, the cut is significantly higher than expected.

1.89. The settlement confirmed that the New Homes Bonus grant will continue for an additional year. Islington's allocation, based on housing growth in the borough over the past year, is £0.697m (£0.615m higher than the 2023/24 allocation of £0.082m).

Dedicated Schools Grant (DSG) Funding and Schools Balances

1.90. The following analysis is based on funding announcements from the Department for Education (DfE) following the settlement.

1.91. The table below shows a summary of the DSG funding by various blocks. The total DSG funding for 2024/25 of £177.748m is an increase of £12.304m (7.4%) as compared to the 2023/24 position.

Table 7 – DSG Funding by Block

Blocks	2024/25 (£m)	2023/24 (£m)	Variance (£m)	Variance (%)
Schools	107.626	102.643	4.983	4.9%
Central	1.319	1.379	-0.060	-4.3%
High Needs	43.902	42.429	1.473	3.5%
Early Years	24.900	18.992	5.909	31.1%
Total	**177.748**	**165.443**	**12.304**	**7.44%**

1.92. An increase of per-pupil funding for primary and secondary schools is being provided for in the Schools Block in 2024/25 of 5.5% and 5.8% respectively when compared to the 2023/24 funding rates. This is expected to be equivalent to an increase in funding of £4.983m (4.9%) after allowing for the 2.2% reduction in pupil numbers from October 2022 to October 2023. Had pupil numbers not reduced, then a further £2.533m in funding would have been received for schools. The School's Block is the main source of funding for mainstream schools, over 96% of which is based on pupil numbers.

1.93. There will be a further reduction in the historic duties' element of Central Schools Services Block funding for Council services provided to mainstream schools of £0.067m (20%) in 2024/25. This follows a 20% reduction in each of the last four years, in line with the DfE's plans to phase out this funding for local authorities by 2026/27. Funding for ongoing duties is increasing by £0.008m (0.7%). The net reduction in funding is £0.059m (4.3%).

1.94. There is a year-on-year increase of £1.473m (3.5%) in the High Needs Block after recoupment following the provision of additional funding for high needs nationally. The High Needs Block provides funding for special schools, funding for children and young people with Special Educational Needs and Disabilities in other settings, and related local authority services. Demand for education health and care plans is increasing by an average of 8% per annum, therefore funding is not keeping pace with demand.

1.95. Early Years Block funding is provided for the statutory entitlements to early education and childcare. Funding is has increased by £5.909m (31.1%) in 2024/25. This is an initial position based on the January 2023 headcount. It will be updated by the DfE for the January 2024 headcount when they become available and will form part of the June / July DSG updated allocations from the DfE. The hourly funding provided to local authorities for 2-year-olds provision has increased by 47.1%, while the 3- and 4-year-old rate has increased by 1.0%. There will be further growth in the provisional settlement for the new entitlements for free early education and childcare that come in from April and September 2024.

1.96. A recent survey by London Councils that was responded to by 31 boroughs (including Islington) showed forecast accumulated surplus / deficits as a percentage of their DSG allocation range from -17% to +5% in 2023/24 (Islington +2.3%). The London average stood at -3%. Islington is forecast to enter into an accumulated DSG deficit in 2025/26 across all spending blocks due to High Needs funding allocations from the DfE not keeping pace with demand and falling pupil numbers. This is being addressed through the Council's SEND strategy.

1.97. Schools Balances are forecast to enter a net accumulated deficit overall in 2024/25 based on current spending plans from schools due to falling pupil numbers and increasing cost pressures. 23% of maintained schools in London are forecast to be in deficit by the end of 2023/24, just below the forecast percentage in Islington of 25%.

1.98. A school organisation plan is being put in place to reduce surplus capacity in schools and bring schools back onto a more sustainable financial footing. The first two phases of this plan have been agreed by the Executive that will reduce the forecast deficit, but further significant actions are required to eliminate the forecast deficit and bring balances back into surplus overall.

Fees and Charges

1.99. Some fees and charges are prescribed by statute and are not within the council's power to vary locally, others are discretionary and set as part of the annual budget suite of papers, including the fees and charges report. The fees and charges policy considers the current level of inflation in the economy as well as the level of inflation expected to prevail over the forthcoming financial year.

1.100. It was agreed by the Executive on 30 November 2023 that all discretionary fees and charges be increased by an average 6.7% (based on CPI) from 1 January 2024, unless a variation was otherwise stated.

1.101. Any increase in fees and charges income that has not already been included separately as part of the budget savings proposals is fully factored into the overall budget planning assumptions for the relevant services to cover corresponding inflation in costs incurred by the council.

1.102. As agreed by the Executive on 11 January 2024, a chargeable green garden waste fortnightly recycling service will be introduced from 1 April 2024. The current free green garden waste weekly recycling service would no longer be offered to residents after 31 March 2024. A separate green garden waste collection schedule will be implemented to collect from subscribed customers. The weekly charge would be set at an initial charge equivalent to £1.44 per week, or £2.88 per collection, payable as an annual fee.

In consideration of our residents, it was agreed by the Executive on 8 February 2024, that the flat rate of £75 per annum be amended to provide for a concessionary rate for residents in receipt of Council Tax Support, to be charged at 50% of the full rate.

This will make the service more affordable to residents on lower incomes, helping to ensure that all of our residents can make the right environmental choice relating to any garden waste they may need to dispose of.

1.103. As agreed by the Executive on 8 February 2024, GLL's price proposal will be implemented from 1 April 2024. A 6.7% increase on activity prices membership prices and tennis prices is recommended. Charges for the Sobell Leisure Centre Ice Rink, Soft play charges and Trampoline charges have not been included due to the ongoing design of the Active Zone.

1.104. HRA fees and charges are considered in the **Section 5** of this report.

4. Reserves and Balance Sheet Strategy & CIPFA Financial Management Code Assessment

Reserves and Balance Sheet Strategy

1.105. A fundamental element in assessing the robustness of the council's annual budget and MTFS is the level of contingency budget(s), earmarked reserves, and GF balance, as determined by the Section 151 Officer. The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold. It is the responsibility of the Section 151 Officer and the Members of the Council to determine the level of reserves and to ensure that there are procedures for their initial formation and use.

1.106. Historically Islington has had comparatively low reserves with similar authorities. There was also a higher-than-average decrease in reserves at 2022/23 outturn. In addition, the significant expenditure pressures and income shortfalls incurred as a result of COVID-19, the high levels of inflation and the sustained economic downturn have highlighted the underlying level of risk inherent in the council's budget position.

1.107. There are different types of reserve held across the Council which are split between usable and unusable reserves. Unusable Reserves are used to hold unrealised gains or losses for assets not yet disposed of and accounting adjustments, which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.

1.108. The different categories of usable reserves are broken down below:

- General Balances (GF or HRA) are unallocated funds which do not have any restrictions on their use. They cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in case of unexpected events or emergencies. These are split between GF and HRA.
- Earmarked Reserves - these must be held for genuine and intended purposes. Earmarked funds within the GF are categorised into:
  - **Budget Risk –** These are held to protect the council against the significant and wide-ranging budget risk within the MTFS. This includes to:
    - Mitigate specific budget risks, particularly the impact of delayed savings delivery.
    - Protect against wider, external events and the impact of this on the council's budget e.g., Economic events and forecasts such as inflation and interest rate announcements and future Local Government Funding Settlements and announcements.
    - Mitigate the impact of business rates and council tax income fluctuations and timing differences.
    - Provide resilience for business continuity in the event of exceptional circumstances such as a cyber-attack.
  - **Planned Spend –** This comprises reserves that are earmarked to fund one-off expenditure. This includes to:
    - Provide for agreed Transformation projects and other agreed one-off budget growth.
    - Set aside funds for specific projects such as the potential direct and indirect costs of the non-recent child abuse support payment scheme.
  - **Ringfenced –** This comprises ring-fenced grants and contributions such as Dedicated Schools Grant (DSG) and Public Health grant where the funds cannot

be used to resource anything other than the specified purpose due to funding or legal restrictions.

  - The HRA also holds earmarked reserves.

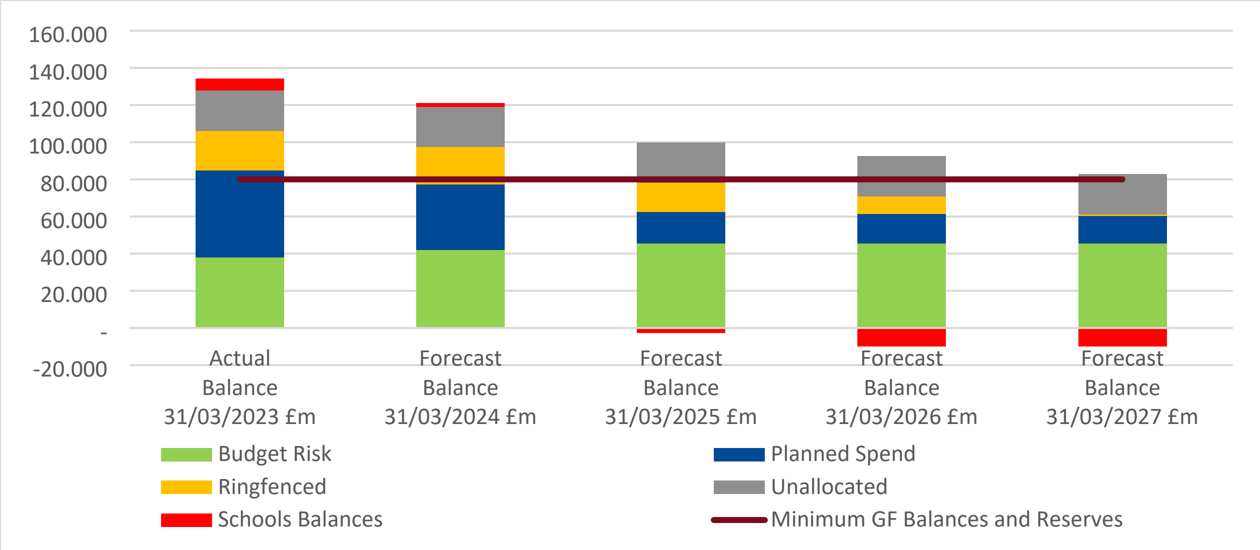
- Other Capital Reserves – these are broken down between:
  - Major Repairs Reserve – Applies to the HRA only and is used to build up capital sums that can be used to finance the capital programme and repayment of housing debt.
  - Capital Receipts Reserve – Holds funds received from sales of non-current assets (primarily receipts from the sale of property). The use of receipts is normally restricted to funding other capital expenditure or paying off debt.
  - Capital Grants Unapplied – Holds capital grants that have been received in advance of the associated expenditure being incurred. They are not available for revenue purposes.

1.109. Islington's current GF balance (£21.7m, excluding balances held on behalf of schools) equates to just over one week of gross expenditure. It is recommended that a minimum GF balance is set at £20m, broadly in line with the current GF balance, which is widely viewed as being low, it representing just one week of the council's gross annual GF expenditure in the current financial year, and is still at only half of the level of the MTFS GF balance target of £40m.

1.110. It is proposed that any underspend on the GF and contingency budget at the end of each financial year is used to increase the GF balance (excluding schools balances) from the current level towards the target level of £40m GF balance over the medium term. It is the view of the Section 151 Officer that this remains a reasonable proxy, subject to annual review, for the level of unquantifiable risk in the council's budget, and therefore the target GF balance needed to deal with economic shocks and insulate the council from potential compensating cuts to key services that could arise in a given financial year.

1.111. Decreasing reserve levels are a key indicator of financial distress in councils. It is important that the medium-term budget makes provision to sustain reserve levels. It is recommended that an absolute Minimum GF Earmarked Reserves Level is set at £60m (combined with the proposed £20m General Balances minimum level). This is set out in **Figure 1** below, which illustrates that GF reserves are currently forecast to fall significantly over the medium term.

Figure 1 – General Fund Earmarked Reserves and Balances Forecast



1.112. The above graph shows that the 2025/26 and 2026/27 forecast reserves balances are close to breaching the recommended absolute minimum of £80m GF Balances and Earmarked Reserves Level. Remaining above the minimum level and replenishing reserves over the forecast period will require the following:

- Delivering balanced in-year budget positions. A repeat of the £17.729m Q2 gross GF overspend in 2024/25 and over the medium term would deplete reserves further to balance the year-end position.
- Fully closing the forecast, significant GF budget gaps over the medium term, as set out in this budget report, with ongoing savings. Use of any reserves to close an ongoing budget gap will further push the council towards breaching the Minimum GF Balances and Earmarked Reserves Level, and simply push the budget gap to later financial years, potentially unsustainably.
- Receiving adequate, above inflation funding settlements from central government over the next Spending Review period commencing 2025/26, which would enable the council to meet the unprecedented inflationary, demographic and demand pressures faced over recent financial years and forecast to continue over the financial planning period. Adequate funding settlements would assist the council in restoring reserves to more sustainable levels.

1.113. Ongoing and significant budget savings of a level not seen in recent budget processes will need to be delivered over the medium term to ensure the adequacy and robustness of reserves is at least maintained and, as an objective, significantly strengthened.

Reserve Movements, Budget Risks and Contingencies

1.114. The pressures across councils have resulted in increasing numbers of local authorities issuing Section 114 (S114) notices. A S114 notice puts spending controls in place and prohibits all new expenditure by a council, other than that required to provide statutory services. A council's Chief Financial Officer (CFO) has a statutory duty to issue a S114 notice if they believe the council will be unable to meet its expenditure commitments from its income. The CFO does not need councillors' consent to issue this notice. The rising numbers of S114 notices highlight how difficult it is becoming for all councils to set a balanced budget and this is going to become even more challenging if service demands increase further and funding continues to be outstripped by inflation.

1.115. Use of reserves to balance ongoing budget gaps is not advised for a number of significant reasons:

- The level of the medium-term budget gap would stay the same, with the relevant budget gap merely pushed to the following financial year.
- Future budget gaps tend to widen as the budget process for that financial year is approached – a combination of an expanding prior year budget gap and an underlying gap to close for the following financial year would be extremely difficult to balance in a single budget year.
- It would reduce flexibility to use reserves in-year for any unforeseen events (e.g., to fund local risks such as a cyber-attack that would be unlikely to be funded by the government) or to resource one-off requests such as transformational costs.
- It would essentially be a 'sticking plaster' to deal with a long-term budget problem – potentially leading to much bigger problems down the line, as evidenced with recent high profile council failures.

1.116. There have been GF savings made consistently in recent years, including those proposed as part of this budget. However, sources of savings become harder to find each year without impact local services. Furthermore, when savings are identified, the delivery of savings is more difficult to manage.

1.117. The 2024/25 budget includes an ongoing, general corporate contingency budget of £5m per annum, unchanged from 2023/24. A contingency budget is an ongoing budget intended to be applied on a one-off basis only against unforeseen expenditure in-year. If it were to be applied on an ongoing basis against ongoing expenditure pressures, then the budget would not be available for future financial years. The contingency budget is viewed as a last resort for in-year budget pressures that cannot be funded from compensating underspends elsewhere and is subject to approval in line with the council's Financial Regulations. Directorates agree cash limited budget allocations and take responsibility for delivering a balanced budget unless a business case, presenting an exceptional circumstance, for contingency or reserve funding is agreed. Given the level of gross in-year overspends in recent financial years, a £5m contingency budget is at the very low end of acceptability in terms of providing assurance against unanticipated or unexpected expenditure over and above budget. The Inflation, Energy and Demand contingency budget available in the 2023/24 budget has been reduced from £5m to £3.6m in the 2024/25 budget as part of the measures to set a balanced budget. The MTFS assumes that this additional Inflation, Energy and Demand contingency budget is restored to £5m at the earliest opportunity, given the risk in removing from the 2024/25 budget on a one-off basis. It forms part of the estimated budget gap for 2025/26.

1.118. The estimated level of usable reserves, reflecting current known movements is shown in **Table 8** and detailed by individual reserve at **Appendix C**. This reflects known reserves movements including:

- Previous budget reports have made provision of £4m earmarked to be transferred to GF Earmarked Reserves. Due to the pressures faced in 2024/25 this has been removed for one year only to resource the pressures and growth required to set a balanced budget. As a result, it is forecast that Earmarked Reserves will fall further in 2024/25, reducing the council's financial resilience.

- It is expected that additional movements to/from reserves will be brought forward for agreement once there is greater clarity on their timing and amount. This includes reserves movements related to the finalisation of the 2023/24 financial outturn after the end of the current financial year.

Table 8 – Forecast Usable Reserves

Reserve Category	31/03/23 Actuals £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m	31/03/27 Estimate £m
Budget Risk	37.851	42.283	47.122	47.122	47.122
Planned Spend	47.076	33.998	13.946	15.871	19.371
Ringfenced	21.145	20.002	15.843	9.497	0.819
Total GF Earmarked Reserves*	**106.072**	**96.283**	**76.911**	**72.489**	**67.312**
General Fund	21.718	21.718	21.718	21.718	21.718
Schools Balances	6.292	3.430	(2.677)	(9.745)	(9.745)
Total General Balances	**28.010**	**25.148**	**19.041**	**11.973**	**11.973**
HRA Earmarked Reserves	31.504	33.824	43.224	54.424	64.705
HRA Balances	17.521	17.521	17.521	17.521	17.521
Total HRA Earmarked Reserve and Balances	**49.025**	**51.345**	**60.745**	**71.945**	**82.226**
Major Repairs Reserve	0.921	11.872	4.290	12.111	17.370
Capital Grants Unapplied	24.807	0.000	0.000	0.000	0.000
Capital Receipts	49.988	45.171	44.354	31.092	20.680
Total Capital Reserves	**75.716**	**57.043**	**48.644**	**43.203**	**38.050**
Total Usable Reserves	**258.824**	**229.819**	**205.341**	**199.610**	**199.561**

*These reserve forecasts do not assume use of the approved Flexible Use of Capital Receipts policy, which will be determined by the Section 151 Officer based on the overall reserves position at the end of the financial year. Utilising the flexibility would result in a reduced fall in GF earmarked reserves, but higher borrowing and revenue costs of borrowing.

CIPFA Financial Management Code Compliance Assessment

1.119. An initial compliance analysis against the CIPFA FM Code has been undertaken as part of the 2024/25 budget assurance work. The CIPFA FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances. Each local authority should demonstrate that the requirements of the CIPFA FM Code are being satisfied.

1.120. Demonstrating this compliance with the CIPFA FM Code is a collective responsibility of elected members, the Section 151 Officer, and professional colleagues in the leadership team.

1.121. The annual compliance analysis is included at **Appendix E1** and shows that the council achieves a high level of compliance against the vast majority of the CIPFA FM Code statements of standard (or best) practice. Where there is only a medium level of compliance, actions are suggested that would take the council to high level. The compliance analysis should be seen as an organic piece of work, re-visited at least annually as part of the budget process, with any actions or recommendations implemented on an ongoing basis.

Balance Sheet Analysis

1.122. The balance sheet provides a snapshot of the council's financial position detailing assets, liabilities, and reserves. The balance sheet shows the complex and closely interlinked relationship between revenue, capital, borrowing and other existing and emerging risks. Analysing the council's balance sheet on a regular and ongoing basis (and not just at financial year-end) is key to understanding the underlying financial position of the council. Effective balance sheet analysis is very useful as a measure to indicate whether or not a local authority is showing signs of financial stress currently and over time within an overall direction of travel.

1.123. To be effective, balance sheet analysis needs to look at a wide range of measures to enhance overall understanding of financial resilience and direction of travel.

1.124. Detailed balance sheet analysis can be found at **Appendix E2**. In summary, the analysis has found that:

- The council has been able to build reserves, and therefore financial resilience, over the previous 6 years, partly due to additional transitory income received during the COVID-19 pandemic. However, the recent significant decrease in reserves demonstrates the importance of strengthening and maintaining sufficient levels of the reserves where the council is able to do so.
- Furthermore, the council has been able to defer external borrowing, despite the increasing need to borrow, by using its own resources to finance capital expenditure. However, if reserves continue to decline and the need to borrow continues to rise, the council will be required to externally borrow and will risk paying high interest rates.

5. Housing Revenue Account

1.125. The HRA is a ringfenced account covering the cost of managing and maintaining council-owned housing stock, servicing both existing debts taken on as part of self-financing, and new debt taken on to support the delivery of the new build and property acquisitions programmes; the funding of which comes primarily from rents, and tenants' and leaseholders' service charges.

1.126. The council has a statutory duty to set a balanced HRA budget each financial year. To ensure financial viability and sustainability, and in-line with best practice across the sector, the council maintains a 30-year business plan. The proposed updated HRA 30-year business plan is detailed in **Appendix D4**.

1.127. The proposed 2024/25 HRA budget includes the balance of the savings package identified as part of the 2023/24 budget process and the continuation of these savings in 2026/27 totalling £3.646m (detailed at **Table 10** and **Appendix D3**). In addition, the proposed HRA 30-year business plan assumes that the new build programme will continue towards attempting to meet the council's Islington Together 2030 commitment of delivering an additional 750 social rented homes (with a start on site by December 2027).

1.128. Balancing the Business Plan has become more challenging over recent years due to various factors:

- Legislative requirements, such as building and fire safety, and a drive towards more energy efficient homes.
- Ongoing impact of damp and mould and the cost of legal disrepair claims.
- Prevailing economic conditions, including the impact of higher interest rates on capital scheme delivery, that require borrowing to balance new schemes. This includes subsidised new build borrowing of £34.2m to take 180 new council homes through to completion and a further provision of £20.2m to continue developing a pipeline programme of 570 new council homes through to Planning stage. This new build programme budget pressure has been met by reducing the budget provision available to the major works and improvement capital programme for investment in existing council homes, by 5% (or £2.8m) per year over 30 years.
- High-cost inflation on repairs and maintenance, alongside Government interventions in relation to Local Authority rent setting. There was a 7% rent cap in 2023/24 and a 1% reduction each year between 2016/17 – 19/20, taking £1.7bn income out of the Business Plan.

1.129. It should also be noted that whilst the HRA 30-year business plan balances this is achieved by limiting the budget provision for the investment in existing council homes. There remains an investment gap of; £933m (over 30 years) when comparing this budget limited provision to a "replacement of life expired components" investment model and £1.829bn (over 30 years) when comparing this budget limited provision to a "traditional" investment model. This means our investment programme will meet statutory Health and Safety requirements, but due to the factors listed above, will result in the inability of the council to meet the Decent Homes Standard for all properties within the next 10 years.

1.130. There is limited scope to meet the significant shortfall in investment need, with rental increases, the largest source of income, restricted by government policy. As such the council recommends working alongside other social landlords to seek a more sustainable rent settlement from Central Government, which will enable greater certainty over long-term financial planning and investment in our housing stock.

1.131. The Business Plan is susceptible to changes in macro-economic conditions, and we also require a more informed view on the long-term trend of emerging costly, resource intensive issues such as damp and mould. Hence these factors and their impact will be extensively reassessed into next year. Consideration of options and measures to bridge the investment gap is currently underway, as we prepare the 2025/26 Business Plan.

1.132. The proposed HRA budget for 2024/25 and latest estimates for the medium term, including HRA reserves estimates, is set out at **Appendix D1**. The movement between the approved 2023/24 budget and the proposed 2024/25 budget is summarised in **Table 9**.

Table 9 – Summary of HRA Budget Changes 2023/24 to 2024/25

Expenditure	**£m**
Pay and pensions inflation	6.213
HRA savings proposals (See **Table 10**)	(1.443)
Increase in contributions to HRA reserves	8.181
Contractual inflationary increases and other budgetary changes	4.955
Reduction in the cost of communal gas and electricity	(4.062)
Increase in Leaseholder property insurance costs	3.171
Increased funding for New Build Pipeline programme	14.412
Decrease in bad debt provision resulting from a reduction in energy prices	(0.997)
Capital related items (borrowing, RCCO and depreciation charges)	(0.201)
Total Expenditure Increase	**30.229**
Income	**£m**
Rent and Tenant charges	(26.775)
Heating charges (Tenants and Leaseholders)	1.010
Leaseholder annual service charges	(3.073)
Other income net increases	0.227
Change in interest receivable on HRA balances	(1.618)
Total Income Increase	**(30.229)**

Table 10 – Summary of HRA Savings 2024/25 to 2026/27

Savings type	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Efficiency	0.530	0.150	0.220	**0.900**
Service reconfiguration	0.853	0.500	1.038	**2.391**
Income generation	0.000	0.295	0.000	**0.295**
Budget Realignment	0.060	0.000	0.000	**0.060**
Total	**1.443**	**0.945**	**1.258**	**3.646**

Rental Income and Other HRA Fees and Charges

1.133. The Welfare Reform and Work Act 2016 required local authorities to reduce the rents, in respect of all properties (excluding PFI managed properties) held in the HRA, by 1% each year for four consecutive years between 2016/17 and 2019/20.

1.134. In February 2019, the Government issued a policy statement on rents for social housing effective from April 2020.

1.135. Compliance with this policy is effectively mandatory, for the first time the government has included local authority social housing within the remit of the Social Housing Regulator (previously the Regulator's remit was limited to private registered providers of social housing only (i.e., housing associations). The Regulator is required by "direction" from the secretary of state for the Dept. of Levelling-Up Housing & Communities (DLUHC) to have regard to the government's policy statement referred to above and as such, the Regulator issued the first rent standard effective from April 2020. The rent standard was subsequently updated with effect from April 2023 to reflect the Government's "direction" which capped existing tenant rent increases to a maximum of +7% in 2023/24.

1.136. The rent standard has not yet been updated in respect of 2024/25 rent setting. However, the Council has been advised by DLUHC that 2024/25 rent setting policy will revert to previous long-term Government rent setting policy i.e., a maximum increase of September 2023 CPI + 1% which equates to +7.7%.

1.137. A review of new build rent setting policies has been carried out to align existing tenant and re-let rents over a period of three years from 2023/24 to 2025/26 to ensure a consistent approach across all new build rents.

1.138. The Social Housing Regulator has advised that all properties that are currently or that were previously managed under a private finance initiative (PFI) arrangement are exempt from the rent standard.

1.139. To clarify the definition of Rent & Service Charge payers and Non-Rent & Service Charge Payers in respect of Estate parking charges, found in Appendix C, please see below definitions:

- By Rent & Service Charge payers, we mean Standard Charges for Tenants and Resident Service Charge Payers. This includes all Islington council tenants, members of their household and leaseholders/freeholders who pay service charges to Islington council for the home that they live in.
- By Non-Rent & Service Charge Payers, we mean Islington Borough Residents and Non-Residents. This includes any Islington borough residents who do not qualify for the standard charge rate for tenants and resident service charge payers, and out of borough residents.

Islington Council Managed General Needs Properties (excluding New Build and current plus ex PFI properties)

1.140. **Table 11** sets out the average rent in 2024/25 for existing tenancies. The maximum 2024/25 permitted rent is the prior year (2023/24) actual rent plus 7.7% (Sept.23 CPI +1%)

1.141. However, if the maximum rent exceeds the lower of the 2024/25 national rent cap (for the relevant bed size) or the property's 2024/25 national target rent then the 2024/25 rent will be the higher of A or B:

A. The lower of 2024/25 national target rent or the 2024/25 national rent cap or

B. The 2023/24 actual rent plus 7.7%

1.142. All the council's general needs properties will be subject to the maximum rent increase in 2024/25 of plus 7.7% as their maximum rents in 2024/25 do not exceed the lower of the 2024/25 national target rents or the 2024/25 national rent caps.

1.143. 1% (215) of the council's general needs properties have a national target rent greater than the national rent cap.

Table 11 – Existing Tenancies Average Weekly Rent 2024/25

Average Weekly Rent 2023/24	£126.13
Increase (£)	£9.71
Increase (%)	7.70%
Average Weekly Rent 2024/25	£135.84

1.144. General needs properties will be re-let at the lower of the 2024-25 national rent cap (for the relevant bed size) or their 2024-25 national target rent. As 99% of Islington Council general needs properties have a national target rent below the national rent cap, it is likely that re-lets will be at national target rent.

1.145. In accordance with DLUHC advice 2024/25 national target rents will reflect an increase of CPI (Sept. 2023) plus 1% and the 2024/25 national rent caps will reflect an increase of CPI 6.7% (Sept. 2023) plus 1.5%.

1.146. **Table 12** sets out the likely average rent in 2024/25 for re-let properties.

Table 12 – Re-Let Properties Likely Average Weekly Rent 2024/25

Average Weekly National Target Rent 2023/24	£136.85
Increase (£)	£10.53
Increase (%)	7.70%
Average Weekly National Target Rent 2024/25	£147.38

Islington Council Managed General Needs New Build Properties

1.147. 2024/25 new build existing tenants' rents will increase by an average of 5.5% as compared to revised 2023/24 rents. This reflects the proposal referred to above which seeks align all new build rents, over three years commencing in 2023/24, to ensure a consistent approach.

1.148. 2024/25 re-let and first-let new build rents will, like the LBI managed general needs stock, be based on the lower of the 2024/25 national rent cap or the 2024/25 national target rent.

1.149. 27% of existing new build national target rents are greater than the national rent cap (for the relevant bed size), hence these re-let rents will be set at the national rent cap.

LBI Managed Property Acquisitions used for Temporary Accommodation (TA) (including reception centres and general needs properties assigned to TA clients)

1.150. Existing tenancies and re-let rents in 2024/25 will be set on the same basis as general needs properties referred to above, with the exception that for reception centres the plus 5% flexibility has been applied to the national target rent calculation.

LBI Managed Property Acquisitions - purchased using right to buy 141 receipts or GLA Grant

1.151. Existing Tenancies – 2024/25 rents will be set at the lower of:

A) The 2023/24 rent plus 7.7% or

B) The lower of; Bi) the relevant 2024/25 local housing allowance rate (noting that the Chancellor's 2023 Autumn Statement indicates that LHA rates will be updated to reflect the 30th percentile of local market rents to be effective from April 2024) or Bii) 80% of the relevant market rent.

1.152. Re-lets and first-lets in 2024/25 will be set at the lower of:

A) The relevant 2024/25 local housing allowance rate (noting that the Chancellor's 2023 Autumn Statement indicates that LHA rates will be updated to reflect the 30th percentile of local market rents to be effective from April 2024) or

B) 80% of the relevant market rent

LBI Managed Property Acquisitions - purchased using DLUHC grant

1.153. Existing Tenancies – 2024/25 rents will be set at the lower of:

A) The 2023/24 rent plus 7.7% or

B) 80% of relevant market rent

1.154. Re-lets and first-lets in 2024/25 will be set at 80% of the relevant market rent

Properties Currently Managed (PF1) and Properties Previously (Until April 2022) Managed (PFI2) under a Private Finance Initiative (PFI) Contract by Partners for Islington

1.155. Properties that were previously or are currently managed under a PFI contract are exempt from the government rent setting policy and as such the 1% rent reduction relating to the period 2016/17 to 2019/20 was not applied to these property rents. The council is now seeking to align PFI rents, over time, with standard social rents as they apply to the rest of the housing stock.

1.156. To move towards achieving this alignment, existing tenants 2024/25 rents for properties that continue to be managed by Partners for Islington under the PFI (1) contract and properties that returned to Council management from 4th April 2022, that were previously managed by Partners for Islington under the PFI (2) contract will be based upon the prior year 2023/24 rent plus 7.7% minus 50p per week towards convergence with standard social rents.

1.157. Re-Lets will be based on the outgoing tenants' rent as set out above.

1.158. **Table 13** sets out the average rent in 2024/25 for existing tenancies and likely average rent in 2024/25 for re-lets for current PFI (1) properties and ex PFI (2) properties.

Table 13 – Existing Tenancies + Re-Lets – PFI (1) current contract and PFI (2) returned to Council management - Average Weekly Rent 2024/25

Average Weekly Rent 2023/24	£177.30
Increase (£)	£13.18
Increase (%)	7.43%
Average Weekly Rent 2024/25	£190.48

Shared Ownership Rents

1.159. Rent charged with effect from 1 April 2024 in respect of the unsold equity in relation to shared ownership properties will be based on the prior year rent plus the lower of:

A) CPI (2 months before the rent increase review date) +1% or

B) RPI (2 months before the rent increase review date) +0.5%

Other HRA Fees and Charges

1.160. Other HRA fees and charges are set out at **Appendix D2** and summarised below.

1.161. Caretaking/Cleaning and Estate Services - Caretaking and Estate Service Charges will reduce by £0.84 (-4.2%) per week as compared to the 2023/24 Charges. This £0.84 reduction per week primarily reflects the net impact of; the reduction in the weekly charge for communal electricity that has come down because of fall in energy prices in 2024/25 as compared to 2023/24, and the increase in staffing related costs covering the increase in the 2023/24 pay award, and the estimated 2024/25 pay award.

1.162. Digital TV Maintenance - Charges have remains unchanged at 22p per week in 2024/25 reflecting the cost of the provision of this service.

1.163. Heating and Hot Water - Gas prices are forecast to reduce in 2024/25, together with a forecast reduction in consumption, weekly heating charge have come down by 41% as compared to 2023/24 charges. The average weekly heating and Hot Water charge in 2024/25 will be £17.28 per week. Unlike, Caretaking, Estate Service and Concierge charges, Heating and Hot Water charges are not covered by housing benefit or universal credit.

1.164. Concierge Service Charges - These have increased by 6.3% this increase relates primarily to the increase in staffing costs.

1.165. Estate based Parking and Storage Charges - Charges in respect of facilities used for vehicles i.e., Garages, parking spaces and car cages increase by 6.7% in line with September 2023 CPI.

1.166. Diesel Surcharge (Off Street) - This charge has increased by £10 per year in 2024/25 in line with September 2023 CPI Sept.

1.167. Home Ownership Administration costs - Increase by 6.7% in line with September 2023 CPI to reflect inflationary cost pressures whilst also acknowledging the cost-of-living pressures facing leaseholders.

1.168. Carpet Charges - Increase by 2% in line with the agreed annual contractual uplift.

6. Capital Programme

1.169. The council takes a strategic, long-term approach to managing and enhancing our community asset base through the planning of a 10-year capital programme. The 10-year programme comprises a proposed 3-year programme 2024/25 to 2026/27 for approval, and an indicative programme for the subsequent 7 years.

1.170. The Capital Strategy that underpins the capital programme, together with the inter-linked Treasury Management Strategy, MRP Statement and Investment Strategy are included at **Appendix F2-F5**.

1.171. The Flexible Use of Capital Receipts Strategy is included at **Appendix F6**. The recommended strategy for 2024/25 is allowable under the government's capital receipts flexibility programme, which grants local authorities the freedom to use capital receipts generated from the sale of assets (except for Right to Buy disposals) to fund revenue costs arising from transformational revenue projects that deliver savings. The current flexibility direction runs until 31 March 2025. Full Council agreed the power to use this flexibility in 2023/24 at the 28 September 2023 Council meeting. The Executive is asked to approve and onward recommend that Full Council agree the Flexible Use of Capital Receipts strategy for 2024/25, up to a maximum of £20m, and note that approving the strategy does not commit the council to using it. In addition, to approve and onward recommend that Full Council delegate responsibility for the adoption of the Flexible Use of Capital Receipts strategy to the Section 151 Officer if it is considered appropriate to do so at the end of the financial year in the context of the council's overall financial position.

1.172. The proposed 2024/25 to 2026/27 Capital Programme as well as indicative estimates for 2027/28 to 2033/34, totalling £1,157.746m of capital investment in the Borough, are summarised by directorate and council priority in **Tables 14 and 15** below and detailed by scheme at **Appendix F1.**

Table 14 - Capital Programme 2024/25 to 2033/34 Summarised by Directorate

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	2024/25-2026/27 Total £m	2027/28-2033/34 £m	Total Future Years £m
Community Wealth Building	32.062	20.052	24.784	76.898	18.986	95.884
Environment	39.536	10.364	13.127	63.027	61.204	124.231
Housing General Fund	20.081	44.629	40.541	105.251	5.416	110.667
General Fund Total	91.679	75.045	78.452	245.176	85.606	330.782
HRA Total	238.741	109.637	97.336	445.714	381.250	826.964
Total Capital Programme	**330.419**	**184.682**	**175.788**	**690.890**	**466.857**	**1157.746**

Table 15 - Capital Programme 2024/25 to 2033/34 by Strategic Priority

Strategic Priority	2024/25 £m	2025/26 £m	2026/27 £ m	2024/25-2026/27 Total £m	2027/28-2033/34 £m	Total Future Years £m
A Safe Place to Call Home	260.375	154.266	137.878	552.519	388.067	940.585
Child-Friendly Islington	11.573	3.862	3.628	19.063	8.400	27.463
Community Wealth Building	15.953	16.703	21.519	54.175	21.690	75.865
Fairer Together	1.000	1.000	1.150	3.150	0.000	3.150
Greener, Healthier Islington	41.518	8.851	11.614	61.983	48.700	110.683
Total	**330.419**	**184.682**	**175.788**	**690.890**	**466.857**	**1157.746**

1.173. Ongoing work has led to revisions to the capital programme since the previous version presented to the Executive. **Appendix F7** presents these changes at a capital scheme level by financial year and funding source. These changes include budget additions and changes in external funding and impact the General Fund only. Key changes are summarised below:

- A net increase to the current year and 3-year capital programme of £36.330m supported by an additional £23.579m of external funding and an increase in borrowing of £12.751m. The additional borrowing requirement is considered affordable within the overall MTFS assumptions, which will be reviewed on a quarterly basis.
- £7.000m included for works to Sobell Leisure Centre following a flood at the site which will be covered by insurance. These works are expected to be completed in 2024/25.
- £7.000m included for works to Ironmonger Row Baths following a fire at the site which is expected to be largely covered by insurance funding. These works are expected to be completed in 2023/24.
- £12.852m council match funding (funded by borrowing) if decarbonisation grant funding offers were to materialise. Delegated authority to the Section 151 Officer is being sought in this report to approve the business case to accept any such decarbonisation grant funding offers as an Officer Key Decision due to urgency. This is required due to the short window (e.g. 10 days) to accept these grant funding offers. If grant funding offers are not received or accepted, the budget will be subject to review.

1.174. The council's capital investment plans recommended in this report have been drawn up in accordance with the CIPFA Prudential Code framework and have been demonstrated to be prudent, affordable and sustainable. The proposed programme is currently set at an overall affordable level and the increased revenue costs associated with additional borrowing are considered manageable within the MTFS. However, it is important to note that there are significant budgetary risks around the funding of this ambitious capital programme, including:

- Inflation rates provide a risk to the delivery of the capital programme to budget. If inflation rises, the cost of materials and labour will increase which can lead to overspends within the capital programme. This risk will be mitigated to some extent by contingency built into scheme budgets.
- Increasing interest rates in turn increase the revenue impact of borrowing to fund the capital programme. **Table 18** provides sensitivity analysis to model the impact of a 1% change in interest rates.
- The funding of some capital schemes is linked to delivery of the scheme's asset. There are risks in the assumptions made around this funding. There may be timing differences between expenditure being incurred and receipt of the funding, particularly regarding housing open market sale properties. In these instances, alternative interim funding will be applied such as short-term borrowing, with additional short-term revenue cost implications to cover interest costs and MRP, or the use of HRA reserves. There may also be differences in the value of receipt assumed and actual receipt. Receipts in excess of the assumed amount can be applied elsewhere by the council, including to reduce external borrowing requirements. Receipts less than the assumed amount will increase the borrowing requirement and the associated revenue costs. Over the next 10 years, £118.609m of General Fund capital financing is assumed to come from the open market sales of completed housing projects.

1.175. **Table 16** summarises the funding of the capital programme by funding source, with this detailed at scheme level at **Appendix F1**.

Table 16 - Capital Financing 2024/25 to 2033/34

	2024/25 £m	2025/26 £m	2026/27 £m	2024/25-2026/27 Total £m	2027/28-2033/34 £m	Total Future Years £m
Grants	13.150	4.142	4.141	**21.433**	11.104	**32.537**
S106/ CIL	3.542	0.000	1.276	**4.818**	0.600	**5.418**
Capital Receipts	20.081	44.629	40.541	**105.251**	5.416	**110.667**
Revenue Contributions and Other	5.470	0.560	0.000	**6.030**	1.500	**7.530**
Borrowing	49.436	25.714	32.494	**107.644**	66.986	**174.630**
Total General Fund Financing	**91.679**	**75.045**	**78.452**	**245.176**	**85.606**	**330.782**
Grants	57.801	0.000	0.000	**57.801**	0.000	**57.801**
S106/ CIL	7.652	3.200	0.000	**10.852**	0.000	**10.852**
Capital Receipts	26.060	46.588	25.423	**98.071**	21.315	**119.386**
Revenue Contributions and Other	18.590	29.033	32.326	**79.949**	334.056	**414.005**
Borrowing	128.638	30.816	39.587	**199.041**	25.880	**224.921**
Total HRA Financing	**238.741**	**109.637**	**97.336**	**445.714**	**381.250**	**826.964**
Total Capital Financing	**330.420**	**184.682**	**175.788**	**690.890**	**466.856**	**1157.746**

1.176. Over the life of the proposed and indicative capital programme, there is a total borrowing requirement of £399.551m, of which £174.630m relates to the General Fund. There will be General Fund revenue implications from this borrowing in the form of interest costs and the statutory Minimum Revenue Provision (MRP) that the General Fund is required to make towards the repayment of debt. These revenue costs need to be provided for and managed within the MTFS, in addition to the borrowing costs associated with the council's current and prior year capital programme. **Table 17** shows the estimated General Fund revenue impact of the proposed new borrowing. The MRP Policy Statement in **Appendix F5** provides the detailed basis for the MRP calculations. Interest costs have been prudently modelled for budget setting purposes at 5.72% for the General Fund and 5.32% for the HRA, which were the respective average 50-year maturity loan rates from the Public Works Loan Board in the 90 days to 31/12/2023 plus 50 basis points.

Table 17 – General Fund Revenue Borrowing Implications of the Proposed 3-Year Capital Programme

	2024/25 £m	2025/26 £m	2026/27 £m	2024/25 - 2026/27 Total £m	2027/28 -2033/34 £m	Total 10 Year Plan £m
New Interest Charge (5.72%)	3.136	2.149	1.665	**6.950**	2.845	**9.796**
New MRP Charge	1.349	2.316	0.634	**4.299**	5.818	**10.117**
Total Additional Revenue Charge	**4.485**	**4.465**	**2.299**	**11.249**	**8.663**	**19.913**

1.177. The capital programme and financial implications are based on several assumptions. These include the profile of spend to be incurred, and the interest rate charged on borrowing.

1.178. As referenced above, interest costs have been prudently modelled for budget setting purposes however interest costs are subject to change.

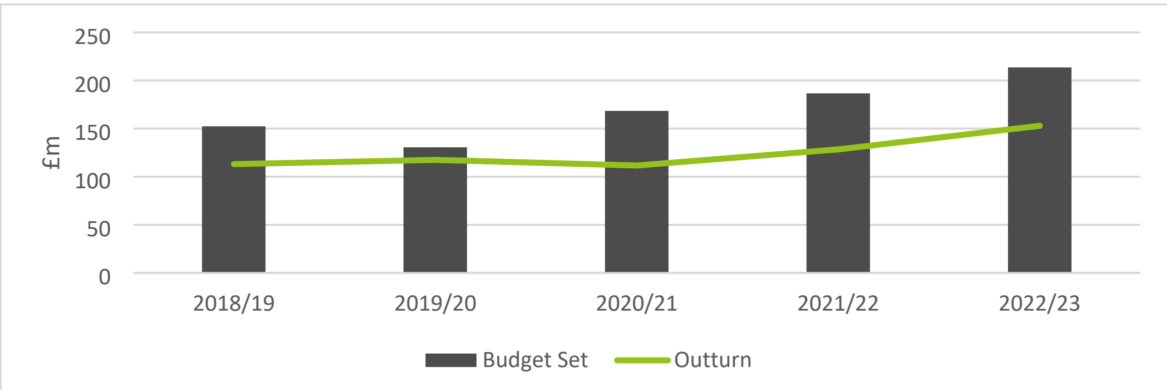
1.179. A 1% change in interest charged from the rate modelled would have the following impact on the revenue budget, based on the capital programme as profiled. This would be a benefit to the Council if interest rates fell, and an additional cost if they rose.

Table 18 - Impact of 1% Interest Rate Change

1% Interest Rate Change	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 – 2033/24 £m	Total £m
General Fund	0.552	0.376	0.291	0.497	**1.716**
HRA	1.420	0.797	0.352	0.327	**2.897**
Total	**1.972**	**1.173**	**0.643**	**0.825**	**4.613**

1.180. To set the capital programme, budget holders and project managers have informed the profiling of budgets based on their expectation of project delivery timescales. It is typical for there to be slippage in the capital programme where works delivered, and so spend incurred, fall below what is expected at budget setting. Capital spend has been increasing in recent years at the Council, by 35% since 2018/19, however the average delivery on the programme set in the budget is 74%. **Figure 2** below shows historic trends of outturn compared to the set budget. Robust budget monitoring in-year will identify where these slippages are occurring and with timely raising and reporting, management actions can be taken to manage capital financing, including adjusting the borrowing requirements and associated revenue charges.

Figure 2 – Analysis of Capital Budgets to Outturn



1.181. The table below models sensitivity analysis of the impact on revenue budgets of 10% slippage in projects funded by borrowing, at 5.72% interest rates.

Table 19 - Capital Slippage Impact on General Fund Borrowing

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 – 2033/34 £m	Total £m
Capital Programme as Profiled					
General Fund Borrowing Requirement	49.436	25.714	32.494	66.986	**174.630**
New Interest Charge (5.72%)	3.136	2.149	1.665	2.845	**9.796**
New MRP Charge	1.349	2.316	0.634	5.818	**10.117**
Total Revenue Charge	**4.485**	**4.465**	**2.299**	**8.663**	**19.913**
Capital Programme after 10% Slippage Annually					
General Fund Borrowing Requirement	47.504	28.086	31.816	70.235	**177.642**
New Interest Charge (5.72%)	2.909	2.162	1.713	2.919	**9.703**
New MRP Charge	1.045	1.974	1.217	5.882	**10.117**
Total Revenue Charge	**3.954**	**4.136**	**2.930**	**8.800**	**19.820**
Change in Total Revenue Charge	**(0.531)**	**(0.330)**	**0.631**	**0.137**	**(0.093)**

1.182. Slippage of capital schemes to be funded by borrowing has revenue budget implications as it will delay the associated revenue cost for interest being incurred. Delays on borrowing funded schemes also have a revenue impact on the charging of MRP. MRP charges begin the year after an asset becomes operational and so a delay on completion delays the timing of this charge.

1.183. Whilst **Table 19** makes the impact of slippage in borrowing look positive in the early years, this is dependent on timely and realistic reporting of slippage to update the borrowing requirement. There is also the impact of slippage on other financing sources to factor in.

1.184. Grants, S106 and CIL funding often have restrictions, conditions and expiry dates attached. Slipping of capital schemes to be funded in these ways may result in the funding no longer being applicable due to expiry dates passing. In these instances, expenditure would need to be alternatively funded with borrowing a likely option. Due to the restrictions and conditions, there may be limitations over the ability to divert these funds to other existing capital projects.

1.185. In year monitoring and reporting of the capital programme will cover both expenditure and financing to highlight and manage any funding changes and/or risks.

7. Climate Action

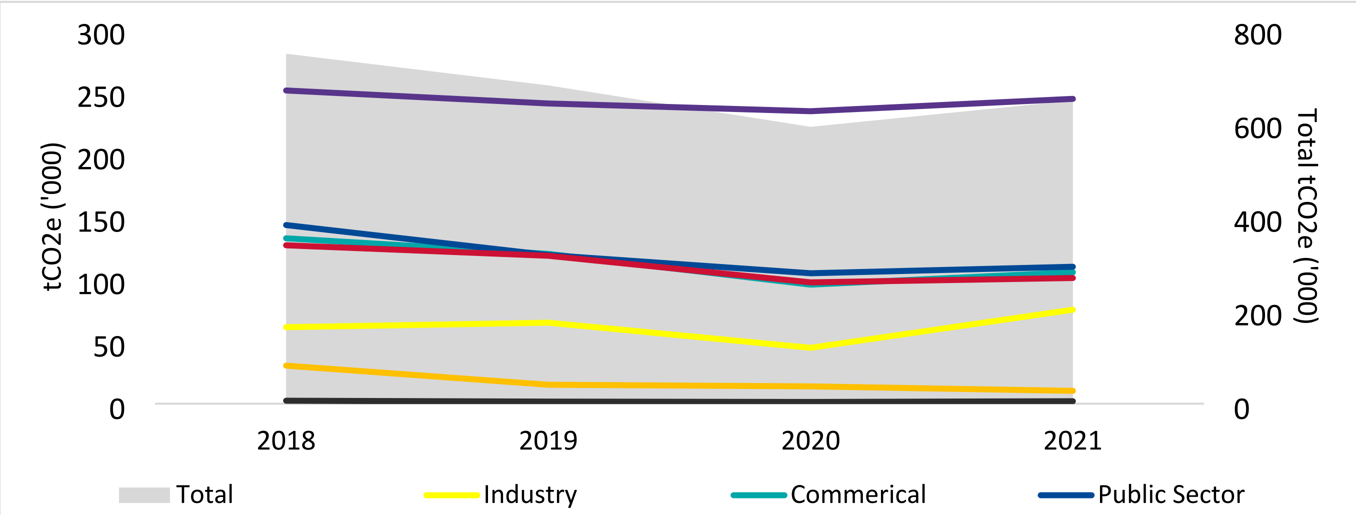
1.186. The council first declared a climate emergency in June 2019, and it set out its approach to achieving a net zero borough in ‘Vision 2030 Building a Net Zero Carbon Islington by 2030’. In this strategy we established our Net Zero Carbon (NZC) programme which coordinates and delivers our commitments to deliver change with eight multi-disciplinary workstreams

1.187. Recent polling from London Councils (September 2022) states that 84% of Londoners are concerned about climate change and 62% believe their day-to-day life in London has been impacted by the changing climate. Current projections suggest that by 2070 summers in the UK could be anywhere up to 6°C warmer and up to 60% drier (Met Office). Islington is one of the six London boroughs most at risk to climate change (Bloomberg) affecting the health and wellbeing of our residents including for example from flooding and heat deaths. We are increasingly looking at what we can do to adapt and improve our resilience to the impacts of climate change (subject to council resources) and in October 2023 we renamed (and repurposed) our Net Zero Carbon Programme Team to a new ‘Climate Action Team’.

1.188. Performance against all our commitments is monitored through the Climate Action Steering Board and Climate Action Executive Board together with Environment and Regeneration Scrutiny Committee which is a public meeting. The council also holds an annual scrutiny meeting on engaging local stakeholders on the climate emergency.

1.189. Our boroughwide greenhouse gas emissions (tCO2e) (at July 2023) shows an overall 10% increase from 2020 to 2021 which is mainly attributable to the easing of the nationwide lockdowns post COVID-19. Our emissions in 2021 are still approx. 13% lower in Islington compared to our baseline of 2018 (648,000 tCO2e vs 748,000 tCO2e).

Figure 3 – Islington Greenhouse Gas Emissions 2018-2021 (UK local authority and regional greenhouse gas emissions national statistics (BEIS and DESNZ))



1.190. We continue to invest in our buildings including a new heat pump installation at Bevin Court (commencing 2024) and solar PVs at a number of sites including Islington Ecology Centre. We are on track to deliver our 600th Electric Vehicle Charging Point before March 2024 and in November 2023 we chaired a discussion panel at the Net Zero Festival in Angel.

1.191. We have also cut direct emissions from our pension fund by 40% between 2021 and 2023 as we continue to strive to make our £1.7 billion pension fund net zero by 2050 (or earlier).

1.192. The council has been working closely with partners and stakeholders including the Anchor Institutions Network and is committed to continued local government collaboration through the London Councils’ climate programme. We have also been working on a new ‘Net Zero Neighbourhood’ proposal for Arsenal and Finsbury Park Wards with Arsenal Football Club and London Metropolitan University to help stimulate both public and private investment in Islington. 3Ci (Cities Commission for Climate Investment) included our proposal in their prospectus which was showcased at COP28 (United Arab Emirates) in November 2023.

1.193. In 2024/25 we will further engage with our residents and businesses on climate action. We have direct control over only 4% of the carbon emissions in the borough (and a further 5% as a landlord) so we must lead the way in supporting others to reduce their impact.

1.194. For the first time in 2024/25 the Climate Action Team worked with officers from Finance to complete a qualitative assessment of the NZC Impact of each new savings proposal in this budget report from 'Very Positive' to 'Very Negative'. A number of proposals are expected to have a 'Positive' or a 'Very Positive' NZC Impact (see Environmental Implications) and these assessments help to ensure both members and officers consider the environmental implications of their decision making.

1.195. The council is now an active member of a new Climate Budgeting Working Group with The Mayor (GLA), London Councils and select London Boroughs and is committed to reporting on how the organisation plans to achieve net zero carbon across our operations including both the funded and unfunded measures required to meet these commitments. This is work in progress but for 2025/26 the council endeavours to complete a quantitative assessment of the capital programme incorporating estimates of annual and lifetime greenhouse gas emissions savings.

1.196. Further ahead our ambition is to track our greenhouse gas emissions alongside the budget setting process to ensure spending plans are consistent with our climate goals. Oslo has published a climate budget since 2017 and it supported The Mayor (GLA) on proposals for @2023/24. Our work with The Mayor (GLA) on Local Area Energy Planning (LAEP) will help us identify the unfunded measures required between now and 2030 and we are part of a new Subregional LAEP to help develop data-driven, collaborative and cost-effective action plans. Islington is also part of the Advanced Zoning Pilot (AZP) and North London Heat Study. The AZP has produced a Heat Network Zone for London which will mandate most new and existing developments to connect to a network as part of the Energy Act 2023.

1.197. The council's budget proposes continued investment in the Climate Action Team over the current MTFS period and the capital programme proposes investment of £44.724m (including grants and income) as part of its Greener, Healthier Islington Mission. This includes a further £12.852m of match funding for a grant for the decarbonisation of council buildings. This is subject to the business case to accept the grant funding being agreed. If grant funding offers are not received or accepted, the budget will be subject to review as part of the quarterly updates to the Executive. The Finance & Investment workstream continues to investigate green finance opportunities including from The GLA (Mayor) and UKIB as well as alternative delivery models.

Table 20 – Proposed Revenue and Capital Investment in Climate Action

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Revenue Investment	0.740	0.740	0.740	2.220
Capital Investments	27.835	7.451	9.438	44.724

1.198. Nationally there has been recent relaxation of net zero targets (September 2023) including on the ban of the sale of new petrol and diesel cars and vans (was 2030, now 2035) and on the phasing out of gas boilers (was 100% by 2035, now 80% by 2035). UK Government is also committed to expansion of fossil fuel production. Combined with the latest Climate Change Committee (CCC) Progress Report (June 2023) indicating a 'lack of urgency' in the policy framework for net zero and climate action this is concerning.

1.199. One of the key recommendations from the CCC is 'clearer, simpler and longer-term funding and resourcing of local authority delivery of net zero.' UK Government acknowledges that 'green and growth go hand in hand' (Powering Up Britain Report, 2023) and 'the costs of global inaction significantly outweigh the costs of action' (Net Zero Review Report, 2021). The climate emergency and health inequalities are intrinsically linked (Strategic Plan 2021) and the changes to our climate make it harder to create a more equal future for residents and businesses. The council campaigns at a local and national level for longer-term policy and funding certainty to adapt and improve our resilience to the impacts of climate change.

8. Council Tax and Retained Business Rates

Council Tax Forecast 2023/24

1.200. The latest 2023/24 Collection Fund forecast for council tax, which is subject to change between now and end of the financial year, is a +£3.086m deficit (Islington share +2.348m, GLA share +£0.738m). This is summarised at **Table 21** and comprises a +£1.652m in-year deficit and a +£1.434m deficit relating to prior years.

Table 21 – Distribution of Forecast 2023/24 Council Tax (Surplus)/Deficit

	Islington Council's Share £m	GLA's Share £m	Total £m
1/3 of 2020/21 Exceptional Balance (Final Year of 3-Year Deficit Spreading)	0.478	0.130	**0.608**
Remainder 2022/23 In-Year Forecast (Surplus)/Deficit	(3.811)	(1.147)	**(4.958)**
Forecast (Surplus)/Deficit in 2023/24 Budget: Transfer (To)/From Core Funding Reserve	**(3.333)**	**(1.017)**	**(4.350)**
Prior-Year (Surplus)/Deficit Variance 2022/23 In-Year Forecast to Actual 2022/23 Outturn Position	1.091	0.343	**1.434**
2023/24 In-Year Forecast (Surplus)/Deficit	1.257	0.395	**1.652**
Total (Surplus)/Deficit in 2024/25 Budget: Transfer (To)/From Core Funding Reserve	**2.348**	**0.738**	**3.086**

1.201. In January 2023, a -£4.350m surplus for 2022/23 was estimated. However, at the end of 2022/23 the actual surplus was -£2.916m, giving the +£1.434m deficit relating to prior years.

1.202. The forecast in-year council tax deficit of £1.652m is due to the following variances:

- Additional gross council tax income of -£1.114m, mainly due to new dwellings in the borough.
- Higher than budgeted council tax exemptions which has adversely impacted the forecast by +£5.133m, mainly because the council had to retrospectively award exemptions for student accommodations, as set out earlier in this report.
- Higher than budgeted council tax discounts (mainly Single Person Discounts) adversely impacting the forecast by +£0.737m.
- Lower than budgeted costs of the council tax support scheme, -£0.512m
- A -£2.592m improvement in forecast collection compared to assumptions around collection losses when setting the 2023/24 taxbase.

Council Tax Base 2024/25

1.203. The council is required to calculate its council taxbase for the next financial year and notify precepting authorities by 31 January each year (31 January 2024 for this budget process). The council has delegated responsibility for determining the council taxbase to its Audit and Risk Committee. The Lloyd Square Garden Management Committee issues a special levy on the council to meet the expenditure involved in the maintenance of the private garden in Lloyd Square. The council separately calculates the taxbase for the Lloyd Square Garden area.

1.204. On 29 January 2024, the Audit and Risk Committee agreed a Band D equivalent council taxbase for 2024/25 of 81,564.7 properties for the council's whole area and 43.4 properties for the Lloyd Square Garden Committee area. The number of Band D equivalent properties is after taking into account the estimated collection rate for 2024/25 which continues to be forecast at 97%. This is the percentage of 2024/25 council tax bills that the council is budgeting to receive over time (as opposed to cash collection in-year).

Level of Council Tax 2024/25

1.205. Sections 31A and 31B of the amended Local Government Finance Act (LGFA) 1992 require the council to calculate its gross expenditure, gross income and council tax requirement. For these purposes, HRA expenditure and income is included even though it has no effect on council tax, and the gross expenditure figure includes special expenses relating to part only of the of the council's area. **Table 22** shows the council's net budget split between gross expenditure and gross income.

Table 22 – Section 31 (Amended LGFA 1992) Calculation 2024/25

	£
Aggregate of the amounts which the council estimates for items set out in Section 31A (2) (a) to (f) of the LGFA 1992 **(A)**	1,179,962,753.98
Aggregate of the amounts which the council estimates for items set out in Section 31A (3) (a) to (d) of the LGFA 1992 **(B)**	(1,061,742,068.35)
Calculation of the council tax requirement under Section 31A (4), being the amount by which the sum aggregated at **(A)** above exceeds aggregate at **(B)** above	118,220,685.63

1.206. The calculation of the relevant (average) 2024/25 council tax per Band D property is set out in **Table 23**.

Table 23 – Section 31B (amended LGFA) Calculation 2024/25

Council Tax Requirement	£118,220,685.63
Council Tax Base	81,564.7
2024/25 Relevant Basic Band D Council Tax	**£1,449.41**
Increase Compared to 2023/24 (%)	4.99%

1.207. Each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, a referendum must be held in relation to that amount. For 2024/25, the relevant basic amount of council tax for Islington would be excessive if it is 5% or more greater than 2023/24 (comprising 2% specifically for expenditure on adult social care, and 3% for all expenditure). Therefore, the proposed 4.99% increase in the relevant basic amount of Band D Islington council tax, which comprises 2% specifically for expenditure on adult social care and 2.99% for all expenditure, is not excessive.

1.208. Additional council tax calculations are required where special items relate to part only of the council's area (for Islington, the Lloyd Square Garden Committee special expense). The calculation of the 2024/25 basic amount of council tax for dwellings in Islington to which no special item relates (i.e., outside the Lloyd Square Garden Committee area) is shown in **Table 24**.

Table 24 – 2024/25 Basic Council Tax for All Other Parts of the Council's Area

Council Tax Requirement (Including Special Expense)	£118,220,685.63
Less Lloyd Square Garden Committee Special Expense	£22,947.78
Council Tax Requirement (Excluding Special Expense)	**£118,197,737.85**
Council Tax Base	81,564.7
2024/25 Basic Band D Council Tax for All Other Parts of the Council's Area	**£1,449.13**
Increase Compared to 2023/24 (%)	4.99%

1.209. The Lloyd Square Garden Committee has agreed a special expense of £22,947.78 for 2024/25, an increase of 5% since 2023/24. When this is divided by the Lloyd Square Garden Committee Band D tax base (43.4), it gives a charge of £528.75 per Band D equivalent property for 2024/25. This will be charged to Lloyd Square Garden area dwellings in addition to the basic Islington Band D council tax for all other parts of the council's area.

1.210. The 2024/23 basic amount of Islington council tax for each valuation band for the Lloyd Square area (**Table 25**) and all other parts of the council's area (**Table 26**) are shown below. These amounts are calculated by multiplying the Band D council tax amount per property by the proportions set out in Section 5(1) of the LGFA 1992.

Table 25 – Lloyd Square Garden Area Basic Islington Council Tax 2024/25

Valuation Band	Lloyd Square Garden Area 2023/24 (£)	Lloyd Square Garden Area 2024/25 (£)	Lloyd Square Garden Area Increase (£)
A	330.39	352.50	22.11
B	385.45	411.25	25.80
C	440.52	470.00	29.48
D	**495.58**	**528.75**	**33.17**
E	605.71	646.25	40.54
F	715.84	763.75	47.91
G	825.97	881.25	55.28
H	991.16	1,057.50	66.34

Table 26 – All Other Parts of the Council's Area Basic Islington Council Tax 2024/25

Valuation Band	All Other Parts of the Council's Area 2023/24 (£)	All Other Parts of the Council's Area 2024/25 (£)	All Other Parts of the Council's Area Increase (£)
A	920.17	966.08	45.91
B	1,073.53	1,127.10	53.57
C	1,226.89	1,288.11	61.22
D	**1,380.25**	**1,449.13**	**68.88**
E	1,686.97	1,771.16	84.19
F	1,993.70	2,093.19	99.49
G	2,300.42	2,415.21	114.79
H	2,760.50	2,898.26	137.76

1.211. The proposed 2024/25 GLA precept for each valuation band is shown in **Table 27**. The proposed Band D precept for council taxpayers in the 32 London boroughs is £471.40 – a £37.26 or 8.6% increase compared to this year. This increase comprises £20 for Transport for London, £13 for the Metropolitan Police and £4.26 for the London Fire Brigade. This is in line with the maximum increase permitted under the GLA's referendum limit – which is a monetary one – confirmed in the settlement.

Table 27 - GLA Precept 2024/25

Valuation Band	GLA Precept 2023/24 (£)	GLA Precept 2024/25 (£)	GLA Precept Increase (£)
A	289.43	314.27	24.84
B	337.66	366.64	28.98
C	385.90	419.02	33.12
D	**434.14**	**471.40**	**37.26**
E	530.62	576.16	45.54
F	627.09	680.91	53.82
G	723.57	785.67	62.10
H	868.28	942.80	74.52

1.212. The 2024/25 total amount of Islington council tax (including GLA precept) for each valuation band for the Lloyd Square area (**Table 28**) and all other parts of the council's area (**Table 29**)

Table 28 – Total Islington and GLA Council Tax for the Lloyd Square Garden Area 2024/25

Valuation Band	Total Lloyd Square Garden Area 2023/24 (£)	Total Lloyd Square Garden Area 2024/25 (£)	Total Lloyd Square Garden Area Increase (£)
A	1,539.99	1,632.85	92.86
B	1,796.64	1,904.99	108.35
C	2,053.31	2,177.13	123.82
D	**2,309.97**	**2,449.28**	**139.31**
E	2,823.30	2,993.57	170.27
F	3,336.63	3,537.85	201.22
G	3,849.96	4,082.13	232.17
H	4,619.94	4,898.56	278.62

Table 29 – Total Islington and GLA Council Tax for All Other Parts of the Council's Area 2024/25

Valuation Band	Total All Other Parts of the Council's Area 2023/24 (£)	Total All Other Parts of the Council's Area 2024/25 (£)	Total All Other Parts of the Council's Area Increase (£)
A	1,209.60	1,280.35	70.75
B	1,411.19	1,493.74	82.55
C	1,612.79	1,707.13	94.34
D	**1,814.39**	**1,920.53**	**106.14**
G	2,217.59	2,347.32	129.73
H	2,620.79	2,774.10	153.31
G	3,023.99	3,200.88	176.89
H	3,628.78	3,841.06	212.28

Retained Business Rates

1.213. Under the existing business rates retention system, the council retains 30% of business rates income in the borough and receives Section 31 grant to compensate for the impact of government policy (e.g. new reliefs, freezing of business rates) on its retained business rates income.

1.214. The council's NNDR1 return (detailed business rates estimate) for 2024/25 has now been submitted following the 31 January 2024 statutory submission deadline. The financial implications of this return are fully incorporated in the proposed budget. **Table 30** summarises the NNDR1 return estimate in terms of the council's total retained business rates income.

Table 30 – Estimated Business Rates Income 2024/25 (£)

	2023/24	2024/25
Gross Business Rates	344,649,330.00	375,642,647.00
Small Business Rate Relief (net of additional yield from small business supplement)	103,794.00	(7,711,335.00)
Charitable Occupation	(25,190,312.00)	(27,887,128.00)
Unoccupied Property	(17,072,450.00)	(18,251,211.00)
Discretionary Reliefs	(1,238,254.00)	(1,235,622.00)
Discretionary Reliefs Funded by S31 Grant	(35,641,113.00)	(28,043,836.00)
Net Business Rates Payable	**265,610,995.00**	**292,513,515.00**
Estimated Bad Debts and Appeals	(15,426,345.00)	(20,321,137.00)
Net Business Rates Less Reliefs and Losses	**250,184,650.00**	**272,192,378.00**
Cost of Collection Allowance	(689,267.00)	(684,130.00)
Amount Retained for Renewable Energy Schemes	(103,293.00)	0.000
NDR Income – Total	**249,392,090.00**	**271,508,248.00**
NDR Income – Islington (30% share)	**74,817,627.00**	**81,452,474.00**
Section 31 Grant	28,982,720.00	28,969,299.34
Cost of Collection Allowance	689,267.00	684,130.00
Amount Retained for Renewable Energy Schemes	103,293.00	0.00
Total Retained Income – Islington	**104,592,907.00**	**111,105,903.34**

1.215. The 2024/25 NNDR1 return also includes a forecast 2023/24 surplus on business rates income to be incorporated in the 2024/25 budget. This is summarised in **Table 31**. The 2024/25 budgetary impact of the council's share of this surplus will be fully offset by a transfer to the Core Funding reserve that has been earmarked for this purpose.

Table 31 – 2023/24 Forecast NNDR Surplus/(Deficit) (£)

	Total	Islington 30% Share
Net Business Rates Income	270,725,357.00	81,217,607.10
Allowance for Non-Collection	(6,562,891.00)	(1,968,867.30)
Appeals Refunds and Provisions	(2,733,747.00)	(820,124.10)
Budgeted Demand based on Agreed Budget	(249,392,088.00)	(74,817,626.40)
Other Charges (e.g. cost of collection)	(689,267.00)	(206,780.10)
Total Surplus/(Deficit)	**11,347,364.00**	**3,404,209.20**
Opening Surplus/(Deficit)	33,877,189.00	10,163,156.70
Contribution towards Prior Year Deficit	(21,269,127.00)	(6,380,738.10)
Total Surplus/(Deficit) in Budget	**23,955,426.00**	**7,186,627.80**

9. Matters to Consider in Setting the Budget

Comments of the S151 Officer

1.216. This section contains the Section 151 Officer's comments on the robustness of the estimates included in the budget and the adequacy of the proposed financial reserves, as required under Section 25(1) of the Local Government Act 2003. Section 25(2) of the same Act requires the authority to have regard to this report of the Section 151 Officer when making decisions about the budget and the level of council tax.

1.217. Developing the budget estimates for a given financial year is an ongoing, iterative process within the medium-term financial planning cycle. This is a council-wide process involving all spending departments whereby estimates are worked up, challenged, and refined as further information becomes available. It considers the most recently available budget monitoring information and the latest assumptions for the forthcoming financial year. In particular, the proposed savings have been reviewed and signed off as deliverable by key stakeholders across the organisation. The thoroughness of this process is a source of assurance in determining that overall estimates in the budget are robust and that financial reserves, whilst needing to be significantly strengthened over the medium term, are adequate for the 2024/25 budget.

1.218. The 2024/25 budget report and MTFS has been compiled against a backdrop of continued and significant macro-economic uncertainty with the national cost-of-living crisis continuing to severely impact residents and the council. High inflation has remained for a period way beyond initial government forecasts. This has impacted council pay settlements, major contract inflation costs and other costs of service provision. Alongside this has been an unprecedented level of service demand in key services such as Adult Social Care and Children and Young People. Further, there have been significant challenges in income budgets partly due to the sustained economic downturn, with parking income particularly badly impacted in the 2023/24 in-year financial position. The latest (Q2) forecast is a £17m gross GF overspend in 2023/24. Any residual, ongoing impact of this forecast gross GF overspend for 2023/24 will impact the council's budget in 2024/25 and over the medium term. In addition, any residual overspend at the end of 2023/24 will be a further drain on the council's earmarked reserves.

1.219. The significant recurrent budget impact of the in-year financial position has meant that there has been greater use made of the council's financial sustainability mechanisms, such as contingency budgets, in delivering a balanced budget for 2024/25. These financial sustainability mechanisms must be restored at the very earliest opportunity, in the 2025/26 budget round. In total, £7.4m is factored into the 2025/26 budget forecast to restore previously held contingency, financial resilience, and capital financing budgets. As it stands the MTFS only contains a £5m ongoing, general contingency budget and a reduced (compared to 2023/24) £3.6m Inflation, Energy and Demand contingency budget in 2024/25 to be applied against unforeseen expenditure in-year and on a one-off basis. This level of contingency cover is only barely adequate against a £275m 2024/25 net budget requirement on the GF and given the level of unforeseen service pressures in the current financial year.

1.220. The medium-term local government funding outlook is very negative following the Autumn Statement and settlement, with expected real-terms funding cuts (and potentially cash cuts) for unprotected departmental spending, including most of local government. Added to this are potential government funding reforms (including 'fair funding' and a business rates reset) on the horizon that could have a significant, negative impact on funding levels in the next Spending Review period (commencing 2025/26). All of this means that additional government funding is highly unlikely to be a route to restoring the council to a sustainable financial footing.

1.221. The capital programme has been built on a prudent, affordable, and sustainable basis in accordance with the CIPFA Prudential Code framework. Approval is sought for the 3-year capital programme 2024/25 to 2026/27 only with an indicative programme of known/pipeline capital investment over the subsequent seven years.

1.222. When appraising new projects, the objectives of the scheme are checked against the council's priorities, and assumptions are built in for contingencies (e.g. impact of inflation on the cost of materials), optimism bias and interest rate risk. This ensures that sufficient funding is allocated as early as possible in the council's revenue and capital budget planning processes, and that the council only progresses with schemes that are affordable and fit with the vision for the organisation.

1.223. The capital programme is funded from a combination of capital receipts, grants and third-party contributions, HRA funding and borrowing. Grant funding is only factored into the programme once reasonably certain. Prudent provision for the revenue cost of borrowing is factored into the budget assumptions for both the General Fund (including Minimum Revenue Provision for the repayment of debt) and HRA.

1.224. The level of future capital receipts assumed as financing for the capital programme brings with it significant budgetary risk to both the General Fund and HRA. There may be timing differences between expenditure being incurred and receipt of the funding, particularly regarding housing open market sale properties. In these instances, alternative interim funding will be applied such as short-term borrowing, with additional short-term revenue cost implications to cover interest costs and MRP, or the use of HRA reserves. There may also be differences in the value of receipt assumed and actual receipt. Receipts less than the assumed amount will increase the borrowing requirement and the associated revenue costs.

1.225. An additional budgetary risk around the capital programme is expenditure being incurred against approved capital budgets which ultimately does not meet the accounting definition of capital. This means that the expenditure needs to be charged to revenue, creating a revenue budget pressure. The council has previously mitigated this risk by earmarking funding in reserves to fund the associated revenue costs of capital schemes. Given the need to protect the council's reserves, the 2024/25 budget also sets aside revenue budget provision of £1m per annum for the associated revenue costs of capital schemes. Moreover, there will be an emphasis going forward of on identifying such revenue costs from the outset of scheme development.

1.226. The budget report includes a commentary and analysis on the financial health of the council's balance sheet and the level of the council's earmarked reserves. A recommended Minimum GF Balance and Earmarked Reserves Level of £80m is proposed within this budget report. This is the absolute minimum level of GF balance and reserves that the council cannot sustainably breach and is strictly not a target. The target, albeit extremely challenging in the current environment, should be to restore earmarked reserves to a level well in excess of the 2023/24 opening position, and to increase the GF balance over time. In order to take steps towards this target, the council will need to return to delivering on or under budget and to fully close future year budget gaps with robust ongoing savings. This will require early and sustained engagement from all stakeholders to make the difficult service and financial decisions critical to the financial resilience of the council.

1.227. Schools' budget plans submitted in the summer term indicated that schools would have a significant and widening medium-term deficit due to falling pupil numbers and increasing cost pressures. This represents a significant risk, as even with current plans to reduce surplus capacity agreed by the Executive, further proposals are required to bring school budgets onto a more sustainable financial footing and bring forecast balances back into surplus overall.

1.228. The 2024/25 Housing Revenue Account (HRA) budget has been prepared based on robust estimates and adequate reserves for next financial year. The HRA Business Plan presents a balanced position over the next 30 years, which is an essential framework in safeguarding the HRA from on-going pressures. Balancing the HRA budget has become more challenging due to the turbulent macro-economic environment, changing legislative requirements, government restrictions on the council's ability to increase rents, and the growing demand for increasingly costly resources. This has resulted in the proposed reduced investment in Major Works improvements to existing council dwellings from 2024/25, which is a risk to the Decent Homes commitment, as we balance corporate priorities by subsidising New Build schemes with external borrowing. The medium-term impact of these risks is under continual review. Measures to bridge the investment gap are being considered through quarterly budget monitoring and financial challenge. Understanding the changing economic and service-specific environments, adopting best practice, and lobbying central government on key issues are essential in maintaining a balanced and viable HRA Business Plan in future.

1.229. It is concluded that the estimates are sufficiently robust for the purposes of the calculation and setting of the 2024/25 budget and to ensure the adequacy of the proposed financial balances and reserves in 2024/25. It should be highlighted, as stated in this report, that recent years' budgets have made provision of £4m annually to be transferred to GF earmarked reserves. Due to the significant expenditure pressures and income shortfalls encountered in setting a balanced 2024/25 budget, this has been removed for one year. As a result, it is forecast that earmarked reserves will fall further in 2024/25 than they otherwise would have. In addition, there is a real risk of spending pressures coupled with real-terms government funding cuts over the medium term causing a further, significant depletion of reserves. This trend will need to be reversed, with a commitment from all stakeholders to agree to a course of action in the 2025/26 and medium-term budget setting process. This will be necessary for the council to remain on a sound financial footing going forward.

Comments of the Monitoring Officer

1.230. Local authorities are under an explicit statutory duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report sets out the basis upon which a recommendation will be made for the adoption of a lawful budget and the basis for the level of the council tax for 2024/25. s25 Local Government Act 2003 sets a specific duty on an Authority's Chief Financial Officer to make a report to the authority for it to take into account when it is considering its budget and funding for the forthcoming year. This report outlines the council's current and anticipated financial circumstances, including matters relating to the GF budget and MTFS, the HRA, the capital programme and borrowing and expenditure control.

1.231. Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. There is an ongoing need to prepare for contingencies including maintaining sound risk management and level of reserves which enables the authority to be prepared to deal with risks, contingencies, and its future strategic vision.

1.232. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The setting of the budget and council tax by Members involves their consideration of choices through the provision of adequate evidence on which to base their decisions on the level and quality at which services should be provided. No genuine and reasonable options should be dismissed without robust consideration and Members must consider their fiduciary duty to the council taxpayers of Islington.

1.233. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, with consideration of the Equality Act 2010 and the Public Sector equality duty.

1.234. All decisions must be lawfully exercised, and the council must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.

1.235. Under the constitutional arrangements, the setting of the council budget is a matter for the council, having considered recommendations made by the Executive. Before the final recommendations are made to the council, the Policy and Performance Scrutiny Committee must have been given the opportunity to scrutinise these proposals and the Executive should take into account its comments when making those recommendations.

Environmental Implications and Contribution to Achieving a Net Zero Carbon (NZC) Islington by 2030

1.236. The council's budget can influence the behaviour of residents and businesses which can result in both positive and negative environmental implications. The budget proposals and MTFS affects various services across the council and have been developed in line with our new Islington Together 2030 Plan to create a more equal future for our borough in tandem with Vision 2030 - Building a Net Zero Carbon Islington by 2030.

1.237. For 2024/25 the Climate Action Team worked with officers from Finance to complete a new qualitative assessment of the NZC Impact of each new saving proposal from 'Very Positive' to 'Very Negative'. A number of proposals for Parking are expected to have a 'Very Positive' NZC Impact and should increase levels of active travel and/or use of public transport. Only one proposal could have a marginally 'Negative' NZC Impact (new green garden waste collection subscription charge further to the Executive decision taken on 11 January 2024) as residents may send more green waste to landfill. These assessments help to ensure both members and officers consider the environmental implications of their decision making.

1.238. For 2025/26 the council endeavours to complete a quantitative assessment of the capital programme (see Climate Action section) which will incorporate estimates of annual and lifetime greenhouse gas emissions (tCO2e) savings.

1.239. Services were also asked to consider environmental implications on all GF fees and charges. These were included in a report to the Executive dated 30 November 2023 and all the proposed fees and charges were approved by the Executive.

1.240. The council's budget proposes continued investment in the Climate Action Team and the capital programme as part of its Greener, Healthier Islington Mission.

1.241. The council is committed to considering the environmental impact of all its decision making to align with our climate action commitments and improve our resilience to the impacts of climate change.

Equalities Impact Assessment

1.242. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

1.243. After more than a decade of significant budget savings, it is difficult to make new savings without any impact on residents. There will inevitably be some impact on particular groups, including those with protected characteristics as defined by the Equality Act. The council is not legally obligated to reject savings with negative impacts on any particular groups but must consider carefully and with rigour the impact of its proposals on the Public Sector Equality Duty, take a reasonable and proportionate view about the overall impact on particular groups and seek to mitigate negative impacts where possible.

1.244. The cumulative EQIA assessment of the budget proposals was completed on 9 November 2023. The main findings are that there is a potential neutral impact as a result of the budget proposals. The cumulative EQIA is set out at **Appendix G**. It is supplemented at a departmental level by detailed EQIAs of major proposals. These demonstrate that the council has met its duties under the Equality Act 2010 and has taken account of its duties under the Child Poverty Act 2010.

Budget Consultation

1.245. Section 65 of the Local Government Finance Act 1992 requires the council each financial year to consult persons or bodies representative of business ratepayers about expenditure proposals.

1.246. The council must make available the information described in the Non-Domestic Ratepayers (Consultation) Regulations 1992/3171, including:

- Details of proposals for expenditure in the financial year to which the consultation relates.
- Estimates of expenditure in the preceding financing year.
- Particulars of significant changes in the level of proposed expenditure between the two years.

1.247. The council invited comments from residents, business rates payers and representatives of business rates payers in Islington on the draft 2024/25 budget proposals set out in this report. The consultation period ran 21 days from 4 January 2024 to 24 January 2024.

1.248. In total, there were 15 responses received. These responses were split between residents (14) and 'Other' (1) with no specific responses from business ratepayers/representative.

1.249. A series of questions were surveyed as illustrated in the table below. The results demonstrate that the is some support for our budget proposals in 2024/25 including the option to increase council tax.

Question	Response Option	Total Responses
To what extent do you agree or disagree with our proposed budget for 2024/25?	Agree	6
	Disagree	4
	Neither Agree or Disagree	5
Do you support our proposal to increase core council tax in line with the maximum amount permitted by central government to help protect council services?	Agree	7
	Disagree	3
	Neither Agree or Disagree	5
Do you support our proposal to increase the adult social care precept element of council tax in line with the maximum amount permitted by central government to mitigate the impact of the national adult social care funding crisis?	Agree	10
	Disagree	4
	Neither Agree or Disagree	1

1.250. A number of further comments were received on the budget which have been reviewed and considered as part of the final budget papers for 2024/25 and will be considered throughout future Budget Setting processes.

Retail Relief Policy

1.251. In the 2018 Budget, the Government introduced a new relief scheme for retail properties and these 'retail relief' schemes have existed, albeit with some variations, since the 2019/20 financial year. **Appendix H** addresses the need to adopt the government's scheme variation, for the financial year 2024/25. The adoption of the local policy described in Appendix H is recommended, which will award Retail Relief in accordance with the Discretionary Rate Relief powers as contained within Section 47 of the Local Government Finance Act 1988 (as amended), for the year 2024/25. The Islington Retail Relief Scheme proposed reflects the Government's guidance.

Annual Pay Policy Statement

1.252. Section 38 of the Localism Act 2011 requires local authorities to publish an annual 'Pay Policy Statement', setting out their policies in respect of chief officer remuneration and other specified matters. Regard must be had to guidance to be published by the Secretary of State in preparing the statement, which must be approved by Full Council. The council is then constrained by its pay policy statement when making determinations on chief officer pay, although the statement may be amended at any time by a further resolution of Full Council. The council's Annual Pay Policy Statement for 2024/25 is provided at **Appendix I.**

Appendices

Appendix A: General Fund Medium-Term Financial Strategy 2024/25 to 2026/27

Appendix B: General Fund Proposed Savings 2024/25 to 2026/27

Appendix C: Earmarked Reserves Balances

Appendix D1: HRA MTFS 2024/25 to 2026/27

Appendix D2: HRA Fees and Charges 2024/25

Appendix D3: HRA Proposed Savings 2024/25 to 2026/27

Appendix D4: HRA Business Plan

Appendix E1: CIPFA Financial Management Code Compliance Assessment

Appendix E2: Balance Sheet Analysis

Appendix F1: Capital Programme 2024/25 to 2033/34

Appendix F2: Capital Strategy 2024/25

Appendix F3: Investment Strategy 2024/25

Appendix F4: Treasury Management Strategy 2024/25

Appendix F5: MRP Policy Statement 2024/25

Appendix F6: Flexible Use of Capital Receipts Policy 2024/25

Appendix F7: Capital Budget Changes from Previous Position

Appendix G: Budget Cumulative Equality Impact Assessment 2024/25

Appendix H: Retail Relief Policy 2024/25

Appendix I: Annual Pay Policy Statement 2024/25

Background papers: None

Signed by:		20 February 2024
	Executive Member for Finance, Planning and Performance	Date

Responsible Officers:

Dave Hodgkinson, Corporate Director of Resources (Section 151 Officer)

Paul Clarke, Director of Finance

Report Author and Financial Implications Authors:

Martin Houston, Assistant Director – Corporate Finance

Tony Watts, Strategic Finance Manager – MTFS

Lucy Farmer, Finance Manager – MTFS

Environmental Implications Author: Owen Darracott, Strategic Finance Manager

Monitoring Officer: Alison Stuart, Director of Law and Governance (Monitoring Officer)

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Appendix A: Medium-Term Financial Strategy 2024/25 to 2026/27

	2023/24	2024/25					2025/26				2026/27			
	Budget	Virements/ Structrual Adjs	Inflation/ Demography	Adjustments/ Growth	Savings	**Budget**	Inflation/ Demography	Adjustments/ Growth	Savings	**Estimate**	Inflation/ Demography	Adjustments/ Growth	Savings	**Estimate**
	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	**£m**	£m	£m	£m	**£m**
Adult Social Care	**52.232**	8.143	10.335	(11.678)	(1.965)	**57.067**	5.609	(0.300)	(1.601)	**60.775**	4.573	(0.600)	0.000	**64.748**
Chief Executive's Directorate	**1.327**	(1.275)	0.000	0.000	0.000	**0.052**	0.000	0.000	0.000	**0.052**	0.000	0.000	0.000	**0.052**
Children and Young People	**87.594**	(7.809)	2.551	0.095	(0.577)	**81.854**	0.840	(0.492)	(0.212)	**81.990**	0.409	(0.393)	(0.165)	**81.841**
Community Engagement and Wellbeing	**8.563**	5.757	0.000	0.539	(0.999)	**13.860**	0.000	0.000	(0.953)	**12.907**	0.000	0.000	(0.088)	**12.819**
Community Wealth Building	**21.312**	(2.379)	0.000	0.185	(1.463)	**17.655**	0.000	0.000	(0.469)	**17.186**	0.000	0.000	0.000	**17.186**
Environment and Climate Change	**0.496**	(12.850)	1.382	3.897	(2.967)	**(10.042)**	0.500	(0.290)	(0.588)	**(10.420)**	0.500	0.250	(0.081)	**(9.751)**
Homes & Neighbourhoods	**7.888**	4.750	1.312	(0.182)	(0.687)	**13.081**	0.000	0.000	(0.511)	**12.570**	0.000	0.000	0.000	**12.570**
Public Health (net nil as wholly grant funded)	**0.000**	0.000	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Resources	**35.146**	(0.414)	0.658	(0.271)	(2.112)	**33.007**	0.000	(0.075)	(1.063)	**31.869**	0.000	(0.150)	(1.270)	**30.449**
Central Costs	**29.944**	6.077	17.619	(0.468)	0.000	**53.172**	25.222	1.849	(0.060)	**80.182**	23.794	0.905	0.000	**104.881**
NET COST OF SERVICES	**244.503**	**0.000**	**33.857**	**(7.884)**	**(10.770)**	**259.705**	**32.171**	**0.691**	**(5.457)**	**287.110**	**29.276**	**0.012**	**(1.604)**	**314.794**
General Contingency	**5.000**					**5.000**				**5.000**				**5.000**
Inflation, Energy and Demand Contingency	**5.000**			(1.404)		**3.596**		1.404		**5.000**				**5.000**
Transfer to/(from) Earmarked Reserves	**13.518**			(5.866)		**7.652**		(0.839)		**6.813**				**6.813**
Transfer to/(from) General Balances	**0.000**					**0.000**				**0.000**				**0.000**
New Homes Bonus Grant	**(0.082)**			(0.615)		**(0.697)**		0.697		**0.000**				**0.000**
Services Grant	**(3.448)**			2.853		**(0.595)**		0.595		**0.000**				**0.000**
NET BUDGET REQUIREMENT	**264.491**	**0.000**	**33.857**	**(12.916)**	**(10.770)**	**274.661**	**32.171**	**2.548**	**(5.457)**	**303.923**	**29.276**	**0.012**	**(1.604)**	**331.607**
Revenue Support Grant	**(28.523)**			(1.889)		**(30.412)**				**(30.412)**				**(30.412)**
Business Rates Baseline	**(79.160)**			(3.293)		**(82.453)**				**(82.453)**				**(82.453)**
(Top-up)/Tariff	**(9.284)**			(1.352)		**(10.636)**				**(10.636)**				**(10.636)**
SETTLEMENT FUNDING ASSESSMENT	**(116.967)**	**0.000**	**0.000**	**(6.534)**	**0.000**	**(123.501)**	**0.000**	**0.000**	**0.000**	**(123.501)**	**0.000**	**0.000**	**0.000**	**(123.501)**
Additional business rates related income	**(24.770)**			(3.330)		**(28.100)**				**(28.100)**				**(28.100)**
Collection Fund (Surplus)/Deficit:														
- Business Rates	**(6.381)**			(0.806)		**(7.187)**		7.187		**0.000**				**0.000**
- Council Tax	**(3.333)**			5.681		**2.348**		(2.348)		**0.000**				**0.000**
COUNCIL TAX REQUIREMENT	**113.040**	**0.000**	**33.857**	**(17.905)**	**(10.770)**	**118.221**	**32.171**	**7.387**	**(5.457)**	**152.322**	**29.276**	**0.012**	**(1.604)**	**180.006**

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Appendix B: General Fund Proposed Savings 2024/25 - 2026/27

No.	Directorate	Proposal Title	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
1	Adult Social Care	The introduction of a 7 day 'Recovery Model' of home care to reduce the demand for ongoing care services.	0.939	0.563	-	**1.502**
2	Adult Social Care	The introduction of the new in-house re-ablement service will increase available capacity, increase face to face resident contact, increase the potential to maximise more peoples independence through a greater emphasis on strength based practise, reduce care packages and therefore reduce the demand for ongoing care services.	0.356	0.213	-	**0.569**
3	Adult Social Care	Review of Mental Health contracted services to deliver good outcomes for residents and value for money.	0.125	-	-	**0.125**
4	Adult Social Care	Review housing related floating support contract to reduce inefficiencies such as duplication of provision and deliver value for money.	0.120	-	-	**0.120**
5	Adult Social Care	Refresh of older people's day services to provide more choice to residents and therefore reducing the need for homecare during the day.	-	0.100	-	**0.100**
6	Adult Social Care	Review, redesign & re-procurement of Housing Related Support Services	-	0.100	-	**0.100**
7	Adult Social Care	Review, re-design & re-procurement of Mental Health Early Intervention and prevention offer.	0.050	0.150	-	**0.200**
8	Adult Social Care	Review, redesign and re-procurement of the Adult Social Care Wellbeing Service.	0.050	-	-	**0.050**
9	Adult Social Care	Commission fewer beds at Hilldrop Road Care Home	-	0.100	-	**0.100**
10	Adult Social Care	Introduction of charging for use of Assistive Technology	0.125	0.125	-	**0.250**
11	Adult Social Care	Implement eligibility and charging policies for people receiving legacy Supporting People services.	0.200	0.250	-	**0.450**
12	Children and Young People	Pupil Services:1) Elective Home Education - charging of general fund post to the DSG. 2) SEND transport	0.080	-	-	**0.080**
13	Children and Young People	Review of operating model in Children's Services to make efficiency savings by realigning the service to meet service needs at lower cost	0.077	0.027	-	**0.104**
14	Children and Young People	Reduction in scale of the motivational practice model in line with reduction in demand and budget and realignment of model to better reflect need and meet the requirements of the Children's Social Care Review once in force.	0.420	0.020	-	**0.440**
15	Children and Young People	Repurpose school premises houses	-	0.165	0.165	**0.330**
16	Community Engagement & Wellbeing	Redirecting money from commissioning budgets into the new Voluntary & Community Sector (VCS) grants programme to ensure local and more efficient delivery of services through our local VCS organisations	-	0.150	-	**0.150**
17	Community Engagement & Wellbeing	Reduced call volumes	0.330	-	-	**0.330**
18	Community Engagement & Wellbeing	Merging Call Centres	0.434	0.354	-	**0.788**
19	Community Wealth Building	Council Tax Support (CTS) - banded scheme.CTS is currently based on a discount of up to 95% for working age households. The Council proposing moving to a banded scheme for working age households, offering varying levels of discount linked to financial need. This will allow the CTS scheme to be better targeted on households most in need. A banded scheme would also be simpler to administer, generating a cost saving. All changes to CTS require public consultation and Full Council approval.	0.200	-	-	**0.200**
20	Community Wealth Building	New administrative fee for adult social care self-funders who secure social care via the council. Introducing a new charge would require public consultation, so the full year income target would be achieved by 2024/25	0.040	-	-	**0.040**
21	Community Wealth Building	New administrative charge for Appointeeships, where the council manages benefits income on behalf of adult social care users. Introducing a new charge would require public consultation, so the full year income target would be achieved by 2024/25	0.040	-	-	**0.040**
22	Community Wealth Building	The Council is developing its long term approach to flexible and hybrid working - the FutureWork Programme. This work has identified excess office space which will be released to generate both cost savings and additional income, as well as creating opportunities to build new Council homes.	0.793	0.069	-	**0.862**
23	Community Wealth Building	Restructure corporate landlord services	0.375	-	-	**0.375**
24	Community Wealth Building	Additional income from commercial estate	-	0.400	-	**0.400**
31	Community Wealth Building	Increase in statutory Pavement License Fees in line with central government legislation.	0.015	-	-	**0.015**
25	Cross Cutting	Corporate Transformation Review	0.235	0.449	0.088	**0.772**
26	Cross Cutting	Simplifying and automating administrative processes	0.172	0.539	1.270	**1.981**
27	Cross Cutting	Encouraging Apprenticeships	0.290	0.124	-	**0.414**
28	Cross Cutting	Enhanced Business Efficiency and Redundancy Scheme	1.000	-	-	**1.000**
29	Cross Cutting	Challenge Panels and Agency Levy: Reducing Overtime, Additional Payments & Agency Staffing	0.500	-	-	**0.500**
35	Environment and Climate Change	Revise Street Cleansing and Enforcement operations to meet the needs of the borough.	0.379	-	-	**0.379**
36	Environment and Climate Change	Additional enforcement operations to increase the level of littering enforcement and other environmental enforcement.	0.478	-	-	**0.478**
37	Environment and Climate Change	Improve debt recovery of Penalty Charge Notices. This will be achieved by strengthening the debt management function, enabling the council to review debt cases more effectively and efficiently before they are passed to the council's specialist parking debt recovery contractors, reducing council costs.	0.025	0.025	-	**0.050**
38	Environment and Climate Change	Integration of the appeals processing and correspondence staff into the parking services contract, with the saving generated from improved productivity as part of a larger 'back-office' operation and reduced accommodation costs.	0.075	-	-	**0.075**
39	Environment and Climate Change	Accelerated vehicle purchases funded from the existing capital programme to reduce hire/leasing costs charged to the revenue account.	0.140	0.140	-	**0.280**
40	Environment and Climate Change	Implementation of a commercial waste and recycling strategy to increase commercial customers and recycling.	-	0.250	-	**0.250**
41	Environment and Climate Change	Increasing Controlled Parking Zones (CPZ) controllable hours on a Saturday in 11 CPZ areas.	0.120	-	-	**0.120**
42	Environment and Climate Change	Reducing energy consumption and costs in Street lighting by replacement of older technology street lights.	0.010	-	-	**0.010**
43	Environment and Climate Change	Introduce a Green garden waste chargeable service	0.045	0.083	0.081	**0.209**
44	Environment and Climate Change	Environment & Climate Change Business Support	0.500	-	-	**0.500**

45	Environment and Climate Change	Extended Controlled Parking Zone Hours	0.394	-	-	**0.394**
46	Environment and Climate Change	Parking Pay and Display Peak Charging	0.214	-	-	**0.214**
47	Environment and Climate Change	Removal of Evening Pay & Display Concessions for CPZ Zone C	0.035	-	-	**0.035**
48	Environment and Climate Change	Increase Maximum Pay and Display Parking Charges for Electric Vehicles	0.452	-	-	**0.452**
51	Environment and Climate Change	Revised management of Civic Services	0.100	-	-	**0.100**
30	Homes and Neighbourhoods	Align the operations of the out of hours Anti-Social Behaviour service and the commissioned Patrolling and ASB Enforcement service (currently operated by Parkguard) to achieve efficiency savings	0.030	0.040	-	**0.070**
32	Homes and Neighbourhoods	Reconfigure and target the Out of Hours, Anti-Social Behaviour and Noise Service, changing the service timings.	0.100	-	-	**0.100**
33	Homes and Neighbourhoods	Secure additional compliance funding for Town Centre Management arrangements in Nags Head and Archway town centres.	0.050	0.050	-	**0.100**
34	Homes and Neighbourhoods	Improving night-time waste crime enforcement.	0.050	-	-	**0.050**
49	Homes and Neighbourhoods	Temporary Accommodation (TA) a range of measures to be put in place that aim to both reduce the cost of the provision of TA (e.g. by using lower cost	0.407	0.511	-	**0.918**
50	Homes and Neighbourhoods	Income from Selective Licensing scheme	0.050	-	-	**0.050**
52	Public Health	Introduce targeted offer of oral health fluoride varnish within Children's Centres and Primary Schools.	-	0.060		**0.060**
53	Resources	Reduced costs of the Finance service, through the consolidation of systems, improvements in processes and development of staff to deliver a more efficient service.	0.050	0.300	-	**0.350**
54	Resources	Additional Legal income from s.42 Notices (leaseholder lease extensions and other requests), s.106 Agreements (covering development contributions) and Right to Buy applications.	0.050	0.050	-	**0.100**
55	Resources	Reduced costs of the Human Resources service, by improving systems and processes.	0.050	0.050	-	**0.100**
		TOTAL	**10.770**	**5.457**	**1.604**	**17.831**

Appendix C: Earmarked Reserve Balances

Category	Reserve Name	Actual Balance 31/03/2023 £m	2023/24 Movement	Forecast Balance 31/03/2024 £m	2024/25 Movement	Forecast Balance 31/03/2025 £m	2025/26 Movement	Forecast Balance 31/03/2026	2026/27 Movement	Forecast Balance 31/03/2027
Planned Projects	BSF PFI 1 reserve	**4.748**	0.504	**5.252**	0.490	**5.742**	0.000	**5.742**	0.000	**5.742**
Budget Risk	Budget Risk and Insurance	**18.070**	(3.120)	**14.950**	0.000	**14.950**	0.000	**14.950**	0.000	**14.950**
Planned Projects	Budget Strategy	**18.604**	(6.461)	**12.143**	(14.015)	**(1.871)**	11.925	**10.053**	3.500	**13.553**
Budget Risk	Business Continuity	**10.000**	0.000	**10.000**	0.000	**10.000**	0.000	**10.000**	0.000	**10.000**
Planned Projects	Capital Financing	**1.806**	(1.806)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.000	**0.000**
Planned Projects	Care Experience	**18.527**	(2.000)	**16.527**	(6.527)	**10.000**	(10.000)	**0.000**	0.000	**0.000**
Planned Projects	Community Infrastructure Levy	**0.029**	0.000	**0.029**	0.000	**0.029**	0.000	**0.029**	0.000	**0.029**
Budget Risk	Core Funding	**9.781**	7.552	**17.333**	4.839	**22.171**	0.000	**22.171**	0.000	**22.171**
Ringfenced	Dedicated Schools Grant	**5.083**	(0.284)	**4.799**	(1.867)	**2.932**	(4.055)	**(1.123)**	(6.386)	**(7.509)**
Planned Projects	Digital Transformation Projects	**0.000**	0.000	**0.000**	0.000	**0.000**	0.000	**0.000**	0.000	**0.000**
Planned Projects	Islington Assembly Hall Restoration Levy	**0.047**	0.000	**0.047**	0.000	**0.047**	0.000	**0.047**	0.000	**0.047**
Ringfenced	Joint Cemeteries Trading Account	**1.715**	0.000	**1.715**	0.000	**1.715**	0.000	**1.715**	0.000	**1.715**
Planned Projects	Levies	**3.315**	(3.315)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.000	**0.000**
Ringfenced	Pooled Schools Budgets	**1.167**	(0.828)	**0.339**	0.000	**0.339**	0.000	**0.339**	0.000	**0.339**
Ringfenced	Public Health	**1.522**	(0.031)	**1.491**	0.000	**1.491**	0.000	**1.491**	0.000	**1.491**
Ringfenced	Restricted Grants & Contributions	**11.458**	0.000	**11.458**	(2.292)	**9.166**	(2.292)	**6.875**	(2.292)	**4.583**
Ringfenced	Street Markets	**0.201**	0.000	**0.201**	0.000	**0.201**	0.000	**0.201**	0.000	**0.201**
TOTAL EARMARKED RESERVES		**106.073**	**(9.789)**	**96.283**	**(19.372)**	**76.911**	**(4.422)**	**72.489**	**(5.178)**	**67.312**

Below are narrative descriptions for each of the earmarked reserves held in the General Fund:

- Building Schools for the Future (BSF) PFI Smoothing reserve – The annual costs of PFI schemes fluctuate over the lifecycle of the schemes. This reserve helps to smooth the budgetary impact of PFI costs across financial years.
- Budget Risk and Insurance reserve – This reserve is set aside to mitigate budget risks, particularly the impact of delayed savings delivery, and for one-off expenditure commitments that span more than one financial year.
- Budget Strategy reserve – This reserve provides one-off funding for expenditure related to the delivery of the medium-term financial strategy (e.g., transformation projects, one-off growth, redundancy costs).
- Business Continuity – This reserve mitigates the risk of disruption to key council services and systems, including cyber security risks.
- Capital Financing – This reserve helps to smooth the potential budgetary impact in future financial years of an increased revenue cost of financing the capital programme, in the context of rising interest rates and a very uncertain interest rate outlook.
- Care Experience – This reserve provides for the potential direct and indirect costs of the non-recent child abuse support payment scheme.
- Cemeteries reserve – The council operates a shared cemeteries service with the London Borough of Camden, and any surplus at the end of each financial year is carried forward through this reserve.
- Community Infrastructure Levy (CIL) reserve – This reserve is the balance of CIL funding earmarked for administration costs in future financial years.
- Core Funding – This reserve comprises the one-off financial gain from the former London Business Rates Retention Pilot Pool, and up-front government grant income that will fund Collection Fund losses that will come out of future year budgets (due to Collection Fund accounting timing differences). The remaining balance not relating to Collection Fund losses has been set aside for risks around taxation income and government funding streams.
- Dedicated Schools Grant – This reserve is the balance of Dedicated Schools Grant held by the council that will be spent in future financial years.
- Digital Transformation Projects - This reserve holds budget provision for Digital Transformation projects to smooth the impact of expenditure across the Council. There are a variety of digital and technology related projects to enhance and modernise the council's systems and processes planned over the medium term. This is a live reserve with matching transfers to and drawdowns from the reserve.
- Islington Assembly Hall Restoration Levy – This reserve earmarks income from the Islington Assembly Hall Restoration Levy on events ticket sales towards funding restoration works in future financial years.
- Levies – This reserve holds funds as a result of the North London Waste Authority rebate and mitigates the significant uncertainty around levies estimates over the medium term, particularly concessionary fares, and the North London Waste Authority levy.
- Pooled Schools Budgets – This reserve holds the unspent balance of pooled schools' budgets that will be spent in future financial years.

- Public Health – This reserve is the balance of ring-fenced public health grant funding carried forward to spend in future financial years.
- Restricted Grants and Contributions - This reserve will hold income received that is earmarked for a specific purpose where other accounting treatment is not appropriate.
- Street Markets – The council operates three street markets at Chapel Market, Whitecross Street and Exmouth Market. Under laws governing the operation of these markets, any surplus at the end of each financial year is carried forward through this reserve for the future costs of operating the markets.

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Appendix D1: HRA MTFS 2023/24 to 2026/27

	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Indicative Estimate £m	2026/27 Indicative Estimate £m
HRA INCOME				
Tenant Rents	181.341	208.372	214.623	221.062
Tenant Service Charges	23.270	23.013	23.446	23.942
Sub-Total Income from Dwellings	**204.611**	**231.385**	**238.069**	**245.004**
Commercial Income	1.384	1.015	1.310	1.310
Heating Charges (Tenants & Leaseholders)	4.584	3.574	3.574	3.574
Sub-Total Other Income	**5.968**	**4.589**	**4.884**	**4.884**
Leaseholder Annual Service Charges	15.542	18.614	18.985	19.362
Leaseholder Major Works Charges	3.500	3.500	3.500	3.500
Sub-Total Leaseholder Charges	**19.042**	**22.114**	**22.485**	**22.862**
Other Charges for Services & Other Income	2.764	2.907	2.953	2.999
PFI - Government Subsidy	6.140	6.140	6.140	6.140
Interest Receivable	0.643	2.261	1.435	1.800
Transfer from the General Fund for Shared Services	0.816	0.816	0.816	0.816
Gross Income	**239.984**	**270.212**	**276.782**	**284.505**
HRA EXPENDITURE				
General Management	63.751	86.062	92.937	96.894
Special Services	33.309	31.286	32.225	33.191
PFI Payments	14.598	15.120	15.573	16.041
Repairs & Maintenance	45.115	48.789	49.603	49.951
Rent, Rates & Other Charges	1.024	1.024	1.054	1.086
Sub-Total	**157.797**	**182.281**	**191.392**	**197.163**
Interest Charges on Borrowing	17.932	24.269	28.137	30.218
Revenue Contributions to fund Capital Expenditure	15.215	8.050	0.000	0.000
Depreciation - Contribution to the Major Repairs Reserve to fund the Major Works Capital Prog.	35.511	36.138	36.854	37.585
Sub-Total Capital Financing Costs	**68.658**	**68.457**	**64.991**	**67.803**
Increase in Bad Debt Provision	3.247	2.250	2.250	2.250
Contingency	7.962	7.824	6.949	7.008
Contribution to Reserves	2.320	9.400	11.200	10.281
Gross Expenditure	**239.984**	**270.212**	**276.782**	**284.505**
NET	**0.000**	**0.000**	**0.000**	**0.000**
RESERVES				
Opening Balance	**49.945**	**63.217**	**65.035**	**84.056**
Movement in the Major Repairs Reserve	10.952	(7.582)	7.821	5.259
Movement in Risk Equalisation Reserve	2.320	9.400	11.200	10.281
Closing Balance	**63.217**	**65.035**	**84.056**	**99.596**

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Appendix D2: HRA Fees and Charges 2024/25

Tenant Service Charges and Digital TV Charges

	Proposed weekly charge or compensation sum
Caretaking and Cleaning	£12.93
Estate Services (estate lighting, communal estate repairs and grounds maintenance)	£ 6.38
Tenant Service Charge	**£19.31**
Digital TV (maintenance only)	£0.22
Compensation for loss of caretaking service	£3.41 per day (after 5 consecutive days of lost service)

Note: The weekly tenant service charge for caretaking and estate services reduces by £0.84 (-4.2%) per week from £20.15 per week to £19.31 per week.

The overall Tenant Service Charge reduction of £0.84 per week (-4.2%) primarily relates to a reduction in electricity prices partially offset by an increase in staffing costs as compared to 2023/24.

Caretaking compensation has increased in line with caretaking charges.

Digital TV maintenance only have remained unchanged at 22p per week.

Heating and Hot Water Charges

	Bedsit Weekly Charge £	**1-Bed Weekly Charge £**	**2-Bed Weekly Charge £**	**3-Bed Weekly Charge £**	**4-Bed Weekly Charge £**
General:					
Heating and Hot Water	12.87	14.25	16.90	19.88	22.52
Heating Only (60% of Full Charge)	7.72	8.55	10.14	11.93	13.51
Heating Only (60% of Full Charge + 15%) All Year heating (Braithwaite)			11.66		
Bunhill Energy Network Heat & Hot Water (St Luke's, Stafford Cripps, Redbrick & Kings SQ. excl. Turnpike House)	11.59	12.82	15.21	17.89	20.27
Bunhill Energy Network Heating Only (60% of Full Charge) (Turnpike House Kings SQ.)	6.95	7.69	9.13		

Compensation has been frozen at 2023/24 levels (after 5 consecutive days or more of lost service, backdated to the start of the heating loss period):
Heating and Hot Water £16.97 per day
Heating only £15.82 per day
Hot Water only £2.06 per day

Note: Underlying gas prices are forecast to reduce in 2024/25, together with a forecast reduction in consumption, as such weekly heating charges have been reduced by 41% as compared to 2023/24 charges. For example, the charge to tenants in a 2-bed property receiving heating and hot water will see their weekly charge reduce from £28.63 per week in 2023/24 to £16.90 per week.

Estate Parking Charges

	Emission Bands and Charges			
Carbon Emission and Engine Size	Band A	Band B	Band C	Band D
Carbon CO2 Rating G/km (Grams per kilometre)	0-120	121-150	151-185	186+
Engine Size CC (Cylinder Capacity)	Up to 1100	1101-1399	1400-1850	1851+
	Weekly Charge £	**Weekly Charge £**	**Weekly Charge £**	**Weekly Charge £**
Rent & Service Charge Payers:				
- Garage	11.93	23.86	23.86	26.25
- Car Cage	5.58	11.16	11.16	12.27
- Parking Space	3.05	6.08	6.08	6.69
- Integral Garage	8.23	16.44	16.44	18.09
Non-Rent & Service Charge Payers:				
- Garage	26.82	53.56	53.56	58.89
- Car Cage	12.57	25.04	25.04	27.55
- Parking Space	7.37	15.70	15.70	21.60
				£
Garages Used for Non-Vehicle Storage – Rent & Service Charge Payers				26.25
Garages Used for Non-Vehicle Storage – Non-Rent & Non-Service Charge Payers				54.61
Diesel Surcharge - applies to both Rent/Serv. Charge Payers & Non- Rent/Serv. Charge Payers in respect of all parking facilities				170.00 per Year or 3.21 per Week
A 50% or 100% discount is offered on all vehicle parking charges to Islington Council residents that hold a disability parking blue badge issued by either Islington Council or another Local Authority.				
VAT will be added to the above charges where applicable.				
Note: **Vehicle charges** All vehicle charges increase by 6.7% in line Sept.23 CPI. For example, the charge to an LBI Tenant or Leaseholder for a garage with a band B vehicle increases by £1.49 per week from £22.37 to £23.86 per week. Electric Car users: Rent & Service Charge payers will continue to have free access to all council estate parking facilities and Non-Rent & Service payers will continue to be charged at Band A rates.				

Concierge Service Charges

	Weekly Charge £
Category A (Concierge Office in Block)	19.45
Category B (Concierge Office in Estate)	14.60
Category C (Concierge Office – Remote multiple cameras)	8.77

Category D (Concierge Office – Remote a small number of cameras)	2.75
Note: The weekly tenant charges have increased by 6.3%. Concierge costs are primarily linked to staffing as such the increase reflects the latest 2023/24 pay award and the estimated 2024/25 pay award. For example, the charge to tenants who receive a Category B service increases by £0.86 per week from £13.74 to £14.60 per week.	

Parking Charges

Penalty Charge Notices issued on-street and on some council estates (where Traffic Management Orders have been introduced) - the Council charges between £80 and £130 depending on the seriousness of the offence (discounts apply if paid within 14 days)

Storage Units

	Weekly Charge £
Rent & Service Charge Payers	2.13
Non-Rent & Service Charge Payers	4.29
Note: Charges increase by 6.7% in line with Sept. 23 CPI. The charge to Rent & Service Charge Payers has increased by 13p from £2.00 to £2.13 per week and that for Non-Rent & Service Charge Payers has increased by 27p from £4.02 to £4.29 per week.	

Floor Coverings (including underlay, carpets & fitting):

Covering the Bedroom(s), Front Room, Hallway & Staircase

2024/25 charges to tenants commencing the scheme WEF 2017/18 reflects a more robust/substantial underlay. Increased in line with the latest negotiated contract price plus 2%		
No of Beds	**2024/25 Charge £**	**Weekly Charge to Tenants over 5 years £**
1	788	3.03
2	1,154	4.44
3	1,518	5.84
4	1,821	7.00

Home Ownership Unit Charges:

Fees increase by 6.7% in line with Sept.23 CPI

1. **Lease Holder Fees in respect of Structural Alterations & Additions:**

		Home Ownership Fees 2024/25	Technical Property Services Fees 2024/25
a	Minor alterations (e.g.: flues, extractor fans)	£105 – letter of consent	None
b	Deed of variation for windows	£291	None
c	Minor structural alterations	£105	£234
d	Major structural alterations (e.g. roofs, conservatories)	£127	£234 – technical inspections £70 per hour if additional technical work required
e	Retrospective consent	a/b/c/d +£368	£469 – technical inspections £70 per hour if additional technical work required
f	Re-drawing lease plans	£62	£532
g	Purchase of land/space e.g. garden/loft/basement	£130	£703 and any additional inspections £70 per hour, £587 valuation fee

2. **Lease Holder Miscellaneous Fees:**

		Home Ownership Fees 2024/25
a	Sub-let Registration	£50
b	Assignment pack	£227 L/Holder £98 F/Holder
c	Re-mortgage pack	£162 L/Holder £83 F/Holder
d	S146 costs	£328
e	Copy of lease	£32
f	Letter of Satisfaction	£65
g	Copy of service charge invoice	£32
h	Breakdown of charges for a previous year	£32
i	Notice of assignment or charge	£80
j	Combined notice of assignment and charge	£160
k	Removal of Land Registry charge	£134
l	Details of planned major works	£64
m	Postponement charge	£255
n	Major works extended payment plan – legal charge	£255
o	Removal of Land Registry charge for major works extended payment plan	£134
p	Letter before legal action	£48

Appendix D3: HRA Savings Proposals 2024/25

Option Title	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Commercial letting of storage space in disused car park	-	0.295	-	**0.295**
Staffing review of the Housing Strategic Business Planning and Investment team and the Integrated Services team	0.053	-	0.038	**0.091**
Insource more voids work - thereby reducing more expensive contractor costs	-	0.400	-	**0.400**
Remodelling of the Repairs and Maintenance fleet strategy	-	-	0.320	**0.320**
Completed multi-skills training program completed – budget no longer required	0.260	-	-	**0.260**
Driving efficiencies into the housing procurement process where synergies between housing & corporate contracts can be identified	0.050	0.050	0.100	**0.200**
Diversify funding and provision of apprenticeships	-	0.100	-	**0.100**
Staffing review of the Homes and Neighbourhoods management team	-	-	0.080	**0.080**
Review Floating Housing Related Support contract	0.120	-	-	**0.120**
Review of the Repairs and Maintenance team hand tools procurement strategy	-	-	0.600	**0.600**
Following the return to the Council of the PFI2 stock a review/re-assessment of the budget provision required in respect of the repairs service indicates that the service can be provided at a lower cost than initially anticipated	0.800	-	-	**0.800**
Staffing review of the Repairs Service	0.100	0.100	0.120	**0.320**
Budget realignment relating to service support recharges	0.060	-	-	**0.060**
Total HRA Savings	**1.443**	**0.945**	**1.258**	**3.646**

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Appendix D4

Housing Business Plan: providing the residents of Islington with a safe, decent affordable place to call home

1. Executive summary

Islington Council's Housing Business Plan, relating to the ringfenced Housing Revenue Account or HRA, sets out the long-term financial forecast of how Homes and Neighbourhoods manage, maintain and invest in council homes for our tenants and leaseholders and deliver the council's mission to provide everyone with a safe, decent and genuinely affordable place to call home.

Over the 30-year lifetime of the Business Plan we will invest £2.9billion in existing council homes to keep our residents safe and ensure our buildings adhere to regulations regarding fire safety, gas servicing, electrical and water systems testing programmes. We do this alongside investing in and improving council owned homes for current and future residents and providing new council homes to increase supply towards the demand on our waiting list.

In addition to the capital programme the council operates an in-house repair service for repairs inside tenant's homes and communal areas of the estates. The cost of this service is £48 million annually or £2.5billion over the life of the Business Plan.

The Business Plan for 2024/25 is currently balanced. However, the capacity that the council has had to invest in our stock has been eroded by government controls on rent setting, taking £1.7 billion out of our Business Plan in recent years. This has severely affected our ability to meet the growing pressures on investment, such as fire safety, increased focus on resolving damp and mould and energy efficiency. Additionally, a mixture of revenue and capital pressures on our Business Plan mean that there is a significant shortfall between our desired level of sound investment and the resources available with a deficit in excess of £1.8 billion having crystalised.

The legislative changes to requirements for building and fire safety in tall buildings and the need to invest in homes to make them more energy efficient and meet relevant energy rating means there is an increased need for investment resources to meet these challenges. Meeting enhanced safety standards and energy efficiency requirements will increase the financial challenge of providing services on a tight budget. The known gap in the resources we need means that we must ensure that we drive value out of past investment, stretching our asset lives through repairs, until they are close to failure or have failed, before renewal. This means we can make the most of the limited funds available to invest in homes.

To ensure we can meet the expectations and needs of our residents, our own aspirations and the expectations of the Social Housing Regulator, we will continue to highlight these pressures to the government and articulate the need for long term commitment from them to adequately fund social housing. The council will continue with our approach of investing in homes using the resources available within the HRA, once the provision of essential services has been funded. The council recognises the impact that our large housing stock has on borough-wide carbon emissions and is ambitious to make significant progress towards carbon reduction and strides forward in low carbon technologies by 2030 through our Net Zero Carbon strategy. Social landlords are expected to improve the energy efficiency of our tenanted homes to a minimum of SAP band "C" by 2030. However, available resources for investment are scarce and the government has not provided funding solutions for landlords to push forward with these ambitions at the desired pace.

There are a number of significant additional pressures on our plan which are not currently accounted for, including the growing pressure on our responsive repairs service, in our attempt to tackle damp and mould proactively and at pace. Viability challenges with many of the new build schemes and rising cost have constricted our development focus and continuing with progressed schemes has had to be funded from resources within the HRA, rather than scheme being self-financing.

Housing management services and responsive maintenance services are some of the most important services to our residents, making sure homes, blocks and estates are repaired and cleaned, tenancies are managed, vulnerable residents supported and anti-social behaviour is tackled.

The document covers the full 30-year Business Plan period, so it includes references to known and accounted for pressures but also include emerging pressures that are still crystalising and therefore are not currently accommodated within the Business Plan and will be part of our next review.

HRA B.Plan INCOME over 30 Years

Rents	SC's Tenants & LeaseHolders+ Other Income	Interest Earned on HRA Balances	Reduction in Reserves by YR30	TOTAL
£Ms	£Ms	£Ms	£Ms	£Ms
£8,046.0	£2,695.7	£75.0	£4.7	£10,821.4
74.4%	24.9%	0.7%	0.0%	100.0%

Fig 1.

HRA B.Plan EXPENDITURE over 30 Years

H.Management	Mandatory Contributions to the Major Repairs Reserve to fund Major Works	Revenue "Top Up" contributions from the HRA to fund Major Works	Repairs	Other Exp. (ADJ's to B.Plan)	Borrowing Costs (Interest Charges)	TOTAL
£Ms	£Ms	£Ms	£Ms	£Ms	£Ms	£Ms
£4,556.1	£1,925.1	£800.9	£2,459.9	£219.8	£859.7	£10,821.4
42.1%	17.8%	7.4%	22.7%	2.0%	7.9%	100.0%

Fig 2.

The Housing Business Plan provides long term financial forecasts of the effects of the council's spending, investment and rent-setting decisions, based on current income, expenditure and investment expectations. It is a key tool for funding and balancing the key priorities of the council and its residents.

We have increased borrowing in this period to increase the supply of temporary accommodation for homeless households, refugees and care leavers.

2. Introduction

Islington Council is committed to creating a more equal future by 2030, through its five missions of a Child-friendly Islington, a Fairer Islington, a Safe Place to Call Home, Community Wealth Building and a Greener, Healthier Islington. The Council's Housing Business Plan is key to the delivery of a number of these commitments but especially the mission to provide everyone with a safe, decent and genuinely affordable place to call home. The council's Housing Strategy sets out how we are working to deliver this mission through five priorities:

- Build new council homes – increase supply of genuinely affordable, low carbon homes in Islington
- Maintain council homes well – providing safe, energy efficient and comfortable homes and estates
- Support residents to live well in their homes and communities
- Prevent homelessness and support rough sleepers
- Standing up for private renters

The HRA Business Plan provides long-term financial forecasts of the effects of the council's spending, investment and rent-setting decisions, based on current income, expenditure and investment expectations. The Housing Business Plan together with the Medium-Term Financial Strategy (MTFS) and annual Housing Budget provide the tools for setting out our short-, medium- and long-term housing finances.

The Council, through its ringfenced HRA is accountable to tenants, residents and the government for funding the management, maintenance, and long-term investment needs of its housing stock, including ambitious energy efficiency and carbon reduction targets; delivering new social and affordable rented housing; and financing housing debt.

Several key variables influence the performance of our HRA which include government policy, welfare reform and the financial markets. The current UK and international financial climate have had, and will continue to have, a significant impact on the council's housing Business Plan for the foreseeable future. Higher levels of inflation, increased borrowing costs, the fluctuating energy market and enhanced regulation around building safety and carbon reduction have large financial implications for the council. At the same time, the income that the HRA receives has been impacted by government policy which imposed restrictions on rent levels and is compounded by the ongoing financial pressures for individual residents, affected by welfare reform and the on-going cost of living crisis.

3. The homes we manage

Islington's housing stock is made up of a variety of styles and types of housing ranging from an unusually large stock of Victorian, Edwardian and Georgian street properties to large post war housing estates and new build homes. We manage over 25,000 tenanted and 10,700 leasehold properties and estimate that approximately 40% of these are sublet. The council's Private Finance Initiative (PFI) partner, Partners for Improvement in Islington (Partners) manage over 2,300 tenanted and leasehold properties and a further 3,100 properties are co-managed by Tenant Management Organisations.

We also have an active programme of property acquisition which we are using to provide in-house good quality temporary accommodation to house homeless households in the borough.

TENANTED STOCK Type	NO's
G.Needs	19913
PFI1 (managed by Partners for Improvement)	1635
TA (RCs + GNTAs)	324
Property Acquisitions for TA & Ukranian & Afghan Refugees	449
NEW BUILD	545
Ex. PFI2 (now managed in-house)	2756
SO's	93
TOTAL	**25715**
Property Acquisitions for TA & Refugees in progress	310
NEW BUILD SRs Schemes in Progress	196
NEW BUILD SRs Future Schemes-Bemerton/Vorley&FLC	180

Fig. 3

4. Investing in your homes and delivering landlord services

4.1 How we match our resources with investment needs

An assessment has been carried out of the two models of investment in our housing stock to determine the extent of the emerging gap between investment need and available resources. These two models are:

1. Traditional model of investment (£3.4b excluding inflation). This approach represents a decent level of investment in our residential stock, keeping it in a reasonable condition over the 30-year landscape and making sensible investment decision, to stretch the benefits we can get from our major assets throughout the life of the plan. This is the minimum level of investment we would want to be making in our stock to be a good landlord. Although this would represent a good investment in our existing stock, it completed focuses on investment in residential stock, because of the lack of resource for delivery of investment and excludes investment in new installations and other assets.

2. Replacement of life expired components (£2.5b excluding inflation). This model includes disinvestment in our stock) - This approach represents a decent level of investment in our residential stock, keeping it in a reasonable condition over the 30-year landscape and making sensible investment decision, to stretch the benefits we can get from our major assets throughout the life of the plan.

The resources we have available do not match to either of these levels of investment in our council homes because the income available to the council is significantly constrained and controlled by the government through the control of rent increases, preventing landlords from setting rents at a level that represents a sustainable level of investment in homes. The budget available for investment, once day-to-day maintenance and housing management and their associated costs have been funded provides investment resources of £1.6b (excluding inflation), which is not sufficient to maintain council homes over the 30-year landscape of this Business Plan. Throughout this document we refer to this model of investment as the Budget Limited model.

The table below at fig. 4 sets out an overview of key features of each model focusing on key areas of investment and compliancy with the required standards and how they would be delivered. Appendix A – sets out more detailed description of each investment approach – exemplifying the impact on residents, the condition of our housing estates and street properties and impacts on the council's reputation as a landlord.

3. Budget Limited (£1.6b excluding inflation)**.** Effectively this option is funding the best investment programme we can manage with the balance of resources available after funding our revenue services. This is a continuation of the practice that has been in place for some time, of investing at a level that is affordable once other landlord obligations have been met. The levels of investment per year are similar to previous years, but the gap between what is required to meet our investment needs is growing, as a result of both increased requirements to invest in areas like building safety and previous investment in major component, such as roofs and windows, coming to the point of requiring reinvestment. The available budget represents less than half of the resources we require for a good investment. Our ability to comply with the required standards of the Social Housing Regulator and legal requirements will be significantly impacted and increasing over time.

This model is used within this Business Plan in order to balance our resources over the 30-years. However, it will not be sustainable over that period, and is likely to become unsustainable within a 10-to-15-year landscape. Therefore, the council will need to join with other council landlords to express to the government, the urgent need for this underfunding to be address by them through the rent settlement. Based on current conditions it has been calculated that a rent settlement across the next 30 years of CPI +3% for the first 9 years (between 2024-25 – 2032-33) and CPI +2% thereafter would enable the council to fund the traditional investment model.

The budget limited approach will be pursued over the next two years, whilst council landlords seek to gain traction with government about this issue, vital for the maintenance of levels of social housing across the nation.

Over the next three years, works commissioned will need to be limited to the available £159.6m budget and will therefore be prioritised to essential building safety works, key asset maintenance and essential services investment. Based on current calculations, we will be disinvesting in council homes annually by on average £61m per year (based on the Traditional Investment Model).

Sustained over a longer period, this approach will lead to deterioration in the condition of council homes. Ultimately, this investment approach is not sustainable over the life of the Business Plan and is likely to become unstainable within the next 10-15 depending on the life spans of component and the volumes in which they will begin to fail within that period, e.g. failure points of roofs and windows.

Building safety will always be our priority for investment and resources available should be sufficient to cover our legal obligations. The gap between what we have to invest and what we need will grow if further emerging pressures materialise. It will also mean that we are more likely to see components fail and are unable to address repairs in a timely way and not to meet some of our legal obligations.

This approach if pursued over the next 10 years will result in greater, more noticeable deterioration in the quality of our stock due to components failing and homes failing to be wind and weather tight. This level of available investment will have to lead to more works being commissioned as standalone projects, despite other areas of work becoming due and advisable to a blocks being worked on leading to poor value for money being achieved from projects and access equipment, as a result of the need to balance compliance and service supply risks.

Our obligations to invest in leasehold homes under our Right to Buy leases are quite onerous and investment either under the budget limited (as well as our mid-investment option) will not meet lease obligations and therefore will impact on our ability to collect leaseholder contributions due.

Resident and compliancy impacts

Over time, implementing a budget limited approach will lead to a significant reduction in resident's satisfaction with the quality of their home (affecting the regulators tenant satisfaction measure - TSM), significantly impacting on overall satisfaction rates (another TSM) too.

Decent homes failure would increase from 5% currently between 20 – 25% over the next 10 years. Estate decoration will significantly deteriorate – we would have to tell residents that we cannot afford to carry them out. Over 20,000 fewer homes will be improved in the first 10 years of our programme than under the Traditional model.

Other impacts will include:

- Updating of single glazing will slow further in street properties and older buildings and existing windows will need to be painted to extend their lives further, rather than replaced with double glazing with better energy performance.
- Catch up on investment in Mechanical and Electrical installations (such as lifts, communal heating, emergency lighting, door entry and CCTV) will be slowed and invested in only when components can no longer be repaired.
- Energy efficiency improvements will be very limited – and will not be a driver of our investment decision-making.
- More repairs will be needed to extend the lives of major components, meaning residents will experience more repeated leaks, poor performing windows etc.

Fig. 4

	Traditional investment approach – residential only	**Replacement at point of major asset life expiry**	**Budget limited**
30-year cost (excluding inflation)	£3.4 billion	£2.5 billion	£1.6 billion
Safety investment – to meet required standards	Yes	Yes	Yes – this will always be our first priority for investment
Achieving decent homes	Yes	Yes overall – but periods where % failures would be higher during investment peaks	Over time unable to meet this standard (within the next 5-10 years increasing levels of non-decency)
How often are estates being decorated on average	Every 10 years	Every 15 years	Infrequently – when we scaffold
Major component replacement	On the basis of component age, some stretching where performance is good	When roof or window condition has demonstrably expired	Upon failure, when budgets allow. Overtime increased risk to wind and weather tightness
M&E investment	Catch up and then regular planned investment	Catch up slowed and investment stretched	Catch up based on affordability rather than need and prioritised against other pressures within the programme
Investing in energy efficiency of homes – SAP C achievement for all homes	Yes, but there may be some exceptions (period properties)	Yes, but the timetable will be longer (replacing single glazing with double glazing the priority)	Limited to easy wins where government investment is costs affective – properties where high cost investment needed improvements limited to improving energy performance but not meeting SAP C to PAS standards
Kitchens and bathrooms	Replaced in line with DHS timetables	Replacement timed for delivery efficiency and not avoiding DHS failure	Kitchen and bathroom replacement only at point of failure, where repair ceases to be cost effective
New installations (cctv, door entry, NZC investment)	No	No	No
Can we invest in communal spaces and community centres	No	No	No
Compliant with the expectation of our RTB leases	No – but close and likely to be defendable	No – we may receive some challenges from leaseholders	No – deteriorated position in terms of ability to defend challenges over leaseholder charging

4.2 How we prepare to provide investment in your home and fund the services you rely on

Major works and cyclical maintenance will continue to be commissioned on an annual basis, on the basis of intelligence from our asset data insights, including recent repairing history and observed condition of our blocks and estates.

Annually the Housing Investment Team and Capital Delivery Team will carry out commissioning visits to estates and blocks that are due for a review or where our data tells us the major components may need replacement or renewal to assess the condition and whether or not works are needed in the expected period or could be delayed to a future year – allowing investment terms to be stretched and investment prioritised within the budget.

Our Tall Blocks programme was commissioned on the basis of risk factors associated with those buildings in three phases. Thorough intrusive surveys were included in the commission to establish the scope of works. This surveying work is mostly completed now and works programmes on those blocks with the highest priority for safety works are being developed into works packages. A detailed programme of works will be put into place for all 87 blocks, based on the urgency and volumes of capital scale safety works needed. Some works, such as fire door works and communal area compartmentation, can be carried out through our fire safety team, on a more reactive basis.

The mechanical and electrical teams set out five-year programmes of investment priorities based on the performance of these assets and recent repairing performance. There is currently a more intense need for investment in these assets, some of which are functioning beyond their expected functional life. Further asset data is required in this area. Services have identified works priorities for the next 5 years and this has been built into the Business Plan. However, with the limited budget available, these plans will need to be tailored to available resource, as well as delivery priorities. Work continues on building condition information in to our Strategic Asset Management database, gaps in our knowledge are being clarified and once these are clear, condition surveys will be commissioned with the service teams to close these any gaps.

The council holds extensive energy efficiency data, often referred to as SAP data, for all of its directly managed properties and is now seeking to extend this to cover properties managed under the Partners (PFI 1) contract. The data held continues to be refined through data cleansing and onsite surveying as part of our programme to improve the energy performance of our lowest rated stock and the delivery of investment projects to council homes. Islington Council has been proactive in addressing thermal comfort in our buildings over a number of years, which means that a lot of the properties we need to tackle are pepper-potted across our street properties, mansion blocks and estates. We have made two successful bids to the Social Housing Decarbonisation Fund to help deliver more improvements to this challenging stock. However, there are significant delivery challenges as a result of the required processes, which need to be considered for further bids within our very tight financial environment. We will continue to make bids to this core government funding stream to help us achieve improved energy efficiency in our stock, whilst being mindful of the match funding requirements being affordable. Intelligence on the level of investment needed to improve the remaining homes, not meeting the minimum SAP C banding, is being built up from the detailed work on these projects and will be fed back into our assessment of our investment need. University College London (UCL) were commissioned to look in detail at how the council could achieve NZC with its current buildings, further to this work they have been commissioned to overlay the prevalence of damp and mould to help co-ordinate delivery of investment, targeting where it is needed most to help inform our investment commissioning.

Developing our investment plan and refreshing it with improved information is an on-going process and helps inform our stock investment need to inform our Business Planning process as well as our dialogue with government about the funding of social housing. Work is being undertaken to audit our data and make recommendations for improvements to our confidence in our asset information.

Although we are ambitious about driving forward towards a Net Zero Carbon future, the financial challenge of this is huge. The assessed investment need of £1.5 billion is equivalent to nearly all of our planned investment programme over the next 30 years. Social landlords will need further guidance from government about how additional investment will be released by them to enable their 2050 target to be achieved for social homes.

Maintaining and improving our current housing stock is an essential element of the HRA Business Plan as it not only ensures residents are living in safe and comfortable homes but ensures that our buildings remain that way in years to come. It is vital that we make sure we have a sustainable plan to manage and maintain our current homes before we considering paying off debt or funding the building of further new homes from HRA resources.

We need to ensure our homes are safe, warm and comfortable for residents. We plan to invest 25% of the resources in our Business Plan across its 30-year life in investing in homes, ensuring they are kept up to a decent and secure standard and therefore will need to take action to close our investment gap.

4.3 How we drive value out of past investment

Our assessment of the gap in resources for investment demonstrates that it is vital that we drive value out of past investment, stretching our asset lives through repairs, until they are close to failure before renewal. This means we can make the most of the funds available to invest in homes and focus our resources towards building safety, legal and decent homes compliance and the reliable delivery of essential services.

What does this mean?

This means it is essential to programme our investment works to provide the best possible value and organise our investment around main component renewal needs. With our constrained resources this will mean we cannot keep our estate and buildings in the decorative order we would like, as we need to prioritise investment on areas with the biggest impact on the lives of our residents: keeping homes safe; energy efficient and comfortable.

4.4 How we fund our housing investment programme (figures below include inflation**)**

Funding of the Major Works Prog.					
Other RTB Receipts (Attributable Debt + LA Share)	Prop. Acqs. Borrowing TRANS to MWs for Prop. Acqs. financed by MRR/RCCO in PY's	MRR	RCCO	NB OMS Receipts/NON RTB Receipts (£35m) TRANS to MWs for NB financed by MRR/RCCO in PY's	TOTAL
£Ms	£Ms	£Ms	£Ms	£Ms	£Ms
£16.4	£48.2	£1,991.5	£800.9	£58.3	£2,915.3
0.6%	1.7%	68.3%	27.5%	2.0%	100.0%

Fig. 5

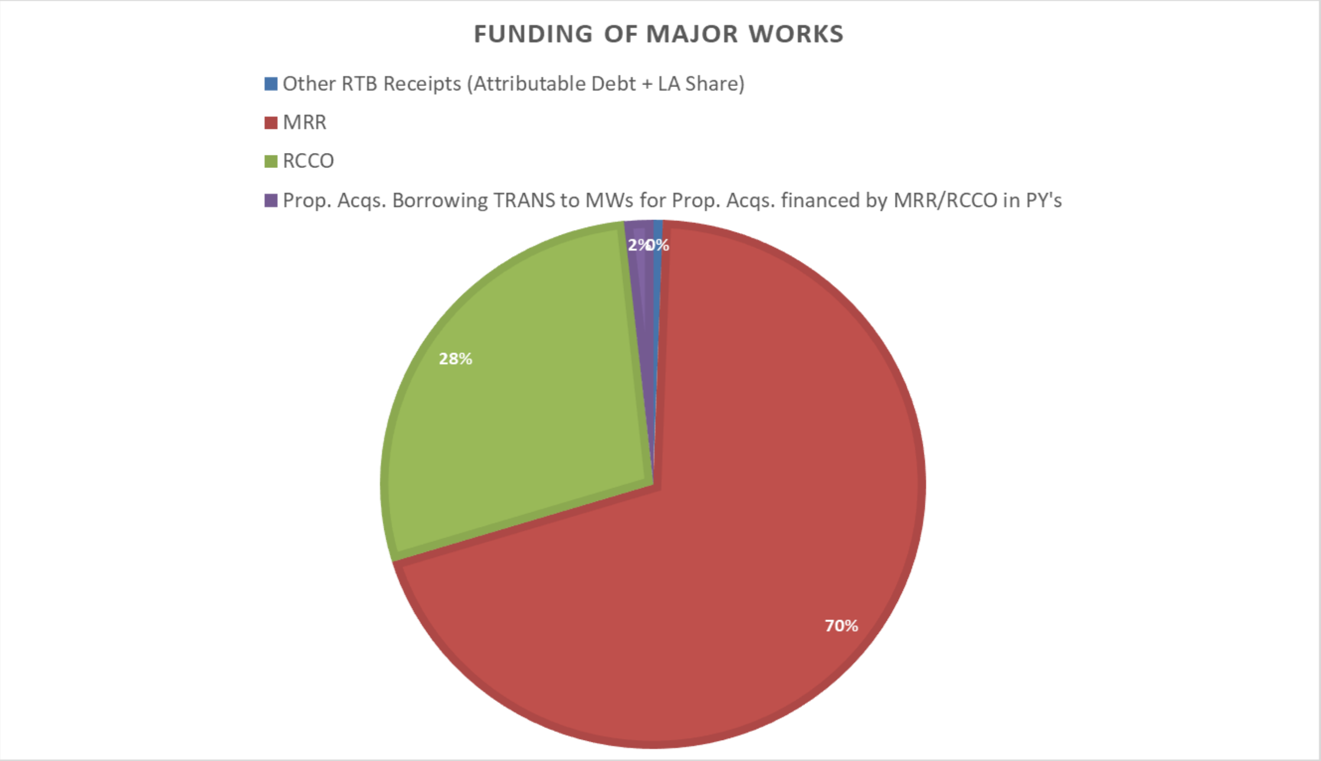


Fig. 6

4.5 How we deliver our repairs services

The council provides a high quality, in-house responsive repairs service to our tenants and leaseholders. We know that the standard of the repairs and maintenance service has the biggest effect on tenants' quality of life and we focus our energy and resources in getting this service right. The annual base budget for the repairs service is £48m.

The two teams that complete this work are the responsive repairs team, responsible for repairs inside homes, and the communal repairs team, who complete repairs in public areas of our estates and blocks.

This year the service has seen significant increase in demand in relation to issues of damp and mould, resulting from raised awareness of associated health issues and media attention. The council has agreed a one-off additional resource (from HRA contingency/reserves) to meet this need of £1.7m for the next two years (2023/24 & 2024/25) and then an additional £1m per year across the life of the Business Plan to support the increase in the scope of works, painting and surveying resources and works specification.

These costs have been accommodated within the Business Plan. The service has also restarted planned preventative maintenance of gutters and drains and commissioned in house checking of fire doors. However, there has been further significant growth in costs during this period; specifically, there is significant growth in the cost of sub-contracted labour both due to increased contractual costs and higher use of subcontractors due to increased service demand, legal disrepair costs due to more cases being closed down and settled and hotel accommodation due to prevention of damp and mould or subsidence.

This increased pressure in 23/24 is projected to be a further £7.7m; it is anticipated that this is part of a peak in spending which should result in less resources being required in future years. Whilst the pressure arising in 23-24 has been accommodated within the Business Plan it is unclear how much of this pressure will continue and the level of permanent growth that will materialise. Therefore, further scrutiny of this growth is required to understand the long-term impact on the Business Plan.

On-going monitoring and review will be carried out during 2023/24 and early 2024/25 to inform our next Business Plan. As an interim measure a total of £2.850m ongoing repairs growth and £1m unidentified ongoing growth has been included in the Business Plan with effect from 2024/25. Initial investigation into the cause of the growth indicates damp and mould and historic underinvestment in aspects of the stock are key drivers of the growth, suggesting that future years of underinvestment will drive further revenue pressures. Increasing annual capital investment and reliability from mechanical and electrical services will help counter this effect.

The council has also agreed a rolling programme of tenancy home visits and part of this process will include checks for damp and mould in all rooms.

4.5 What we plan to spend on capital investment through our plan

CAPITAL EXP. OVER 30 Years		
Major Works & Improvements	New Build & Property Acquisitions	TOTAL
£Ms	£Ms	£Ms
£2,915.3	£260.6	£3,175.9
92%	8%	100%

Fig. 7

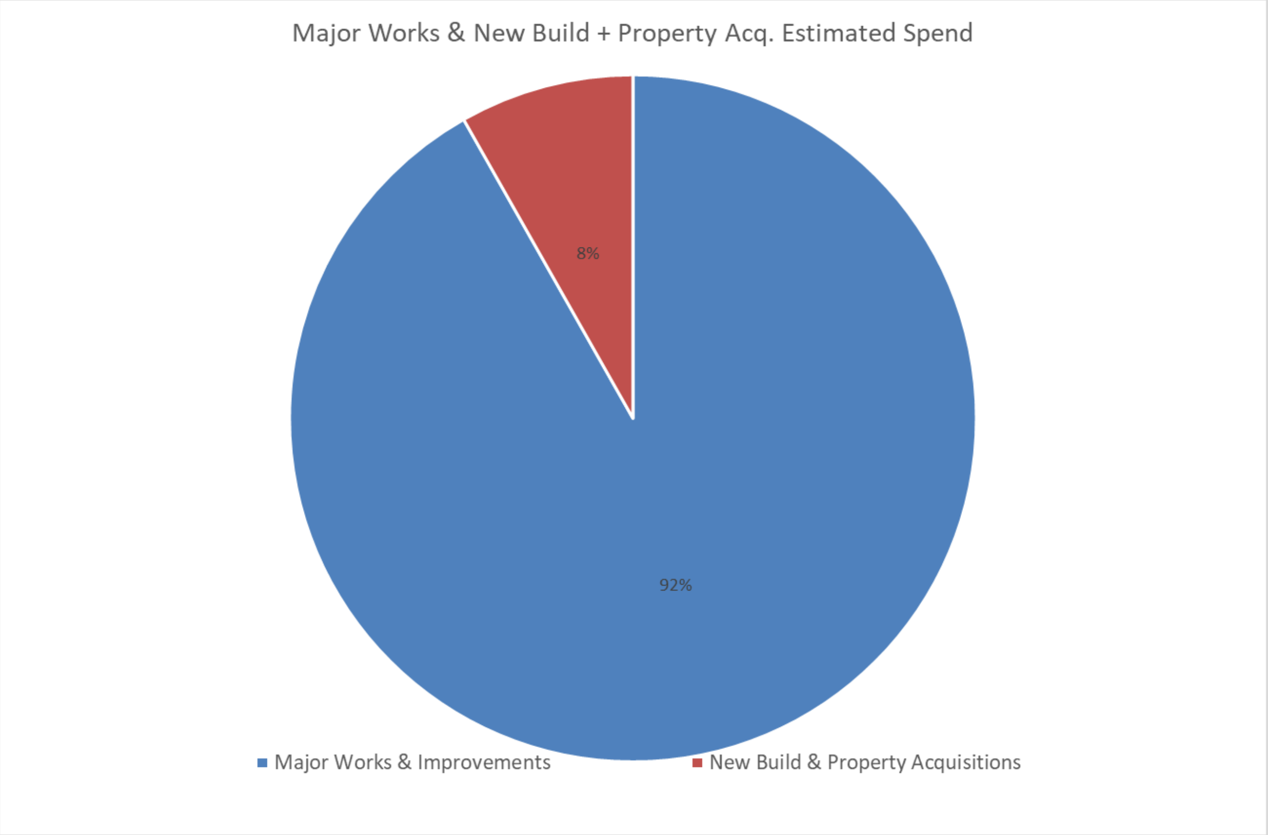


Fig. 8

4.6 Housing management costs

Housing management services and responsive maintenance services are some of the most important services to our residents, making sure homes, blocks and estates are repaired and cleaned, tenancies are managed, vulnerable residents are supported, and anti-social behaviour is tackled.

The Social Housing Regulator has established 22 Tenant Satisfaction Measures (TSMs) that monitor the delivery of key landlord services, including safety checks, the number of homes meeting the decent homes standard, repairs delivery, anti-social behaviour and complaints monitoring as well as resident satisfaction in these key areas and overall, with their landlord. Landlords will have to measure and report these TSMs annually, as well as keeping residents informed on how they are performing on other key service measures that are important to them.

Landlords will also be inspected by the Social Housing Regulator to assess how they are meeting requirements, satisfying their residents, and engaging with them. We have established a Service Improvement Board to develop and oversee our plans for improvement and getting ready for the regulation inspection process. This improvement programme is grounded in ensuring residents are at the heart of everything we do as a landlord and that we engage with them to best understand how they would like to see our services focused and improved.

How we fund our revenue services

The table below shows the provisions being made for these services throughout the life of our plan.

	Income			Expenditure							
Year	Rental Income	Tenant+LH Service Charges+ Commercial Income	Other Income	Housing Management	Cont. to Major Repairs Reserve to fund Major Works	Repairs	Other & B.Plan Adj.'s	Interest Charges on Borrowing	HRA contributions to fund Major Works	Interest Earned on Balances	Surplus (Deficit) C/FWD
	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms	£ Ms
											£49.0
2023.24	£177.3	£58.4	£0.5	(£116.4)	(£35.2)	(£48.0)	(£22.5)	(£20.2)	£0.0	£2.6	£45.5
2024.25	£197.3	£60.9	£0.5	(£121.9)	(£38.5)	(£51.5)	(£30.8)	(£23.9)	£0.0	£1.9	£39.5
2025.26	£203.4	£62.5	£0.5	(£125.8)	(£40.6)	(£53.6)	(£18.0)	(£28.2)	£0.0	£1.5	£41.1
2026.27	£210.2	£64.3	£1.0	(£129.4)	(£42.1)	(£55.4)	(£3.9)	(£28.3)	£0.0	£2.0	£59.5
2027.28	£217.4	£66.2	£1.0	(£132.3)	(£43.6)	(£57.1)	(£4.0)	(£28.3)	£0.0	£2.2	£80.9
2028.29	£222.1	£68.0	£1.1	(£135.1)	(£45.3)	(£58.6)	(£4.1)	(£28.3)	£0.0	£2.3	£102.9
2029.30	£226.4	£70.0	£1.1	(£138.1)	(£46.8)	(£60.2)	(£7.3)	(£28.4)	(£0.2)	£2.4	£122.0
2030.31	£235.3	£72.0	£1.1	(£141.0)	(£48.3)	(£61.9)	(£4.3)	(£28.5)	(£16.7)	£2.6	£132.3
2031.32	£235.4	£74.1	£1.1	(£144.1)	(£49.9)	(£63.6)	(£4.4)	(£28.7)	(£17.2)	£2.7	£137.7
2032.33	£240.0	£76.3	£1.2	(£147.2)	(£51.6)	(£65.3)	(£4.4)	(£28.8)	(£17.8)	£2.8	£142.8
2033.34	£244.6	£72.4	£1.2	(£133.4)	(£53.3)	(£70.1)	(£6.9)	(£29.0)	(£22.7)	£3.0	£148.5
2034.35	£249.4	£74.7	£1.2	(£136.0)	(£55.1)	(£74.0)	(£7.9)	(£29.0)	(£27.9)	£3.0	£146.9
2035.36	£258.9	£77.0	£1.2	(£138.7)	(£57.0)	(£76.0)	(£4.0)	(£29.1)	(£28.8)	£3.0	£153.6
2036.37	£258.7	£79.5	£1.3	(£141.4)	(£58.9)	(£78.1)	(£4.1)	(£29.2)	(£29.8)	£3.1	£154.8
2037.38	£263.5	£82.0	£1.3	(£144.1)	(£60.8)	(£80.2)	(£4.2)	(£29.2)	(£30.8)	£3.1	£155.3
2038.39	£268.4	£84.6	£1.3	(£146.9)	(£62.8)	(£82.4)	(£4.3)	(£29.3)	(£31.8)	£3.2	£155.2
2039.40	£273.2	£87.3	£1.4	(£149.8)	(£64.9)	(£84.7)	(£8.7)	(£29.3)	(£32.9)	£3.1	£149.9
2040.41	£278.3	£90.1	£1.4	(£152.7)	(£67.1)	(£87.1)	(£4.5)	(£29.3)	(£34.0)	£3.0	£148.1
2041.42	£288.9	£93.0	£1.4	(£155.7)	(£69.3)	(£89.4)	(£4.6)	(£29.3)	(£35.2)	£3.0	£151.0
2042.43	£288.6	£96.0	£1.5	(£158.7)	(£71.7)	(£91.9)	(£4.7)	(£29.3)	(£36.4)	£3.0	£147.5
2043.44	£294.0	£99.1	£1.5	(£161.8)	(£74.1)	(£94.4)	(£4.7)	(£29.4)	(£37.6)	£2.9	£143.0
2044.45	£299.4	£102.3	£1.5	(£164.9)	(£76.5)	(£97.0)	(£9.7)	(£29.4)	(£38.9)	£2.8	£132.5
2045.46	£304.9	£105.5	£1.6	(£168.2)	(£79.1)	(£99.7)	(£4.9)	(£29.4)	(£40.2)	£2.6	£125.7
2046.47	£310.5	£108.9	£1.6	(£171.4)	(£81.7)	(£102.5)	(£5.0)	(£29.4)	(£41.6)	£2.5	£117.6
2047.48	£322.4	£112.4	£1.6	(£174.8)	(£84.4)	(£105.3)	(£5.1)	(£29.5)	(£43.0)	£2.4	£114.3
2048.49	£322.1	£116.1	£1.7	(£178.2)	(£87.3)	(£108.2)	(£5.2)	(£29.6)	(£44.4)	£2.2	£103.4
2049.50	£328.0	£119.8	£1.7	(£181.6)	(£90.2)	(£111.2)	(£10.7)	(£29.6)	(£45.9)	£1.9	£85.7
2050.51	£334.1	£123.7	£1.8	(£185.2)	(£93.2)	(£114.2)	(£5.4)	(£29.8)	(£47.5)	£1.6	£71.5
2051.52	£340.3	£127.7	£1.8	(£188.8)	(£96.3)	(£117.4)	(£5.6)	(£29.9)	(£49.1)	£1.3	£55.5
2052.53	£353.2	£131.8	£1.8	(£192.5)	(£99.5)	(£120.6)	(£5.7)	(£29.9)	(£50.8)	£1.0	**£44.3**
	£8,046.0	**£2,656.7**	**£39.0**	**(£4,556.1)**	**(£1,925.1)**	**(£2,459.9)**	**(£219.8)**	**(£859.7)**	**(£800.9)**	**£75.0**	

Fig. 9

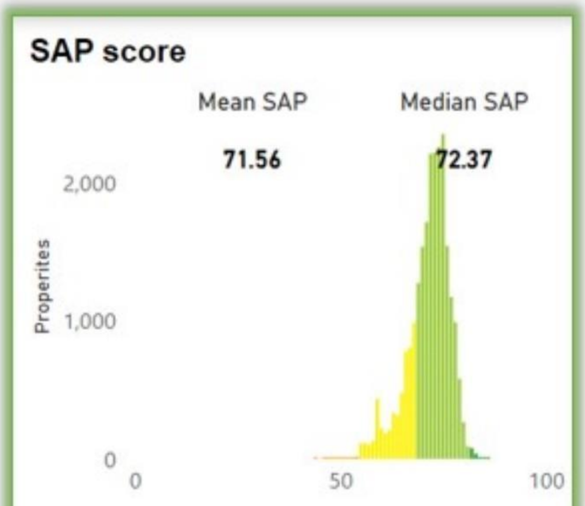
4.7 Council commitments to carbon reduction

The council recognises the impact that our large housing stock has on borough-wide carbon emissions and is ambitious to make significant progress towards carbon reduction and strides forward in low carbon technologies by 2030 through our Net Zero Carbon strategy. Social landlords are expected to improve the energy efficiency of our tenanted homes to a minimum of SAP band C by 2030.

The energy efficiency of our housing stock has been improved through the replacement of single-glazed windows with energy efficient double-glazed units (where appropriate), replacement of older less efficient gas boilers with highly efficient condensing boilers, the installation of internal and external insulation through a variety of programmes, continued investment and commitment to much more energy efficient communal and district heat networks (including Bunhill Combined Heat and Power Plant (Bunhill CHP)) as well as the introduction of low energy LED lighting on our estates communal areas and within properties. All new council homes are also built to very high standards of energy performance.

There are tensions between the installation costs of new Net Zero Carbon systems, operating cost increases for residents and installation costs for leaseholders. The service has developed a decisions making tool considering the operating cost, carbon reduction and hierarchy of preferred solutions to mike decisions in a transparent measured way.

These actions combined have had a significant impact on the energy performance of the council's stock and save our residents money. Although our average SAP banding per property of C means that a lot of our homes are relatively energy efficient, over 6000 of our homes are still below the required level. Some of our Victorian and Georgian street properties, other period properties and some estate-based properties do not perform so well and addressing these 6250+ properties is anticipated to be costly. The investment need in our stock in order to achieve closest to the net zero carbon target possible is understood to require in excess of £1.5 billion of investment. Much of this would be in addition to the cost of works to improve properties to SAP band C.



Calculated SAP score

SAP Band	Count per Band
B	229
C	18144
D	5214
E	41
Total	**23628**

Fig. 10 (this figure excludes properties managed under our PFI1 contract, as the quality of data held for these properties is less reliable).

4.8 Building new homes and property acquisitions.

The council has an ambitious new build programme and has a target of having started on site 750 new social rented homes by December 2027, which means delivering over 1500 new homes to cross subsidise the delivery of the social homes. The new build programme has always been expected to deliver all new homes on a self-funding basis; meaning all capital, borrowing and on-going revenue costs (such as the new build delivery team) are covered by income from the scheme in conjunction with Right to Buy (RTB) sales receipts, grants from the Greater London Authority (GLA), disposal receipts and rental income.

The current Business Plan assumes that the new build programme will continue towards seeking to meet the Council's target to increase supply of new social housing through developing 750 new council homes (with a start on site by December 2027).

However, the current challenging economic climate, which includes much higher interest rates as compared to recent years and increased construction costs, means that the interest charges on the borrowing required to balance the financing of new schemes can no longer be fully funded from the net rent generated from the new council homes. As such the Business Plan currently includes subsidised new build borrowing of £34.258m to take 180 new council homes through to completion and a further provision of £20.236m to continue developing a pipeline programme of 570 new council homes through to Planning stage. This subsidy of the new build programme has caused a budget pressure which will need to be funded by further reducing the budget provision available for investing in existing council homes, through our major works and improvement capital programme by 5% (or £2.7m) per year over 30 years. This will result in £81m less being available to invest in the maintenance of our existing stock.

In addition to the new build programme the council is undertaking two largescale acquisitions programmes, purchasing properties formerly sold under right to buy.

These 2 programmes aim to purchase 100 and 310 properties to meet urgent housing need within the borough. A mixture of properties acquired under the two schemes has been reflected in the Business Plan. The final acquisitions numbers will be reflected in the next update of the Business Plan. These acquisition programmes will be funded as follows: the 100-properties: £23.724m HRA borrowing & £23.226m GLA grant & the 310-properties: £85.169m HRA borrowing & £69.116m DLUHC grant. Th e programmes are designed to be self-funding with the borrowing costs being met from the net rent generated by the properties purchased.

4.9 How we fund our new build programme and property acquisitions programmes

Funding of the New Build Prog. & Property Acquisitions					
Borrowing	RTB 141 Receipts	Other RTB Receipts	Prop. Acqs. GLA Grant	Open Market Sale Surpluses	TOTAL
£Ms	£Ms	£Ms		£Ms	£Ms
£132.5	£51.9	£3.5	£23.2	£49.4	£260.6
50.8%	19.9%	1.4%	8.9%	19.0%	100.0%

Fig. 11

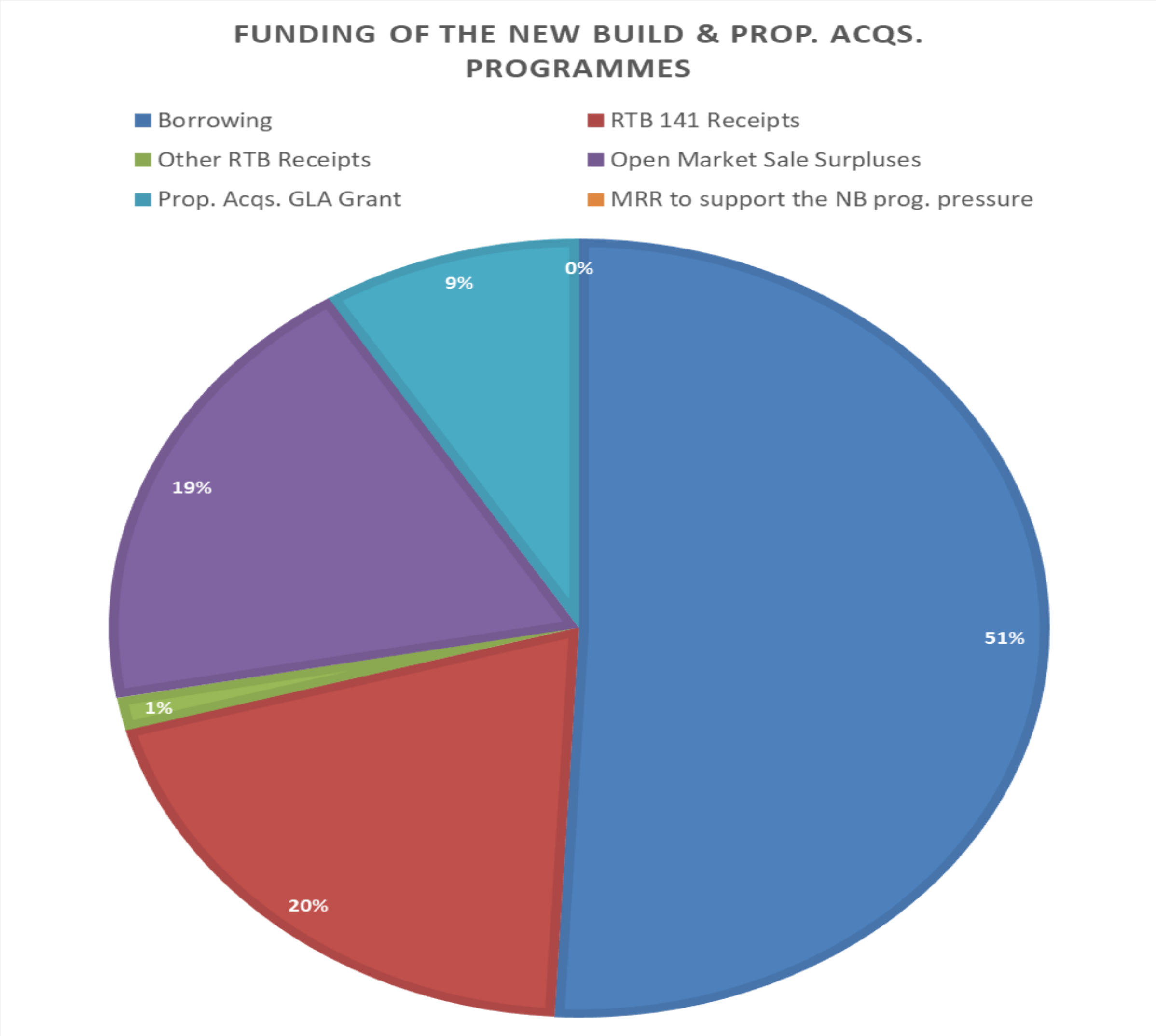


Fig. 12

5. Income - Where it comes from and what are the constraints and how do we spend it

HRA B.Plan INCOME over 30 Years

Rents	SC's Tenants & LeaseHolders+ Other Income	Interest Earned on HRA Balances	Reduction in Reserves by YR30	TOTAL
£Ms	£Ms	£Ms	£Ms	£Ms
£8,046.0	£2,695.7	£75.0	£4.7	£10,821.4
74.4%	24.9%	0.7%	0.0%	100.0%

Fig. 13

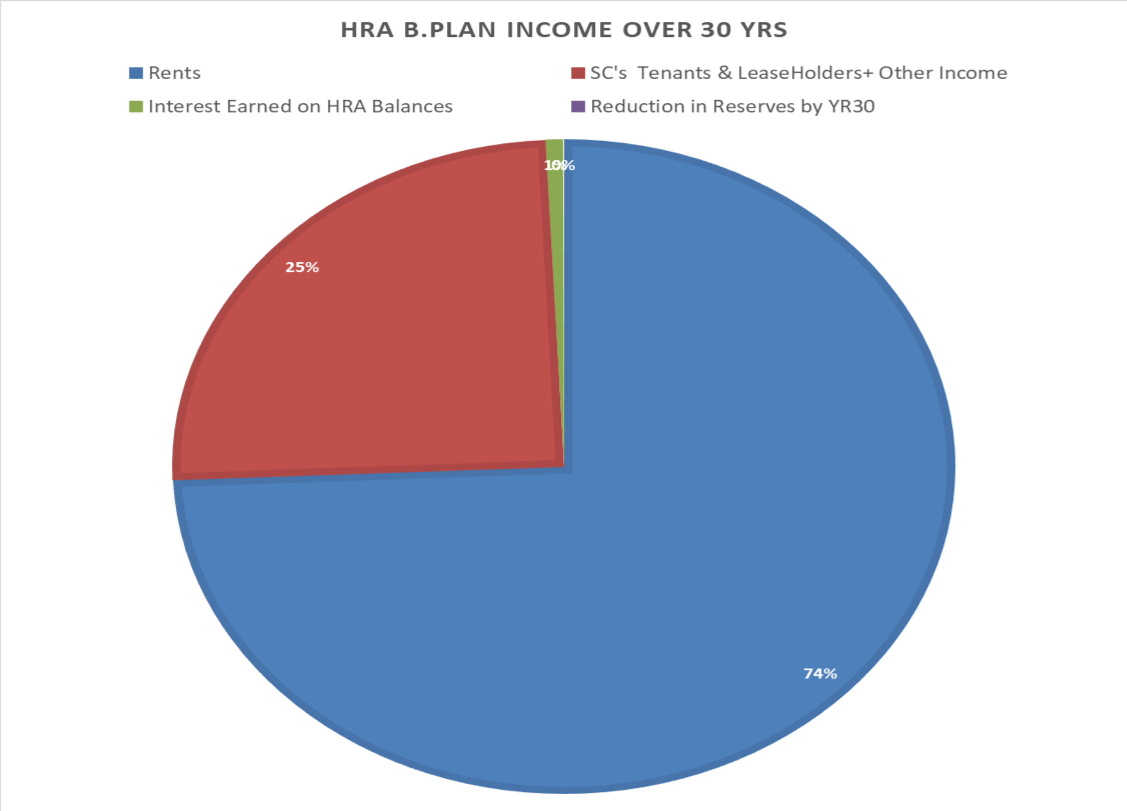


Fig. 14

HRA B.Plan EXPENDITURE over 30 Years

H.Management	Mandatory Contributions to the Major Repairs Reserve to fund Major Works	Revenue "Top Up" contributions from the HRA to fund Major Works	Repairs	Other Exp. (ADJ's to B.Plan)	Borrowing Costs (Interest Charges)	TOTAL
£Ms	£Ms	£Ms	£Ms	£Ms	£Ms	£Ms
£4,556.1	£1,925.1	£800.9	£2,459.9	£219.8	£859.7	£10,821.4
42.1%	17.8%	7.4%	22.7%	2.0%	7.9%	100.0%

Fig. 15

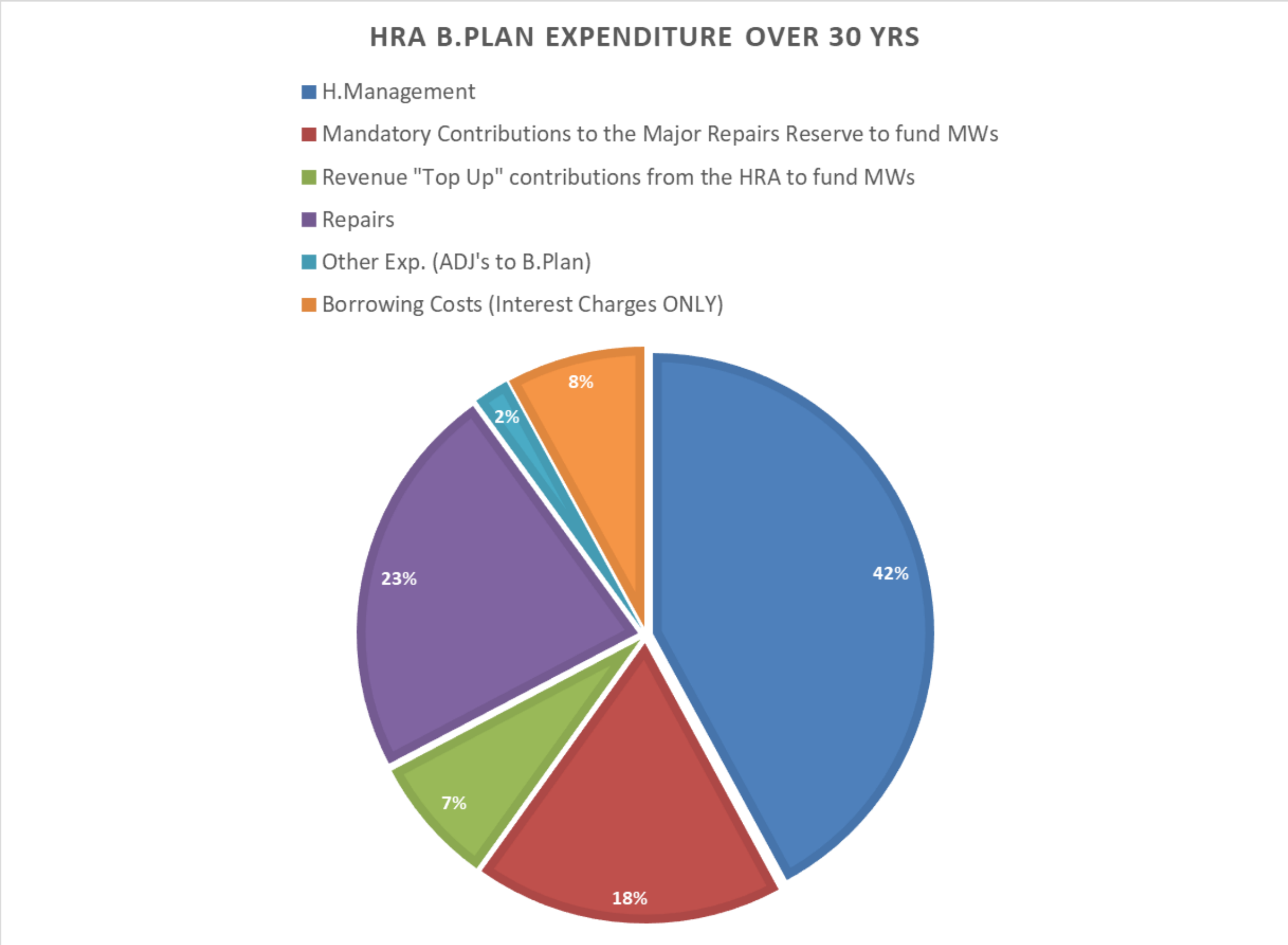


Fig.16

5.1 Residential rents and service charges. The vast majority of our income is generated from rents and service charges paid by residents. Rents are set annually and are constrained by the Rent Policy of the Social Housing Regulator, who set a maximum increase for rent of social homes each year. Leaseholder charges represent the costs of delivering services to leaseholders, in accordance with the lease between leaseholders and the council.

5.2 Our approach to rent and service charge setting. As our main source of income, it is imperative that our rents and the income they generate matches as closely as possible our management and maintenance costs and investment need. Small changes to government policy on rents or getting rent setting wrong can cause significant and lasting damage to the viability of the housing Business Plan in the short and long term.

The four-year rent reduction of 1% by the government, resulted in a net reduction of income of £1.5 billion over the life of the HRA Business Plan. Further, the recent capping of rent to an annual 7% increase during a period of high inflation in 2023/24 resulted in a further loss of £213m over the life of our Business Plan.

These, combined with government policy changes, build pressure on social landlords' ability to invest in social homes to keep them in a safe, energy efficient and comfortable condition. Resulting in deterioration in condition of our housing over time. These constraints on our resources and a lack of alternative funding streams to the HRA means that the only way to seek to keep homes in the best possible condition is to set rents increases to the maximum level allowed by the government through the Social Housing Regulator.

Government policy in 2024/25 is to allow an increase of Sept.23 CPI 6.7% + 1%, after that the increase assumed within the HRA Business Plan is estimated CPI + 1% for the next 3 years falling to CPI only after that.

All rents are set in accordance with government policy and the Rent Standard meaning that no existing tenants rents will increase by more than 7.7% in 2024/25.

Existing tenants' general needs rents (excluding new build) will increase by 7.7% in 2024/25 and all re-lets will be set at the social rent applicable to the property.

New build rents have been set under a number of different rent setting approaches, reflecting the differing funding structures that individual schemes were developed under. These approaches sought to maximise the delivery of the maximum number of genuinely affordable homes as possible and minimise the number that needed to be sold to fund this. However, this has resulted in an inconsistent approach for rents on new homes. The council has therefore reviewed its rents and agreed to adopt a single consistent approach across all new build homes. Rents will be aligned over 3 years from 2023/24 to 2025/26.

Homes that are or were included in the PFI schemes are exempt from the Rent Standard. Therefore, were not subject to the 1% rent reduction requirement and were instead increased in line with original government Policy i.e. Sept. CPI + 1%. This helped to fund their continuing costs under the PFI1 and PFI2 contracts and continues to support expenditure on these homes, which are in general more costly to invest in and maintain than other homes within the council's stock. This has meant that over time rents for these properties are 15% higher. In order to start to address this divergence from other rents, the council has taken the decision to limit rent increases for these properties by applying a £0.50 reduction to the rent increase each year, bringing rents down towards the social rent level over time.

The Council provides support to residents to support them to access financial support and money and debt advice, as well as providing crisis support to residents who are struggling with the cost of living, as well as rental payments. Our income maximisation team helps ensure residents are able to access all the support that is available to them.

5.3 PFI credits. These are paid to the Council by the government as a contribution toward the cost of the remaining PFI contract with Partners. The contract covers 2300 homes and was a government initiative to fund decent homes investment in these properties in the early 2000s, where there was a significantly higher investment need. The government agreed to fund part of the on-going contractual costs related to these properties until the contract expires in 2033.

5.4 Commercial rents. The council owns and manages a small portfolio of non-residential commercial assets ranging from shops and underground car parking areas to rooftop lettings to mobile phone operators. This generates income of approximately £1.4m per year for the landlord account. There is an active programme which seeks to generate additional commercial income including the letting of shops under recent new build schemes, repurposing unused garage spaces (subject to necessary consents and approvals) and other such opportunities.

It is envisaged that commercial activity will increase within the HRA as we maximise the opportunities for generating income from our non-residential assets. It is important that income is maximised to support the delivery of our housing landlord services. The current estimate for increase is £895k PA and is incorporated into the Business Plan. The balance of any other schemes is excluded until the benefits have fully crystalised.

The council is developing a Strategic Asset Management Plan to confirm our approach to income generation and community benefit from buildings the council owns and are surplus to operational need. The plan will incorporate HRA commercial and community assets and ensure the maximum value is achieved from them, either through market lettings supporting the delivery of service, or community use that directly benefits council tenants and residents living in our social homes through the social value achieved from the buildings.

This approach will extend to the 50+ community centres currently held within the HRA. Officers will seek to explore the best balance of usage to community benefit and deriving an income from usage, that helps to support continued community activity in better equipped and maintained buildings or landlord service delivery.

5.5 Right to Buy. Tenants have a right to buy their homes from the council under certain circumstances and the council can currently use around 85% of these (RTB 141) receipts to support up to 40% of the build costs in relation to the increasing the supply of social homes. The current new build programme included in the Business Plan anticipates using £52m of RTB 141 receipts in order to progress towards meeting the 750 new social homes manifesto commitment.

5.6 Interest on Balances. The HRA aims to hold minimum reserves of 10% of annual expenditure. Interest earned on reserves held by the HRA, included in the Business Plan, is based on the estimated short term money market rates as at 31st March reduced by 1% to reflect the uncertainty both in terms of long-term interest rates and the value of reserves that will be held each year over the long term. This income is dependent on the stability of both the timing and values of income and expenditure over time given the volatility particularly in terms of capital expenditure this has been kept at a prudent rate.

5.7 Our Debt The council can borrow money and repay debt as a self-financing HRA, which also allows us to keep all of the rent we generate from tenants and use it to pay for improvements to our existing stock, new homes and services for tenants.

The long-term debt held by the council is funded by income, so it is imperative that it is sustainable over the life of the Business Plan.

The current debt held in the HRA (as @ 31st March 2023) totals £463.6m and is made up of the external borrowing of £165.6m and internal borrowing of £298.0m. Over the term of the Business Plan existing external debt totalling £136.8m is re-financed and new external borrowing is taken on for new housing and property acquisitions totalling £180.7m as set out below:

Item	Value	Notes
Current new build programme	£56.008m	Funded from the rent for these homes and a reduction in the average delivery cost per home for these new properties
Future new build properties	£52.733m	Part of our developing programme – funded from the rent generated by the properties = £18.475m & subsidised from the HRA £34.258m
Property Acquisition Programmes for Temporary Accommodation	£71.969m	Funded by the net rent generated by rents set at the lower of 80% of market rent or local housing allowance rates – homes are bought on our own estates and used as temporary homes for homeless families, care leavers, rough sleepers & refugees

Fig 17

5.8 Our approach to debt, interest rate assumptions and levels of reserves. The council's borrowing will total £644.3m at the end of the Business Plan term which equates to £26k per unit of stock owned as at 2052/53 or 5% of the open market value of the HRA residential asset base. The total debt held by the council is a mixture of historic debt, allocated by the government as part of the self-financing agreement with local authorities, and additional borrowing undertaken since that time. External borrowing is refinanced upon maturity of the debt as required.

5.9 Interest Rates. In recent years the UK interest rates have been both relatively low and stable. However, the recent turbulence in the financial markets coupled with the Bank of England's (BoE) measures to control inflation has resulted in significant falls in the value of government debt (gilts) and a corresponding increase in gilt yields. The longer inflation & interest rates remain high the more gilt rates are likely to rise. It is gilt rates that directly affect the interest rates at which the Council can borrow from the Public Works Loan Board (PWLB). Since Jan 22 to 30th Nov.23 the PWLB 40-year maturity rate has risen from 2.06% to 5.49% and the BoE, over this same period, has raised the base rate 13 times from 0.25% to 5.25%. Current market forecasts suggest that inflation will take until late 2025 to fall to target levels of around 2% and that during this period the BoE base rate will remain high, only falling very gradually and that longer term the BoE base rate is likely to stabilise at around 3.5%. However, as referred to above the PWLB rate is linked to gilt rates and there is not necessarily a correlation between BoE interest rates & PWLB rates.

The Business Plan currently assumes that all refinanced debt £136.8m (currently borrowed at on average 5%) and new borrowing £180.7m will be taken out at 5.91%. This is based on the 40-year PWLB maturity rate as at 25-09-23 plus a 50-basis point buffer. Market forecasts and current government monetary policy would suggest that PWLB rates are likely to fall in the medium to long term as such the rate used in the Business Plan is considered both reasonable and prudent. There is a balance that needs to be struck between delaying borrowing and hence annual interest charges (because in the short term there are sufficient reserves to cover the capital spend) and taking the opportunity to borrow as interest rates fall. This position is being closely monitored by the Council’s Treasury Team particularly as the Govt. has made available an HRA borrowing concession of 40 basis points for borrowing taken out between June 23-June 25 (increased by a year as part of the Chancellor’s autumn 2023 statement)

Finally, it should be noted that all new build schemes, that are progressing through the gateway stages prior to contract award will be subject to full financial viability assessments at key stages, which includes the application of the prevailing PWLB interest rate plus a 50-basis point buffer.

5.10 Reserves. The Business Plan requires a minimum of 10% of annual operating expenditure to be maintained in reserves each year, this equates to an average MINMUM of £33m per year over the 30-year Business Planning term. The average reserve balance is £113m per year with a year 30 reserves position of £44m vs a minimum requirement at 10% of £43m. Whilst reserves appear higher than required on average, they are being used over the 30-year term of the Business Plan to support the £801m additional HRA RCCO contribution being made to support our major works investment programme.

Maintaining reserves at a minimum of 10% provides short term protection to the HRA allowing us to accommodate sudden or unforeseen costs in the short-term giving the Homes and Neighbourhoods time to consider and implement savings measures to offset these unforeseen costs in the medium-term.

Benchmarking with 10 other London Local Authorities has shown that the median level of reserves in 2022-23 is 12.2%, the 25th percentile is 7.7% and the 75th percentile is 15%.

5.11 Cost of Borrowing. Due to the level of debt held by the council, small changes in borrowing costs can have a significant impact on the Business Plan and our costs. For example, a 1% increase in interest rates (in respect of both external & internal borrowing) over the 30 year term of the Business Plan would create an unfunded cost pressure of £148m.

5.12 Depreciation. Application of depreciation is a requirement for all HRAs. The charge reflects component deterioration in both the housing stock and other housing assets and provides financial resource which contributes to the cost of the repair and maintenance of stock going forward. This means that we set aside a minimum contribution each year into the major repairs reserve (MRR), to ensure a minimum investment in our asset takes place in line with this requirement. However, this is not enough on its own, so we make additional contributions known as revenue contributions to capital (RCCOs) to closer meet the actual investment needs of our stock.

6. Pressures and emerging pressures

6.1 New Build

Stopped schemes and strategically important developed pipeline schemes: Due to the recent constraints to the financial viability of new build schemes, a number of schemes not yet in contract have been stopped and resources reallocated to alternative schemes with greater strategic importance delivering more social homes. The cost of this to the HRA in abortive costs was £6m. The stopped schemes would have delivered 76 social homes, resources have been rediverted to 3 schemes intended to deliver 180 social homes.

New site finder programme: This pipeline of schemes to achieve the council targets for the supply of new homes was previously included in the Business Plan on the basis that it was self-funding i.e. the net rent generated from the new build social homes was sufficient to cover the borrowing costs required to balance the funding of the schemes. As a result of the current economic conditions schemes that would previously have been viable, are no longer viable. There is therefore a current proposal to keep on developing the new build programme towards meeting the 750 (start on site by Dec. 2027) social homes manifesto commitment. There are 3 schemes designed to deliver 180 social homes that have been developed out to planning stage, these 3 schemes require subsidised borrowing from the wider HRA of £34.258m after deducting the re-allocated borrowing resources, arising from the stopped schemes, the net cost to the HRA each year as a result of progressing these 3 schemes is £2m. In addition, it is proposed to set aside resources totalling £20.236m to take the remaining 570 social homes through to planning stage. In the event that the economic environment improves sufficiently within three years of planning being granted these costs will be self-funded if the developments proceed but will place an additional pressure on the Business Plan of £20.236m if they do not. At this time a provision needs to be made as a prudent assumption until it is evidenced that economic conditions have improved.

6.2 Savings programme

In 2022/23 a savings programme was established within the HRA to address budgetary pressures including funding pay inflation, contract inflation, needing to increase reserve levels, increases in interest rates, loss of income from rents and growing costs from the new build programme.

This £5.033m savings programme is applied over a four-year period to annual management and maintenance budgets. It will help to address these pressures and this proposed level of saving has been built into the HRA Business Plan.

Housing Property Services offered up savings of £4.10m in contribution to the overall target through a variety of sources. Against the backdrop of the significant strain facing the service at present there is a risk that these savings will not be achieved.

These savings are currently incorporated into the Business Plan.

There has been further significant growth in Repairs related costs during 2023/24; specifically, there is significant growth in the cost of internal staffing (repairs operatives & disrepair support staff), repairs sub-contractors, legal disrepair and hotel accommodation. The pressure in 2023/24 is projected to be around £9.4m, it is anticipated that this is part of a peak in spending which should result in less resources being required in future years. However, it is unclear how much of this pressure will continue and the level of permanent growth that will materialise. Further scrutiny of this growth is required to understand the long-term impact on the Business Plan. On-going monitoring and review will be carried out during 2023/24 and early 2024/25 to inform our next Business Plan.

The one off £9.4m pressure has been included in the Business Plan and in addition provision totalling £3.850m for permanent repairs/unidentified budget growth has been allowed for at this stage. There remains a high risk that this provision will not be sufficient to meet the ongoing cost pressures in respect of the repairs service and that the full £4.10m of anticipated savings will not be delivered. Requiring further reductions to the monies available to fund the required investment in existing stock.

6.3 Inflation

Rates of inflation is high in the UK and the levels of rents we have been able to charge over time, the council’s main income, have not been allowed by government to increase proportionately. Where there is divergence between inflation related to capital investment and responsive repairs and the rates of inflation used for the rent settlement, this creates significant strain on the Business Plan.

There continues to be uncertainty regarding how rents will be set going forward. Where the inflation applied to rents and capital/repairs contracts are aligned then the expenditure increases can be covered off within the Business Plan however where rental income increases are pegged back by government policy then this creates a pressure in the Business Plan.

If **capital contract** inflation were to exceed the increase permitted for rent setting by 1%in all years, this would create an unfunded budget pressure of £552m.

If **repairs contract** inflation were to exceed the increase permitted for rent setting by 1%in all years, this would create an unfunded budget pressure of £218m.

In terms of **rent setting**: if the plus 1% rent increase above CPI, assumed in the Business Plan in the 3 years 2025-26 to 2027-28 were not permitted by government, this would create an unfunded budget pressure of £214m.

Conversely if the government were to extend the plus 1% rent increase above CPI across all 30 years in the Business Plan this would create surplus rental of income of around £1b.

6.4 Rent arrears have increased significantly over the past few years and current tenant arrears stands at £8m as at 31st March 23 compared to £3.1m as at 31st March 2018. The two main contributing factors for the increase are:

- **Welfare Reform** has represented the biggest change to the benefits system in a generation. Supporting our tenants through these changes, and the transition to Universal Credit, continues to be a key priority. The roll-out of Universal Credit is largely completely in Islington, with some limited exceptions. The impact of this rollout continues to impact arrears as payments to new claimants are paid in arrears and paid directly to residents, which has resulted in a negative impact on the health of the HRA through the need to increase bad debt provision.
- **Cost of Living Crisis –** The on-going cost-of-living crisis continues to affect our ability to collect rent from households who are struggling to fund basic costs. Considerable rent arrears were built up during the Covid -19 pandemic and this legacy continues. This in combination with the in-built delays in the Universal Credit application process meant that rent arrears increased for the council. Levels of arrear continue to be higher as result of these issues and the introduction of Universal Credit.

6.5 Electronic Communications Code 2017

The new Code became law in December 2017 and had a significant impact on the relationship between the council and electronic communications providers. It allowed Code providers, communications companies that are registered with OFCOM, to apply to have agreements imposed on the council, which allowed operators to install, keep and maintain electronic communications equipment on council land. The Code also impacted on the level of rent or compensation the council could receive for these agreements and allows large communications companies to pay less to the council than social housing tenants. The council expects to see this income diminish over the life of the Business Plan and has made provision for a reduction of £370k or 40% over the next 10 years.

6.6 Non-residential assets

An active programme of stock condition surveys is underway which will produce a 15-year costed planned preventative maintenance dataset which will enable appropriate financial budgets to be understood for non-residential buildings.

Additionally, a specific project will be a review of community centres to understand both liabilities and opportunities within the portfolio. The outcome of this work will need to feed into the asset management plan and demand additional resources creating further pressure on the HRA. There is also a wider review of the community centre portfolio taking place that will look at different delivery models – this will include some commercial lettings, a change in the terms under which groups occupy centres and a focus on having fewer but higher quality community centres overall.

7. Mitigation:

Rent Settlement and Review of Internal Costs

As our largest income source is derived from rent, which we have limited scope to increase outside of government policy, the council has few options to meet the significant shortfall in investment need of our stock over the life of the Business Plan.

Much of the HRA expenditure on the management of council dwellings is rechargeable through tenants and leaseholder service charges. Hence, we will continue to explore savings internally within our controllable areas of spend, including levels of support and recharge for non-core landlord services and through review of repairs and investment priorities.

As highlighted throughout this report, this is an area of significant financial challenges, with variable economic conditions and increasing legislative demands. We will also seek to generate income from non-residential assets and continue to lobby central government for a more equitable rent policy.

In theory, a source of income to meet investment requirements could be to dispose of high value and expensive to maintain homes throughout the borough. This would result in a net loss of socially rented homes within the borough during a period of sustained high demand and significant shortfall in supply and would run counter to the council's priority for increasing our general needs housing supply.

This is not recommended by the HRA business plan and is not Council policy, the below example illustrates the breadth of the challenge in meeting the investment gap and maintaining the Decent Homes standard through the life of the Business Plan.

The council currently holds more than 25,000 socially rented homes with an open market value of around £12 billion and an average value of £0.474m at 23-24 prices. Our annual void rate is currently between 800 – 1000 properties as such we could choose to dispose of a number of these properties per year to contribute to or meet the investment need. An illustration of the possible options is set out below:

- 10 sales a year would generate £4.7m or £141m (300 sales) over 30 years (without inflation)
- 20 sales a year would generate £9.5m or £285m (600 sales) over 30 years (without inflation)
- To meet the £933m Investment GAP in the Replacement of Expired Components model we would need to sell 65 voids a year.
- Traditional investment 1.829b would require sales of 129 per year.

However, as stated, this would run counter to the council's corporate priorities and high levels of demand for social housing.

As such the council recommends working alongside other social landlords to seek a more sustainable rent settlement from Central Government, which will enable greater certainty over long-term financial planning and investment in our housing stock.

8. Position overview

The Business Plan for 2024/25 is currently balanced. However, taking into account the pressures set out above, which are unfunded, the Business Plan would not balance and our resources would not match our requirements over 30 years. If no action is taken or if there is a significant shift in government policy, the Business Plan will require further reductions in our investment in existing stock which will in time lead to failures in decency and in meeting our obligations as a responsible landlord.

The Business Plan is a snapshot of the position at the time of writing, meaning it is often out of date once it is completed. Changes in the national and local economies, government and Council policy, addressing local and national needs and many other factors, can significantly impact the position and viability of the plan in the shorter and longer term. We will continue to review this document and our priorities to ensure that we meet our statutory obligations and balance the Business Plan to ensure the maintenance requirements of our stock are met.

Glossary

Housing Revenue Account (HRA)

The Council's landlord account held separately from all other council funds and ringfenced, which means it can only be used for activity related to the council in its role as a landlord. This is legal requirement for all councils who are landlords.

Private Finance Initiative (PFI)

Private Finance Initiatives were used by the government to fund public investment through private borrowing. The government offered this as a solution for social housing to meet the decent homes standard where the investment need was particularly high. This is why the council entered into a contract with Partners for Improvement in Islington to manage it housing under two contracts in 2002 and 2006.

Rents Policy

As a social housing provider, the council must set rents for residential properties in accordance with the Rent Policy Statement. The Rent Policy is issued annually by the Social Housing Regulator.

Social Housing Regulator

As a provider of social housing in England, the council is supervised and regulated by the Social Housing Regulator for England which promotes a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs.

Tenant Management Organisations (TMO)

Tenant management is a form of housing management in which the residents, through a formal management agreement with the council, take on the responsibility of providing some or all housing management functions on the estate or block in which they live. There are currently 23 TMOs operating in Partnership with Islington.

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Appendix E1: CIPFA Financial Management Code Compliance Assessment 2024/25

1. Objectives and Principles

1.1. The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code sets a standard of financial management for local authorities.

1.2. The Code is based on a series of principles supported by specific standards and statements of practice to provide the strong foundation to:

- Financially manage the short, medium and long-term finances.
- Manage financial resilience to meet foreseen demands on services.
- Financially manage unexpected shocks in financial circumstances.

1.3. Each local authority must demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the CIPFA FM Code is a collective responsibility of elected members, the Chief Finance Officer and professional colleagues in the leadership team.

1.4. The CIPFA FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

1.5. The principles focus on an approach which will assist in determining whether, in applying standards of financial management, an authority is financially sustainable:

- Organisational leadership - demonstrating a clear strategic direction based on a vision in which financial management is embedded into culture (A/B/O)
- Accountability - based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs (D/P/Q)
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making (L/M)
- Adherence to professional standards is promoted by the leadership team and is evidenced. (H/J/K)
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection. (C/F/H)
- The long-term sustainability of local services is at the heart of all financial management process and is evidenced by prudent use of public resources. (E/G/I)

2. Process

2.1. The council has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economy efficiency and effectiveness. The FM Code provides guidance for the good and sustainable management of the council.

2.2. The FM code compliance assessment is updated annually to consider any changes that had happened within the council and to assess the level of compliance and look to future improvements that can be made to ensure that the council continues to maintain a high level of compliance with the code. By complying with the principles and standards in the code the council strengthens financial resilience and to meet unexpected and complex demands.

2.3. The council sets and monitors an annual budget and rolling three-year medium term financial strategy (MTFS). Local authorities must set a balanced budget in accordance with the Local Government Finance Act 1992. This process involves all departments within the council whereby estimates are worked up, challenged, and refined. It includes the most recently available budget monitoring information and the latest view on budget assumptions for the forthcoming financial year. The overall budget setting process is considered by the Section 151 (S151) officer in the assessment of the robustness of the council's budget estimates.

2.4. The council also considers information from external sources to remain well informed, able to react to changes and to ensure that the systems and models used by the council remain effective.

2.5. Red/Amber/Green ratings are used to illustrate where the council's level of compliance and where improvements can be made:

Red – Low level of compliance – in need of review and change

Amber – Medium level of compliance

Green – High level of compliance

3. Compliance Assessment

	Guidance	Current Treatment	Further actions	R/A/G
1: The responsibilities of the chief finance officer and leadership team				
A: The leadership team is able to demonstrate that the services provided by the authority provide value for money.	The council has a clear and consistent understanding of what value for money means with mechanisms and processes to promote value for money.	Compliance is demonstrated by the application of other Standards and Statements in the FM Code. The Governance Framework set out in the Annual Governance Statement references ensuring value of money as a key responsibility of the council when conducting business with public money. A Value for		

		money assessment is carried out by the council's external auditors. The Leadership structure is made up of Councillors, Executive Councillors, Council Leader, Chief Executive and Scrutiny Committees. The Senior Leadership Structure under the Chief executive is set out in the Councils constitution. The Executive has established a Voluntary and Community Sector Committee. Part of their responsibilities is to ensure value for money and fairness in the allocation of council resources to the sector and consider the management, use and disposal of council owned buildings occupied by voluntary and community sector organisations. This is set out in the council's constitution.		
B: The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government.	1: The CFO in a public service organisation is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.	The Corporate Director of Resources (CDR, S151) is a key member of the Corporate Management Board.		
	2: The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and in alignment with the organisation's MTFS.	All key and material financial decisions that require the approval of senior officers or Members must have first been considered by the CDR.	Keep under constant review and seek continuous improvement to processes and practice.	

	3: The CFO must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. The CFO should regularly review the skill sets of elected members and all officers with budget/financial management responsibility and ensure appropriate support is provided.	Good financial management is promoted throughout the authority via regular communication. All managers with budgetary responsibility receive financial training from finance teams and there are regular Member training sessions/briefings. A business partnering approach is used to help ensure the development of successful, long term strategic relationships and can in turn help to ensure good financial management. Business partners engage with both internal and external audit to ensure their recommendations are implemented. The decision-making structure and a comprehensive listing of responsibilities of officers and committees in relation to financial management is contained within the council's constitution. Where officers have specific financial responsibilities, these are set out in the Financial Regulations.	Keep under constant review and seek continuous improvement to processes and practice. The council is in the process of launching a tender for a financial system contract, but this will not be completed until Autumn 2025. The council will ensure that any new financial system meets the needs of the organisation and is an improvement on the processes and procedures currently in place	
	4: The CFO must lead and direct a finance function that is resourced to be fit for purpose. The CFO should regularly review the skillsets of all finance staff with senior budget/financial management responsibility and ensure ongoing appropriate support is provided. The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence.	The Finance function was fully reviewed and deemed fit for purpose in 2022. The revised structure was largely based around core competencies against which job descriptions and recruitment decisions are made. There are many qualified staff who are invested in and helped to gain the appropriate qualifications through the FUSE scheme, graduate and apprenticeship programs that encourage growth, continuous learning and development with an aim to help support future service needs. There is a high proportion of permanent staff to agency with 95% percent of positions being	Maintain and develop records around training and staff qualifications. A qualifications register is currently being drafted.	

		held by permanent staff members in the Financial Management division.		
	5: The CFO must be professionally qualified and suitably experienced. The CFO must be able to demonstrate adherence to professional CPD requirements on an annual basis.	The CDR is CCAB qualified with extensive experience in local government finance. CPD is demonstrated as part of CCAB membership obligations.		
	6: The CFO should promote the highest standards of ethical behaviour in the conduct of financial management. Professionally qualified staff should evidence an ongoing commitment to the principles of objectivity, integrity professional behaviour, professional competence, due care and confidentiality.	Professionally qualified staff are required to adhere to the ethical standards of their professional bodies. Finance staff are also bound by ethical requirements in their job description and those within the council's code of conduct. The council is an accredited employer with CCAB bodies. Islington is a platinum level employer under the CIPFA Employer Accreditation Scheme. The accreditation reflects the council's commitment to continuing personal development		
	7: To enable financially informed decision making: The CFO should be able to provide the leadership team with sound advice on the key principles of local government finance; and The CFO should be able to demonstrate a sound system which ensures the authority has access to high standards of technical financial advice.	The CDR is an integral part of the leadership team and provides sound advice as part of this role. The authority employs a capable and experienced workforce and also has access to technical advice through external experts for funding, taxation, audit and pensions, as well as many forums to discuss London and national issues.		
	8: The CFO should report explicitly on the affordability and risk associated with the Capital Strategy and where appropriate have access to specialised advice	The affordability and risk of the capital strategy is an integral part of the budget and MTFS. Capital budget monitoring is included in the quarterly monitoring reports.		

	to enable them to reach their conclusions.	The CDR and Director of Finance attend Corporate Asset Development Board meetings.		
	9: The CFO must establish the reporting and monitoring processes and integrate the treasury management indicators into the overall financial planning process.	There is an established process for reporting and monitoring. Treasury Indicators are approved annually as part of the Treasury Management Strategy Statement alongside the budget papers each year. There is a year-end and mid-year Treasury Management review reported through to Members.	There is ongoing work to include the Treasury forecasts in the budget monitoring reports and give a more complete view of the council's financial position	
	10: The Chief Finance Officer of Local Government Pension Scheme (LGPS) administering authorities satisfies the requirements of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2013 edition).	Fully complies. This organisation recognises the importance of ensuring that is has the necessary resources to discharge its pensions administration responsibilities and that all staff and Members charged with financial administration, governance and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. Training is held quarterly for members, and they are advised of external training opportunities. A log of training provided is recorded.		
2: Governance and financial management style				
C: The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	The council has a clear framework and high standards for governance and internal control. The leadership has effective arrangements for assurance, internal audit, and internal accountability. Nurturing a culture of effective governance and robust	CMB have hosted sessions on good financial management. An organisation wide internal controls board and Good Governance Group were established, and internal controls are tested annually as part of the work of Internal Audit.	In mid-2022, the council commissioned a comprehensive review of the council's governance arrangements. This review made several recommendations, which resulted in a programme	

	internal controls across the authority.	The Audit and Risk Committee is the body responsible for providing an independent focus on the adequacy of governance arrangements, other than Member conduct issues which are the responsibility of the Standards Committee. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The council has adopted a code of governance which is consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The Annual governance statement sets out Islington Council's governance framework. Set out in the council's constitution is a clear outline of the controls and framework of good governance within the council. The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. It sets out how decisions are made and the procedures which are followed to ensure efficiency, transparency, and accountability to residents.	of work starting in January 2023.	
D: The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	1: The authority maintains an effective audit committee.	The Audit and Risk Committee meets at regular stages throughout the financial year. It has two knowledgeable and experienced independent members.		
	2: The audit committee receives and monitors the implementation of internal and external audit recommendations. When threats to the financial sustainability of the authority are identified by auditors the audit committee should ensure	The Audit and Risk Committee receives details of all recommendations made by External Audit. The Committee receive an overview of assurance of all internal audit reports and the implementation progress of those. The Annual Governance Statement is reported to the audit committee annually. It provides a self-	A practice of referring all financial sustainability related recommendations to management and the consideration of their	

	that the recommendations are communicated to the leadership team and that the committee are informed of the effectiveness of the leadership team's response.	assessment of how the council has met the Good Governance principles in the framework. Referring financial recommendations to management for consideration is an ongoing process. Internal Audit bring two reports to the Audit and Risk Committee updating on the delivery of the audit plan each year – one in January and one in September. These reports each include an appendix updating on progress of implementation of audit recommendations. Responsibility for implementation sits with the service area that was audited (e.g. Parking, Housing, Finance etc). There are mechanisms in place to escalate the lack of implementation of recommendations.	response will be put in place. Continue to stay abreast of any new developments and, if an opportunity to enhance/improve arises, the internal audit team will seek to include in their processes. Provide regular updates to the Audit and Risk Committee on progress in implementing the recommendations made in the Annual Governance Statement.	
	3: The authority has a PSIAS (Public Sector Internal Audit Standards) conformant internal audit function	Fully complies. An update of implementation of the EQA recs are on the council's democracy pages. The service overall has a continuous improvement agenda and networks with groups such as London Audit Group (LAG) and the Cross Council Assurance Service (CCAS) to stay abreast of new developments and best practice.	We will implement any recommendations from the External Quality Assessment (EQA).	
E: The financial management style of the authority supports financial sustainability.	1: The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the political leaders, elected members to	Financial Regulations and Instructions provide a clear and understandable framework for financial accountability.	There is room to improve how the Financial Regulations are applied in schemes of authorisation and processes that are	

	directors, finance officers and front-line service managers.	The MTFS process ensures a balanced budget and involves engaging with service managers, directors, finance, and councillors. There is regular financial reporting to CMB, the Executive, and full council.	consistent and widely understood at an operational level.	
	2: Finance teams and the organisation they support are actively committed to continuous improvement focused on efficient and effective delivery and organisational performance.	Finance act as effective business partners, working closely with budget managers and Corporate Directors.		
	3: Enabling transformation: the finance team have input into strategic and operational plans taking into account proactive risk management, clear strategic directions and focus-based outcomes	Finance act as effective business partners, working closely with budget managers and Corporate Directors. Transformation colleagues work closely with their finance counterparts.		
	4: Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.	Budgets and financial cash limits are clearly delegated to cost centre managers. Business partners and budget holders ensure implications of decisions are understood and that departments /managers are responsible for those decisions. Budget manager job descriptions set out their responsibilities for financial management.		
	The financial management of the authority has been critically evaluated	Internal Audit reviews core financial controls and systems on a cyclical basis. There have been 11 audits conducted within the finance department since 2022. Seven of these pertain to key financial systems. Some key findings marked as high risk in the pensions system and accounts receivable system audits regarding operational effectiveness. As well as some concerns of the		

		control design and operational effectiveness of the banking reconciliation system The Internal Audit service continued to benefit from ongoing networking and benchmarking across the Cross Council Assurance Service (a consortium of London boroughs drawing on the same framework agreement for co-sourced assurance services). The internal audit opinion is given, and any risks found are designated as either high, medium, or low risk and actions are recommended for how to mediate the risk which are agreed by the Action Owner who will then have to implement the actions. This will be followed up by the internal audit team establishing whether it has been partially or fully implemented or not implemented at all. If partially or not implemented the internal audit team will have to follow up again and my revise the action text.		
3: Long to medium-term financial management				
F: The authority has carried out a credible and transparent financial resilience assessment	1: Financial resilience is tested against best- and worst-case scenarios which cover a wide range of financial demographic and social challenges.	Financial resilience is tested against key risk scenarios when planning the MTFS. The budget setting process includes scenario planning and sensitivity analysis in working up budget forecasts and proposals.	Potential to use scenario planning and sensitivity analysis more effectively in the budget setting process.	
	2: The authority uses independent objective quantitate measures to assess the risks to its financial sustainability.	Key quantitative measures are used to assess financial stability and risks. For example, analysing the level of general fund balances and reserves. The annual CIPFA resilience index shows Islington of being relatively low risk in terms of financial stability. Reserve markers suggest lower risk profiles. However, the children social		

		care ratio and adult social care ratio suggest higher risks.		
	3: Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners.	Key partners are evaluated before entry into formal arrangements.	Potential to review and strengthen especially since the impact of the pandemic on partners.	
G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	1: The authority has an asset management plan that reviews the condition, sufficiency and suitability of assets in the light of business needs, and ambitions of the Medium to Long Term Financial Strategy. The plan should evidence rigorous assessment of asset portfolio in relation to service delivery.	Fully embedded within the rolling MTFS and long-term capital programme. The council operates a corporate landlord model and is constantly evaluating the best use of its assets. A condition survey is carried out on a regular basis by external consultants, which provides a total cost and prioritisation to inform the capital programme and strategy. The Capital Strategy sets out the long-term investment plans.		
	2: The authority maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.	Information regarding whole-life cost of assets is maintained within the financial system and accounts.		
H: The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	The council has prepared a suitable capital strategy and has a set of prudential indicators in line with the Prudential code. And mechanisms for monitoring its performance against said indicators.	Compliance is reported annually within the budget report. The council is compliant. This is also reported on with the Treasury Management Strategy Statement. The council has a set of prudential indicators that performance in monitored against as part of the Treasury management strategy. Capital strategy, Investment, Minimum Revenue Provision and Treasury Management Strategy are developed annually in conjunction with the MTFS process		

I: The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	1: The Medium-Term Financial Plan should make reference to other organisational plans (e.g. workforce planning) and performance measures to demonstrate an alignment between service and financial planning.	The MTFS is approved and updated annually within the budget report for a 3-year period. Whilst other plans (e.g., workforce planning) are central to the MTFS, this link isn't explicit in published documents.	Explicit and written linking of the MTFS to all key organisational plans is recommended going forward.	
	2: The authority has benchmarked the performance of its services against appropriate comparators.	The Authority uses CIPFA and other benchmarking services to analyse financial and service performance. The council utilises CFOInsights which is a benchmarking tool supported by Grant Thorntons. There are other datasets used such as Adults use data collected by the Association of Directors for adult social care (ADASS). Other resources external to the organisation are used to help provide further insights such as LGImprove who provide balance sheet benchmarking information.		
	3: To inform the Leadership Team's decisions the authority has a single document tracking progress in the delivery of planned savings over the period of the Medium-Term Financial Plan.	A savings tracker is maintained and monitored regularly as part of in-year budget monitoring with ongoing implications picked up in the rolling MTFS.		
	4: The authority publishes it plans for the use of reserves over the over the period of the Medium-Term Financial Plan The level of reserves at 31st March in any one year should not fall below the level previously agreed. The authority should demonstrate adherence to the most recent guidance on reserves from	The Authority has an approved Reserves document that details plans for reserves over the period of the rolling MTFS - compliant with CIPFA guidance.		

	CIPFA's Local Authority Accounting Panel			
4: The Annual Budget				
J: The authority complies with its statutory obligations in respect of the budget setting process.	The council is aware of its statutory obligations in respect of the budget-setting process. The Council has set a balanced budget for the current year.	All statutory obligations are fulfilled within the annual budget report.		
	The budget report includes an assessment of its consistency with the current medium term financial plan and long-term financial strategy. The annual report proposing the budget includes an analysis of the success/failures in achieving the spending plans of the previous year and of departures from the planned use of reserves and balances.	This is monitored and reported on an ongoing basis with reporting picked up in the budget report as appropriate where it relates to the rolling MTFS. The budget report addresses the long-term impact of in year variances. There is a clear linkage between the in-year budget monitoring process and the medium-term financial planning process, with the strategic implications of in-year monitoring taken forward in the future year budget process. This process is clearly set out in the council's budget report.		
K: The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	The council's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately considers the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case. The council has sufficient reserves to ensure financial sustainability for the foreseeable future.	This is included within the annual budget report. The MTFS reflects key budget pressures, planned contingency balances to address budgetary pressures, estimates and assumptions. Where estimates are made, they are stated clearly, and details are provided on when they are likely to be confirmed. The 2024/25 budget report includes a Reserves and Balance Sheet Strategy and a full balance sheet analysis. The budget report recommends a Minimum Level of Earmarked GF Reserves and considers the strategy to build back earmarked reserves over the medium term.		

5. Stakeholder engagements and business plans				
L: The authority has engaged with key stakeholders indeveloping its long-term financial strategy, mediumterm financial plan and annual budget.	The council has been effective in its engagement with stakeholders and has plans to improve engagement with key stakeholders.	The annual budget report and rolling MTFS is subject to full consultation including with key stakeholders (e.g. officers, political leadership and the business community). Let's talk Islington engage with community and create an annual Community Engagement report which outlines the ways in which the council has engaged with the local community through workshops, surveys etc. and outlines the types of responses given.		
M: The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions	1: Option appraisal complies with IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principlesin Project and Investment Appraisal.	There is a well-established and documented option appraisal process taking in to account the 5-case model and other elements of the Treasury Green Book.	This will be reviewed on an ongoing basis to ensure that the process continues to be robust going forward.	
	2: The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process.	The accounting treatment and impactis determined and documented within formal financial implications. Reports contain appropriate information and evidence to support decision making and out like options under consideration. Projects are progressed when they have been appropriately reviewed and it is ensured that they are in line with the councils' priorities.		
6: Monitoring financial performance				
N: The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	1: Timely financial and performance information is available to managers via the appropriate systems. The systems are engineered to provide relevant data at a sufficiently accurate level. The organisation ensures that information is appropriately	Managers are able to access information on demand. Reports have been developed with budget holders to provide them with the correct level of information. Maintaining a risk register forms part of the risk management strategy and framework. The risk register incorporates financial and operational risks.		

	tailored and streamlined to avoid the risk of 'data overload'.			
	2: All Financial monitoring reports include: The name of the budget holder responsible for the information presented; accruals based financial information; include the approved budget against which monitoring is taking place; a forecast for the remainder of the budget period and; service performance information	Complies with the exception of the inclusion of budget holder names. These are maintained on the financial system but are not routinely included in monitoring reports. The council's quarterly financial monitoring report includes performance information. The Corporate Performance Manager is embedded within the Finance Business Partner management structure to further align reporting.		
	3: Financial monitoring reports for high-risk budgets are: •Scrutinised by the leadership team of the organisation on a quarterly basis. Financial monitoring reports for steady state/low risk budgets are: •Received by budget holders on a monthly basis Received (in aggregate) by the leadership team on a regular basis (in aggregate) by the leadership team.	Fully compliant. Reports are written to a standard format and are clear and accurate.		
	4: The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments.	In-year budget realignments can be approved in line with the council's financial regulations.		
	5: At the financial monitoring period end the leadership team receives a set of financial statements with forecast outturn for the year ahead	Fully compliant.		
	6: There are appropriate arrangements in place for	Yes, to the appropriate officer and Member meetings/bodies.		

	reporting and managing the financial performance of each of the organisation’s delivery partnerships and collaborative arrangements.			
	7: There are appropriate arrangements in place for the project management and cost control of capital projects.	Capital projects and programme are reported on a quarterly basis to the Capital Asset Delivery Board and then through to CMB and the Executive in the quarterly monitoring report,		
O: The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability	1: Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to council.	Picked up on a regular basis as part of in-year budget monitoring. The corporate performance report goes quarterly to CMB and elements of it then go quarterly to scrutiny.		
	2: Management accounts include either a full balance sheet or an appropriate level of balance sheet information to meet business needs and evidence of monitoring of material items	Yes – where appropriate.		
7: External financial reporting				
P: The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code.	The council leadership are aware of the CFOs responsibilities in terms do the preparation of annual financial statements including their role descriptions and personal objectives. The financial statements must be prepared and in accordance with the Code of practice.	The annual accounts are reviewed and signed by the CDR. They follow a common format prescribed by CIPFA’s Code of Practice on Local Authority Accounting. External audit have consistently provided an unqualified audit opinion on the statement of accounts in previous years. The draft statement of accounts for the year 22/23 was published on time and made available for public inspection.		

		The CFO includes an introduction in the statement of accounts setting out the missions for the council to create a more equal future for Islington in 2030.		
Q: Presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	The reports support strategic focus on information that presented effectively and is of interest and relevant to the leadership team in order to support in strategic financial decision making.	An annual report is presented that informs strategic decision making.	Regularly seek feedback to ensure that the reporting remains high quality.	

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Appendix E2: Balance Sheet Analysis

1. Synopsis

1.1. The balance sheet provides a snapshot of the council's financial position detailing assets, liabilities, and reserves. The balance sheet shows the complex and closely interlinked relationship between revenue, capital, borrowing and other existing and emerging risks. Analysing the council's balance sheet on a regular and ongoing basis (and not just at financial year-end) is key to understanding the underlying financial position of the council. Effective balance sheet analysis is very useful as a measure to indicate whether or not a local authority is showing signs of financial stress currently and over time within an overall direction of travel.

1.2. To be effective, balance sheet analysis needs to look at a wide range of measures to enhance overall understanding of financial resilience and direction of travel. A number of key measures which are set out below, with an analysis of Islington's comparative position to benchmark authorities.

1.3. Summary of key points:

- Islington council has been able to build reserves, and therefore financial resilience, over the previous 6 years. This was partly due to transitory, additional income received during the COVID-19 pandemic (which is now largely reversed out), but also because of a deliberate medium-term financial strategy to bolster the council's overall reserves position. However, the recent significant decrease in reserves demonstrates the importance of strengthening and maintaining sufficient levels of reserves when the council is able to do so. (**Section 2**)
- The council has strengthened its long-term financial sustainability by increasing the value of its net assets. (**Section 3**)
- The council has deterred external borrowing, despite the increasing need to borrow, by using its own resources to finance capital expenditure. (**Section 4**)
- However, if reserves continue to decline and the need to borrow continues to increase, the council will be required to externally borrow and will risk paying high interest rates. (**Section 4**)
- Investment properties make up only a small part of the council's assets and the council is not dependent on investment income to provide vital services. (**Section 4**)

2. Reserves

2.1. Councils hold reserves to manage risk and set aside funding for future expenditure. There is no specified minimum level of reserves for a council to hold as it depends on its particular risks and planned future expenditure.

2.2. Previous audits of the council's financial position have noted the comparatively low level of reserves. The council currently has had a target to increase general fund balances to £40m over the medium term to build financial resilience.

2.3. Declining reserve balances are a sign of financial stress as reserves will eventually deplete to an unsustainable level. Furthermore, recurrent drawdowns from reserves due to budget overspends could suggest that structural issues exist within the authority, putting an unsustainable strain on the council's reserves position over the longer term.

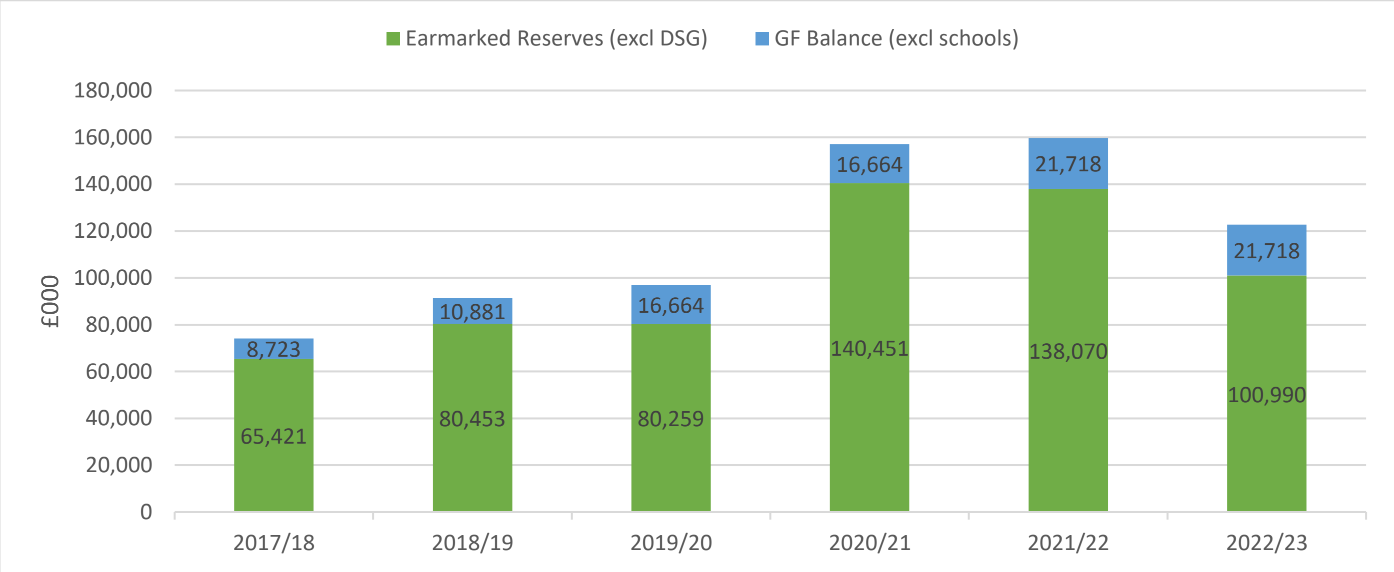
2.4. Council reserves can be split into unusable and useable reserves. Unusable reserves are used to hold unrealised gains or losses for assets not yet disposed of and accounting adjustments which are required by statute. Unlike useable reserves, unusable reserves cannot be used to fund capital or revenue expenditure. Hence key financial indicators focus on the level of useable revenue reserves to demonstrate the level of financial health.

2.5. Useable revenue reserves can be split into 'Earmarked' and 'General'. Earmarked reserves are reserves which have been set aside for the specific purpose. The specific purpose is sometime set by statute e.g. Public Health reserves can only be spent on public health activities. The specific purpose can also be set by the council. For instance, Islington Council has a 'Business Continuity' reserve to mitigate the risk of disruption to key council services and systems, including cyber security risks.

2.6. General Fund balances are reserves which have not been set aside for a specific purpose and are used to mitigate the risks of unexpected events and emergencies.

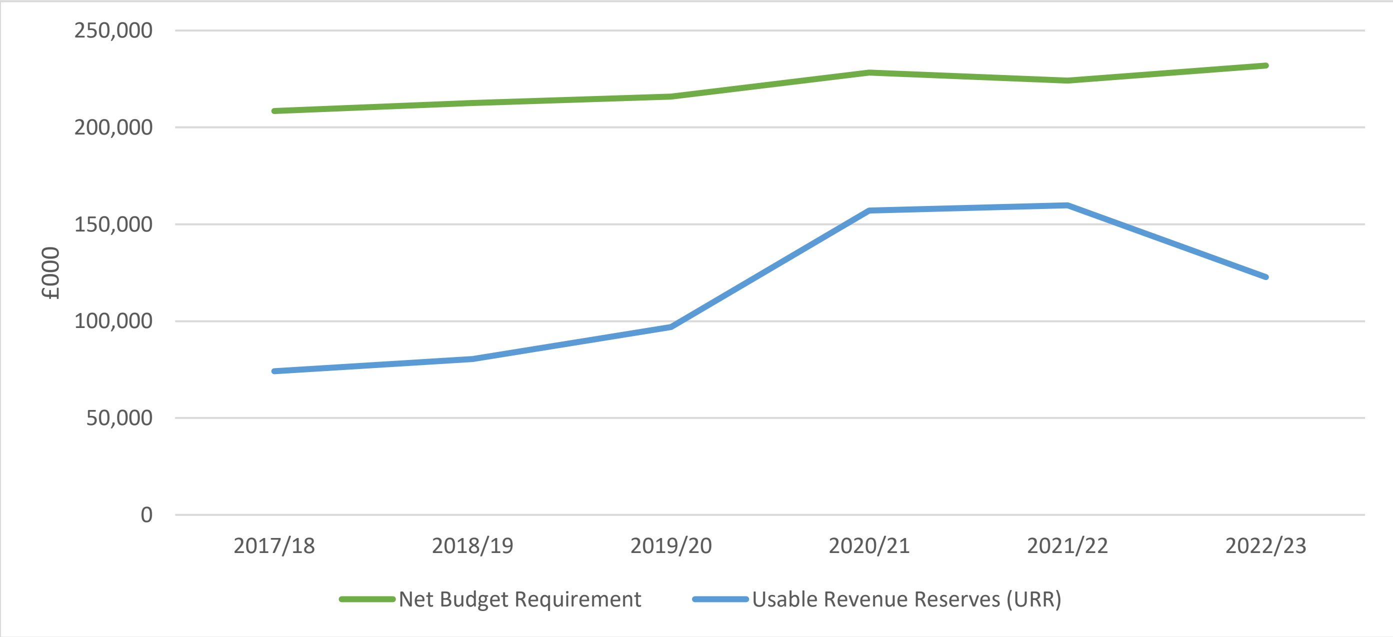
2.7. The figures below analyse the balance of useable revenue reserves over the period from 2017/18 to 2022/23.

Figure 1: Useable Revenue Reserves (Earmarked & General) 2017/18 to 2022/23



2.8. As shown in **Figure 1**, in 2022/23 Islington had £100.990m earmarked reserves representing a 54% increase over the 6-year period. The council had £21.718m of General Fund reserves which is a 149% increase since 2017/18.

Figure 2: Useable Revenue Reserves and Net Budget Requirement 2017/18 to 2022/23



2.9. As shown in **Figure 2**, at 31 March 2023 useable revenue reserves were 53% of the council's 2022/23 net budget requirement. This is a decrease from 2021/22 where useable revenue reserves were the equivalent of 71% of the net budget requirement.

2.10. The council experienced a recent drop in useable earmarked reserves from 2021/22 to 2022/23. Useable earmarked reserves fell by 27% (£37.08m). This is predominantly due to a collection fund related transfer from reserves of £23.800m that will be replenished in 2023/24 and 2024/25, but also due to a greater budget demands in-year – a trend that has continued into 2023/24.

2.11. The above indicators suggest that the council has been able to build financial resilience by contributing to reserves between 2017/18 to 2021/22. Additionally, the council has successfully built-up General Fund balances to £21.718m which will provide more resilience in the case of unexpected events or emergencies.

2.12. However, it should be noted that the council received transitory, additional government funding in the years from 2020/21 to 2021/22 due to the impact of the COVID-19 pandemic. Although this led to an uptick in reserves in the short term, it should be noted that since 2021/22, the council has not received additional funding for COVID-19 pressures but significant additional cost and demand pressures have continued.

2.13. **The recent decline in reserves demonstrates the importance of maintaining (as a minimum) and enhancing levels of reserves (as a preferred strategy) when the council is able to do so, to mitigate the impact of drawdowns when financial circumstances dictate this.**

2.14. Decreasing reserve levels are a key indicator of financial distress in councils. It is important that the medium-term budget makes provision to sustain reserve levels. As recommended in the 2024/25 Budget Report, an absolute Minimum GF Earmarked Reserves Level is set at £60m (combined with the proposed £20m General Balances minimum level).

3. Assets and Liabilities

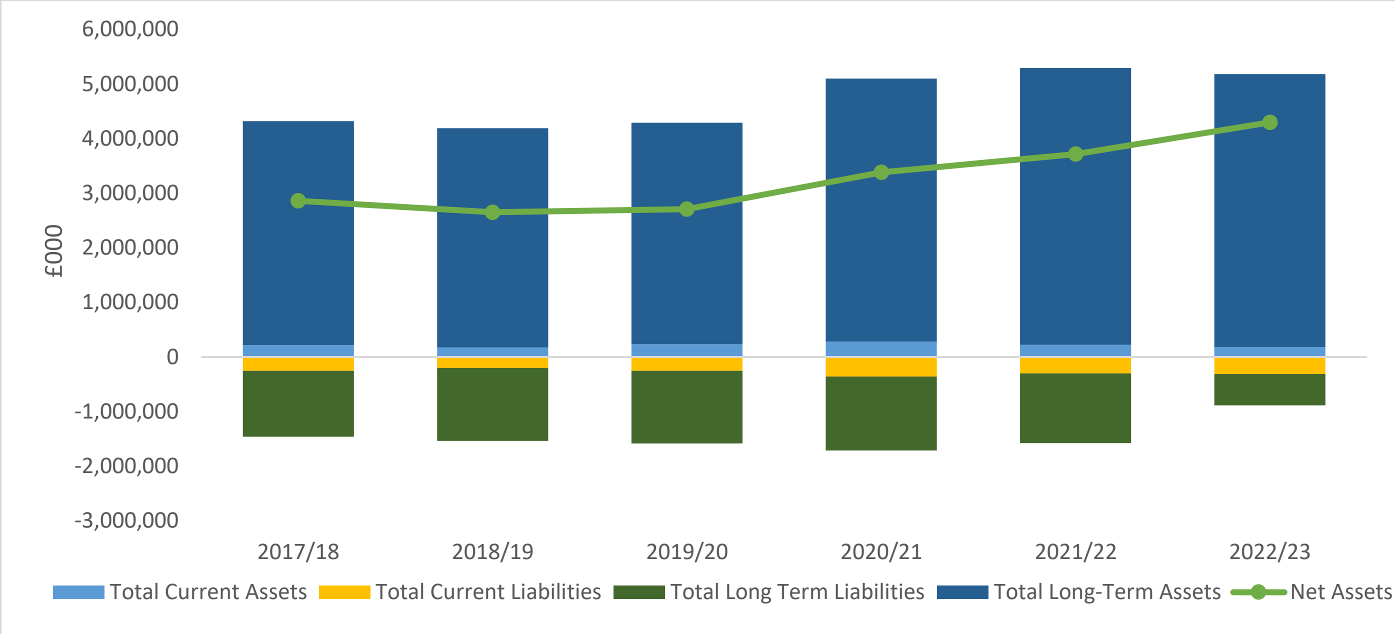
3.1. Assets and liabilities provide information on how financially resilient the council may be in the longer term. Councils tend to have more assets than liabilities due to the prevalence of fixed assets (e.g. buildings) which appreciate in value over time. However, council assets are not always easy to liquidate as public assets (e.g. roads, parks) are seldom sold. Surplus assets have the potential to generate income. For example, investment property is an asset held for this purpose.

3.2. Liabilities on the other hand represent a cost to the council. For example, interest to finance debt will need to be paid off. Therefore, high levels of liabilities imply a future revenue cost.

3.3. The liability related to the defined benefit pensions scheme is usually the most significant liability for the council. The liability predominantly relates to pension owing to past employees. However, pension liabilities change depending upon the latest assumptions on the value of the fund's asset and liabilities. The Pension Fund is set to continue its trajectory of an improving funding level for the 2025 triennial valuation. As a result, there are no anticipated additional pressures in future years resulting from the Pension Fund deficit recovery plan. There could be a small benefit to the MTFS position in 2026/27, but currently this is uncertain.

3.4. Net assets measure an organisation's assets minus its liabilities which includes both long-term and short-term assets and liabilities.

Figure 3: Total Assets and Liabilities 2017/18 to 2022/23



3.5. **Figure 3** shows that the value of Net Assets has increased by 62% over a 6-year period. The liability related to defined benefit pension scheme fell by 76% from 2021/22 to 2022/23. This is predominantly due to an actuarial gain from changes in financial assumptions.

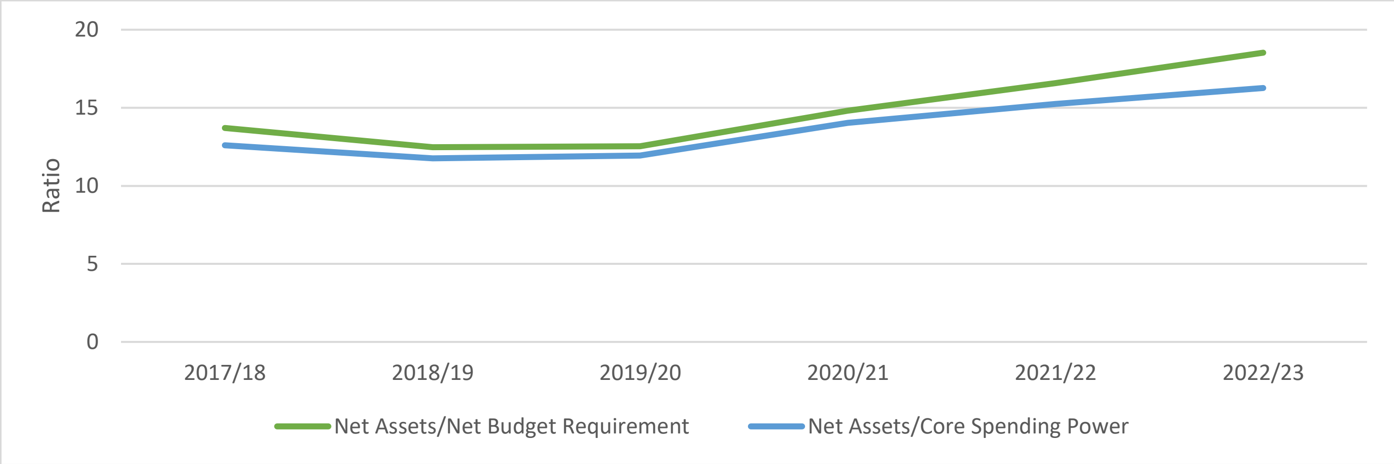
3.6. Assets and liabilities can be split into 'current' (short-term) or 'non-current' (long-term). Consequently, they can provide different information on the short-term and longer-term financial health of an organisation. **Table 1** and **Figure 4** below assess the short-term and long-term sustainability of the council's finances.

Table 1: Current Ratio for 2017/18 to 2022/23

Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Current Ratio	0.86	0.87	0.90	0.78	0.73	0.58

3.7. Current assets and liabilities can provide insight into the liquidity position of the council. The current ratio of less than 1 could suggest the council will struggle to meet current obligations from its current assets. The ratio of current assets to current liabilities (current ratio) is consistently less than 1 and has declined in the last 4 years. External analysis suggests that the 2022/23 Inner London borough average is 1.22. This is partly linked to the council deferring external borrowing by using cash resources to finance capital expenditure.

Figure 4: Ratio of Net Assets to Net Budget Requirement and Core Spending Power



3.8. The Net Assets to Net Budget Requirement and the Net Assets to Core Spending Power indicators provide insight into the longer-term financial sustainability of an organisation, as they show the number of times the budget and available revenue can be funded though the council's net assets or vice versa.

3.9. The ratio of Net Assets to Net Budget Requirement for 2022/23 is 18.53 compared to 16.57 in 2021/22. This has consistently increased over 5-year period. The ratio of Net Assets to Core Spending Power is 16.27 for 2022/23, an increase from 15.25 in 2021/22.

3.10. Overall, **Figure 3** and **Figure 4** suggest that the council has been able to increase the value of its net assets over the 6-year period, which will support its longer-term financial sustainability. Islington council has seen an increase in the value of its long-term assets, particularly investment properties and property, plant, and equipment, and a decrease in its largest long-term liability in the defined benefit pension liability. If this trend continues, this will help to strengthen the council's longer-term financial sustainability and support its ability to provide vital services.

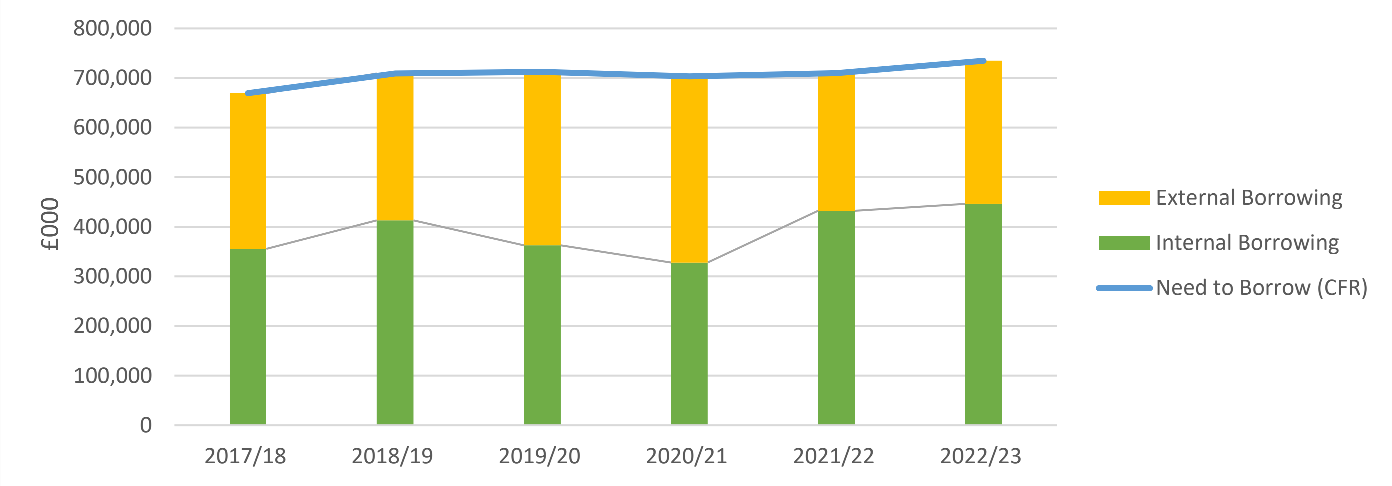
3.11. **Table 1** demonstrates that Islington council consistently has a current ratio of less than 1, and this ratio has been declining over a 4-year period. **If this trend continues, the council may need to borrow to manage its cash position which will expose it to high interest rates. This is a risk going forwards.**

4. Borrowing and other long-term borrowing

4.1. Councils can borrow to finance capital expenditure which is vital to the provision of services such as schools, roads, libraries, and leisure centres. The level of borrowing that a council has depends upon many individual funding decisions taken in previous financial years.

4.2. The capital financing requirement (CFR) measures the historic capital expenditure incurred by the council which has yet to be financed. It represents the council's underlying need to borrow. However, councils can delay external borrowing by temporarily using their own resources to finance the capital expenditure (known as internal borrowing).

Figure 5: Capital Financing Requirement Funded by Internal and External Borrowing



4.3. The CFR has increased by 10% over 6-year period and the extent of internal borrowing has risen by 25% over 6-year period. Internal borrowing as a proportion of CFR in 2022/23 is 61%. External modelling suggests that the Inner London average is 63%.

4.4. Debt gearing is an indicator which represents the council's ability to support the CFR. High debt gearing implies that a council may have difficulty supporting their borrowing. Moreover, high levels of debt have been seen in several councils which have issued S114 notices, notably Woking and Thurrock. **Table 2** shows the debt gearing of Islington council for 2017/18 to 2022/23

Table 2: Debt Gearing from 2017/18 to 2022/23

Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Debt Gearing	16.43%	17.74%	17.61%	14.64%	14.03%	14.73%

4.5. External analysis indicates that the Inner London borough average debt gearing in 2022/23 is 20%.

4.6. Overall, the analysis above demonstrates that the council has been able to delay external borrowing despite the increase in CFR. This is partly due to the council utilising internal borrowing to fund the unfinanced capital expenditure. **However, if the CFR continues to increase combined with declining reserve balances (described in Section 3), the council will be required to externally borrow a greater proportion. This is a significant risk as interest rates are currently at a historic high.**

5. Investments and Investment Property

5.1. Councils typically invest for three reasons:

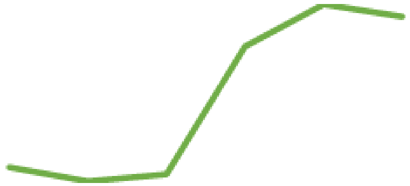
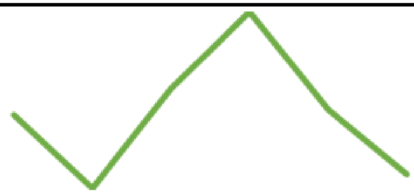
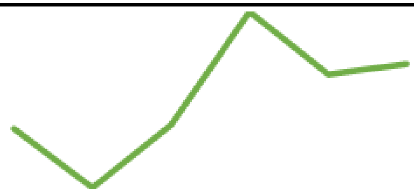
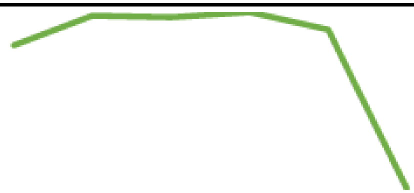
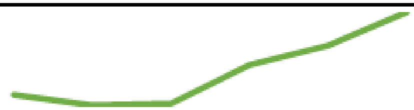
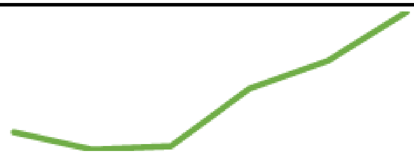
- Investing surplus cash to earn a return and manage the council's cash balance (e.g. when income is received in advance of expenditure)
- Investing to support local services (e.g. local businesses, charities, loans to employees)
- Investing to earn investment income (e.g. purchasing shops or office space which generate rental income, also known as investment property)

5.2. Councils investing in investment property can allow them to generate income from a range of sources. A higher total value of investment property indicates more opportunity to raise income. However, return on investment can vary depending on the type of investment and an investment strategy.

5.3. A number of councils that have issued S114 notices after over-borrowing to fund investment properties or after making risky commercial investments, notably Woking, Thurrock, Slough and Croydon. Hence, analysing the investment activities of a council can provide insight into the financial position and potential risks facing the council.

5.4. Islington council has seen a 40% increase in the value of investment properties over the 6-year period from 2017/18 to 2022/23. However, this increase is mostly due to the increase in the value of currently owned properties rather than the purchasing of new investment properties. The council has not purchased new commercial properties, nor does it plan to in the medium term. **Furthermore, investment properties accounted for only 0.87% of Islington's long-term assets in 2022/23 and generated approximately £1.7m in rental income in 2022/23, demonstrating that investment income only accounts for a small part of Islington's revenue income.**

6. Data

	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	6-year Trend
Balance Sheet Data							
Property, Plant & Equipment	4,044,359	3,965,375	4,012,229	4,773,583	5,019,139	4,941,918	
Heritage Assets	487	487	487	487	487	487	
Investment Property	31,227	32,675	33,178	32,633	39,259	43,641	
Long Term Investments	10,696	10,752	5,843	813	10,794	10,749	
Long Term Debtors & Prepayments	16,433	8,687	8,498	12,582	6,724	6,158	
Total Long-Term Assets	**4,103,202**	**4,017,976**	**4,060,235**	**4,820,098**	**5,076,403**	**5,002,953**	
Short Term Investments	122,695	85,482	90,452	152,097	95,661	30,676	
Short Term Assets Held for Sale	-	-	-	281	476	1,439	
Inventories	760	1,118	2,183	1,295	1,201	1,769	
Short Term Debtors	76,321	65,737	84,723	116,941	107,147	133,894	
Cash and Cash Equivalents	16,663	20,791	54,206	6,889	14,713	13,651	
Total Current Assets	**216,439**	**173,128**	**231,564**	**277,503**	**219,198**	**181,429**	
Short Term Creditors	142,346	119,530	126,274	184,948	202,727	196,767	
Short Term Borrowing	67,347	30,375	72,888	112,246	31,803	46,006	
Cash and Bank Overdrawn	22,458	24,523	26,474	-	-	26,615	
Short Term Provisions	8,114	12,058	12,452	26,216	27,341	21,439	
Short Term Grants Receipts in Advance	12,185	12,682	18,135	34,175	39,666	19,879	
Total Current Liabilities	**252,450**	**199,169**	**256,224**	**357,586**	**301,538**	**310,707**	
Long Term Provisions	12,119	20,341	21,020	13,001	12,154	19,549	
Long Term Borrowing	246,222	266,109	276,609	263,275	245,604	242,481	
Liability Related to Defined Benefit Pensions Scheme	802,883	916,402	911,488	973,521	916,793	219,084	
Other Long Term Liabilities	123,899	111,188	96,041	82,988	81,841	74,591	
Long Term Grants Receipts in Advance	23,875	26,650	24,218	22,978	23,292	20,643	
Total Long Term Liabilities	**1,208,998**	**1,340,690**	**1,329,376**	**1,355,763**	**1,279,684**	**576,348**	
Net Assets	**2,858,193**	**2,651,245**	**2,706,199**	**3,384,252**	**3,714,379**	**4,297,327**	
Usable Reserves	285,035	284,991	281,145	303,595	313,903	258,824	
Unusable Reserves	2,573,158	2,366,254	2,425,054	3,080,657	3,400,476	4,038,503	
Total Reserves	**2,858,193**	**2,651,245**	**2,706,199**	**3,384,252**	**3,714,379**	**4,297,327**	

***Typically, an upwards trend in long-term assets and reserves and a downwards trend long-term liabilities can be interpreted as the council strengthening its financial position, especially as demand for council services and service costs continue to rise. However, it is worth noting that significantly high levels of reserves could indicate that a council is not effectively using taxpayer's money to provide services and taxpayers are not getting value for money. A balance needs to be struck between providing value for money to current service users and ensuring services can continue to be provided for future service users.**

Other Data	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**	**2020/21 £000**	**2021/22 £000**	**2022/23 £000**
Net Revenue Requirement (Budget Reports)	208,481	212,546	215,839	228,303	224,096	231,923
Current Resources	284,659	287,370	284,329	272,580	290,690	263,894
Core Spending Power (CSP)	226,982	225,420	226,734	241,173	243,547	264,182
Need to Borrow (CFR)	669,593	709,315	712,411	703,721	709,796	734,849
Capital Equity	3,406,480	3,289,222	3,333,483	4,103,263	4,349,565	4,252,636
External Borrowing	313,569	296,484	349,497	375,521	277,407	288,487
Internal Borrowing	356,024	412,831	362,914	328,200	432,389	446,362
Indicators	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Internal Borrowing % of Need to Borrow (CFR)	53.17%	58.20%	50.94%	46.64%	60.92%	60.74%
Internal Borrowing/Current Resources	125.07%	143.66%	127.64%	120.41%	148.75%	169.14%
Debt Gearing	16.43%	17.74%	17.61%	14.64%	14.03%	14.73%
CFR/CSP	295.00%	314.66%	314.21%	291.79%	291.44%	278.16%
CFR/Current Resources	2.35	2.47	2.51	2.58	2.44	2.78
Net Assets/CSP	12.59	11.76	11.94	14.03	15.25	16.27
Current Resources/CSP	1.25	1.27	1.25	1.13	1.19	1.00
Earmarked reserves (GF)/Net Budget Requirement	31.38%	32.73%	37.18%	61.52%	61.61%	43.54%
URR/Net Budget Requirement	35.56%	37.85%	44.91%	68.82%	71.30%	52.91%
URR/CSP	32.67%	35.69%	42.75%	65.15%	65.61%	46.45%
Current Ratio (Current Assets/Current Liabilities)	0.86	0.87	0.90	0.78	0.73	0.58
Net Assets/Net Budget Requirement	13.71	12.47	12.54	14.82	16.57	18.53

7. Glossary

Indicator	Calculation	Definition
Current Resources	Total Useable Reserves (MIRS) - Collection Fund Adjustment (Unusable Reserves Note) + Financial Instruments RR (Unusable Reserves Note) - Accumulated Absences Account (Unusable Reserves Note)	Current Resources measures the useable revenue and capital reserves, and the reserves balances for collection fund
Useable Revenue Reserves (URR)	General Fund balances + Earmarked General Fund Reserves - Dedicated School Grant Reserve	Reserves which can be used to fund future revenue expenditure
Unusable Reserves	Unusable Reserves	Unusable Reserves are used to hold unrealised gains or losses for assets not yet disposed of and accounting adjustments, which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.
Core Spending Power (CSP)	Derived from Local Government Finance Settlement	CSP is the government's measure of a local authority's resources available to fund service delivery. It mainly consists of income from retained business rates, grants, and council tax (assuming that council tax is increased by the maximum allowed without a referendum).
Capital Financing Requirement (CFR)	Derived from Capital Expenditure and Capital Financing note in accounts	This is a measure of the capital expenditure incurred historically by the council which has yet to be financed. This can give an indication of the underlying need to borrow.
Capital Equity	Property, Plant, & Equipment + Heritage Assets + Investment Property + Short term Assets held for sale	The value of fixed assets
Net Budget Requirement	Derived from budget reports	The amount of expenditure which needs to be funded from council tax and general support from central government
External Borrowing	Short Term borrowing + Long term borrowing	The value of short-term and long-term borrowing at 31st March
Internal Borrowing	Capital Financing Requirement - External Borrowing	Internal borrowing arises when the council delays borrowing externally by temporarily using cash it holds for other purpose e.g., earmarked reserves
Internal Borrowing % of Need to Borrow (CFR)	(Internal Borrowing/Capital Financing Requirement) x 100	Shows the proportion of the capital financing requirement which is being financed from internal resources. A high proportion indicates that the council has been able to deter external borrowing.

Indicator	Calculation	Definition
Internal Borrowing/Current Resources	(Internal Borrowing/Current Resources) x 100	Measures the ability of the council to fund internal borrowing from the useable revenue and capital reserves. A higher percentage indicates that the council has fewer resources to enable internal borrowing and may indicate a greater need to externally borrow.
Debt Gearing	(Capital Financing Requirement/Capital Equity) x 100	Compares the underlying need to borrow against the value of fixed assets. A higher percentage indicates a high level of potential borrowing which needs to be supported.
CFR/CSP	(Capital Financing Requirement/Core Spending Power) x 100	Compares the underlying need to borrow against the core revenue funding available to the council. A higher percentage indicates a that there is less revenue available to support the capital expenditure.
CFR/Current Resources	Capital Financing Requirement/Current Resources	Compares the underlying need to borrow against the useable revenue and capital reserves. A higher percentage indicates that there are fewer resources available to support the capital expenditure.
Net Assets/CSP	Net Assets/Core Spending Power	Counts the number of times net assets can be funded by the core revenue funding made available to the council, or vice versa. This can be used to indicate the long-term financial health.
Current Resources/CSP	Current Resources/Core Spending Power	Compares the useable revenue and capital reserves to the core revenue funding made available to the council. A higher ratio indicates that there are more resources available to cover the available revenue.
Earmarked reserves (GF)/Net Budget Requirement	[(Earmarked GF Reserves - Dedicated School Grant Reserve)/Net Budget requirement] x 100	Shows how much of the net budget requirement can be covered by the earmarked general fund reserves. A higher percentage indicates that the council has a greater ability to cover budget shortfalls.
URR/Net Budget Requirement	(Useable Revenue Reserves/Net Budget Requirement) x 100	Compares the useable revenue reserves to the expenditure needed to be funded from council tax and general government support. A higher percentage indicates a greater ability to cover budget shortfalls.
URR/CSP	(Useable Revenue Reserves/Core Spending Power) x 100	Compares the useable revenue reserves to the core revenue funding made available to the council. A higher percentage indicates a greater ability to cover budget shortfalls
Current Ratio	Current Assets/Current Liabilities	The current ratio can be used to measure an organisation's ability to meet its short-term obligations from its current assets. A higher ratio indicates a greater ability to meet short-term obligations.
Net Assets/Net Budget Requirement	Net Assets/Net Budget Requirement	Counts the number of times net assets can be funded by the amount of funding provided by council tax and general government support, or vice versa. This can be used to indicate the long-term financial health.

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Appendix F1: Capital Programme 2024/25 to 2033/34

Scheme Title	Strategic Priority	Expenditure Budget						Funding						
		23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget	27/28 - 33/34 Budget	Total	Grant Funding	S106/ Local CIL	Strategic CIL	Capital Receipts	Revenue Contributions & Other	Borrowing	Total Funding
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
16-18 Hornsey Road	Fairer Together	0.330	-	-	-	-	**0.330**	-	-	-	-	-	(0.330)	**(0.330)**
Adventure Playgrounds - Cornwallis Adventure Playground	Child-Friendly Islington	0.229	-	-	-	-	**0.229**	-	-	-	-	-	(0.229)	**(0.229)**
Adventure Playgrounds - Martin Luther King	Child-Friendly Islington	0.177	-	-	-	-	**0.177**	-	(0.002)	-	-	-	(0.175)	**(0.177)**
Early Years and Children's Centres	Child-Friendly Islington	0.068	-	-	-	-	**0.068**	-	-	-	-	-	(0.068)	**(0.068)**
Hayward Adventure Playground	Child-Friendly Islington	0.025	1.409	-	-	-	**1.434**	(0.295)	(0.283)	-	-	-	(0.856)	**(1.434)**
High Needs Provision Allocation	Child-Friendly Islington	0.310	2.229	2.229	2.228	-	**6.996**	(6.996)	-	-	-	-	-	**(6.996)**
Schools - Tufnell Park School Expansion	Child-Friendly Islington	0.020	-	-	-	-	**0.020**	-	-	-	-	-	(0.020)	**(0.020)**
Lift Building Development	Community Wealth Building	0.477	-	-	-	-	**0.477**	-	-	-	-	-	(0.477)	**(0.477)**
Packington Nursery Expansion	Child-Friendly Islington	0.180	0.240	-	-	-	**0.420**	-	-	-	-	-	(0.420)	**(0.420)**
New River College SEND/Elthorne	Child-Friendly Islington	1.894	1.896	-	-	-	**3.790**	(1.717)	-	-	-	-	(2.073)	**(3.790)**
Prior Weston Primary School Playground Redevelopment	Child-Friendly Islington	0.070	0.318	-	-	-	**0.388**	-	(0.388)	-	-	-	-	**(0.388)**
Schools - Schools Condition Schemes	Child-Friendly Islington	2.500	2.669	1.400	1.400	8.400	**16.369**	(14.573)	-	-	-	-	(1.796)	**(16.369)**
The Zone Youth Club	Child-Friendly Islington	0.157	-	-	-	-	**0.157**	-	(0.107)	-	-	-	(0.050)	**(0.157)**
Toffee Park & Radnor St Gardens	Child-Friendly Islington	0.123	2.812	0.233	-	-	**3.168**	-	(1.512)	-	-	-	(1.656)	**(3.168)**
Finsbury Leisure Centre Redevelopment	Community Wealth Building	1.200	1.728	10.922	16.342	2.369	**32.561**	-	(0.426)	(1.276)	-	-	(30.859)	**(32.561)**
Adult social care commissioned services	Greener, Healthier Islington	0.028	-	-	-	-	**0.028**	-	-	-	-	-	(0.028)	**(0.028)**
Compliance and Modernisation	Community Wealth Building	3.000	2.188	1.938	1.937	7.970	**17.033**	-	-	-	-	-	(17.033)	**(17.033)**
Fully Funded Small S106/CIL Schemes	Greener, Healthier Islington	4.586	-	-	-	-	**4.586**	-	(4.586)	-	-	-	-	**(4.586)**
Disability/Accessibility Works	Fairer Together	0.850	1.000	1.000	1.150	-	**4.000**	-	-	-	-	-	(4.000)	**(4.000)**
Future Work Phase 2	Community Wealth Building	3.180	0.010	-	-	-	**3.190**	(0.043)	-	-	-	-	(3.147)	**(3.190)**
Libraries - Islington Museum and Local History Centre	Community Wealth Building	0.170	0.174	-	-	-	**0.344**	-	(0.070)	-	-	-	(0.274)	**(0.344)**
Libraries - South Library	Community Wealth Building	0.307	-	-	-	-	**0.307**	-	-	-	-	-	(0.307)	**(0.307)**
Libraries Modernisation	Community Wealth Building	0.048	0.050	0.069	-	-	**0.167**	-	-	-	-	-	(0.167)	**(0.167)**
Mildmay Library	Community Wealth Building	0.300	0.550	-	-	-	**0.850**	-	-	-	-	-	(0.850)	**(0.850)**
Vorley Road Library	Community Wealth Building	0.084	1.054	2.261	1.727	0.247	**5.373**	-	-	-	-	-	(5.373)	**(5.373)**
Chapel Market	Community Wealth Building	1.101	-	-	-	-	**1.101**	(1.055)	(0.046)	-	-	-	-	**(1.101)**
Greenspaces - Barnard Park Renewal	Greener, Healthier Islington	1.300	2.315	-	-	-	**3.615**	-	(1.765)	-	-	-	(1.850)	**(3.615)**
Greenspaces - Bingfield Park (including Crumbles Castle legacy)	Greener, Healthier Islington	0.821	0.163	-	-	-	**0.984**	-	(0.663)	-	-	-	(0.321)	**(0.984)**
Greenspaces - Highbury Bandstand/Highbury Fields	Greener, Healthier Islington	0.034	1.428	-	-	-	**1.462**	-	(0.673)	-	-	-	(0.789)	**(1.462)**
Greenspaces - Park Improvements	Greener, Healthier Islington	-	-	-	-	-	**-**	-	-	-	-	-	-	**-**
Isledon Road Gardens	Greener, Healthier Islington	0.424	-	-	-	-	**0.424**	-	(0.424)	-	-	-	-	**(0.424)**
Wray Crescent Cricket Pavilion	Greener, Healthier Islington	0.412	1.143	-	-	-	**1.555**	(0.150)	(0.055)	-	-	-	(1.350)	**(1.555)**
29-33 Old Street	Community Wealth Building	0.400	3.600	-	-	-	**4.000**	-	-	-	-	-	(4.000)	**(4.000)**
Automated Public Toilets	Community Wealth Building	0.200	0.762	-	-	-	**0.962**	-	-	-	-	-	(0.962)	**(0.962)**
Resident Experience	Community Wealth Building	0.330	-	-	-	-	**0.330**	-	-	-	-	-	(0.330)	**(0.330)**
Childcare Expansion	Child-Friendly Islington	0.245	-	-	-	-	**0.245**	(0.245)	-	-	-	-	-	**(0.245)**
Family Hub	Child-Friendly Islington	0.072	-	-	-	-	**0.072**	(0.072)	-	-	-	-	-	**(0.072)**
Newington Barrow Way Works	Community Wealth Building	0.234	4.079	-	-	-	**4.313**	(4.313)	-	-	-	-	-	**(4.313)**
UKSPF (shared prosperity fund)	Community Wealth Building	0.245	0.245	-	-	-	**0.490**	(0.490)	-	-	-	-	-	**(0.490)**
Community Wealth Building Total		**26.131**	**32.062**	**20.052**	**24.784**	**18.986**	**122.015**	**(29.949)**	**(11.000)**	**(1.276)**	**-**	**-**	**(79.790)**	**(122.015)**

Appendix F: Capital Programme (2024/25 Budget Report)

		Expenditure Budget						Funding						
Scheme Title	Strategic Priority	23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget	27/28 - 33/34 Budget	Total	Grant Funding	S106/ Local CIL	Strategic CIL	Capital Receipts	Revenue Contributions & Other	Borrowing	Total Funding
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Bunhill Energy Centre Phase 2	Community Wealth Building	0.796	-	-	-	-	**0.796**	-	-	-	-	-	(0.796)	**(0.796)**
Clerkenwell Green	Community Wealth Building	0.945	-	-	-	-	**0.945**	(0.093)	(1.084)	-	-	-	0.232	**(0.945)**
Corporate CCTV Upgrade	A Safe Place to Call Home	1.200	1.554	-	-	1.400	**4.154**	-	-	-	-	-	(4.154)	**(4.154)**
Energy - Decarbonisation Schemes	Greener, Healthier Islington	4.546	3.986	-	-	-	**8.532**	(3.032)	-	-	-	-	(5.500)	**(8.532)**
External S106/CIL Schemes	Greener, Healthier Islington	0.404	-	-	-	-	**0.404**	-	(0.404)	-	-	-	(0.000)	**(0.404)**
Greening the Borough	Greener, Healthier Islington	0.400	0.760	-	-	-	**1.160**	-	-	-	-	-	(1.160)	**(1.160)**
GreenSCIES (New River Heat Network)	Greener, Healthier Islington	0.094	-	-	-	-	**0.094**	(0.094)	-	-	-	-	-	**(0.094)**
Greenspaces - 3G Football Pitch Replacement	Greener, Healthier Islington	-	-	-	0.781	-	**0.781**	-	-	-	-	-	(0.781)	**(0.781)**
Greenspaces - New River Walk	Greener, Healthier Islington	-	-	-	-	-	**-**	-	-	-	-	-	-	**-**
Highways - Highways	Community Wealth Building	1.536	1.513	1.513	1.513	11.104	**17.179**	(3.156)	-	-	-	-	(14.023)	**(17.179)**
Leisure - Floodlight Upgrades	Greener, Healthier Islington	-	-	-	0.095	-	**0.095**	-	-	-	-	-	(0.095)	**(0.095)**
Leisure - Sobell Leisure Centre	Greener, Healthier Islington	0.428	-	-	-	-	**0.428**	-	-	-	-	-	(0.428)	**(0.428)**
Leisure - Strategic Provision	Greener, Healthier Islington	1.115	1.299	-	0.500	4.500	**7.414**	-	-	-	-	-	(7.414)	**(7.414)**
Leisure - Tufnell Park all-weather pitch	Greener, Healthier Islington	0.196	-	-	-	-	**0.196**	-	-	-	-	-	(0.196)	**(0.196)**
People Friendly Streets - Liveable Neighbourhoods, Low Traffic Neighbourhoods & School Streets	Greener, Healthier Islington	2.738	3.653	3.252	3.500	12.650	**25.793**	(0.370)	(0.396)	-	-	-	(25.027)	**(25.793)**
Public Realm - Fortune Street Area	Greener, Healthier Islington	0.528	-	-	-	-	**0.528**	-	(0.528)	-	-	-	-	**(0.528)**
Public Realm - Kings Square Shopping Area Public Space	Greener, Healthier Islington	0.440	-	-	-	-	**0.440**	-	(0.440)	-	-	-	-	**(0.440)**
Public Realm - Old Street/Clerkenwell Road	Greener, Healthier Islington	0.018	0.150	0.600	-	-	**0.768**	-	(0.018)	-	-	-	(0.750)	**(0.768)**
Public Realm - St Johns Street Public Realm Improvements	Greener, Healthier Islington	1.004	0.300	-	-	-	**1.304**	-	(1.304)	-	-	-	0.000	**(1.304)**
Recycling Site Improvement & Estate Recycling and Refuse Bin Storage	Greener, Healthier Islington	-	-	-	-	0.600	**0.600**	-	(0.600)	-	-	-	-	**(0.600)**
Street Lighting - LED upgrades	Greener, Healthier Islington	0.198	-	-	-	-	**0.198**	-	-	-	-	-	(0.198)	**(0.198)**
Traffic & Parking - Cycle Schemes	Greener, Healthier Islington	0.450	0.450	0.450	0.450	2.700	**4.500**	-	-	-	-	-	(4.500)	**(4.500)**
Traffic & Parking - Electric Vehicle Charging Points	Greener, Healthier Islington	0.215	0.653	0.560	0.560	0.960	**2.948**	(1.293)	-	-	-	-	(1.655)	**(2.948)**
Traffic & Parking - Safety Schemes	Greener, Healthier Islington	0.455	0.500	0.500	0.500	3.000	**4.955**	-	-	-	-	-	(4.955)	**(4.955)**
Traffic & Parking - Traffic Enforcement/Parking	Greener, Healthier Islington	0.290	0.300	0.300	0.300	1.800	**2.990**	-	-	-	-	-	(2.990)	**(2.990)**
Parking - Extension of CPZ	Greener, Healthier Islington	-	1.085	-	-	-	**1.085**	-	-	-	-	-	(1.085)	**(1.085)**
Vehicle fleet electrification (infrastructure)	Greener, Healthier Islington	0.999	0.629	0.629	1.953	-	**4.210**	-	-	-	-	-	(4.210)	**(4.210)**
Vehicle Replacement	Greener, Healthier Islington	2.908	1.969	2.000	2.000	20.990	**29.867**	-	-	-	-	-	(29.867)	**(29.867)**
Mull Walk & Pritchard Court - Welfare facilities upgrade	Greener, Healthier Islington	0.052	-	-	-	-	**0.052**	-	-	-	-	-	(0.052)	**(0.052)**
People-friendly Streets borough-wide roll out - Camera enforcement	Greener, Healthier Islington	0.400	0.470	0.560	0.975	1.500	**3.905**	-	-	-	-	(2.930)	(0.975)	**(3.905)**
Food Waste Collection	Greener, Healthier Islington	-	1.100	-	-	-	**1.100**	(1.100)	-	-	-	-	-	**(1.100)**
Air Quality Programme	Greener, Healthier Islington	0.326	-	-	-	-	**0.326**	(0.326)	-	-	-	-	-	**(0.326)**
Bus Priority Delivery Portfolio	Greener, Healthier Islington	0.175	-	-	-	-	**0.175**	(0.175)	-	-	-	-	-	**(0.175)**
Corridors	Greener, Healthier Islington	0.073	-	-	-	-	**0.073**	(0.073)	-	-	-	-	-	**(0.073)**
Cycleways Network Delivery Programme	Greener, Healthier Islington	1.552	-	-	-	-	**1.552**	(1.552)	-	-	-	-	-	**(1.552)**
Cycling Parking	Greener, Healthier Islington	0.106	-	-	-	-	**0.106**	(0.106)	-	-	-	-	-	**(0.106)**
Sobell Leisure Centre	Greener, Healthier Islington	2.000	5.000	-	-	-	**7.000**	-	-	-	-	(6.022)	(0.978)	**(7.000)**
Ironmonger Row Baths	Greener, Healthier Islington	7.000	-	-	-	-	**7.000**	-	-	-	-	(6.593)	(0.407)	**(7.000)**
Refuse Vehicles	Greener, Healthier Islington	0.140	-	-	-	-	**0.140**	-	-	-	-	-	(0.140)	**(0.140)**
Decarbonisation - Grant Match Funding	Greener, Healthier Islington	-	12.852	-	-	-	**12.852**	-	-	-	-	-	(12.852)	**(12.852)**

Appendix F: Capital Programme (2024/25 Budget Report)

Scheme Title	Strategic Priority	Expenditure Budget 23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget	27/28 - 33/34 Budget	Total	Funding Grant Funding	S106/ Local CIL	Strategic CIL	Capital Receipts	Revenue Contributions & Other	Borrowing	Total Funding
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Bunhill Heat Network Extension	Greener, Healthier Islington	0.141	1.313	-	-	-	**1.454**	(1.454)	-	-	-	-	-	**(1.454)**
Environment Total		**33.867**	**39.536**	**10.364**	**13.127**	**61.204**	**158.098**	**(12.824)**	**(4.774)**	**-**	**-**	**(15.545)**	**(124.955)**	**(158.098)**
Telfer House, EC1 - Current New Build	A Safe Place to Call Home	0.499	-	-	-	-	**0.499**	-	-	-	(0.499)	-	-	**(0.499)**
Moreland School/Kings Square - Current New Build	A Safe Place to Call Home	0.112	-	-	-	-	**0.112**	-	-	-	(0.112)	-	-	**(0.112)**
Elthorne & Sunken Pitch & Community Centre - Current New Build	A Safe Place to Call Home	2.989	4.130	0.242	-	-	**7.361**	-	-	-	(7.361)	-	-	**(7.361)**
Dixon Clark Court - Current New Build	A Safe Place to Call Home	1.267	0.157	-	-	-	**1.424**	-	-	-	(1.424)	-	-	**(1.424)**
Dovercourt Estate 1&2 - Current New Build	A Safe Place to Call Home	0.009	-	-	-	-	**0.009**	-	-	-	(0.009)	-	-	**(0.009)**
Crouch Hall Crt - Laundry/Hanley Crouch - Current New Build	A Safe Place to Call Home	0.061	-	-	-	-	**0.061**	-	-	-	(0.061)	-	-	**(0.061)**
173 Highbury Quadrant - Current New Build	A Safe Place to Call Home	0.283	0.790	-	-	-	**1.073**	-	-	-	(1.073)	-	-	**(1.073)**
Elmore & Lindsey - Current New Build	A Safe Place to Call Home	0.089	2.323	0.820	-	-	**3.232**	-	-	-	(3.232)	-	-	**(3.232)**
Finsbury Leisure Centre - Pipeline New Build	A Safe Place to Call Home	1.795	2.815	19.017	28.455	4.126	**56.208**	-	-	-	(56.208)	-	-	**(56.208)**
Vorley Road - Pipeline New Build	A Safe Place to Call Home	0.451	4.063	9.203	7.034	0.894	**21.645**	-	-	-	(21.645)	-	-	**(21.645)**
Bemerton South /Orkney Hse - Pipeline New Build	A Safe Place to Call Home	0.387	5.803	15.347	5.052	0.397	**26.985**	-	-	-	(26.985)	-	-	**(26.985)**
Housing General Fund Total		**7.942**	**20.081**	**44.629**	**40.541**	**5.416**	**118.609**	**-**	**-**	**-**	**(118.609)**	**-**	**-**	**(118.609)**
General Fund Total		**67.940**	**91.679**	**75.045**	**78.452**	**85.606**	**398.722**	**(42.773)**	**(15.774)**	**(1.276)**	**(118.609)**	**(15.545)**	**(204.745)**	**(398.722)**
Thriving Neighbourhoods Scheme	A Safe Place to Call Home	3.641	5.174	3.200	-	-	**12.015**	-	-	(12.015)	-	-	-	**(12.015)**
Major Works and Improvements	A Safe Place to Call Home	48.675	53.198	53.198	53.198	375.502	**583.771**	-	(4.228)	-	(87.404)	(385.306)	(106.833)	**(583.771)**
Andover Estate - Current New Build	A Safe Place to Call Home	11.744	4.377	-	-	-	**16.121**	-	-	-	(2.326)	(7.922)	(5.874)	**(16.121)**
Park View - Current New Build	A Safe Place to Call Home	8.797	6.741	1.231	0.350	-	**17.120**	-	-	-	(2.106)	(8.751)	(6.263)	**(17.120)**
Telfer House, EC1 - Current New Build	A Safe Place to Call Home	1.142	0.158	-	-	-	**1.301**	-	-	-	(0.214)	(0.632)	(0.454)	**(1.301)**
Wedmore - Current New Build	A Safe Place to Call Home	0.223	-	-	-	-	**0.223**	-	-	-	(0.040)	(0.107)	(0.075)	**(0.223)**
Moreland School/Kings Square - Current New Build	A Safe Place to Call Home	0.255	-	-	-	-	**0.255**	-	-	-	(0.046)	(0.123)	(0.086)	**(0.255)**
Elthorne & Sunken Pitch & Community Centre - Current New Build	A Safe Place to Call Home	3.367	4.613	0.265	-	-	**8.244**	-	-	-	(0.862)	(4.231)	(3.151)	**(8.244)**
Dixon Clark Court - Current New Build	A Safe Place to Call Home	2.640	0.475	-	-	-	**3.115**	-	-	-	(0.500)	(1.517)	(1.098)	**(3.115)**
Charles Simmons House - Current New Build	A Safe Place to Call Home	0.608	0.152	-	-	-	**0.759**	-	-	-	(0.117)	(0.371)	(0.271)	**(0.759)**
Windsor Street Car Pk/Garages - Current New Build	A Safe Place to Call Home	3.937	0.238	-	-	-	**4.175**	-	-	-	(0.725)	(2.019)	(1.432)	**(4.175)**
Dovercourt Estate 1&2 - Current New Build	A Safe Place to Call Home	0.023	-	-	-	-	**0.023**	-	-	-	(0.004)	(0.011)	(0.008)	**(0.023)**
Beaumont Rise - Current New Build	A Safe Place to Call Home	6.027	1.542	-	-	-	**7.569**	-	-	-	(1.162)	(3.700)	(2.706)	**(7.569)**
173 Highbury Quadrant - Current New Build	A Safe Place to Call Home	0.584	1.598	-	-	-	**2.181**	-	-	-	(0.177)	(1.109)	(0.895)	**(2.181)**
Harvist Estate - Current New Build	A Safe Place to Call Home	0.730	12.828	-	-	-	**13.558**	-	-	-	(0.707)	(6.998)	(5.853)	**(13.558)**
Elmore & Lindsey - Current New Build	A Safe Place to Call Home	0.178	3.157	1.093	-	-	**4.428**	-	-	-	(0.359)	(2.629)	(1.440)	**(4.428)**
Redbrick Estate - Current New Build	A Safe Place to Call Home	(0.163)	-	-	-	-	**(0.163)**	-	-	-	0.030	0.078	0.055	**0.163**

Appendix F: Capital Programme (2024/25 Budget Report)

		Expenditure Budget						Funding						
Scheme Title	Strategic Priority	23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget	27/28 - 33/34 Budget	Total	Grant Funding	S106/ Local CIL	Strategic CIL	Capital Receipts	Revenue Contributions & Other	Borrowing	Total Funding
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Finsbury Leisure Centre - Pipeline New Build	A Safe Place to Call Home	1.850	2.903	19.606	29.336	4.253	**57.947**	-	-	-	(25.878)	(8.855)	(23.215)	**(57.947)**
Vorley Road - Pipeline New Build	A Safe Place to Call Home	0.477	4.296	9.729	7.436	0.944	**22.881**	-	-	-	(9.661)	(2.244)	(10.976)	**(22.881)**
Bemerton South /Orkney Hse - Pipeline New Build	A Safe Place to Call Home	0.537	8.059	21.316	7.017	0.551	**37.479**	-	-	-	(15.110)	(2.118)	(20.251)	**(37.479)**
Tier 2 Pipeline Schemes - Pipeline New Build	A Safe Place to Call Home	0.500	-	-	-	-	**0.500**	-	-	-	(0.247)	-	(0.253)	**(0.500)**
Property Acquisitions	A Safe Place to Call Home	71.802	129.233	-	-	-	**201.035**	(89.507)	-	-	-	-	(111.528)	**(201.035)**
HRA Total		**167.574**	**238.741**	**109.637**	**97.336**	**381.250**	**994.538**	**(89.507)**	**(4.228)**	**(12.015)**	**(147.617)**	**(438.564)**	**(302.607)**	**(994.538)**
Total Capital Programme		**235.514**	**330.419**	**184.682**	**175.788**	**466.857**	**1,393.260**	**(132.280)**	**(20.002)**	**(13.291)**	**(266.226)**	**(454.109)**	**(507.353)**	**(1,393.260)**

Appendix F2: Capital Strategy Report 2024/25

1. Introduction

1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

1.3. The introduction of IFRS16: Leases from 1 April 2024 will have an impact on the Council's prudential indicators. A report will be presented to members at a subsequent date with amounts for the IFRS16 impact.

2. Capital Expenditure and Financing

2.1. Capital expenditure is where the Authority spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

2.2. In 2024/25, the Authority is planning capital expenditure of £1,157.746m over the 10-year budgeting period as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure (£m)

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget	Total 3 Year Budget	2027/28-2033/24 budget	Total 10 Year Budget
General Fund services	33.494	67.940	91.679	75.045	78.452	**245.176**	85.606	**330.782**
Council Housing (HRA)	119.411	167.574	238.741	109.637	97.336	**445.714**	381.250	**826.964**
TOTAL	**152.905**	**235.514**	**330.419**	**184.682**	**175.788**	**690.890**	**466.857**	**1157.746**

Table 2: Capital Expenditure 2024/25 to 2033/34 summarised by Strategic Priority

Strategic Priority	2024/25 £m	2025/26 £m	2026/27 £m	2024/25 - 2026/27 Total £m	2027/28 - 2033/34 £m	Total 10 Year Plan £m
A Safe Place to Call Home	260.375	154.266	137.878	552.519	388.067	940.585
Child-Friendly Islington	11.573	3.862	3.628	19.063	8.400	27.463
Community Wealth Building	15.953	16.703	21.519	54.175	21.690	75.865
Fairer Together	1.000	1.000	1.150	3.150	0.000	3.150
Greener, Healthier Islington	41.518	8.851	11.614	61.983	48.700	110.683
Total	**330.419**	**184.682**	**175.788**	**690.890**	**466.857**	**1157.746**

2.3. The bullet points below detail some of the key projects in the capital programme with their 10-year budget and strategic priority:

Safe Place to Call Home

- Finsbury Leisure Centre New Build - £56.208m: delivering new affordable housing alongside the wider redevelopment of Finsbury Leisure Centre.
- Thriving Neighbourhoods Scheme - £12.015m: investment to improve local areas based on ideas put forward by local people to improve shared spaces on estates.
- HRA Major Works and Improvement - £583.771m: ongoing investment in council homes and estates, including cyclical improvements, mechanical and electrical works, fire safety and energy efficiency improvements to maintain safe homes for residents.

Child Friendly Islington

- Schools Condition Schemes - £16.369m: investment to ensure the Borough's schools remain in a good and safe condition for children to attend.

Community Wealth Building

- Compliance and Modernisation - £17.033m: continuous investment in the Council's non-housing estate to ensure and maintain compliance with the appropriate statutory, regulatory and corporate standards.
- Highways - £17.179m: investment in the structural maintenance of highway infrastructure including carriageways, footways and drainage to fulfil the statutory duty to maintain the highway in a fit state to accommodate the ordinary expected to pass along them.

Greener, Healthier Islington

- Energy Decarbonisation Schemes - £21.384m: ongoing investment to enhance assets and deliver the Council's strategy 'Vision 2030 Building a Net Zero Carbon Islington by 2030' by reducing emissions and improving energy efficiency. This includes £12.852m to be used as match funding to accept decarbonisation grant offers. If grant funding offers are not received or accepted, the budget will be subject to review.
- People Friendly Streets - £25.793m: investment to improve the environmental impact of the highway network through development of liveable neighbourhoods, low traffic neighbourhoods and school streets.
- Vehicle Replacement - £29.867m: investment to replace vehicles with newer Euro 6/ULEZ compliant and electric vehicles.
- Sobell Leisure Centre - £7.000m: investment at the site following a flood which will be covered by insurance. These works are expected to be completed in 2024/25.
- Ironmonger Row Baths - £7.000m: investment following a fire at the site which will be covered by insurance. These works are expected to be completed in 2023/24.

2.4. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of 956 new homes over the forecast period.

Governance:

2.5. Oversight and governance of the capital programme is supported by a comprehensive framework of advisory boards with member and officer involvement:

- The Corporate Asset Delivery Board (CADB), comprised of officers and members, is accountable for the overall delivery of the corporate asset strategy, with oversight of all material asset and capital related decisions. It reviews the 10-year capital strategy and supporting annual programmes subject to formal budget approval.

- The Housing Delivery Board, comprised of officers and members, integrates governance of new homes delivery and major works across the council's existing stock.
- The Borough Investment Panel, comprised of officers and members, is accountable for recommending approval of all CIL/s106 investment decisions and spend oversight.
- A series of Directorate level programme delivery boards, comprised of officers, are accountable for all other asset development and capital programme activity and linked to wider Directorate governance arrangements.

2.6. In relation to the annual capital programme, service managers submit capital submission bid requests annually to include projects in the authority's capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed) and assess the overall affordability of the capital programme. This includes an assessment of the revenue implications of the projects as part of the revenue budget setting process.

2.7. An assurance and prioritisation exercise is then undertaken, assessing capital projects against their contribution to council priorities and their deliverability. The prioritisation process supports the council in making decisions about which project to progress, especially in an environment of challenging financial resources. All bids are appraised at Corporate Management Board who then make recommendations to members. The final capital programme is then presented to the Executive in January and to council in February/March each year.

2.8. For full details of the Authority's capital programme, see Capital Programme 2024/25 to 2033/34 **(Appendix F1)**.

Risks:

2.9. Inflation rates provide a risk to the delivery of the capital programme to budget. If inflation rises, the cost of materials and labour will increase which can lead to overspends within the capital programme. This risk will be mitigated to some extent by contingency built into scheme budgets.

2.10. Increasing interest rates in turn increase the revenue impact of borrowing to fund the capital programme. **Table 3** below provides sensitivity analysis to model the impact of a 1% change in interest rates.

Table 3: Impact of 1% Interest Rate Change

1% Interest Rate Change	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 – 2033/24 £m	Total £m
General Fund	0.552	0.376	0.291	0.497	**1.716**
HRA	1.420	0.797	0.352	0.327	**2.897**
Total	**1.972**	**1.173**	**0.643**	**0.825**	**4.613**

2.11. The funding of some capital schemes is linked to delivery of the scheme's asset. There are risks in the assumptions made around this funding. There may be timing differences between expenditure being incurred and receipt of the funding, particularly regarding housing open market sale properties. In these instances, alternative interim funding will be applied such as short-term borrowing, with additional short-term revenue cost implications to cover interest costs and MRP, or the use of HRA reserves. There may also be differences in the value of receipt assumed and actual receipt. Receipts in excess of the assumed amount can be applied elsewhere by the Council, including to reduce external borrowing requirements. Receipts less than the assumed amount will increase the borrowing requirement and the associated revenue costs. Over the next 10 years, £118.609m of General Fund capital financing is assumed to come from the open market sales of completed housing projects.

2.12. Another commercial risk is the supply chain. The financial health of our current suppliers needs to be assessed regularly to minimise the risk of supplier insolvency which will have significant impact on the delivery and affordability of the projects. Due to cost-of-living crisis, many suppliers are in difficult situations, and it is important that robust contract management strategies are in place to highlight any potential issues. To mitigate the risk of supplier insolvency, all current and future contracts are being reviewed by the Assurance Team and Finance and the correct indexation is applied, ensuring value for money but also supporting the supplier. All new tenders are subject to financial appraisal, making sure companies certify the 'Going Concern' requirement.

2.13. To set the capital programme, budget holders and project managers have informed the profiling of budgets based on their expectation of project delivery timescales. It is typical for there to be slippage in the capital programme where works delivered, and so spend incurred, fall below what is expected at budget setting. Robust budget monitoring in-year will identify where these slippages are occurring and with timely raising and reporting, management actions can be taken to manage capital financing, including adjusting the borrowing requirements and associated revenue charges.

Financing:

2.14. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative).

2.15. The main sources of capital funding the council uses are summarised below:

- Capital Grants: predominantly government grants and are usually provided to the council for the specific use of funding capital expenditure for certain schemes and programmes (e.g. Department for Education funding for schools' condition works).
- Section 106/CIL: developer contributions towards infrastructure; Section 106 contributions relate to specific projects and outcomes.
- Capital receipts: when a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The council primarily generates capital receipts from the open market sale homes used to finance the building of the council homes.
- Other capital contributions: specific contributions received for projects from third parties who may have a specific output or benefit achieved through the capital works the council is providing (e.g. landlord/tenant contributions to modernisation works).
- Revenue contributions: direct revenue contributions towards capital expenditure, a minimal source of funding due to pressures on the revenue budget.
- HRA Reserves: direct funding from the HRA to support its capital programme through the use of the Major Repairs Reserve and revenue contribution to capital works.
- Borrowing: typically, Public Works Loan Board (PWLB) loans to support capital expenditure. This form of capital funding has revenue implications (i.e. interest and provision to pay back loan) which are accounted for as part of the budget setting process.

The planned financing of the above expenditure is as follows:

Table 4: Capital financing (£m)

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget	Total 3 Year Budget	2027/28-2033/34 budget	Total 10 Year Budget
General Fund								
Grants	4.374	10.236	13.150	4.142	4.141	21.433	11.104	32.537
S106/CIL	2.477	11.632	3.542	0.000	1.276	4.818	0.600	5.418
Capital Receipts	15.682	7.942	20.081	44.629	40.541	105.251	5.416	110.667
Revenue Contributions and Other	0.000	8.015	5.470	0.560	0.000	6.030	1.500	7.530
Borrowing	10.961	30.115	49.436	25.714	32.494	107.644	66.986	174.630
Total General Fund	**33.494**	**67.940**	**91.679**	**75.045**	**78.452**	**245.176**	**85.606**	**330.782**
HRA								
Grants	24.961	31.706	57.801	0.000	0.000	57.801	0.000	57.801
S106/CIL	5.476	5.391	7.652	3.200	0.000	10.852	0.000	10.852
Capital Receipts	9.376	28.231	26.060	46.588	25.423	98.071	21.315	119.386
Revenue Contributions and Other	58.266	24.559	18.590	29.033	32.326	79.949	334.056	414.005
Borrowing	21.332	77.687	128.638	30.816	39.587	199.041	25.879	224.920
Total HRA	**119.411**	**167.574**	**238.741**	**109.637**	**97.336**	**445.714**	**381.250**	**826.964**
TOTAL	**152.905**	**235.514**	**330.420**	**184.682**	**175.788**	**690.890**	**466.857**	**1157.746**

2.16. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 5: Replacement of prior years' debt finance (£m)

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Minimum revenue provision (MRP)	3.767	4.249	6.628	10.524	11.414
Repayment of PFI/ Leases	3.472	4.454	4.872	5.272	5.587
TOTAL	**7.239**	**8.703**	**11.500**	**15.796**	**17.001**

2.17. For the Authority's full Minimum Revenue Provision Statement see MRP Policy Statement **(Appendix F5).**

2.18. The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £166.574m during 2024/25. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 6: Prudential Indicator: Estimates of Capital Financing Requirement (£m)

	31/03/2023 actual	31/03/2024 forecast	31/03/2025 budget *	31/03/2026 budget	31/03/2027 budget
General Fund services	190.702	216.568	259.376	274.566	295.645
Housing Revenue Account	463.593	541.280	669.918	700.734	740.321
PFI Liabilities	80.552	76.098	71.226	65.954	60.367
TOTAL CFR	**734.847**	**833.946**	**1000.520**	**1041.254**	**1096.333**

Asset Management:

2.19. To ensure that capital assets continue to be of long-term use, the Authority has a Strategic Asset Management Strategy (SAMP). The SAMP is currently being updated and is scheduled to be re-published in Summer 2024.

Asset Disposals:

2.20. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Authority is currently also permitted to spend capital receipts "flexibly" on service transformation projects until 2025/26. The Authority's Flexible Use of Capital Receipts Policy can be seen in **Appendix F6**. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £38.408m of capital receipts in the coming financial year as follows:

Table 7: Capital receipts receivable (£m)

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget	Total 3 Year Budget	2027/28-2033/34 budget	Total 10 Year Budget
Right to Buy (Gross)	20.235	11.717	12.417	12.813	13.221	**38.451**	105.116	**143.567**
Open Market Sales	9.035	22.829	18.359	19.746	-	**38.105**	121.331	**159.436**
Non-Right to Buy Sales	1.931	7.632	7.632	7.632	7.632	**22.896**	-	**22.896**
TOTAL	**31.201**	**42.178**	**38.408**	**40.191**	**20.853**	**99.452**	**226.447**	**325.899**

3. Treasury Management

3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

3.2. Due to decisions taken in the past, the Authority had £267.5m borrowing at an average interest rate of 4.05% and £74.2m treasury investments at an average rate of 4.56% as at 30.09.2024.

Borrowing Strategy:

3.3. The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

3.4. The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

3.5. Projected levels of the Authority's total outstanding debt, which comprises borrowing, PFI liabilities, leases and transferred debt, are shown below, compared with the capital financing requirement shown in **Table 4**.

Table 8: Prudential Indicator: Gross Debt and the Capital Financing Requirement (£m)

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Debt (incl. PFI & leases)	285.606	302.544	273.876	255.208	249.873
Capital Financing Requirement	734.847	833.946	1000.520	1041.254	1096.333

3.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Authority expects to comply with this in the medium term.

Liability Benchmark:

3.7. To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10.000m at each year-end. This benchmark is currently forecast to be £373.369m at 31.03.2024 and is forecast to rise to £681.069m over the next three years.

Table 9: Borrowing and the Liability Benchmark (£m)

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Outstanding borrowing	285.606	302.544	273.876	255.208	249.873
Liability benchmark	241.906	374.678	569.118	623.780	688.996

3.8. The table shows that the Authority expects to remain borrowed below its liability benchmark.

Affordable Borrowing Limit:

3.9. The Authority is legally obliged to set an affordable borrowing limit, also termed the authorised limit for external debt, each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 10: Prudential Indicators: Authorised limit and operational boundary for external debt (£m)

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
Authorised limit – borrowing	533.860	924.294	970.300	1030.966
Authorised limit – PFI and leases	74.973	76.226	70.954	65.367
Authorised limit – total external debt	**608.833**	**1000.520**	**1041.254**	**1096.333**
Operational boundary – borrowing	383.393	493.029	515.891	562.637
Operational boundary – PFI and leases	74.973	71.226	65.954	60.367
Operational boundary – total external debt	**458.366**	**564.255**	**581.845**	**623.004**

3.10. Further details on borrowing are available in the Treasury Management Strategy (**Appendix F4**)

Treasury Investment Strategy:

3.11. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.12. The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 11: Treasury management investments (£m)

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Near-term investments	43.700	72.134	295.242	368.572	439.123
Longer-term investments	10.000	10.000	10.000	10.000	10.000
TOTAL	**53.700**	**82.134**	**305.242**	**378.572**	**449.123**

3.13. Further details are available in the Treasury Management Strategy (**Appendix F4**).

Risk Management:

3.14. The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

3.15. The treasury management prudential indicators are available in the Treasury Management Strategy (**Appendix F4**).

Governance:

3.16. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the Treasury

Management Strategy approved by Council. Reports on treasury management activity are presented to the Executive and Full Council.

4. Investments for Service Purposes

4.1. The Authority makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth, the Authority's subsidiaries that provide services.

4.2. Total investments for service purposes are currently valued at £2m with the largest being soft loans to employees of £1.202m providing a net return after all costs of 0%. There is also loans to and equity investments in:

- Three private companies responsible for managing schools under the Building Schools for the Future programme (a loan of £0.639m);
- A local charity (a loan of £0.078m);
- Equity investment in a private company responsible for managing schools under the Building Schools for the Future programme (fair value of £0.081m)

Governance:

4.3. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

4.4. Further details on service investments are available in the Investment Strategy (**Appendix F3**).

5. Commercial Activities

5.1. The council hold investment property (with a value of £43.648m as at 31/03/2023) in order to generate income to spend on services in Islington. The council has consistently taken a prudent approach to this – no new commercial properties have been purchased in recent years and there are no current plans to invest in commercial properties over the medium term. In November 2020 PWLB guidance was updated and PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The authority intends to avoid this activity in order to retain its access to PWLB loans.

5.2. The council also has a wholly owned subsidiary – Islington Limited (iCo), the purpose of which is to trade for profit with public bodies, private organisations and members of the public to provide a return to the council. The service provided by iCo where activities relate to municipal functions in which relevant expertise is held.

5.3. Decisions on commercial investments are to be made by senior officers in line with the criteria and limits approved by council in the Investment Strategy. Property and most other commercial investments are also capital expenditure.

5.4. Further details on commercial investments, limits on their use and the risk management are available in the Investment Strategy (**Appendix F3**).

6. Other Liabilities

6.1. In addition to forecast 31.03.2024 debt of £302.544m detailed above, the Authority is committed to making future payments to cover its pension fund deficit, £249m as at the last valuation setting contributions – 31st March 2019. The Council has also set aside provisions to cover probable liabilities that can be measured reliably. The most significant of these are the NNDR appeals provision, £11.522m as at 31/03/2023, and the insurance fund provision of £16.345m as at 31/03/2023. The insurance fund provision covers anticipated liabilities for

Errors and Omissions, Libel and Slander, Motor (Third Party), Employers' Liability, Public Liability, Fire and other risks – up to a specific limit for any one claim. External policies cover claims in excess of these limits.

Governance:

6.2. Decisions on incurring new discretional liabilities are taken by service managers in consultation with the Director of Finance and Director of Resources/Section 151 Officer. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported as part of the annual closing of accounts process and as appropriate during the financial year. Corporate risks and risk management are also reported to Executive.

6.3. Further details on liabilities and guarantees are available in the 2022/23 Statement of Accounts.

7. Revenue Budget Implications

7.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Table 12: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
Financing costs (£m)	13.568	17.921	23.573	25.721
Proportion of net revenue stream	5.3%	6.6%	7.7%	7.7%

Sustainability:

7.2. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because revenue costs of borrowing have been fully incorporated in the 2024/25 revenue budget and MTFS. Additionally, the council is moving towards the development of a ten-year capital programme, and indicative requirements to 2033/34 are known. This enhanced long term budgetary planning will continue to be developed.

8. Knowledge and Skills

8.1. The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA (Chartered Institute of Public Finance and Accountancy).

8.2. Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

Appendix F3: Investment Strategy 2024/25

1. Introduction

1.1. The council invests its money for three broad purposes:

- Firstly, because it has surplus cash as a result of its day-to-day activities. For example, when income is received in advance of expenditure (known as treasury management investments).
- Secondly, to support local public services by lending to or buying shares in other organisations (service investments).
- Thirdly, to earn investment income (known as commercial investments where this is the main purpose).

1.2. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories. The statutory guidance defines investments as "all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios." This is interpreted to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

2. Treasury Management Investments

2.1. The council typically receives its income in cash (e.g. from taxes and grants) before transacting expenditure in cash (e.g. through payroll and invoices). The council holds reserves for future expenditure, for a variety of purposes and against a range of criteria. These activities and the timing of borrowing decisions lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

2.2. In supporting efficient and effective treasury management and financial activities, these investments contribute to the overall achievement of the council's five missions of building a safe place to call home; creating a greener and healthier Islington; a fairer local economy; creating a child-friendly Islington; and making sure people can access support where and when they need it. Full details of the council's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the Treasury Management Strategy (**See Appendix F4**)

3. Service Investments: Loans

3.1. Contribution: The council lends money to support local public services and stimulate local economic growth.

3.2. The council had lent £0.639m (including accrued interest) to three private companies responsible for managing schools under the Building Schools for the Future programme (Transform Islington Phase 1 Holdings Limited, Transform Islington Phase 2 Holdings Limited and Transform Islington Limited). All loans were issued at market rates.

3.3. Where loans are advanced at below market rates they are classed as 'soft loans'. As at 31 March 2023 the council had also issued around £1.202m of soft loans, mainly to employees (e.g. travel season ticket, gym membership, home computer loans).

3.4. Security**:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for Service Purposes (£m)

Category of borrower	**31/03/2023 Actual**			**2024/25**
	Balance owing	**Loss allowance**	**Net figure in accounts**	**Approved Limit**
Local businesses	0.639	0.000	0.639	0.750
Local charities	0.078	0.000	0.078	0.200
Employees	1.202	0.000	1.202	1.500
TOTAL	**1.919**	**0.000**	**1.919**	**2.450**

3.5. Accounting standards require the council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the council's statement of accounts (SOA) are shown net of this loss allowance. However, the council makes every reasonable effort to collect the full sum owed and has appropriate credit control arrangements in place to recover overdue repayments.

3.6. Risk assessment: The council assesses the risk of loss before entering and whilst holding service loans:

- A soft loan is a loan with a below market rate of interest. Regarding 'soft loans' available for employees, there is a process in place whereby employees can apply for these loans (e.g. season tickets, gym membership and a home computer scheme) and a monthly deduction is taken from salaries to repay this loan. There are procedures in place to deduct any remaining amount due in the event that an employee leaves the organisation.
- In relation to the loan to a local charity (Highbury Roundhouse associations ltd), we provide grants to this organisation annually in excess of the loaned amount. In the event of a default, the organisation would reclaim payments through deductions grants or any other payments we make to them.
- In relation to the three private companies responsible for managing schools under the Building Schools for the Future (BSF) programme, the council has representation (a senior officer) on the board and regularly monitors performance and financial risks.

4. Service Investments: Shares

4.1. The council invests in the shares of its subsidiaries, suppliers and local businesses to support public services and stimulate economic growth in the borough.

4.2. The council holds equity investments in Islington Limited (iCo), a wholly owned subsidiary providing local services, and minority (10%) equity investments in three private companies responsible for managing schools under the BSF programme (Transform Islington Phase 1 Holdings Limited, Transform Islington Phase 2 Holdings Limited and Transform Islington Limited). The fair value of these shares is nil, and the shares are not traded in an active market. The council has no current plans to dispose of any of these shareholdings. Minority investment is when an investor has a non-controlling stake of less than 50%.

4.3. Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares Held for Service Purposes (£m)

Category of Company	31/03/2023 actual			2024/25
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Local businesses	n/a	0.081	0.081	0.150
TOTAL	**n/a**	**0.081**	**0.081**	**0.150**

4.4. The council assesses the risk of loss before entering into and whilst holding shares. The council has no current plans to purchase any new shareholdings. In relation to the three private companies responsible for managing schools under the BSF programme, the council has representation (a senior officer) on the board and regularly monitors performance and financial risks.

4.5. Liquidity risk is considered low due to the nature of the shares held, their low value in the 2022/23 Statement of the Accounts (£0.081m for Transform Islington Limited) and the service reasons for holding the shares over the long term.

4.6. Shares are the only investment type that the council has identified that meets the definition of a non-specified investment in the government's guidance. The limits above on share investments are therefore also the council's upper limits on non-specified investments. The council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

5.1. Contribution: The council invests in local, regional, UK and commercial property with the intention of making a profit that will be used wholly for expenditure on local public services. The value in accounts of all such properties as of 31 March 2023 was £43.648m. The council has not purchased new commercial properties in recent years, nor does it have any plans to do so over the medium term.

5.2. The purchase cost of investment properties is not held as they do not have a revaluation reserve and all changes in value are credited/debited in the comprehensive income and expenditure statement.

Table 3: Property held for investment purposes (£m)

Property	31/03/2023 actual	31/03/2024 expected
	Value in accounts	Value in accounts**
Admin Building	0.611	0.611
Advertising site	0.076	0.076
Café	0.533	0.533
Offices	33.434	33.434
Store	3.709	3.709
Shop/Retail Unit	3.036	3.036
Warehouse	2.239	2.239
TOTAL	**43.648**	**43.648**

*** A fair value assessment of the council investment property portfolio has been made within the past twelve 12 months, and the underlying assets provide security for capital investment. Should the 2023/24 year- end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.*

5.3. Security: In accordance with government guidance, the council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

5.4. Risk Assessment: The council assesses the risk of loss before entering into and whilst holding property investments.

5.5. Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell depending on market conditions. To ensure that the invested funds can be accessed when they are needed (e.g. to repay capital borrowed) the council ensures dwellings are of a type and location that is marketable and has proven demand. The council also has scope to continue to generate an income stream whilst they are being marketed.

6. Loan Commitments and Financial Guarantees

6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the council and are included here for completeness.

6.2 The council has provided a guarantee to its wholly owned subsidiary, Islington Limited (iCo), should it request it. There is currently no indication that this is likely to happen. The net current assets of iCo (Unaudited Statement of Accounts) as of the year 2021/22 were £0.181m.

7. Climate Action

7.1. As a responsible investor, the council is committed to considering environmental, social, and governance issues, and has a particular interest in taking action to contribute to our strategy of Building a Net Zero Carbon Islington by 2030. However, investment guidance, both statutory and from professional guidelines (CIPFA), dictates that investment activities must adopt 'SLY' principles – prioritising security, liquidity and yield.

7.2. There are already touch points with local authority investing, including the incorporation of Environment, Social and Governance (ESG) metrics into credit rating agency assessments. There are also a small but growing number of financial institutions and fund managers promoting ESG products. Advisors are looking at ways in which to incorporate these factors into their creditworthiness assessment service that will be shared and adopted. The council will continue to monitor this as the market develops, noting that the lack of consistency and coverage in current market products alongside the treasury management 'SLY' priorities means that it is not currently practicable to formally include ESG targets as part of our treasury management or investment strategies. It is the council's intention to exploit the treasury strategy to further the aims of the council and it will therefore actively consider appropriate ESG products as they emerge.

8. Proportionality

8.1. Whilst the council is dependent on some profit generating investment activity from treasury management and commercial property investments to achieve a balanced revenue budget, this amounts to less than 1% of the overall gross revenue budget and therefore is considered proportionate. The assumptions around profit generating investment activity are reviewed as part of the annual budget monitoring process and, if necessary, revised as part of the following year's budget setting process. The 2024/25 revenue budget includes a general, corporate contingency budget of £5m to mitigate against budget risks.

9. Borrowing in Advance of Need

9.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. The council has chosen to follow this guidance. However, if market rates were to fall considerably, or future rates were expected to rise, then some borrowing could be taken ahead of spend. The borrowing strategy will therefore consider opportunities to borrow not only for 2024/25 but ahead for the next two financial years.

10. Capacity, Skills and Culture

10.1. Elected Members and Statutory Officers: There are procedures and processes that enable Members and statutory officers to make appropriate investment decisions, including:

- All elected members and statutory officers are aware of the council's strategic objectives.
- Training on treasury management is available and can be tailored to needs.
- The council's constitution and financial regulations determine the authorisations required for investment decisions.
- Financial and legal implications (including statutory and regulatory frameworks) are required as part of all decision-making reports.
- The council has a multi-disciplinary governance process for reviewing budget proposals, including any future commercial investment proposals.
- Specialist external advice is sought and considered where it is deemed necessary.
- The council has an embedded risk management and reporting framework.

10.2. Commercial Deals: Financial and legal implications (including statutory and regulatory frameworks) are required as part of all decision-making reports. Specialist external advice is sought where appropriate to advise on commercial transactions. The council ensures external advisors are fully aware of the prudential framework and of the regulatory regime within which it operates.

10.3. Corporate Governance: The council's Annual Governance Statement details arrangements put in place to ensure accountability and responsibility for those making decisions and can be found here: Draft Annual Governance Statement 2022-23 (islington.gov.uk)

11. Investment Indicators

11.1. The council has set the following quantitative indicators to allow Members and the public to assess the council's total risk exposure arising from its investment decisions.

11.2. Total Risk Exposure: The first indicator shows the council's total exposure to potential investment losses. This includes amounts the council is contractually committed to lend but have yet to be drawn down and guarantees the council has issued over third-party loans.

Table 4: Total investment exposure (£m)

Total investment exposure	31/03/2023 Actual	31/03/2024 Forecast	31/03/2025 Forecast
Treasury management investments	53.700	52.700	54.700
Service investments: Loans	1.919	1.919	1.919
Service investments: Shares	0.081	0.081	0.081
Commercial investments: Property	43.640	43.640	43.640
TOTAL INVESTMENTS	**99.340**	**98.340**	**100.340**
Guarantees issued on loans	0.181	0.181	0.181
TOTAL EXPOSURE	**99.521**	**98.521**	**100.521**

11.3. How Investments are Funded: Government guidance is that these indicators should include how investments are funded. Since the council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the council's investments are funded by useable reserves and income received in advance of expenditure.

11.4. Rate of Return Received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. The rate of return on other investments (e.g. service loans/shares) is considered immaterial. Investment properties are not included as we do not hold at purchase cost.

Table 5: Investment Rate of Return (Net of all Costs)

Investments Net Rate of Return	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m
Treasury Management Investments	1.29%	4.25%	4.0%
ALL INVESTMENTS	**1.29%**	**4.25%**	**4.0%**

Appendix F4: Treasury Management Strategy Statement 2024/25

1. Introduction

1.1. Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Authority's prudent financial management.

1.2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.3. The Council is required to operate a balanced budget, which broadly means that monies received during the year will meet payments expenditure. The function of treasury management is to ensure that the Council's capital programme and corporate investment plans are adequately funded, and the cashflow is adequately planned, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested to obtain an optimal return, while ensuring security of capital and liquidity.

1.4. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy, which can be found at Appendix F3.

2. Economic Outlook

2.1. The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

2.2. A more detailed economic outlook provided by Arlingclose is in Appendix A of this document.

3. Interest rate forecast

3.1. Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%, and The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose forecast rate cuts from Q3 2024 to a low of around 3% by early mid-2026.

3.2. Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

3.3. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix B of this document.

3.4. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.0%, and that new long-term loans will be borrowed at an average rate of 5.72%.

4. Local Context

4.1. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

4.2. On 31st December 2023, the Authority held £307.544m of borrowing and £86.7m of treasury investments. Forecast changes in these sums are shown in the balance sheet analysis in **table 1** below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	190.702	216.568	259.376	274.566	295.645
HRA CFR	463.593	541.280	669.918	700.734	740.321
PFI CFR	80.552	76.098	71.226	65.954	60.367
Capital financing requirement	**734.847**	**833.946**	**1000.520**	**1041.254**	**1096.333**
Less: Other debt liabilities *	(80.552)	(76.098)	(71.226)	(65.954)	(60.367)
Loans CFR	**654.295**	**757.848**	**929.294**	**975.300**	**1035.966**
Less: External borrowing **	(285.606)	(302.544)	(273.876)	(255.208)	(249.873)
Internal (over) borrowing	**368.689**	**455.304**	**655.418**	**720.092**	**786.093**
Less: Balance sheet resources	(422.389)	(393.170)	(370.176)	(361.520)	(356.970)
(Treasury investments) or New borrowing	**(53.700)**	**62.134**	**285.242**	**358.572**	**429.123**

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing.

4.3. The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £1,093.333m over the forecast period.

4.4. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2024/25.

5. Liability benchmark

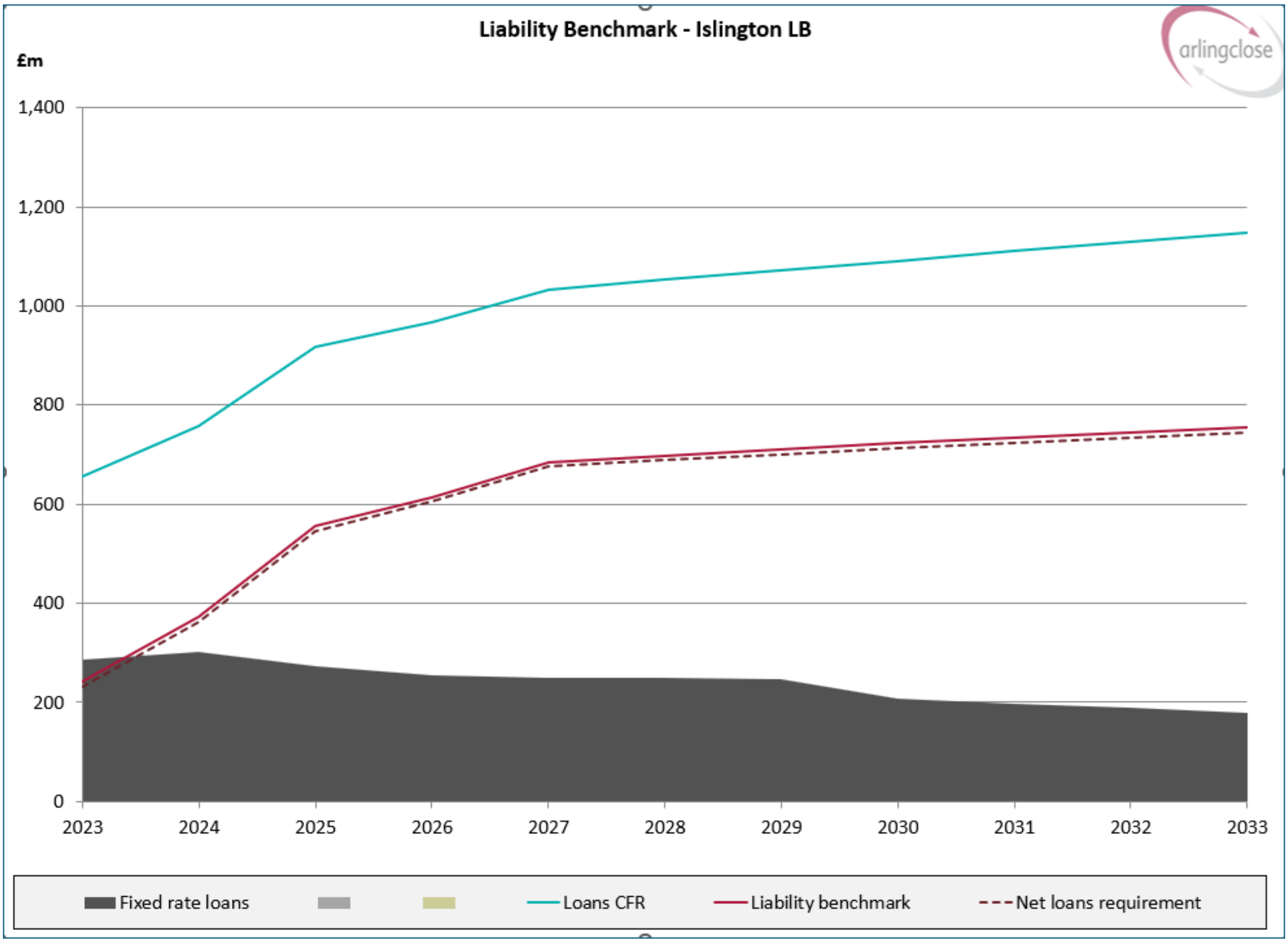
5.1. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

5.2. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	**31.3.24 Estimate £m**	**31.3.25 Forecast £m**	**31.3.26 Forecast £m**	**31.3.27 Forecast £m**
Loans CFR	654.295	757.848	929.294	975.300	1035.966
Less: Balance sheet resources	(422.389)	(393.170)	(370.176)	(361.520)	(356.970)
Net loans requirement	231.906	364.678	559.118	613.780	678.996
Plus: Liquidity allowance	10.000	10.000	10.000	10.000	10.000
Liability benchmark	241.906	374.678	569.118	623.780	688.996

5.3. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



5.4. The chart above shows how the optimum position determined by the benchmarks compares to the current portfolio commitments. Positive balances show the loans position compared to the Liability Benchmark and negative balances show Investments compared to the Investment Benchmark. Any areas of the chart where the current loan commitments are below the Liability Benchmark show the need for external borrowing. The Council must borrow up to that level to avoid the determined liquidity allowance from being insufficient. Anywhere on the chart that shows the existing commitments above the level of the Liability Benchmark shows an excess level of borrowing over the required position and is reflected in over benchmark investment positions.

5.5. As the net position has been derived, and the level of external borrowing determined (the maximum of existing commitments or Liability Benchmark), the consequential level of investments can be solved. Where there is excess borrowing, there is excess investments, over the level of liquidity required. Where borrowing is required, it will be determined as such a level to ensure the liquid investments do not fall below the specified level required.

6. Borrowing Strategy

6.1. The Authority currently holds £307.544 million of loans, an increase of £21.938 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £272.4m in 2024/25. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £661.2million.

6.2. Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

6.3. Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

6.4. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

6.5. The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

6.6. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

6.7. Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

6.8. In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing:

6.9. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except our local Local Government Pension Scheme)

- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance:

6.10. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

Municipal Bonds Agency:

6.11. UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons:

- Borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and
- There will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs:

6.12. Islington Council holds no LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the council has the option either to accept the new rate or to repay the loan at no additional cost.

Short-term and variable rate loans:

6.13. These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling:

6.14. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

7. Treasury Investment Strategy

7.1. The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £80 million and £112 million, and similar levels are expected to be maintained in the forthcoming year.

7.2. The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

7.3. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy

7.4. As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and treasury investments will therefore predominantly be short-term low risk instruments to manage day-to-day cash flows. Limited longer-term instruments, where limited additional risk is accepted in return for higher investment income to support local public services, will be made where cash flows allow.

7.5. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

ESG policy

7.6. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business models

7.7. Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

7.8. The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15m	Unlimited
Secured investments *	25 years	£15m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£50m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10m

Minimum credit rating*:

7.9. The Council has reviewed the way it formulates its counterparty criteria. The lending list criteria is devised from the use of rating agencies which will include) as well as other factors. The main sovereign states whose banks are to be included are Australia, Canada, Finland, France, Denmark, Germany, Netherlands, Switzerland and the US. These countries and the Banks within them have been selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+ minimum short term F1).
- Credit Default Swaps.
- GDP; Net Debt as a Percentage of GDP.
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution.
- Share Price.
- The Council has restricted its investment activity to the following institutions while conditions in the financial sector are monitored for stability and cashflow positions are averaging around £100m.
- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure).
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV) and Variable Net Asset Value (VNAV).

- Deposits with other local authorities.
- Business reserve accounts and term deposits. These have been primarily restricted to UK institutions that are rated at least A+ long term.

Government:

7.10. Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments:

7.11. Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in.

7.12. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured):

7.13. Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured):

7.14. Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds:

7.15. Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds:

7.16. Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts:

7.17. Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments:

7.18. This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts:

7.19. The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £30m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings:

7.20. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

7.21. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments:

7.22. The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects:

7.23. The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

7.24. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

7.25. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits:

7.26. The Authority's revenue reserves available to cover investment losses are forecast to be £229.6 million on 31st March 2024 and £206.6 million on 31st March 2025. To limit risk in the case of a single default, the maximum that will be lent to any one organisation will be £15m million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

7.27. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Liquidity management:

7.28. The Authority uses cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

8. Treasury Management Prudential Indicators

8.1. The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security:

8.2. The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	**Target**
Portfolio average credit	A+

Liquidity:

8.3. The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

Liquidity risk indicator	**Target**
Total cash available within 1 months	£25m

Interest rate exposures:

8.4. This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	**Limit**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£8.850m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£6.200m

8.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing:

8.6. This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	**Upper limit**	**Lower limit**
Under 12 months	30%	0%
12 months and within 24 months	35%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%

20 years and above	100%	40%

8.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term treasury management investments:

8.8. The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£30m	£20m	£20m	£50m

8.9. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Authorised Limit

8.10. The authorised borrowing limit for the Authority is £987.69m.

9. Related Matters

9.1. The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial derivatives:

9.2. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

9.3. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

9.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

9.5. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account:

9.6. On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account.

9.7. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative.

Markets in Financial Instruments Directive

9.8. The Council has opted up to professional client status with its providers of financial services, including [advisers, banks, brokers and fund managers], allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of The Council's treasury management activities, the Corporate Director of Resources believes this to be the most appropriate status.

Financial Implications

9.9. The budget for investment income in 2024/25 is £1.75 million. The budget for debt interest paid in 2024/25 is £13 million. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

10. Other Options Considered

10.1. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Director of Resources having consulted the Executive Member for Finance and Performance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic External Context

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook:

Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Appendix B – Arlingclose Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures

suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.

- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium- term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.
- The interest rate forecasts for local authority borrowing, bank interest and investment rates are shown below:

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate	= Gilt yield + 1.00%
PWLB Certainty Rate	= Gilt yield + 0.80%
PWLB HRA Rate	= Gilt yield + 0.40%
UK Infrastructure Bank Rate	= Gilt yield + 0.40

Appendix C – Counterparty List

Minimum criteria	A+	F1	A1	P-1	A+	A-1						
	Fitch L/T	**Fitch S/T**	**Moodys L/T**	**Moodys S/T**	**S & P L/T**	**S & P S/T**	**Sovereign Rating - F/M/S&P**	**Max Limit - £m**	**Max Term**	**LBI**	**Arlingclose Current Advice**	**Lending at 31/12/2023**
UK Banks												
Barclays	A+	F1	A1	P-1	A	A-1	AA-/Aa3/AAu	£15m	100 days	**Council Bankers from Mar 2015 - overnight liquidity only**	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Handelsbanken plc	AA	F1+	NR	NR	AA-	A-1+	AA+/+Aa2/AA-	£15m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
HSBC	AA-	F1+	A1	P-1	A+	A-1	AA-/Aa3/AAu	£15m	6 Months	Limit to 6 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Lloyds Bank PLC / Bank of Scotland	A+	F1	A1	P-1	A+	A-1	AA-/Aa3/AAu	£15m	6 Months	Limit to 6 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
RBS	A+	F1	A1	(P)P-1	A	A-1	AA-/Aa3/AAu	£15m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
NAT WEST PLC	A+	F1	A1	P-1	A	A-1	AA-/Aa3/AAu	£15m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Santander UK	A+	F1	A1	P-1	A	A-1	AA-/Aa3/AAu	£15m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Standard Chartered	A+	F1	A1	P-1	A+	A-1	AA-/Aa3/AAu	£15m	6 Months	Limit to 6 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
UK Building Societies (except for those marked * below)												
Coventry*	A	F1	A2	P-1			AA-/Aa3/AAu	NONE			Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Leeds*	A	F1	A3	P-2			AA-/Aa3/AAu	NONE			Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Nationwide	A+	F1	A1	P-1	A-1	A+	AA-/Aa3/AAu	£15m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Yorkshire*	A	F1	A3	P-2	NR	NR	AA-/Aa3/AAu	NONE			Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Non UK Banks												
Australia												
Australia & NZ Banking Group	A+	F1	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAAu	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAAu	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
National Australia Bank	A+	F1	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAAu	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0

Appendix C – Counterparty List

Westpac Banking Corporation	A+	F1	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAAu	£10m	100 days	Limit to 3 Months		
Canada												
Bank of Montreal	AA	F1+	Aa2	P-1	A+	A-1+	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Bank of Nova Scotia	AA	F1+	Aa2	P-1	A+	A-1	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Canadian Imperial Bank of Commerce	AA	F1+	Aa2	P-1	A+	A-1	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Royal Bank of Canada	AA+	F1+	Aa2	P-1	AA-	A-1+	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Toronto-Dominion Bank	AA	F1+u	Aaf1	P-1	AA-	A-1+	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Finland												
Nordea Bank ABP	AA	F1+	Aa3	P-1	AA-	A-1+	AA+/Aa1/AA+	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Germany												
DZ BANK AG DEUTSCHE ZENTRAL-	AA	F1+	Aa2	P-1	A+	A-1	AAA/Aaau/AAAu	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
LANDESBANK BADEN-WUERTTEMBERG	A	F1	Aa3	P-1	NR	NR	AAA/Aaau/AAAu	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	0
Netherlands												
Cooperative Rabobank	AA-	F1+	Aa2	P-1	AA-	A-1	AAA/Aaa/AAA	£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	
Local Authorities												
UK Local Authorities (except for those below)							AA-/Aa3/AAu	£15m(per authority)	24 Months +		Limit to 24 Months - WEF 11/12/2018	**40,200,000**
Birmingham City Council London Borough of Croydon Slough Borough Council Thurrock Borough Council Warrington Borough Council Woking Borough Council Nottingham Borough Council												
Other												
Supra-National Bonds (EIB)	AA+	F1+	Aa1	P-1	AAA	A-1+	N/A	Unlimited	25 years		Limit to 25 years 10% of portfolio -	
Transport For London (Suspended)	A+	F1+	A=	P-2	Baaa 1	A-1	AA-/Aa3/AAu	NONE			Up to 24 months - Limit 10% of portfolio	
UK DMADF	NR	NR	NR	NR	NR	NR	AA-/Aa3/AAu	Unlimited	50 years		Unlimited	**16,500,000**

Appendix C – Counterparty List

MMFs (except JP MORGAN ASSET MANAGEMENT GOV)		AAA mmf		Aaa-mf		AAA m		£10m	100 days	Limit to 3 Months	Limit to 35 days / %5 Deposits & CDs/ 10% Secured	**30,000,000**
LCR Finance PLC	AA-	NR	Aa3	NR	AA	NR	AA-/Aa3/AAu	£15m	10 years		10 years - Limit to 10% of Fund Size	
Network Rail Infrastructure Finance PLC	AA-	NR	Aa3	P-1	AA	NR	AA-/Aa3/AAu	£15m	10 years		10 years - Limit to 10% of Fund Size	
UK Government	AA-	NR	Aa3	NR	Aau	A-1+u	AA-/Aa3/AAu	Unlimited	50 years		Unlimited	
Wellcome Trust Finance PLC	NR	NR	Aaa	NR	AAA	NR	AA-/Aa3/AAu	£10m	20 years		15 years - Limit to 10% of Fund Size	
TOTAL FUNDS INVESTED												**86,700,000**

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Appendix F5: Minimum Revenue Provision Statement 2024/25

Annual Minimum Revenue Provision Statement 2024/25

1.1. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the Guidance) most recently issued in 2018.

1.2. The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

1.3. The Guidance requires the Authority to approve an Annual MRP Statement each year and recommends options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

- For unsupported capital expenditure incurred after 31st March 2008 up to and including 31st March 2023, MRP will be determined by charging the expenditure over the average expected useful life of the relevant assets as the principal repayment on an annuity with an annual interest rate equal to the average 20-year PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land has been charged over 50 years. MRP on expenditure not related to fixed assets but which was capitalised by regulation or direction will be charged over 20 years.

- For unsupported capital expenditure incurred after 31st March 2023, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability. However, for long life or high value PFI contracts, MRP is spread across the expected life of the asset, in equal instalments.

- Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- The Authority currently has no capital expenditure loans to third parties, if any are entered into the following approach will be taken. The Authority will make nil MRP unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Authority's view is consistent with the current regulations.

- The Authority has determined that no further revenue charge for MRP on the HRA CFR is required as prudent provision has been made through the Major Repairs Reserve (MRR) held and duty to charge depreciation. The Authority is satisfied that prudent and sufficient provision is made currently and across the HRA 30-year Business Plan for depreciation.

1.4. Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

1.5. Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2024, the budget for MRP has been set as follows:

	31/03/2024 Estimated CFR £m	**2024/25 Estimated MRP £m**
Capital expenditure before 01.04.2008	87.480	1.039
Unsupported capital expenditure after 31.03.2008 and before 01.04.2023	98.973	4.240
Unsupported capital expenditure after 31.03.2023	30.115	1.349
Leases and Private Finance Initiative	76.098	-
Total General Fund	**292.666**	**6.628**
Total Housing Revenue Account	**541.280**	**-**
Total	**833.946**	**6.628**

Appendix F6: Flexible Use of Capital Receipts Strategy

1. <u>Synopsis</u>

1.1. In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme, which grants local authorities the freedom to use capital receipts generated from the sale of assets (except for Right to Buy disposals) to fund revenue costs arising from transformational revenue projects that deliver savings. With extensions since, the current flexibility direction runs until 31 March 2025. Council agreed the power to use this flexibility in 2023/24 at the 28 September 2023 Council meeting.

1.2. Normally, only expenditure qualifying as capital may be funded from these capital resources. The additional flexibility therefore provides the council with a resource to invest in schemes which deliver savings or improvements.

1.3. Approval of a Flexible Use of Capital Receipts Strategy for 2024/25 is recommended for the type of scheme detailed in **Section 4** of this budget report 2024/25 appendix, **Appendix (F6)**, to a maximum of £20m in 2024/25. Approving the strategy does not commit the council to using it. The Section 151 Officer will consider the optimal funding strategy based on the actual and forecast level of reserves at the end of the financial year.

1.4. The council has some high-cost transformation projects, and the current funding strategy is to utilise some of its earmarked reserves to meet this cost. Given significant uncertainty around the medium-term financial position and reserves projections, it is considered sensible for the council to have multiple options available to fund these costs. It should be noted that, at this stage, there are sufficient reserves to cover projected one-off expenditure on the known transformation projects over the medium term, partly as the medium-term financial strategy (MTFS) already assumes some replenishment of reserves from 2025/26 and beyond. However, in the event of a significant overall depletion of reserves in a single year and/or deterioration in the financial outlook, the financial resilience of the council could be weakened whilst it waits for the schemes to 'pay back' through savings and reserves to be replenished over time.

1.5. By utilising the capital receipts flexibility, the capital receipts would no longer be available to finance capital expenditure. This gap in capital financing would need to be backfilled with an increase in the underlying need to borrow. The consequences would be that reserves are protected, but the council's borrowing and annual interest costs increase. The council would not be reliant on making any additional disposals of assets as a result of this strategy, as it would relate to the use of existing available and forecast capital receipts.

2. <u>Process</u>

2.1. Before the council can flexibly use capital receipts it must prepare, publish and maintain a 'Flexible Use of Capital Receipts Strategy'. This appendix to the 2024/25 budget report (**Appendix F6**) constitutes the Flexible Use of Capital Receipts Strategy. This must consider the impact of this flexibility on the affordability of borrowing by including updated prudential indicators. Full Council must approve this strategy before any qualifying expenditure is incurred. The current government direction for the flexible use of capital receipts ends on 31 March 2025.

2.2. Under the Flexible Capital Receipts guidance, the Secretary of State sets out that individual local authorities are best placed to decide which expenditure projects are best to be funded by this method in local areas. The key criteria for expenditure to qualify is that the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether a project qualifies for the flexibility’. The Guidance goes on to give examples of qualifying expenditure including: ‘Funding the cost-of-service reconfiguration, restructuring or rationalisation (staff or non- staff), where this leads to ongoing efficiency savings or service transformation’.

2.3. Capital receipts used under the direction must be from genuine disposals (qualifying disposals). That is, disposals where the authority does not retain an interest, directly or indirectly, in the assets once the disposal has occurred.

2.4. Each authority should disclose the individual projects that will be funded or part-funded through the capital receipts flexibility to Full Council. This requirement can be satisfied as part of the annual budget setting process.

2.5. It is a required condition of the direction that authorities must send details setting out their planned use of the flexibility to the Secretary of State, in advance of its application and use for each financial year.

3. Qualifying Schemes – Flexible Use of Capital Receipts

3.1. The Capital Strategy Report 2024/25 (**Appendix F2** of the 2024/25 budget report) sets out at **paragraph 2.20** that the council plans to receive £38.408m of capital receipts in the coming financial year. The Flexible Use of Capital Receipts Strategy would enable capital receipts to be applied flexibly to fund revenue expenditure projects that generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. There are existing transformation-type schemes with one-off budget implications in 2024/25 where funding is assumed to be drawn from the Budget Strategy Reserve (an earmarked General Fund revenue reserve), including most significantly:

Resident Experience Programme Phase 3

3.2. The Resident Experience Programme Funding Approval report agreed at the 20 April 2023 the Executive set out the one-off revenue funding requirement.

3.3. For Phase 3, running to June 2025, there is a £10m one-off funding requirement, with £5m assumed to be funded from the Budget Strategy Reserve (and the remaining 50% funded by the HRA).

4. Rationale and Considerations

4.1. In the opinion of the Section 151 Officer the scheme expenditure for those programmes listed in **Section 3** of this Flexible Use of Capital Receipts Strategy (**Appendix F6**) for the council to apply the ‘flexible use of capital receipt strategy’ freedom, qualifies in line with the Guidance. The rationale for the approval of the flexibility is to reduce the burden on the council’s earmarked reserves, if needed, and therefore support the wider financial resilience of the council.

4.2. Capital receipts are ordinarily used to support the funding of the council’s capital programme. Re-directing capital receipts under a ‘flexible use of capital receipts strategy’ would therefore lead to a corresponding increase in the council’s underlying need to borrow to fund its planned capital programme, and a significant, additional annual revenue cost of capital. The council would not be reliant on making any additional disposals of assets as a result of this strategy, as it would relate to the use of existing available and forecast capital receipts. Based on a recommended maximum £20m flexibility use and borrowing impact, this would equate to an estimated additional £2m per annum revenue cost of capital, split between £1m annual interest costs and £1m statutory provision for the repayment of debt ('minimum revenue provision').

4.3. It is recommended that the Executive approve and onward recommend Full Council to agree the Flexible Use of Capital Receipts strategy for 2024/25, up to a maximum of £20m, and note that approving the strategy does not commit the council to using it.

4.4. It is further recommended that the Executive approve and onward recommend Full Council to delegate responsibility for the adoption of the Flexible Use of Capital Receipts strategy to the Section 151 Officer, if it is considered appropriate to do so at the end of the financial year in the context of the council's overall financial position.

5. Financial Implications

5.1. Utilising the capital receipts flexibility would mean that the council's reserves would not decrease for the cost of qualifying transformation schemes. However, it would also lead to an increase in the council's underlying need to borrow for the capital programme. On a recommended maximum £20m application of the flexibility the estimated additional revenue cost of capital would be £2m per annum (split between £1m annual interest costs and £1m statutory provision for the repayment of debt). This is factored into the council's base budget proposals for 2024/25

5.2. Not utilising the flexibility would mean that there would be a decrease in the council's earmarked Budget Strategy reserve in respect of qualifying transformation schemes in line with **Appendix C** of the 2024/25 budget report 'General Fund Earmarked Reserves Balances'. However, through the alternative option set out, this could instead be replenished over a longer period whilst avoiding an additional £1m in annual interest costs.

5.3. Approving the 'Flexible Use of Capital Receipts Strategy' does not commit the council to adopting it. The Section 151 Officer will consider the optimal funding strategy, including the alternative option set out, based on available capital receipts and the actual and forecast level of reserves at the end of the financial year. This should consider any scope to re-purpose funding from other earmarked reserves to replenish the depletion of the Budget Strategy reserve. It should also weigh up the short and medium term need to protect reserves against the significant additional annual interest costs that could be incurred.

5.4. No prudential indicators would be breached through a decision to implement the flexible use of capital receipts. The prudential indicator for the revenue impact on interest rate risk would increase by a further £0.200m for every £20m of additional borrowing. This would mean that at £20m additional borrowing, the Upper Limit on a 1% rise in interest rates would be £0.200m higher than in the 2024/25 budget report (£17.921m to £18.121m). The proportion of financing costs to net revenue stream would increase due to the increased borrowing. Based on an interest rate of 5.72%, this will change this indicator from 6.6% to 7.2%. This increase in borrowing costs would be offset by corresponding revenue savings.

6. Legal Implications

6.1. Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities.

6.2. The Local Government Act 2003 ("the Act"), section 15(1) requires a local authority "… to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify …".

6.3. The Statutory Guidance "Statutory Guidance on the Flexible Use of Capital Receipts (updated)" published 11 March 2016 and last updated on 2 August 2022 is issued under section 15(1) of the Act. This is an updated direction and statutory guidance to extend the freedom for local authorities to use eligible capital receipts to fund the revenue costs of projects that deliver ongoing savings or improved efficiency. This direction revokes and replaces the direction of the same name issued on 4 April 2022.

6.4. Capital receipts are the money the council receives from asset sales, the use of which is normally restricted to funding other capital expenditure or paying off debt. The receipts cannot usually be used to fund revenue costs. The direction introduces a new restriction that authorities may not use the flexibility to fund discretionary redundancy payments i.e. those not necessarily incurred under statute. This does not affect other types of severance payments and, to be clear, does not restrict, including pension strain costs, which may still be qualifying expenditure.

6.5. The Direction allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue, or support a more efficient provision of services. This is an extension of the flexibility that has been in place since 2016 and will allow this freedom to continue to 2024/25 to help authorities plan for the long-term.

6.6. This Direction clarifies that the capital receipts obtained must be disposals by the local authority outside the “group” structure. As introduced in the direction issued on 4 April 2022, this direction includes the requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority’s own strategy documents provided they contain the detail asked for in the direction. This is not an approval process; the information must be sent to ensure transparency and allow proper monitoring by central government.

6.7. It is the Section 151 Officer’s opinion that the approach described within this paper for the Flexible Use of Capital Receipts meets the definition required within the Statutory Guidance.

6.8. Full Council approval is required for the use of the capital receipts.

Appendix F7: Capital Programme 2024/25 to 2033/34 Changes since Last Version

			Expenditure Budget					Funding						
Scheme Title	**Strategic Priority**	**New or Existing Capital Scheme**	**23/24 Budget**	**24/25 Budget**	**25/26 Budget**	**26/27 Budget**	**Total**	**Grant Funding**	**S106/ Local CIL**	**Strategic CIL**	**Capital Receipts**	**Revenue Contributions & Other**	**Borrowing**	**Total Funding**
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adventure Playgrounds - Cornwallis Adventure Playground	Child-Friendly Islington	Existing	(0.070)	-	-	-	**(0.070)**	-	-	-	-	-	0.070	**0.070**
Newington Barrow Way Works	Community Wealth Building	New	0.234	4.079	-	-	**4.313**	(4.313)	-	-	-	-	-	**(4.313)**
Future Work Phase 2	Community Wealth Building	Existing	0.033	0.010	-		**0.043**	(0.043)	-	-	-	-	-	**(0.043)**
Libraries - Islington Museum and Local History Centre	Community Wealth Building	Existing	0.070	-	-	-	**0.070**	-	(0.070)	-	-	-	-	**(0.070)**
Greenspaces - Barnard Park Renewal	Greener, Healthier Islington	Existing	-	(0.483)	-	-	**(0.483)**	-	0.483	-	-	-	-	**0.483**
Toffee Park & Radnor St Gardens	Child-Friendly Islington	Existing	-	(0.001)	-	-	**(0.001)**	-	0.001	-	-	-	-	**0.001**
Greenspaces - Highbury Bandstand/Highbury Fields	Greener, Healthier Islington	Existing	-	-	-	-	**-**	-	(0.428)	-	-	-	0.428	**-**
Greenspaces - Bingfield Park (including Crumbles Castle legacy)	Greener, Healthier Islington	Existing	0.251	0.093	-	-	**0.344**	-	(0.344)	-	-	-	-	**(0.344)**
The Zone Youth Club - Refurbishment and Reconfiguration	Child-Friendly Islington	Existing	(0.001)	-	-	-	**(0.001)**	-	0.001	-	-	-	-	**0.001**
Chapel Market	Community Wealth Building	Existing	0.025	-	-	-	**0.025**	-	(0.025)	-	-	-	-	**(0.025)**
Adventure Playgrounds - Martin Luther King	Child-Friendly Islington	Existing	-	-	-	-	**-**	-	(0.002)	-	-	-	0.002	**-**
Greenspaces - Park Improvements	Greener, Healthier Islington	Existing	(0.029)	-	-	-	**(0.029)**	-	-	-	-	-	0.029	**0.029**
Resident Experience	Community Wealth Building	New	0.330	-	-	-	**0.330**	-	-	-	-	-	(0.330)	**(0.330)**
Childcare Expansion	Child-Friendly Islington	New	0.245	-	-	-	**0.245**	(0.245)	-	-	-	-	-	**(0.245)**
Family Hub	Child-Friendly Islington	New	0.072	-	-	-	**0.072**	(0.072)	-	-	-	-	-	**(0.072)**
UKSPF (shared prosperity fund)	Community Wealth Building	New	0.245	0.245	-	-	**0.490**	(0.490)	-	-	-	-	-	**(0.490)**
Community Wealth Building Total			**1.405**	**3.943**	**-**	**-**	**5.348**	**(5.163)**	**(0.384)**	**-**	**-**	**-**	**0.199**	**(5.348)**
People Friendly Streets - Liveable Neighbourhoods, Low Traffic Neighbourhoods & School Streets	Greener, Healthier Islington	Existing	0.370	-	-	-	**0.370**	(0.370)	-	-	-	-		**(0.370)**
Clerkenwell Green	Greener, Healthier Islington	Existing	(0.110)	-	-	-	**(0.110)**	(0.093)	(0.029)				0.232	**0.110**
Greenspaces - New River Walk	Greener, Healthier Islington	Existing	(0.103)	-	-	-	**(0.103)**	-	-	-	-	-	0.103	**0.103**
Public Realm - Fortune Street Area	Greener, Healthier Islington	Existing	(0.064)	-	-	-	**(0.064)**		(0.528)				0.592	**0.064**
Food Waste Collection	Greener, Healthier Islington	Existing	-	0.600	-	-	**0.600**	(1.100)					0.500	**(0.600)**
King Square Shopping Area Public Space	Greener, Healthier Islington	Existing	(0.157)	-	-	-	**(0.157)**	-	0.157			-	-	**0.157**
Old Street and Clerkenwell Road - Bunhill	Greener, Healthier Islington	Existing	(0.182)	(0.050)	-	-	**(0.232)**	-	0.232			-	-	**0.232**
Air Quality Programme	Greener, Healthier Islington	New	0.326	-	-	-	**0.326**	(0.326)	-			-	-	**(0.326)**
Bus Priority Delivery Portfolio	Greener, Healthier Islington	New	0.175	-	-	-	**0.175**	(0.175)	-			-	-	**(0.175)**
Corridors	Greener, Healthier Islington	New	0.073	-	-	-	**0.073**	(0.073)	-			-	-	**(0.073)**
Cycleways Network Delivery Programme	Greener, Healthier Islington	New	1.552	-	-	-	**1.552**	(1.552)	-			-	-	**(1.552)**
Cycling Parking	Greener, Healthier Islington	New	0.106	-	-	-	**0.106**	(0.106)	-			-	-	**(0.106)**
Sobell Leisure Centre	Greener, Healthier Islington	New	2.000	5.000	-	-	**7.000**	-	-			(6.022)	(0.978)	**(7.000)**
Ironmonger Row Baths	Greener, Healthier Islington	New	7.000	-	-	-	**7.000**	-	-			(6.593)	(0.407)	**(7.000)**
Refuse Vehicles	Greener, Healthier Islington	New	0.140	-	-	-	**0.140**	-	-			-	(0.140)	**(0.140)**
Decarbonisation - Grant Match Funding	Greener, Healthier Islington	New	-	12.852	-	-	**12.852**	-	-			-	(12.852)	**(12.852)**
Bunhill Heat Network Extension	Greener, Healthier Islington	New	0.141	1.313	-	-	**1.454**	(1.454)	-			-	-	**(1.454)**
Environment Total			**11.267**	**19.715**	**-**	**-**	**30.982**	**(5.249)**	**(0.168)**	**-**	**-**	**(12.615)**	**(12.950)**	**(30.982)**
Total Capital Changes			**12.672**	**23.658**	**-**	**-**	**36.330**	**(10.412)**	**(0.552)**	**-**	**-**	**(12.615)**	**(12.751)**	**(36.330)**

Appendix F: Budget 2024/25 Cumulative Equalities Impact Assessment

1. Purpose of Report

This report assesses the equalities impacts of the savings proposals set out in the Council's Budget for 2024/25.

It provides an assessment of the likely impacts of the budget savings on residents and employees with 'protected characteristics' as defined by the Equality Act 2010. It also considers the impacts on those who could be considered at a disadvantage in accessing opportunities or services (such as people with language difficulties or from low-income households), which is also a consideration in Islington's Equality Impact Assessment process.

The report assesses the overall impacts of the suite of savings proposals (cumulative impact) set out in the 2024/25 budget on residents and staff. It also provides a more detailed review – by specific groups and by directorate – of the cumulative impacts of previously agreed savings set out last year, and in this new budget, on specific groups, and the actions to reduce or mitigate these impacts.
There are significantly fewer savings proposals this year than there were last year, as the identification and delivery of savings gets more challenging every year.

2. Context

Our commitment to fairness and equality

Our Islington Together 2030 strategy sets out the Council's vision to make Islington a more equal place – to create a place where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life.

Challenging inequality, racism and injustice is mission critical for Islington. We cannot realise our vision of creating a more equal borough for all our residents without tackling the inequality that continues to hold back some communities. Our 'Challenging Inequality Programme' sets out our long-term ambition for challenging inequality, inequity, racism and promoting inclusion. We are determined to improve life chances for our residents and staff, ensuring no-one is left behind.

We want to challenge inequality in every capacity available to us, taking advantage of our position as an employer, strategic leader and as a service provider/ commissioner.

Our EQIA Process

Equality impact assessments are an important part of ensuring our services are responsive to the needs of our diverse communities and help tackle inequality, creating a fairer more equal borough for all.

In Autumn 2021, we introduced a new EQIA process to improve efficiency and quality assurance. Each of the savings' proposals set out in this budget have been considered through an equalities lens, with initial screening of all proposals completed via our EQIA Screening Tool. Where the screening tool identified significant potential (or perceived) negative or positive impacts, a full

Equalities Impact Assessment was completed to mitigate any risks or maximise potential benefits. The Equalities Team was closely involved in all aspects of this process, working with services to identify potential or perceived impacts.

These individual assessments have been used to inform this overall cumulative assessment of the impacts of our budget savings proposals on residents and staff and on any specific group.

Our priorities

Over the next decade we will maintain a relentless focus on tackling inequality and eradicating poverty in our borough. To bring this vision to life, we have five clear missions outlined in our Islington Together 2030 Plan:

- Child Friendly Islington: Islington is a place where all children and young people are rooted in a community where they feel safe, can thrive and are able to be part of and lead change.
- Fairer Together: everyone in Islington who needs extra help can access the right support for them at the right time and in the right place.
- Safe Place to Call Home: everyone in Islington has a safe, decent affordable place to call home.
- Community Wealth Building: there is a sustainable inclusive, and locally rooted economy in Islington, where wealth is fairly-shared and residents and businesses feel they have a stake in their community.
- Greener, Healthier Islington: people in Islington can live healthy and enjoy London's greenest, cleanest and healthiest neighbourhoods.

Our legal duties

Under Section 149 of the Equality Act 2010, the Council has a legal duty to have "due regard" to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity and
- foster good relations between different groups.

The precise wording of the Public Sector Equality Duty (PSED), together with a list of the 'protected characteristics' defined in the Act, is set out at **Annex A**.

We are required to demonstrate fulfilment of our duty to pay 'due regard' in the decision-making process and, as such, we need to understand the effect our policies and practices have on equality. Although the Council is not legally obligated to reject savings or growth proposals that could have negative impacts on any particular groups, it must carefully and with rigour consider the impact of its proposals on the PSED, take a reasonable and proportionate view about the overall impact on particular groups, and seek to mitigate negative impacts where possible.

In addition, at Islington we go above and beyond our legal duties to consider impacts on those who could be considered at a disadvantage in accessing opportunities or services. This includes people from low-income households, carers, migrants, refugees and people with No Recourse to Public Funds (NRPF), and those with low literacy levels.

Our diverse population

Islington is an Inner London borough with a diverse population. Data from our 2022 State of Equalities report paints a profile of Islington as a place and of our diverse communities:

- Population: The population of Islington is estimated to be 245,827 in 2022. This is an increase of approximately 19% (39,189 people) since 2011. It is estimated that our population will grow by a further 2.7% (6,600 people) over the next 10 years. Islington is the most densely populated local authority area in England and Wales, with 16,699 people per square km. This is almost triple the London average and more than 38 times the national average.
- Age: Islington has a relatively young population: 9% of the population is aged over 65, compared with an average of 12% in London and 19% in England. Twenty-eight pe cent of children under 16 live in low income households, and 61% of secondary school pupils are eligible for the deprivation Pupil Premium, a grant aimed at raising the attainment of disadvantaged pupils.
- Ethnicity: Islington is a diverse borough, with Black, Asian or Minority Ethnic groups accounting for 32% of our population. 32% of residents are estimated to be born outside of the UK, compared to a national average of 14%.
- Children growing up in Black, Asian or Minority Ethnic households in Islington are more likely to be living in poverty in comparison to white children.
- Sex: The proportion of men and women in the borough is roughly 50/50. However, there are variations in life expectancy between men and women. Life expectancy at birth for men in Islington is 79.5 years, whilst women in Islington have a longer life expectancy of 83.2 years.
- 93% of lone parents with dependent children are female. This is significant because unemployment rates among lone parents are far higher than the wider population - this is likely to affect household income and therefore deprivation levels. In Islington 56% of lone parents are not in employment while just 21% are in full-time employment – half the figure for the wider population.
- Disability: In May 2021, there were 5,157 Disability Living Allowance claimants in Islington. The estimated number of Islington residents with a disability in 2022 is 34,416, or 14% of the population. There are 3930 people in Islington living with a serious mental illness, the fourth highest prevalence of serious mental illness in London.
- National research has demonstrated that disabled jobseekers need to apply for 60% more jobs than their non-disabled counterparts.
- Socio-economic: Islington is the most deprived borough in London for income deprivation affecting children, and fourth highest for income deprivation affecting older people. Poverty is an issue in every part of the borough: almost every ward includes one of the most deprived LSOAs in Islington. Finsbury Park is the most deprived ward. As mentioned above, children in Black and Minority Ethnic households or in lone parent households, and households with a disabled person, are more likely to be living in poverty.
- Housing: Islington has a relatively high proportion of social housing. Those in social housing are more likely to be on low income, though increasingly we are seeing households in the private rented sector struggling. Both social and private sector tenants who have moved to Universal Credit have seen increased levels of debt, which may put their tenancies at risk.

The impact of the cost-of-living crisis

The cost-of-living crisis has put further pressure on households who were already struggling. In Islington there are more than 11,500 families living in fuel poverty, and 27,400 people in households receiving housing benefit or council tax support. Many households who are just about managing will also soon start to see a decrease in their financial resilience.

Businesses in Islington are closing at the fastest rate since 2017, faced with uncertainty on energy bills and soaring costs for services, labour, and raw materials. In addition, some businesses are already experiencing a drop in consumer spend (e.g., delivery food items) and this is only expected to increase as households reduce discretionary spend. At the same time, the number of businesses carrying debt has more than doubled, initially because of the pandemic, and now increasing because of increased supply and borrowing costs.

In September 2022, the Council declared a "cost of living emergency" and pledged to do all it can to help the tens of thousands of residents likely to be hit hardest by spiralling energy and food costs and soften the blow for local small and medium-sized businesses.

Despite ongoing pressures on local authority funding, the Council continues to provide a comprehensive range of support for vulnerable and low-income households and to support local businesses and communities. In addition to the core support offer, a range of additional support is being delivered or planned, including ensuring any government grants are targeted as effectively as possible in support of the cost-of-living crisis and distributed as quickly as possible.

Islington's response to the cost-of-living crisis sets out the full range of actions which Islington is taking to protect residents and businesses.

The scale of the challenge

This year, as in previous years, we have made every endeavour to protect those in greatest need and at most risk. Where possible, savings focus on optimising efficiencies in service delivery. However, some reductions in services have been unavoidable. Where this is the case, we have assessed the potential impact on groups with protected characteristics. In Islington, with high levels of poverty and deprivation, we also consider socio-economic disadvantage when assessing the impacts of changes to policies and services.

3. Equalities Impacts: overall cumulative impact

The overall assessment is that there is a **potential neutral impact** because of the budget savings proposals for 2024/25. Much of this is due to the current climate we find ourselves in with the cost-of-living crisis impacting the lives of our residents. Whilst many of these decisions are taken nationally by government, it is the council that feels the brunt of them with even less funding to support those most in need.

The Chancellor's Autumn statement will be presented on the 22nd of November 2023, with measures that will impact citizens throughout the United Kingdom; however, the nature of these impacts are yet to be determined. The savings proposed as part of this budget are essential to be able to continue to deliver services to the most vulnerable. But within this challenging context any savings impacting residents are likely to exacerbate their difficult circumstances.
The budget sets out **24** new proposals, which will deliver savings of around **£5.551m** in 2024/25. This is in addition to **£5.269m** savings for 2024/25 agreed in last year's budget.

The majority of savings for this year will come from council tax and tariff fee rises or changes, service restructures, maximising use of the various funding streams the Council has access to, and making better use of technology. These will result in ‘back office’ changes with small impacts on staff. Whilst we do not expect residents to be significantly impacted, there may be knock on impacts produced by these changes.

The majority of these impacts were not deemed significant enough to progress to a full EQIA, or had robust enough mitigation in place to mitigate fully against any negative impacts. However, 8 of the new savings proposals submitted for 2024/25 progressed to a full EQIA, and 2 will require a full EQIA at a later stage.

The 8 full EQIAs identified potential negative impacts on:

- Residents
- Service users
- Staff

Impacts on residents

There are a small number of changes to universal services and charges, and these have the potential to affect all residents. The key proposals are:

- Extend controlled parking zone enforcement
- Extend controlled parking zone hours
- Council Tax and Adult Social Care precept increase
- Contact Centre Rationalisation

The proposal to extend parking zone enforcement involves increasing the maximum parking charge for electric vehicles from £2 to £4. It also involves reversing a decision to provide free visitor vouchers and flat rate parking charges in two controlled parking zones (CPZ) and adding a £1 surcharge to all short stay parking sessions purchased during 10am to 1pm in all CPZ’s except those with part day restrictions. The times that parking controls are active also being extended in 3 CPZ’s in the south of the borough, from 6.30pm to midnight.

These proposals will affect all residents but will disproportionality impact residents that are reliant on cars as a means of travel. The Environment and Commercial Operations Division will mitigate the impact of extending parking zone enforcement and parking controls by signposting residents to the resident voucher scheme. Residents with parking permits will also be exempt from paying additional fees.

Residents will see a small increase in their Council Tax, including the Adult Social Care precept. However, the most vulnerable residents will continue to be protected. Older people and those on low incomes remain eligible for subsidised Council Tax through our Council Tax Support Scheme, and Islington’s Resident Support Scheme continues to provide a safety net for those in crisis and facing severe financial hardship.

Residents who contact Islington Council should hopefully have a better customer experience because of the contact centre rationalisation project, which seeks to merge all three contact centres into one. Running parallel to this, staff members within Access Islington will be upskilled to deal with enquiries relating to different subject matter so residents can be effectively signposted to the correct support if they are not automatically directed to the relevant department.

The council has also taken steps to protect vulnerable residents through its response to the cost of living crisis, which has included work with voluntary sector partners to maximise the borough's collective offer, including the rollout of warm spaces, a communications campaign to increase awareness and take up of the support which is available to residents, and a core offer of financial and other support (e.g., the work of the Income Maximisation team).

Impacts on specific service users

Most of the proposed changes will have no impact on service users, as the savings focus on contracts, 'back office' staffing, the deletion of vacancies, changes to funding sources, and the removal of excess budgets where there is currently an underspend.

However, four proposals could impact specific groups of service users. The proposals are:

- Review, re-design and re-procurement of the Adult Social Care Wellbeing Service
- Introduction of a charging policy for Assistive Technology
- Implement eligibility and charging policies for people receiving legacy Supporting People services
- Repurpose school premises houses

The proposal to review and re-design the Wellbeing Service will have a positive impact on services users within Islington, specifically those over the age of 50 as the service will focus on this group; however, the service will continue to be open to all adults over the age of 18. The proposal seeks to enhance these benefits by aligning with existing Early Intervention and Prevention offers and becoming more outcomes focused.

Both, the introduction of a charging policy for assistive technology and legacy supporting people services will ultimately have a negative impact on service users. To access these services, service users will now have to undergo a financial means assessment to determine their ability to pay for services that they receive from Islington. Depending on income, savings and disability related expenditure, this may be more than what they were previously paying, and they may lose access to specific services that were previously free if they decide to not pay for them.

Whilst these policies will negatively impact users, the financial means assessment is designed to ensure that income-deprived service users are still able to access the services they require from the council at a rate that is affordable to them. This is made possible due to the charging scale implemented in both policies, which charge residents based on their relative material circumstances.

The proposal to repurpose school premises houses will have a positive impact on service users who are comprised of foster carers and children in care, with black and global majority children being of particular benefit to this proposal due to their overrepresentation within the care system. The proposal will benefit service users by keeping children in care closer to their local area and services, whilst providing them with suitable and supportive foster carers and accommodation.

Impacts on staff

Most staff savings and efficiencies will come from deleting / not recruiting to vacant posts, so there will be no direct impact on most staff or specific protected characteristics. One proposal could lead to redundancies; however, this would be voluntarily agreed with staff who will be compensated accordingly. These staffing changes are subject to consultation and are not expected to have any negative impacts on protected groups.

Of the proposals that did not progress to a full EQIA, there were potential impacts – with mitigating action in place – on the following groups:

- Service users
- Residents
- Staff

The potential impacts experienced by staff have been elaborated on in Section 6: Staffing Impacts, of this report. However, as these impacts were not significant enough to progress to a full EQIA, they have been outlined in section 5 in the summary of all proposals.

Overall equalities impact assessment

Looking at the totality of the savings to be delivered in 2024/25, the impacts on Islington residents and service users are assessed as follows:

- The proposals could negatively impact residents who are more likely to face parking zone enforcement and parking controls, which will increase the cost of parking for residents. Additionally, residents will be impacted by the council increase the council tax rate. These impacts will be mitigated through parking vouchers to reduce the impact of higher parking fees, and vulnerable residents will also be signposted to the Council Tax Support Scheme, Resident Support Scheme, and other initiatives to help mitigate costs and maximise income.
- The proposals may also positively impact service users, specifically adults over the age of 50 and black and majority global children, who are likelier to acquire the needs to of the Wellbeing Service and are overrepresented within the care system, respectively. Other proposals will have a negative impact on service users through introducing charging policies on assistive technology and legacy supporting people services. Service users may have to pay for services that they previously acquired for free; however, due to a charging scale being implemented, service users who have lower salaries and less savings will pay less than those who have more.
- Considering the extremely challenging fiscal situation and the need for services to remain financially sustainable, the conclusion is that the Council's proposals for achieving savings are considered reasonable and have shown due regard to the Public Sector Equality Duty.

4. Equalities groups impacted by savings proposals

This section looks in more detail at the impacts of specific proposals on protected characteristics and on socio-economic disadvantage. It includes proposals from this year's budget that have a potential equalities impact.

Based on individual Equalities Impact Assessments the following protected characteristics are **potentially negatively impacted** by one or more of the savings proposals for 2024/25:

Characteristic	Proposal	Directorate
Age (older people)	• Introduction of a charging policy for Assistive Technology • Implement eligibility and charging policies for people receiving legacy Supporting People services	Adult Social Care Adult Social Care
Disability	• Introduction of a charging policy for Assistive Technology • Implement eligibility and charging policies for people receiving legacy Supporting People services	Adult Social Care Adult Social Care
Socio-economic	• Introduction of a charging policy for Assistive Technology • Implement eligibility and charging policies for people receiving legacy Supporting People services	Adult Social Care Adult Social Care

There are no disproportionate impacts relating to:

- Race and ethnicity
- Religion or belief
- Maternity or pregnancy
- Marriage and civil partnership
- Sexual orientation
- Gender reassignment

5. Savings proposals and impacts – by directorate

This section provides a detailed assessment by Directorate of those savings proposals – both new and existing - that will potentially impact specific groups. This includes proposals that necessitated full EQIAs as well as proposals that only necessitated completion of an EQIA screening tool – i.e. the proposal did not demonstrate a significant (negative or positive) equalities impact.

a) Council wide

New savings:

Three cross-cutting proposals were submitted, none of which will require a full EQIA.

Efficiencies through Automation of Processes

This proposal is about a 3-year automation programme aimed at optimising council processes by deploying Robotics Process Automation and other process automation tools. These solutions can work across multiple IT systems, or multiple data sets, to process work at a faster rate and in greater volumes than a human computer user can achieve. They can also continue to work 24/7, which can support the delivery of work and services to residents out of hours.

The implementation of automation tools, such as RPA, is expected to deliver cashable savings for the council. The exact amount of savings will depend on the scale and efficiency of the automation initiatives. Cashable savings can be realised through the optimisation of processes, reducing manual labour, and streamlining workflows. However, it is essential to note that the actual realisation of these savings will be contingent upon other parts of the organisation implementing change plans to reconfigure and release resources. The programme aims to deliver cumulative savings of c£929k over three years. This is a net saving inclusive of the resources and technology required to deliver this target.

The EQIA notes that the benefits of RPA are well-founded. RPA has been shown to boost productivity, improve efficiency, deliver returns-on-investment, eliminate human error, elevate security, increase compliance, and transform operating models.

This programme will affect council staff, digital services, change management functions across the organisation, senior management and council leads as well as stakeholders including residents who will experience improved services and greater efficiency from the council. No impacts on protected groups have been identified in the initial screening tool; however, the projects that arise out of this programme will each require individual EQIA's which may identify impacts on protected groups.

Encouraging Apprenticeships

This proposal is about the Council's apprenticeship programme. The Council is offering apprenticeships to young people, care leavers, and career changers. Currently, there are 122 unfilled junior positions across the Council that could be replaced by apprenticeship roles. This could save some budget and help with recruitment and succession planning. The saving is conservative because automation and resident experience may reduce the need for junior roles; however, this proposal will produce an estimated saving of £250,000.

Enhanced Business Efficiency and Redundancy Scheme

This proposal is about the council's scheme for staff to voluntarily leave on redundancy or business efficiency grounds. The scheme will last for about a month before the next financial year and will delete the posts or make equivalent savings. The scheme will be fair and consistent to all employees, regardless of their personal characteristics. The Council will analyse the impact of the scheme on equality.

The scheme aims to save £1m with less than 1% of staff leaving. There may be an extra £5k enhancement as in the previous round. The scheme ran successfully in 2022-23 with 58 staff taking voluntary redundancy.

Challenge Panels and Agency Levy: Reducing Overtime, Additional Payments & Agency Staffing

The council is spending approximately £8.5m on overtime and additional payments, and around £37m on agency staff and interims, a figure that is on the rise. To address this, a new approach involving Challenge Panels led by the Head of Paid Service is proposed. These panels will scrutinise local practices and the use of agency staff, aiming to identify opportunities for cost reduction and efficiency improvements.

To discourage the use of agency workers, a levy is proposed on all agency charges, which will be used to offset corporate pressures and contribute to building reserves. The Challenge Panels plan to work with the Senior Management Teams of each directorate to analyse current agency, overtime, and allowances usage and propose new ways to provide the same services with a more permanent base of employees. Consultations will be held with staff and trade unions if any changes to employees' terms and conditions are proposed.

Future savings will be produced through proposals produced by the Challenge Panels.

b) Adult Social Care

New savings:

The budget for 2024/25 sets out six savings proposals, two of which were assessed to have no significant equalities impacts at the screening stage, with the other three progressing to full EQIA, and one requiring a full EQIA in the future.

Introduction of a charging policy for Assistive Technology (Full EQIA)

This EQIA is for a proposal that commenced on the 1st April 2015, and involved the introduction of a weekly charge for Assistive Technology (AT) in Islington. AT is a service that provides equipment that helps people to live independently and safely at home. The charge was set to be in line with other boroughs and the Care Act statutory guidance, which established the rules for charging for Adult Social Care and support services.

The proposal would affect two groups of people: those who only receive AT from Adult Social Care, and those who receive other services and have the financial resources to pay for more.

The charge would be based on a financial assessment that considers the person's capital assets, income, living costs, housing costs, and disability related expenses with the proposal aiming to ensure fairness, sustainability, wellbeing, personalization, and social inclusion for the people who use AT. The need for charging for AT arose due to the increasing costs and sophistication of technology, as well as the national transition from analogue to digital phone lines. The proposal also lists the types of care and support that are provided for free, such as intermediate care, community equipment, and after-care services under the Mental Health Act.

Implement eligibility and charging policies for people receiving legacy Supporting People services (Full EQIA)

This proposal involves charging certain residents who receive support services that were previously funded by the Supporting People Programme (SPP), meeting the Care Act 2014 eligibility criteria for care and support. The proposal aims to follow the national guidance and the council's charging policy, and to ensure fairness and consistency among all residents who have eligible needs for care and support. The proposal also expects to generate £200,000 of income for the first year, and £250,000 for the second year.

The proposal states that some residents who receive services that were historically included in the SPP, such as supported living and accommodation for various groups, were exempt from the council's charging policy. This created a disparity with other residents who receive similar services and are charged according to their financial assessment. The proposal also notes that some residents may need a new or updated Care Act assessment before they can be financially assessed.

The proposal also described the main features and principles of the council's charging policy, which is based on the Care Act 2014 and the Care and Support Statutory guidance. The policy aims to ensure that people are not charged more than they can afford, that public subsidy is available for those who need it, and that personalisation, wellbeing, and social inclusion are promoted.

The EQIA highlights how the proposal will impact residents and, particularly, service users, who will be asked to complete a financial means assessment to ascertain whether they need to pay for support.

Review, re-design and re-procurement of the Adult Social Care Wellbeing Service (Full EQIA)

The proposal outlines a new Wellbeing Service for adults in Islington, based on a strategic review and stakeholder engagement. The service aims to provide various levels of support for residents' physical, mental, and emotional health, utilizing strength-based approaches and outcome measures to enhance residents' overall wellbeing.

The current Wellbeing Service offers information, advice, access to activities, and short-term enablement support to prevent or reduce the need for care and support. Through the strategic review and stakeholder engagement, residents' preferences and gaps in the existing service were identified. To ensure that the new service meets residents' desires and requirements, the service specification will be co-produced with residents and partners.

The budget allocated for the new Wellbeing Service is estimated to be £3,493,280 for the entire contract duration. This estimate is based on an annual budget of £436,660. Notably, this represents a reduction of £50,000 from the current annual contract value.

The EQIA identified that re-designing the Wellbeing Service will have a positive impact on residents, particularly those over the age of 50.

Review and re-model of Hilldrop Road Care Home (requires full EQIA in the future)

This proposal discusses council plans to save £100k in 2025/26 by re-modelling the Hilldrop Road Care Home, which provides residential care for men over 45 with alcohol misuse, homelessness, and mental illness.

The Council will review each resident's needs and support some of them to move to more independent living options, such as supported living. This will reduce the number of beds funded by the Council from 15 to 12.

The EQIA shows positive and negative impacts on the residents and the care home provider. The primary negative impact outlined within the proposal is a breakdown in service users mental health following a change in provider and/or location. This will be mitigated through collaborative management of the transition, between Islington Council and the provider, to ease service user anxiety. This involves creating personalized transition plans for each resident, with involvement from service users, carers, family members, and advocates. Communication will be timely, and residents and their families will participate in social care reviews and decisions about their future care and support.

Redesign of Floating Support Contract

This proposal outlines the council plan to save £100k in 2025/26 by re-procuring the Multi-Disciplinary Team Floating Support Service, which helps vulnerable tenants avoid homelessness. The current service, delivered by the Single Homeless Project, has been extended until 2024 with £240k savings agreed for 2024/25.

A strategic review and benchmarking of the service will be done in 2023/24 to inform the re-procurement. The Council expects to achieve more savings as there are other support options available in the borough and the service model can be improved. The savings for 2024/25 will not affect the service quality or availability as they are from vacant posts and redeployments.

The EQIA shows no impact on protected groups.

Review and re-design of Mental Health Recovery Pathway and wider early intervention and prevention offer

This proposal outlines the council plan to save £275k by 2025/26 by reviewing and re-designing the Mental Health Recovery Pathway and other VCS community mental health services.

These services, delivered by Islington MIND, help residents with mental health needs. The reviews will be completed in July 2023 and will identify opportunities to improve outcomes and value for money by delivering more flexible and strengths-based support in the community. The savings will be achieved by joining up VCS contracts, re-designing the Mental Health Reablement offer, and reviewing the use of under-utilized day service sites.

The EQIA screening tool says that no decisions have been made yet and a full EQIA will be done after the reviews. There may be negative impacts depending on the changes to the service providers or locations.

c) Community Engagement and Wellbeing

New savings

The budget for 2024/25 sets out one saving proposals which required a full EQIA:

<u>Contact Centre Rationalisation (Full EQIA)</u>

The proposal is part of the Resident Experience Programme, which aims to improve the online services and channel shift for residents, while reducing the cost-of-service provision and meeting the Council's strategic objectives.
The proposal has two phases: Phase 0 and Phase 1. Phase 0 is already in progress and involves reducing the staff headcount of Access Islington, the main front door for residents to access council services, by 15 FTE due to a reduction in call volumes. This is achieved by implementing a new Interactive Voice Response (IVR) system that directs calls more efficiently and reduces abandonment rates. Phase 0 has been completed, with the programme now shifting to Phase 1.

Phase 1 involves creating a single contact centre by unifying the three existing contact centres: Access Islington, Housing Direct, and Homes and Community Safety. This will be enabled by a new omnichannel solution called 8x8, which will allow the council to handle interactions with customers from multiple channels, such as telephone, email, webchat, and face to face. The omnichannel solution will also provide a workforce management tool that will optimise the scheduling, performance, and quality of the contact centre operatives. Operatives will be cross-skilled to handle a range of queries and provide solutions right first time. Phase 1 will also involve creating a single management structure and harmonising the opening hours of the contact centre.

The main beneficiaries of the proposal are the residents and taxpayers in the borough, who will experience shorter queue wait times, lower abandoned call rates, a wider range of channels, and more opportunities to provide feedback. The proposal will also free up the time of officers to have longer conversations with those residents with the most complex needs and allocate more resource to the Access Islington Hubs.

The amount of money expected to be saved by the proposal is £1.118 million over two years (24/25 and 25/26). This is broken down as follows:

- £337,947 from Phase 0 (reducing Access Islington staff headcount) in 24/25
- £434,000 from Phase 1 (creating a single contact centre) part year savings in 24/25
- £354,000 from Phase 1 full year savings in 25/26

d) Environment

New savings:

The budget for 2024/25 sets out 8 savings proposals. Of these nine saving proposals, 6 were consolidated into 2 full EQIA's due to their similar subject matter. Of the other two EQIA's, only one progressed to full EQIA with the final one not requiring a full EQIA due to no or little negative impact.

<u>Extend controlled parking zone enforcement (consolidated – full EQIA)</u>

The saving above is the result of three EQIA's combined into one, all of which have been summarised below:

Increase Maximum Pay & Display Parking Charges for Electric Vehicles

This proposal involves increasing the maximum parking charge for electric vehicles from £2 to £4, which would generate an additional £100,000 in revenue. The proposal also argues that this would recognise the benefits of electric vehicles over combustion engines, but also encourage people to use more sustainable transport modes such as cycling, walking or public transport.

Removal of Evening Concessions for CPZ Zones C&K

This proposal proposes to reverse a previous decision to provide free visitor vouchers and flat rate parking charges in the evenings in two CPZs, which would generate an income of £60,000 per annum. The proposal also states that this would reduce vehicular traffic and promote active travel and health.

Parking Pay & Display Peak Charging

This proposal to add a £1 surcharge to all short stay parking sessions purchased during the busiest period 10am to 1pm in all CPZs except those with part day restrictions, which would generate a saving of £0.21m. The proposal also asserts that this would reduce vehicular traffic during the peak time, and promote active travel and health.

These projects may result in residents being charged more for parking within the borough, in certain areas within Islington. However, residents are able to apply for parking permits (if they live locally) and blue badge holders are eligible for free parking. Additionally, residents throughout Islington are eligible to receive parking vouchers meaning they can park at a discounted rate.

Extended CPZ Hours (full EQIA)

This proposal discusses extending parking controls from 6:30pm to midnight Monday to Saturday in 3 CPZs located in the South of the borough, which would generate a surplus of £394,000 in the second year. The proposal also states that this would manage the parking of vehicles within the night-time economy and encourage people to use other modes of sustainable travel.

Green garden waste chargeable service

The Council plans to introduce a chargeable green garden waste collection service from April 2024, which will generate an estimated income of £209,000 by 2026/27.

The service will replace the current free service, which is not a statutory requirement. The service will cover 51,000 kerbside properties with gardens and will charge £80 per year for a fortnightly collection. The Council expects to have 3,000 subscribers in the first year, 4,000 in the second year, and 5,000 in the third year.

The costs of staff, vehicles, bags, and communications for the service are estimated at £194,678 in the first year. The net income of the service will increase from £45,322 in the first year to £209,868 in the third year.

e) Homes and Neighbourhoods

New savings

The budget for 2024/25 includes 2 savings proposal, one of which required a full EQIA:

Selective Licensing (full EQIA)

This proposal aims to extend property licensing to three wards in the borough of Islington, namely Finsbury Park, Tollington and Hillrise. Property licensing is a tool that can be used to improve housing conditions and management standards in the private rented sector.

The proposal is based on data from various sources, including council and census data, private renters' complaints and enforcement. The data shows that 29% of residents in Islington live in private rented accommodation, and that many of them face poor housing conditions, high rent costs and insecure tenancies. The data also suggests that in at least 43% of properties covered by the proposed schemes, some improvement is needed in terms of property and management standards.

There are three types of property licensing schemes currently operating in the borough:

- Mandatory Licensing: for large HMOs (5 or more households)
- Additional Boroughwide Licensing: for HMOs for 3 or 4 households
- Selective Licensing: for all one and two person households in the private rented sector

The proposal is to introduce selective licensing in Finsbury Park, Tollington and Hillrise wards, which would cover all one and two person households in the private rented sector in these areas. The selective property licensing scheme is a 5-year licensing scheme intended to improve conditions for tenants renting private accommodation.

If the scheme is implemented, landlords would have to:

- apply for a property licence
- demonstrate that they are able to manage rented accommodation and do not have any relevant criminal convictions that could present a risk to the health, safety and welfare of tenants
- comply with requirements concerning the management, use and occupation of their rented property

Landlords will pay an application fee, currently set at £500 per property (estimated £50,000 in income per annum) for a five-year licence. The licensing income is used to cover the cost of administering the scheme, including inspecting properties and enforcing compliance. The scheme is designed to be self-financing, with 100% income generated covering the cost of setting up and implementing the licensing scheme.

Revised Management of Civic Services

This proposal aims to save £100,000 by removing the vacant Assistant Director of Civic Services post, as well as the occupied Head of Islington and Camden Cemetery Service post. The serving Head of Service will be ringfenced into the new permanent Head of Civic Service role to ensure the continuity and high-quality of services. The proposal also seeks to retain the current Civic Service structure, aligning key life event services, to improve resident services and efficiency.

f) Children's Services

New savings

The budget for 2024/25 sets out 1 savings proposals which progressed to a full EQIA:

Repurpose school premises houses (full EQIA)

This proposal describes a programme to increase in-house fostering capacity and to reduce reliance on expensive independent foster agency placements in the borough. The programme aims to keep more children local and reduce overspend of the placements budget. The proposal is seeking to do this through re-housing and housing adaptations for existing or potential foster carers, such as loft conversions, extensions, garden rooms, or moving to larger properties within the council or housing association stock. The programme also involves moving grown up birth children into council housing to free up bedrooms.

The programme has been underway since April 2020 and has assessed 20 carers and provided 15 with a housing solution. The programme has created 6 additional placements and prevented the loss of 5 more. The programme has also supported circa 8 Children in Need families and kinship carers with their housing challenges. The programme has delivered in-year savings of £317k and a total estimated saving over 7 years of £1.2m.

The programme impacts children, particularly those within the care system, and their foster parents positively, by providing them with support and capacity to look after the children.

g) Community Wealth Building

New savings

Efficiencies from restructuring the Corporate Landlord Service (requires full EQIA in the future)

The establishment of a new Corporate Landlord Service began in 2020, with teams gradually integrated over time. The service aims to deliver new affordable council homes, undertake major works and repairs, provide operational buildings, offer professional property advice, and ensure successful delivery of new homes and capital delivery programmes. The goal is to create a permanent management structure, realign ad-hoc arrangements, address budget pressures, and deliver a 5% saving to the General Fund (£373k) from 2024/25.

The benefit of this proposal is a service that can deliver ambitious new build targets and perform the duties of an effective Corporate Landlord service. The service will also lead on the development of a new Strategic Asset Management Plan to maximise and maintain assets, enabling the delivery of the overarching vision and five missions set out in Islington Together 2030. There will be no significant changes to the services provided or impacts on residents.

The main impacts will be on staff, with the creation of new posts, re-evaluation of existing posts, and some changes in line management. Some posts will be deleted to achieve savings, prioritising vacant posts to minimise impact on staff. Redundancies are anticipated to be low, with 10-15 expected across a service of around 270 staff. Formal staff consultation is planned for September 2023, with implementation by April 2024.

Additional Income from Commercial Estates

The Council owns several properties that it rents out commercially, managed by the Corporate Asset Management Team. This rental income supports the delivery of services. The rent roll has already increased from £3.2m to £3.8m due to completed lease renewals and rent reviews. The target of £4.2m will be pursued over the next 12 months through further rent reviews, lease renewals, and letting of vacant units.

An additional £400k of rental income is expected to be generated by active asset management and letting of former operational space, particularly the release and letting of 7NBW, from 2025/26. This proposal aims to maximise commercial income from the Council's assets, with no negative impact on any communities. The additional income will support the delivery of key Council services and priorities.

h) Resources

There were no new savings proposals submitted for Resources.

i) Public Health

There were no new savings proposals submitted for Public Health.

6. Staffing Impacts

As summarised in section 3, some proposals will have staffing implications. While the significant majority will come from deleting / not recruiting to vacant posts, some proposals will have implications which may include changes to current roles or a potential risk of redundancy (for a very limited number of staff).

The impacts of these proposals on staff with protected characteristics cannot yet be fully determined but as numbers are low and spread across a number of services / types of roles there are unlikely to be any groups disproportionately impacted. Any changes to staffing structure will require consultation with staff unions in accordance with the council's reorganisation policy and procedures.

Our established organisational change process ensures we support all of our staff through this change. Where restructures are proposed we carry out a comprehensive Staffing Impact Assessment that identifies the implications for those with protected characteristics and finds ways to mitigate accordingly.

Where a redundancy situation is possible, we will take a number of steps including:

- not filling vacancies in advance of a restructure so as many opportunities as possible are available to our existing staff
- using our redeployment process to help staff at risk find suitable alternative employment within the council

- considering alternative options to redundancy such as early retirement, flexible working or other 'working differently' options.
- stress management support and counselling services will be offered to staff through the Employee Assist Programme to help them cope with the additional pressures that structural change may bring.

We have an ongoing commitment to making Islington an employer of choice and are Timewise accredited, supporting flexible working opportunities available where possible, including condensed hours, flexible start and end times and part time working.

The Council is committed to a workforce that is representative of the borough at all levels and will continue to look for new ways to improve progression routes for staff and equip them to be senior managers of the future. We will continue to promote our staff equality forums as a way of engaging with staff and working together to continually improve their experience of working in Islington.

7. Human Rights and Safeguarding

Human Rights

It is unlawful for the council to act in a way that is incompatible with a European Convention right (unless the council could not have acted differently as a result of a statutory provision).

An interference with a qualified right (e.g. the right to respect for private and family life) is not unlawful if the council acts in accordance with the law and the interference is necessary in a democratic society.

In deciding whether the interference is necessary, the law applies a proportionality test, including whether a fair balance has been struck between the rights of the individual and the interests of the community.

Safeguarding

Implications for safeguarding in Adult Social Care

Proposals outlined in this document build on the Council's work on Making Safeguarding Personal (MSP). MSP is enshrined in the Care Act (2014) and the Pan London Safeguarding Adults Policies and Procedures.

MSP puts the person at risk of harm or abuse at the centre of decisions and actions about them. Just like the Strengths Based Practice approach for general social work activities, MSP respects that adults often bring ideas and solutions which will work best for them and the outcomes they need support in achieving.

This means that safeguarding adults continues to be integral in the work we are undertaking to really embed strengths-based practice. Ensuring vulnerable adults are safe and focusing on wellbeing is a core element of strengths-based practice and ensures there is consistency in approach whether we are working with a vulnerable person on a support plan or a safeguarding plan.

Implications for safeguarding in Children's Services

Safeguarding children is about protecting them from maltreatment, preventing their health and development being impaired, ensuring that they grow up in environments which provide safe and effective care and taking action to enable all children to have the best outcomes.

The mitigation identified for each proposal reduces very significantly the risk of poor safeguarding practice. The council's mitigation should include not adopting any policy where safeguarding practice is adversely affected.

The proposals put forward have been tested against effective safeguarding practice. A broad range of quality assurance measures are already in place and will continue to be monitored and responded to robustly.

8. Monitoring

This year, the Equalities Team has reviewed the equalities impacts from current savings to screen for any unexpected impacts as the projects have progressed – this process will continue.

Each individual proposal will continue to be reviewed and updated as required. Consultation will be carried out where required to seek the views of residents and service users. The lead officer for each proposal will be responsible for ensuring that equality considerations remain at the forefront of decision making as each of these proposals are progressed.

Annex A: Public Sector Equality Duty

Section 149 of the Equality Act 2010 provides that:

(1) A public authority must, in the exercise of its functions, have due regard to the need to —

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favorably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are —

- age

- disability
- gender reassignment, including non-binary and gender-fluid identification
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to —

(a) a breach of an equality clause or rule;

(b) a breach of a non-discrimination rule.

(9) Schedule 18 (exceptions) has effect.

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Appendix H - Retail Relief Scheme 2024/25

1. Introduction

1.1. In the 2018 Budget, the Government introduced a new relief scheme for retail properties and these ‘retail relief’ schemes have existed, albeit with some variations, since the 2019/20 financial year. This paper addresses the need to adopt the government’s scheme for the financial year 2024/2025.

1.2. To this end, we recommend the adoption of the local policy described in Section 6 below, to award Retail Relief in accordance with the Discretionary Rate Relief powers as contained within Section 47 of the Local Government Finance Act 1988 (as amended), for the year 2024/2025.

1.3. The Islington Retail Relief Scheme proposed in Section 6 reflects the Government’s guidance.

1.4. For the avoidance of doubt the Government have not changed their guidance from the previous year. Their guidance is identical to the current year’s 2023/2024 retail relief scheme including the discount rate of 75%. The Government has simply carried over the 2023/2024 scheme in its entirety to also be applied in 2024/2025.

2. Islington Retail Relief Scheme 2024/2025

2.1. The Islington Retail Relief Scheme 2024/2025 will award Retail Relief to qualifying businesses equivalent to 75% of their daily rates charge in respect of chargeable days during the financial year 2024/25 subject to a cash cap of £110,000 per business and on the condition that the ratepayer for that chargeable day has not refused the relief for the eligible hereditament.

2.2. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2025. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

Which properties will benefit from relief?

2.3. Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
b. for assembly and leisure; or
c. as hotels, guest & boarding premises and self-catering accommodation

2.4. It is considered shops, restaurants, cafes and drinking establishments, cinemas and live music venues to mean:

i.Hereditaments that are being used for the sale of goods to visiting members of the public:	- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, - Off licences, chemists, newsagents, hardware stores, supermarkets, etc) - Charity shops - Opticians - Post offices - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors) - Car/caravan show rooms - Second-hand car lots - Markets - Petrol stations - Garden centres - Art galleries (where art is for sale/hire)
ii.Hereditaments that are being used for the provision of the following services to visiting members of the public:	- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc) - Shoe repairs/key cutting - Travel agents - Ticket offices e.g. for theatre - Dry cleaners - Laundrette - PC/TV/Domestic - Funeral directors - Photo processing - Tool hire - Car hire
iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:	- Restaurants - Takeaways - Sandwich shops - Coffee shops - Pubs - Bars
iv.Hereditaments which are being used as cinemas	
v.Hereditaments that are being used as live music venues:	- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly

	used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended). - Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event). - There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.1

2.5. We consider assembly and leisure to mean:

i.Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).	- Sports grounds and clubs - Museums and art galleries - Nightclubs - Sport and leisure facilities - Stately homes and historic houses - Theatres - Tourist attractions - Gyms - Wellness centres, spas, massage parlours - Casinos, gambling clubs and bingo halls
ii.Hereditaments that are being used for the assembly of visiting members of the public.	- Public halls - Clubhouses, clubs and institutions

2.6. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i.Hereditaments where the non-domestic part is being	- Hotels, Guest and Boarding Houses

[1] The statutory guidance can be accessed here: https://www.gov.uk/government/publications/explanatorymemorandum-revised-guidance-issued-under-s-182-of-licensing-act-2003

used for the provision of living accommodation as a business:	- Holiday homes - Caravan parks and sites To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. There will also be mixed uses. However, it is intended to be a guide for businesses as to the types of uses that the Council considers for this purpose to be eligible for relief. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief. The list below sets out the types of uses that the Council does not consider to be an eligible use for the purpose of this relief. The Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.
ii.Hereditaments that are being used for the provision of the following services to visiting members of the public:	- Financial services (e.g. banks, building societies, cash points, bureaux de change, short term loan providers, betting shops, pawn brokers) - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors) - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents) - Post office sorting offices - Businesses whose main function is to rent out rooms or office space, conference centres, - Training facilities, remote working facilities - Businesses whose main function is to provide services or goods to the building industry, - Builders merchants, timber yards, plumbers merchants

2.7. In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, a precepting authority, or a functional body, within the meaning of the Greater London Authority Act 1999.

2.8. Retail Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However. any business who considers themselves to qualify can apply for this relief by sending an email to

Business.Rates@islington.gov.uk asking for an assessment. The decision on any award is delegated to the Director of Finance who in turn can authorise officers in their service directorate to take such decisions on his behalf.

2.9. State Aid (De Minimis Regulations) and Subsidy Allowance rules will apply when granting Retail Relief and ratepayers will be required to declare any such Aid or Allowance either at the application stage or after the award is made if it is made proactively.

2.10. An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used for one of the qualifying purposes in 6.2 can be made to the Council within one month of the Council's notification to the rate payer of this refusal. Any appeal will be considered by the Head of Revenues and Technical Services within a reasonable time period of its submission.

2.11. Retail Relief will be calculated in the same format as Business Rate charges and apportioned accordingly, if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.

2.12. Any award made in error, or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council.

List of Appendices

Appendix A: Extract from Business Rates Information Letter (5/2023)

To: Chief Finance Officers of English Billing Authorities - For the attention of the Business Rates section

From: Non-Domestic Rates Team, LGF - Local Taxation, Department for Levelling Up, Housing and Communities (ndr@levellingup.gov.uk)

Date: 23 November 2023

Business Rates Information Letter (5/2023): Autumn Statement business rates measures

This is the fifth business rates information letter to be issued by the Department for Levelling Up, Housing and Communities this year.

See previous letters and archived letters.

Autumn Statement 2023 business rates measures

At the Autumn Statement on 22 November, the Chancellor announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street.

For 2024/25 the Chancellor announced, that:

- the **small business multiplier** will be frozen at 49.9p
- the **standard multiplier** will be uprated in April by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p
- the 2024/25 **Retail, Hospitality and Leisure (RHL) scheme** will be extended for a fifth year into 2024-25, retaining the existing scope and providing eligible properties with 75% relief, up to a cap of £110,000 per business

These changes will have effect from 1 April 2024.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant Retail, Hospitality and Leisure relief in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from the government. No new legislation will be required to deliver this scheme.

The Department will shortly publish updated guidance for local authorities for the 2024-25 Retail, Hospitality and Leisure scheme. The existing scope of the scheme, percentage of support and cash cap will be retained.

The department expects councils to ensure that their systems are updated, including the implementation of any necessary software changes, and that bills issued for the 2024-25 tax year reflect the changes announced at the Autumn Statement.

End of Extract

Appendix I: London Borough of Islington Pay Policy Statement 2024/25

The London Borough of Islington supports openness and accountability and is pleased to publish its Pay Policy Statement and reaffirm its commitment to pay its employees on a fair basis to reflect the work that they do, a quarter of whom are residents of the borough, and to reduce inequality.

In compliance with the statutory provisions of section 38 of the Localism Act 2011, this annual statement outlines the Council's pay policy and benefits for Council employees and specifically for its Chief Officers. This pay policy is reviewed annually and is included with the budget setting report that is agreed at Full Council. This statement does not apply to Council employees based in Schools.

Updates since the last pay policy statement (2023/24)

National Pay Agreement

There has been a national pay agreement for Local Government Services employees, with effect from 1 April 2023, and this has added the following amounts to all pay points (spinal column points 2-65) for staff at Islington Council in the grade range scale 1 to Principal Officer 11, as below:

- An increase of £2,352 on all inner London pay points (up to and including pay point 48) and £1,925 on out of London pay scales (spine point 43 on the NJC pay scale), i.e., Ashton and Cardfields. Above these pay points an increase of 3.88% will apply

- Planned overtime rates and allowances increased by 3.88%

For Chief Officers (all senior management posts above PO11), grade range CO4 to CO1 including the Chief Executive, a national agreement was reached with effect from 1 April 2023, with an across the board increase of 3.5%.

The pay scales and allowances have since all been updated accordingly.

London Living Wage Update

The London Living Wage has been increased from £11.95 to £13.15 per hour (FTE £23,997 per annum based on a 35-hour week). Islington Council's lowest paid employees are currently paid the London Living Wage, and this new rate will apply from January 2024.

LGPS Pension Scheme

Islington Council's policy on abatement of pensions following receipt of a pension resulting from either voluntary or compulsory redundancy was amended in September 2016. Islington Council pension payments are not subject to abatement (this means no reduction is applied) where re-employment is obtained either in local government or elsewhere. This has not been updated in previous annual statements and is now included for accuracy.

Chief Officer Pay Scales

The Council defines its senior management as the top tiers in the management structure. The Council's Chief Officers are its Chief Executive, Corporate Directors, Directors, Deputy Directors and Assistant Directors.

The Council's Chief Executive is paid on a spot salary, and this is currently £185,000 per annum.

Grade	Minimum	Midpoint	Maximum
CO1	£125,565	£138,054	£150,624
CO2	£113,874	£120,003	£128,529
CO3	£96,171	£104,670	£113,382
CO4	£82,014	£90,501	£99,369

Chief Officers are paid on the Council's Chief Officer pay scale. While the scale comprises five separate salary bands, this is locally determined, and Islington Council does not currently use the highest-grade range CO1+, although it has done historically for some roles.

Percentage increases in cost of living are applied in line with the national pay negotiations of the Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities.

There are no automatic pay increases. Progression through the scale is dependent on performance and achieving service targets agreed by the council.

Chief Officer Pay Policy Reporting Requirements

There are currently 31 Chief Officer roles as defined by the Localism Act reporting requirement, comprising:

5 Chief Officer roles at CO1 level
17 Chief Officer roles at CO2 level
3 Chief Officer roles at CO3 level
6 Chief Officer roles at CO4 level

These roles report into the Chief Executive Officer or a Corporate Director.

Grade	Pay Banding £	Number of points in pay banding including threshold point	Job Title

CO1	£125,565 - £150,624	10	Corporate Director Homes & Neighbourhood Corporate Director Resources CD Community Wealth Building CD Community Engagement & Wellbeing Corporate Director Children's Services
CO2	£113,874 - £128,529	7	Director - Housing Property Services Dir Community Safety, Security & Resilience Director of Environment & Commercial Ops Director Housing Operations & Deputy CD Director of Human Resources Director of Digital Services Director of Finance Director of Law and Governance Director of Inclusive Economy & Jobs Director of Planning and Development Director of Climate Change and Transport Director of Adult Social Care Dir Strategic Commissioning & Investment Director of Family Help and Safeguarding Director - Young Islington Director of Learning and Achievement Director – Public Health
CO3	£96,171 - £113,382	7	DD - Assurance, Strategy & Improvement Deputy Director - Operations Deputy Director - Provider Services
CO4	£82,014 - £99,369	7	AD, Community Financial Resilience Assistant Director, Procurement & Supply AD Communications and Campaigns AD Access Islington and Complaints Programme Director - Savings Delivery Assistant Director - Transformation

Remuneration information about senior officers is published annually in accordance with the Accounts and Audit (England) Regulations 2011.

Senior posts with joint post holders (e.g., the joint Head of Internal Audit, shared with the London Borough of Camden) are employed by partners and are not included.

Pay ratios

The Council is committed to tackling income inequality as a means of ensuring a fairer Islington, and is setting an example to other local employers by reducing the pay differential between the lowest and highest paid employees. The Council also works with other local employers, and its own contractors, to ensure that the London Living Wage is the minimum amount paid to their staff.

The information below describes the pay ratio between the Council's highest paid employee (the Chief Executive) and other staff by reference to the following:

i. The numerical difference between the highest and lowest paid employees
ii. The mode (most common salary)
iii. The median (mid-point between highest and lowest salaries); and
iv. The mean average (the total amount of remuneration paid to employees, divided by the number of employees)

Reference Point		Annual Salary	Ratio to highest paid employee salary
i.	Lowest paid full-time Council employee (London Living Wage - £13.15 an hour)	£23,997	1:7.70
ii.	Most common salary paid to a Council employee (the mode)	£41,286	1:4.48
iii.	Mid-point between the highest and lowest salaries (the median)	£41,286	1:4.48
iv.	Average salary (the mean)	£42,847	1:4.31

The Islington Fairness Commission, set up by the Council in June 2010 to look into how to make the borough a fairer place, produced its final report in June 2011. This report recommended that the pay ratio between the highest and lowest salaries should be no more than 1:10. This was adopted as policy by the Council in its Corporate Strategy.

Recruitment of Chief Officers

Recruitment to Chief Officer posts at Corporate Director and Director level is covered by the requirements of the Council's Officer Employment Procedure Rules, as set out in the Council's Constitution. The appointment of the Chief Executive is subject to the approval of the Full Council. The appointment of other eligible Chief Officers is by the Employment and Appointments Committee.

The starting salary level of such officers is also agreed by the Employment & Appointments Committee. This ensures that elected councillors are accountable for the salaries of these senior appointments, and that they are made in a transparent way without delay to appointment processes. New entrants to the Council are generally appointed to the first point of the pay scale. Only in exceptional circumstances, such as the need to match a candidate's existing salary, are appointments made above the first point of the salary scale. All new entrants to the Council are placed on a probationary period of six months, regardless of previous local government service, including senior staff. During this time, the new recruit is expected to demonstrate their suitability for their job role. Failure to do so could lead to their appointment being terminated. Employees who successfully complete their probationary period are entitled to a salary increment, if it would otherwise mean that they would have to wait more than six months for their next salary increment.

On occasion, individuals are appointed on an interim basis to cover a vacant Chief Officer post, whether directly employed or engaged through an agency or as a contractor. The Council takes a proactive and stringent approach to ensuring that all arrangements are lawful, follow procurement rules, represent value for money and properly reflect the substance of the relationship between the Council and the individual concerned.

Pension Arrangements

All council employees up to 75 years of age, and who have a contract for at least three months service, are auto enrolled into the Local Government Pension Scheme (LGPS). There is also a scheme for staff to enhance their pension benefits by taking out Additional Voluntary Contributions, and the current AVC scheme provides tax relief on contributions made. A new Shared Cost AVC Scheme was implemented in 2023, which enables National Insurance savings to be made, providing a cost-efficient way for staff to save money for their retirement.

The LGPS is a contributory scheme, whereby the employee contributes to the scheme from their own salary. Details of the Council's policy and benefits of the scheme are published on the staff intranet and LGPS website, including contribution levels paid according to salary. Employers' contributions to the LGPS vary, to ensure that the benefits under the scheme are properly funded and are set independently.

The LGPS scheme offers the option to pay lower contributions for a short time where finances are tight, which can be helpful given the current cost of living crisis. Scheme members can elect to move to the 50/50 section of the scheme and pay half the normal contributions. Regardless of which section of the scheme staff are in, all members will get full life assurance cover. There is a right to opt out of the scheme, and employees can make their own private pension arrangements if they wish.

The Council's Flexible Retirement Policy allows employees aged 55 and over, who are members of the Local Government Pension Scheme (LGPS), to apply to reduce their working hours or pay grade (stepping down) and to draw pension benefits accrued up until the transfer to flexible retirement.

The Council includes staff that are transferred in from the NHS, and they continue to contribute to the NHS Pension Scheme, which is also a contributory scheme based on salary. These rates are subject to review by Government, with the employer's contributions also determined by the Government.

Additional Payments

The Council recognises that in certain, limited circumstances, additional payments may need to be attached to particular posts because of recruitment difficulties, or particular employees may need to be remunerated or awarded an additional payment above that of their normal pay scale, either for exceptional performance or additional work undertaken. Such payments must be authorised in advance by senior management and are available to all Council employees except those employed in schools. Market supplements are applied following a robust, evidence-based case, that meets the criteria defined in the Market Supplement Policy.

Additional Payments

Type of Allowance	Reason for payment include:
Honorarium payments	One-off piece of work outside normal scope of duties, work or additional duties which falls short of taking on the full duties of a higher graded job, temporarily carrying out some but not all duties of an officer on a higher graded post.
Market Factor Supplements	To attract and retain employees with specialist skills in a competitive and/or changing job market, to enable an effective workforce to provide high quality public services.

The Corporate Director of Resources post receives an allowance for statutory duties as the Council's s.151 officer. Section 151 of the Local Government Act 1972 requires local authorities to decide for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements. As such, the CFO must lead on a local authority's financial functions and ensure they are fit for purpose.

The Director of IT and Digital Services post attracted a Market Factor Supplement of £5,000 during the 2023/24 year.

There are a few other allowances which are payable to designated employees related to their job role, for example on call or standby allowances. Chief Officers do not receive such payments other than those stated above, and the Council does not make bonus payments to Chief Officers.

Where Council Officers undertake special duties in relation to the Council's election functions, any fees in respect of these duties are paid in addition to their normal remuneration. The rate for these duties is in line with the London Council's Leaders Committee's published Scale of Returning Officers' Fees and Expenses.

Council Officers designated as Local Area Liaison Officers to undertake responsibilities under the Council's emergency planning Crisis Response Plan in the event of an incident occurring in the borough, may be paid a fixed allowance in respect of this responsibility. See the council's website for further details.

Hours of Work

The basic full-time hours of work for Council employees are 35 per week. Employees on grades below that of Chief Officer, who work more than 35 hours per week, may claim overtime for additional hours work, if authorised.

The minimum basic working week for Chief Officers is 35 hours a week, and additional hours worked above 35 per week attract neither payment in respect of overtime nor time off in lieu. Chief Officers are required to undertake reasonable hours of work as necessary to perform the duties of their post. This may involve evening and weekend working.

Annual and other leave arrangements

Annual leave plays an important part of the Council's commitment to work-life balance. The Chief Executive and senior officers of the Council on Chief Officer Pay and conditions are entitled to 27 days' annual leave, and after five years' continuous local government service a further 5 days. Other employees receive 26 days' annual leave with an additional five days after five years' service. All employees in addition to annual leave receive five privilege days and eight bank holidays per year. A maximum carry over of 5 days is permitted where leave has not been able to be taken due to work demands.

Benefits

To maintain employee engagement, the Council recognises, particularly in the current financial climate, that it is important to reward and motivate staff through other non-salaried means. The Council promotes a range of benefits which all staff, irrespective of grade, can access. These include training support, flexible and hybrid-working, salary sacrifice schemes including pension, childcare vouchers and information technology, white goods and bike schemes. There are interest free travel loans for commuting to work. There are many discounted shopping and service benefits such as discounted gym membership, holiday and travel offers. Staff are updated regarding benefits and promotions by email and the staff intranet. Professional fees and charges will be paid where this is a requirement of the role. Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Council's Code of Conduct.

Leaving the Council

Employees who voluntarily resign from the council are not entitled to a termination payment. If the Council terminates the employment of an employee, including a Chief Officer, on the grounds of redundancy, they will be entitled to a redundancy payment based on the statutory redundancy scheme with regards the calculation of the number of week's redundancy pay but, as sanctioned in the Local Government (Early Termination of Employment) Discretionary Compensation Regulations, actual salary is used rather than the statutory maximum per week.

From time-to-time the Council may run non contractual schemes to reduce staff numbers where there are challenging financial pressures that could result in compulsory redundancies. The Council has therefore run voluntary redundancy schemes in the past, and in November 2023 launched a Voluntary Business Efficiency and Redundancy Scheme for the second consecutive year, where staff could apply for approval where there was a business case to delete their substantive post or to enable their release where savings could be made from elsewhere, on the grounds of business efficiency. The payments and benefits for termination of employment are contained within the individual schemes run and are made available to all staff.

Where a Chief Officer's contract is terminated, in the interests of the efficient exercise of the Authority's functions, they are normally entitled to six months' notice, or may be paid in lieu of notice where their contract provides for this.

The Employment and Appointments Committee will hear and determine appeals in connection with disciplinary action or dismissal of Corporate Directors (except the Head of Paid Service, S151 Officer and Monitoring Officer).

In May 2022, Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England was published. The guidance sets out clearly which types of discretionary payments fall within the scope of the guidance (contractual payments are exempt) and includes the following thresholds for decision-making:

- Payments of £100,000 and above must be approved by a vote of full council
- Payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment
- Payments below £20,000 must be approved according to the local authority's scheme of delegation

As part of the changes to the constitution and delegations agreed at full Council on 13 July 2023, the statutory guidance has now been incorporated into appropriate terms of reference.

At present, the council has determined that all recommendations to make a special severance or settlement payment between £20,000 and £100,000 must also be accompanied by a business case with finance, legal and HR advice before the decision is taken by the Head of Paid Service.

In order to ensure the most robust and transparent management of Special Severance Payments made specifically to those Chief Officers appointed by the Employment and Appointment Sub-Committee, the following additional protocols have been agreed:

1. The Chair of the Employment & Appointments Committee will be consulted and a record of their view incorporated in the decision-making documentation.

2. Officers will report to the Audit and Risk Committee twice a year if any of the above payments have been made above £50,000

The annual statement of accounts includes anonymised aggregated data on all exit payments made during the financial year. The reports to the Audit and Risk Committee will be exempt and reportable information will take account of any confidentiality requirements set out in individual agreements.

Returning to work for the Council after leaving

Section 7 of the Local Government and Housing Act 1989 requires that every appointment to paid office or employment in a local authority shall be on merit. Employees who leave the Council voluntarily without a severance payment are free to apply for jobs that are advertised at their discretion.

Employees who leave the Council with a redundancy payment and no enhancement, and subsequently apply and are successful for a position within the Council, must repay any redundancy payment, if the appointment is within a month of their termination date. If the appointment start date is longer than a month, the employee can return to work in the position offered, but in accordance with the Redundancy Modification Orders, will lose their contractual rights to have their continuous service recognised for all purposes.

Employees who leave the Council with an enhanced severance package will not normally be re-employed or engaged under a contract for services for a period of two years. Employees who leave the Council on ill-health retirement with the possibility of a return to work under the Local Government Pension Scheme Regulations, or who are granted early retirement, will be considered on a case-by-case basis depending upon the circumstances and having due regard to their termination package.

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ISLINGTON
For a more equal future

Report of: Cllr Caroline Russell, Cllr Ernestas Jegorovas-Armstrong, Cllr Benali Hamdache

Meeting of: Full Council

Date: 29 February 2024

Ward(s): All

Subject: Amendment to the Budget Proposals 2024/25 and Medium-Term Financial Strategy

1. Synopsis

1.1. This report proposes an amendment to the 'Budget Proposals 2024/25 and Medium-Term Financial Strategy' report on the main agenda with proposed changes to the 2024/25 General Fund (GF) budget and Medium-Term Financial Strategy (MTFS) and to the Housing Revenue Account (HRA) 2024/25.

1.2. The proposals ensure the Council makes best use of its parking powers across street parking and HRA parking on estates to support its work addressing fairness and reducing pollution, car use and transport carbon emissions. This approach is set out in the Parking Policy Benchmark Assessment Tool, published by Campaign to Protect Rural England (CPRE) London.

1.3. The proposals extend council tax relief to residents on the lowest incomes, by extending the £40 per child allowance in the council tax relief scheme and if agreed, to remove the 2-child maximum. Under this approach each child would be afforded the £40 allowance, rather than just the first two children.

1.4. The HRA proposals include a £2.775m Decent Homes Fund over 3 financial years to help bring council homes up to decent homes standard.

1.5. The amendment to the budget proposes two studies, including a feasibility study into the potential for introduction of a Workplace Parking Levy and a study into the introduction of fortnightly collection for non-recyclable waste.

1.6. There will be an 'Islington's Tutoring Booster' Fund of £0.722m for 2024/25 to support school aged children, especially those with pupil premium and historic groups in Islington with an attainment gap. The fund will enable schools to access the final year of government funding for the National Tutoring Programme. This will reduce disparities between different socio-economic groups within the borough, creating a more equal borough.

1.7. The proposals scrap the parking charge levied for residential electric motor bikes permits.

1.8. The proposals seek to the grow the council's Income Maximisation team by creating a new part time post.

1.9. There will be a parking contingency fund of £0.674m over three years to account for potential variance in parking income projections.

1.10. The proposals in this report do not require an amendment to the substantive proposals on the level of Council Tax in 2024/25.

1.11. The below tables summarise the proposals costs and income generation:

Table 1 – Summary of Amendment Proposals – General Fund Impact

General Fund	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
Proposal 1	(1.319)	(1.222)	(1.132)
Proposal 2	-	0.990	0.990
Proposal 3	0.112	-	-
Proposal 4	0.722	-	-
Proposal 5	0.112	-	-
Proposal 6	0.002	0.002	0.002
Proposal 7	0.022	0.023	0.023
Proposal 8	0.350	0.208	0.116
Impact on GF	**-**	**-**	**-**

Table 2 – Summary of Amendment Proposals – HRA Impact

Housing Revenue Account	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
Proposal 9	(1.129)	(0.901)	(0.726)
Proposal 10	(0.007)	(0.006)	(0.006)
Proposal 11	1.136	0.908	0.732
Impact on HRA	**-**	**-**	**-**

2. Recommendations

2.1. It is recommended that the proposals detailed within the 'Amendment to Budget Proposals 2024/25 and Medium-Term Financial Strategy' are agreed as an amendment to the substantive GF and HRA revenue budgets and capital programme contained within the main budget report - 'Budget Proposals 2024/25 and Medium-Term Financial Strategy'.

2.2. It is recommended to delegate authority to the Corporate Director of Resources, in consultation with the Executive Member for Finance, Planning and Performance, to make any changes to the GF cash limits and prudential indicators contained within the report 'Budget Proposals 2024/25 and Medium-Term Strategy', as made necessary by any changes agreed after consideration of this report.

2.3. **Proposal 1:** To agree to increase all parking permit bands for residents, so that the cheapest band for electric vehicles (EVs) is increased to £150 per year, as recommended in the CPRE London Parking Policy Benchmark Assessment Tool and to agree to apply the 50% increase to the January 2023 prices for all petrol bands plus 7% as the rounded figure for the September 2023 Consumer Price Index inflation rate. This supports the council's transport policy goals on carbon and air pollution reduction by recognising the societal costs of on street parking.

- 2024/25 income generated -£1.319m
- 2025/26 income generated -£1.222m
- 2026/27 income generated - £1.132m

2.4. **Proposal 2**: Subject to the approval of Proposal 1 above, agree to fund a consultation in 2024/25 to extend the £40 per child allowance in the council tax relief scheme and if agreed, to remove the two-child maximum, to help protect the financial health of eligible households with more than two children.

- 2024/25 Consultation year
- 2025/26 cost £0.990m
- 2026/27 cost £0.990m

2.5. **Proposal 3**: Subject to the approval of Proposal 1 above, agree to commission a feasibility study into the potential of a Workplace Parking Levy on employers with employee parking within the borough to reduce traffic on the borough's roads.

- 2024/25 cost £0.112m

2.6. **Proposal 4**: Subject to the approval of Proposal 1 above, to agree to provide over the next financial year a top-up fund enabling all Islington schools to access government funding for the National Tutoring Programme. This will support pupil premium children and groups in Islington with a persistent attainment gap: SEN, Black Caribbean and White British.

- 2024/25 cost £0.722m

2.7. **Proposal 5:** Subject to the approval of Proposal 1 above, the agree to fund a feasibility study into the introduction of fortnightly bin collections across all wards in the borough.

- 2024/25 cost £0.112m

2.8. **Proposal 6**: Subject to the approval of Proposal 1 above, to agree to remove the parking charge for electric motorbikes to recognise that e-motorbikes are low carbon transport, to encourage use of electric motorbikes and support the council's transport policy goals on carbon and air pollution reduction.

- 2024/25 cost £0.002m
- 2025/26 cost £0.002m
- 2026/27 cost £0.002m

2.9. **Proposal 7:** Subject to the approval of Proposal 1 above, to agree to create a part time Income Maximisation Officer post.

- 2024/25 cost £0.022m
- 2025/26 cost £0.023m

- 2026/27 cost £0.023m

2.10. **Proposal 8**: Subject to the approval of Proposal 1 above, to agree to create a parking charges contingency to provide resilience against the risk of reduced income from parking charges.

- 2024/25 cost £0.350m
- 2025/26 cost £0.208m
- 2026/27 cost £0.116m

2.11. **Proposal 9**: To bring all HRA estate car parking for non-service charge payers in line with pay and display fees across the borough. This will support the council's transport policy goals related to carbon and air pollution reduction.

- 2024/25 income generated -£1.129m
- 2025/26 income generated -£0.901m
- 2026/27 income generated -£0.726m

2.12. **Proposal 10**: To agree to introduce a parking charge for EVs for rent and service charge payers on HRA estates to best use the available parking space and to address the council's policy goals on fairness, meeting climate, pollution and new build housing targets.

- 2024/25 income generated -£0.007m
- 2025/26 income generated -£0.006m
- 2026/27 income generated -£0.006m

2.13. **Proposal 11**: Subject to the approval for Proposals 9 and 10 above, agree to create a Decent Homes fund to provide additional funding of £2.775m over three years to support the councils work to provide safe and decent council homes.

- 2024/25 cost £1.136m
- 2025/26 cost £0.908m
- 2026/27 cost £0.731m

3. Revised General Fund Budget Proposals

3.1. **Proposal 1: To agree to increase all parking permit bands for residents, so that the cheapest band for EVs is increased to £150 per year, as recommended in the CPRE London Parking Policy Benchmark Assessment Tool and to agree to apply the 50% increase to the January 2023 prices for all petrol bands plus 7% as the rounded figure for the September 2023 Consumer Price Index inflation rate. This supports the council's transport policy goals on carbon and air pollution reduction by recognising the societal costs of on street parking.**

3.2. The introduction of this policy is to recognise the societal harm of on street parking and support the council's policy work to reduce air pollution and carbon emissions from transport by helping reduce car use and ownership in the borough.

3.3. The policy includes EVs which like petrol and diesel vehicles contribute to road danger and congestion and health damaging PM2.5 particle pollution from tyre wear.

3.4. In January 2024, the council raised the cheapest non-electric band charge by 50% whilst the most expensive band was increased by 14%. This proposal seeks to apply the same 50% uplift to all bands plus a 7% uplift as the rounded figure for the September 2023 CPI rate so that parking charges reflect the recommendations of the CPRE London Parking Policy Benchmark Assessment Tool as well as the increased inflationary pressures.

3.5. As a result of this proposal, the lowest residential parking permit band for EVs will increase from a £100 charge to £150 charge per annum. This represents a 200% increase from the January 2023 prices where the cheapest EV band was £50. Furthermore, this proposal will see the cheapest band for non-electric cars increase from £150 to £160 per annum. This represents an approximately 60% increase from January 2023 prices where the cheapest band for non-electric cars was £100.

3.6. Furthermore, it is proposed that the diesel surcharge, which is applied to all diesel cars, to be increased from £220 per year to £240 per year.

3.7. This seeks to appropriately value kerbside public realm and encourage more environmentally friendly and less polluting methods of travel along with enabling community focussed uses of our streets.

3.8. The council budget proposal does not include an increase in parking permit fees in line with the CPRE London Parking Policy Benchmark Assessment Tool. Based on current trends for residential permit sales, this would provide surplus income to the Council of -£1.319m in 2024/25. This is assuming a 15% shift to lower bands as motorist behaviour changes in line with the new policy each year.

3.9. Any additional income from this new policy will be used for transport related council activities as governed by the Road Traffic Regulation Act 1984.

3.10. **Proposal 2: Subject to the approval of Proposal 1 above, agree to fund a consultation in 2024/25 to extend the £40 per child allowance in the council tax relief scheme and if agreed, to remove the two-child maximum, to help protect the financial health of eligible households with more than two children.**

3.11. The current council tax relief scheme (CTS) includes seven bands taking into account net earnings, benefits received and number of children. Bands 3-7 provide support based on earnings and include personal allowances for couples and children. For example, a single person earning less than £25 per week, a household with 1 child earning less than £65 per week, and a household with two or more children earning £105 per week will all be in Band 3 under the current CTS scheme. The current bands and allowances are set out in **Table 3** below:

Table 3: Council Tax Relief Scheme Bands and Allowances

	Weekly Earnings				
Band	**Single**	**Couple addition**	**1 child addition**	**2+ child addition**	**Discount**
1	Passported and £0 earnings	Passported	Passported	Passported	100%
2	£0 earnings	£0 earnings	£0 earnings	£0 earnings	95%
3	£1-£25	£40	£40	£80	85%
4	£25-£80	£40	£40	£80	75%
5	£80-£120	£40	£40	£80	65%
6	£120-£160	£40	£40	£80	50%
7	£160-£200	£40	£40	£80	35%

3.12. This proposal, if agreed, would implement a consultation to extend the £40 per child earnings addition and remove the two-child maximum. This would mean that households with more than two children will receive an additional £40 allowance per child. If agreed, this would provide additional support to households with more than two children and improve the financial health and general wellbeing of residents.

3.13. This proposal is estimated to have a recurring cost of £0.990m per year. If agreed, the proposal would be effective from the beginning of the 2025/26 financial year.

3.14. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

3.15. **Proposal 3: Subject to the approval of Proposal 1 above, agree to commission a feasibility study into the potential of a Workplace Parking Levy on employers with employee parking within the borough to reduce traffic on the borough's roads.**

3.16. A Workplace Parking Levy (WPL) is a charge by a local authority on employers with employee parking spaces. A WPL is used to discourage the use of private vehicles to get to work and to raise funding that can be used for transport projects to reduce car use and the associated harm from congestion, air pollution, road danger and physical inactivity.

3.17. This proposal seeks to commission a feasibility study into the potential introduction of a WPL in Islington. Guidance from the Mayor of London on the development of WPLs suggests the undertaking of a parking survey to determine the number of total parking spaces, the type of workplaces that will be affected, and the overall parking context. This scheme includes exemptions for disabled parking bays, such that it does not disadvantage disabled workers.

3.18. This proposal is estimated to have a one-off cost of £0.112m in 2024/25 and will be funded by reallocating GF budgets currently supporting public realm following the implementation of Proposal 1 above.

3.19. **Proposal 4: Subject to the approval of Proposal 1 above, to agree to provide over the next financial year a top-up fund enabling all Islington schools to**

access government funding for the National Tutoring Programme. This will support pupil premium children and groups in Islington with a persistent attainment gap: SEN, Black Caribbean and White British.

3.20. The National Tutoring Programme (NTP) provides primary and secondary schools with funding to spend on targeted academic support, delivered by trained and experienced tutors and mentors. The programme provides core tutoring funding directly to schools and gives them the freedom to decide how best to provide tutoring to their pupils.

3.21. The attainment gap is persistent. To support the council's policy to make Islington a fairer and more equal place, targeted tutoring can make significant difference.

3.22. The proposal will seek to provide schools with additional funding to cover 50% of schools tutoring costs. This figure will match the government's contribution of 50% and enable schools to access this funding. It is estimated that this will be a one-off cost to the council £0.722m in 2024/25.

3.23. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

3.24. **Proposal 5: Subject to the approval of Proposal 1 above, the agree to fund a feasibility study into the introduction of fortnightly bin collections across all wards in the borough.**

3.25. Over half of London councils now collect non-recyclable waste fortnightly rather than weekly. Local authorities that have made this change have seen an increase in waste being recycled and a reduction in operational costs.

3.26. This proposal will allocate one-off funding of £0.112m to commission a feasibility study into introducing fortnightly non-recyclable waste collection in Islington. The study would seek to see what operational and infrastructure changes are required, and whether a localised trial would be necessary first.

3.27. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

3.28. **Proposal 6: Subject to the approval of Proposal 1 above, to agree to remove the parking charge for electric motorbikes to recognise that e-motorbikes are low carbon transport, to encourage use of electric motorbikes and support the council's transport policy goals on carbon and air pollution reduction.**

3.29. In 2023, Islington Council introduced parking charges for electric motorbikes. This is despite their status as a more sustainable mode of travel compared to cars or fossil fuel powered vehicles.

3.30. These charges raise a nominal amount of income and act to disincentivise a still new and growing mode of travel. This proposal would scrap the charges to encourage greater adoption of electric motorbikes.

3.31. It is estimated that the reduction in income will cost the council £0.002m in 2024/25. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

3.32. **Proposal 7**: **Subject to the approval of Proposal 1 above, to agree to create a part time Income Maximisation Officer post.**

3.33. The council's Income Maximisation Team (iMAX) offers financial and practical support to residents to help them navigate the welfare system. The team helps ensure that residents are in receipt of all funds they are entitled to, including but not limited to Universal Credit and Pension Credit.

3.34. Unclaimed Pension Credit is estimated to be worth £246.5m a year in London alone. Research by Policy in Practice estimates the total amount of unclaimed income-related benefits and social tariffs in the UK is £18.7bn a year.

3.35. This proposal seeks to extend the iMAX team to help reach more Islington residents who are not in receipt of the support they are entitled to.

3.36. It is estimated that this proposal will cost £0.068m over the three financial years, including a 3% pay award assumption. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

3.37. **Proposal 8: Subject to the approval of Proposal 1 above, to agree to create a parking charges contingency to provide resilience against the risk of reduced income from parking charges.**

3.38. Since the pandemic parking income has remained volatile, with pre-pandemic patterns of travel not resuming.

3.39. The 2022/23 Parking Account outturn had a £3.007m shortfall in budgeted income and the Quarter 2 Budget Monitoring report forecasted a £9.094 shortfall in 2023/24.

3.40. This proposal seeks to extend the council's contingency budget and provide an additional £0.674m over the three financial years to specifically account for variability in parking income. This additional contingency will help to protect GF budgets from the risks associated from variable parking income. Any underspend

3.41. This proposal will be funded by reallocating GF budgets currently supporting Public Realm following implementation of Proposal 1 above.

4. Revised Housing Revenue Account Budget Proposals

4.1. **Proposal 9: To bring all HRA estate car parking for non-service charge payers in line with Pay and Display fees across the borough. This will support the council's transport policy goals related to carbon and air pollution reduction.**

4.2. The introduction of this policy is to support the council's work to reduce air pollution and carbon emissions from transport by helping reduce car use and ownership in the borough and encourage those who commute to do so via public transport.

4.3. HRA estate parking bays are currently rented out to non-resident occupiers. People parking vehicles with the largest CO2 emission impact (Band D), currently pay £1,123.20 per annum for a 24/7 estate parking bay space in Islington. This approximately £3 a day or £21.60 per week and significantly below market rates.

4.4. The proposal will seek to bring these charges in line with pay and display (P&D) prices in the borough. The lowest cost alternative parking is 10-2pm pay and display typically in areas near tube stations to discourage commuter parking. The policy adds the price of parking in a 10-2pm resident permit area for five days per week, using a P&D Band 1 charge for HRA band A vehicles, and up to P&D Band 7 for the highest Band D

4.5. Therefore, a non-resident occupying a dedicated HRA estate-parking bay with a Band A car will pay £1,839.24 per annum or £5.04 per day or £35.37 per week and a Band D car will pay £5,855.20 per annum or £16.04 per day or £112.60 per week

4.6. As result of the introduction of this policy, it had been assumed there will be a 20% reduction in demand per annum, due to the increase in price. Therefore, this will generate £1.129m surplus income in 2024/25 by adding the cost of four hours, five days a week P&D to the current amount charged by the HRA. On the assumption that the policy is successful and fewer people choose to park on Islington estates, this will reduce to £0.901m in 2025/26 and £0.726m in 2026/27.

4.7. This policy is in line with the council's overall goals to reduce traffic, air pollution and carbon emissions. If the policy is successful space on estates will be freed up for greenspace or building new homes.

4.8. **Proposal 10: To agree to introduce a parking charge for EVs for rent and service charge payers on HRA estates to make best use of the available parking space to address the council's policy goals on fairness, meeting climate, pollution and new build housing targets.**

4.9. This proposal will complement the council's public health work introducing low traffic neighbourhoods and reducing health impacts of air pollution through transport policy.

4.10. EVs do not emit Nitrogen Dioxide like fossil fuelled cars but still produce health damaging PM2.5 particle pollution from tyre and road wear. Larger, heavier EVs create more PM2.5 particle pollution than smaller vehicles. To support the council's net zero policies, council parking charges should discourage purchase of EVs.

4.11. Currently, non-rent and service charge payers are charged at Band A rates (£7.37 a week for a parking space) for parking an EV on an estate. Rent and service charge payers can park an EV on all council estate parking for free.

4.12. This proposal seeks to end free parking of EVs for rent and service charge payers and introduce a £150 per year charge. This is expected to raise additional income of £0.019m over the three financial years.

4.13. **Proposal 11: Subject to the approval for Proposals 9 and 10 above, agree to create a Decent Homes fund to provide additional funding of £2.775m over three years to support the councils work to provide safe and decent council homes.**

4.14. The government relaunched its review of the Decent Homes Standard in June 2023. The bolstering of the standard and the introduction of Awaab's Law will introduce new obligations on councils on the quality and maintenance of council homes.

4.15. These obligations will create a substantial financial challenge for Islington Council, with many homes not currently meeting the standard.

4.16. These proposals create a £2.775m fund to work towards increasing the number of Islington homes that do meet the standard.

4.17. This proposal will be funded by the additional income generated within the HRA following the implementation of Proposals 9 and 10 above.

5. Implications

Financial Implications

5.1. Financial implications are detailed in Section 3 and Section 4 of the report.

Comments from the Section 151 Officer

5.2. The Council when determining the Budget and thereby the level of Council Tax must take into account the report of its Section 151 Officer. The report must comment on the robustness of the estimates included in the budget and parallel consideration on the adequacy of the Council's proposed reserves. This section of the report includes consideration of these specific areas and enables the authority to discharge its duty to take account of the statutory report under section 25(2). These comments are provided in addition to those in the substantive report 'Budget Proposals 2024/25 and Medium-Term Financial Strategy' and relate to the proposals within the Opposition Budget.

5.3. It is the opinion of the Section 151 Officer that the estimates for 2024/25 have been prepared on a robust basis. The funding of proposals in this budget report are reliant on Proposal 1 and 9 being agreed that would allow for the release of funding to fund Proposals 2 to 11 on a balanced budget basis. However, there have been significant challenges in income budgets in 2023/24, with parking income particularly affected by under recovery of income. Any ongoing impact of this pressure will impact the Budget Amendment 2024/25 and further uncertainties, for instance on the level of service demand, will need to be covered by corporate contingency. The Budget Amendment includes a Parking Income contingency of £0.350m in 2024/25 financial year. Any parking income pressure which exceeds this contingency will need to be covered by the £5m general contingency included in the MTFS and the ongoing pressure will impact the council's budget over the medium-term.

5.4. The Section 151 Officer is required to report to the authority, when it is making the statutory calculations required to determine its council tax, on the estimates included in the budget and the adequacy of the reserves the budget provides for. The level of general balances is set in the context of the prevailing financial climate within local government, the level of risk facing the authority and the sustained improvement in our financial standing in recent years.

5.5. **Legal Implications**

5.6. In considering whether to adopt the amendments to the budget proposals contained within this report, members should have regard to the considerations set out in the main budget report.

Proposal 1

5.7. The Council has discretion as to the charges it fixes for annual parking permits (section 46 of the Road Traffic Regulations Act (1984 Act)). In exercising its power to charge, the Council must have regard to Section 122 of the 1984 Act, which imposes a duty on the council to exercise its power to charge to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway.

5.8. Further, in setting charges, the council must have regard to the Mayor of London's Transport Strategy (sections 142 and 144(1)(a) Greater London Authority Act 1999). That strategy emphasises the importance of reducing car use and encouraging cycling, walking and use of public transport.

5.9. Surplus income arising the proposed increase in the charges for parking permits may only be used for the purposes of off street car parking, public passenger transport services, highway or road improvement, maintenance of roads, environmental improvement and anything which facilitates the implementation of the London transport strategy.

Proposal 2

5.10. Local authorities are given the powers and flexibility to amend certain council tax discounts under the Local Government Finance Act 1992. Section 13A (2) of the Act requires the council to make a scheme specifying the reductions applicable to council tax payable by persons, or classes of persons, who the council considers in financial need. Under this council tax reduction scheme, residents can make a request for an amount of council tax to be reduced or written off. The award is discretionary; all claims are to be considered on an individual basis.

5.11. Schedule 1A of the Act sets out matters to be considered in the revision of the council's council tax reduction scheme. The council must decide in each financial year whether to revise or replace its scheme. If this revision has the effect of reducing/ removing a reduction to which any persons, or classes of persons, is entitled, then the revision must include transitional provision relating to that reduction at the council's discretion. [Schedule 1A paragraph 5(4)].

Proposal 3

5.12. The power for the council to establish and implement a Work Place Parking Levy scheme within the borough is set out in s296 and Schedule 24 of the Greater London Authority Act 1999.

5.13. Schedule 24 allows a borough (or two or more boroughs) or TfL to operate a WPL scheme in their area for which they will be known as the Licensing Authority (a TfL scheme and a Council scheme cannot operate concurrently). It then allows the Licensing Authority to levy a charge on the occupier of premises (typically the employer) for the number of places they provide that are occupied by employers, employees etc.

5.14. A WPL is possible if it is put in place for the "purpose of directly or indirectly facilitating the implementation of any policies or proposals set out in the Mayor's Transport Strategy". Proposal 23 of the Mayor's Transport Strategy addresses WPLs.

Proposal 4

5.15. The Council has power to provide, subject to available resources, a top-up fund enabling Islington's schools to access government funding for the National Tutoring

Programme.

Proposal 5

5.16. The Council has power to commission, subject to available resources, a feasibility study introducing fortnightly non-recyclable waste collection in Islington.

Proposal 6

5.17. Section 32 of the Road Traffic Regulation Act 1984 enables the council to make an order providing for on street parking places for vehicles. The power to charge for on street parking is contained in section 35 of the 1984 Act. The Council has a discretion as to the level of charges.

Proposal 7

5.18. The Council has power to create, subject to available resources, a part time Income Maximisation Officer post.

Proposal 8

5.19. The Council's power to charge for on street parking is contained in section 35 of the Road Traffic Regulation Act 1984. The Council has a discretion as to the level of charges.

Proposal 9

5.20. The Council has a discretion to bring all HRA estate car parking for non-service charge payers in line with Pay and Display fees across the borough. The policy must be informed by an Equalities Impact Assessment to determine the impacts on non-service charge payers with protected characteristics.

Proposal 10

5.21. Under Section 105 of the Housing Act 1985, the Council has a statutory obligation to consult with its secure tenants on matters of housing management. A full Equalities Impact Assessment must be completed to determine the impacts of the policy on rent and service charge payers with protected characteristics.

Proposal 11

5.22. The monies generated within the Housing Revenue Account would be ringfenced and would remain to be spent within the HRA.

5.23. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.24. The GF and HRA parking charges act as a mechanism to influence behaviour of residents which can results in both positive and negative environmental implications.

5.25. In the proposed amendments it remains cheaper to park an EV than a petrol or diesel vehicle which may encourage the use of EVs. However, the increase to EV permit charges acknowledges the environmental impact with EVs have, which may encourage the shift from EVs to active travel and public transport.

- **Proposal 1**: The proposed increase to parking charges for EVs would likely have negative environmental implications, discouraging the shift from petrol and diesel vehicles to electric. Whereas there are air pollution and societal impacts from any vehicle use in the borough, accelerating the shift to EVs is critical to Islington's ambitions to reduce carbon emissions. The proposed application of a 50% increase plus 7% inflation for all petrol bands would likely have positive environmental implications encouraging the shift to active travel, public transport and to electric vehicles.
- **Proposal 6:** The removal of parking charges for electric motorbikes will likely have positive environmental implications encouraging the shift from petrol and diesel vehicles to electric.
- **Proposal 9:** Bringing all HRA estate car parking for non-service charge payers in line with pay and display fees will likely have positive environmental implications encouraging the shift from petrol and diesel vehicles to active travel, public transport and to electric vehicles.
- **Proposal 10:** Bringing all HRA estate car parking for non-service charge payers, for petrol and diesel cars, in line with pay and display fees will likely have positive environmental implications encouraging the shift from petrol and diesel vehicles to active travel, public transport and to electric vehicles.

5.26. A study into a Workplace Parking levy is likely to have neutral environmental implications, however, the results from the study may result in the introduction of a WPL which will discourage the use of private vehicles in the borough and support the council's Net Zero Carbon and Transport strategies. The ambition to 'Explore the introduction of a workplace parking levy to encourage people to commute into the borough by public transport, walking and cycling rather than by private car' is described in Islington's transport strategy. The council notes the successful implementation of such a scheme in Nottingham.

5.27. A decent homes fund will allow the service to conduct more repairs and install new safety features in council home. This could potentially have positive environmental implications if the fund if used to install energy efficiency measures that reduce the carbon emissions associated with housing.

5.28. The proposal to fund a feasibility study into the introduction of fortnightly bin collections is likely to have neutral environmental implications, however the results from the study may result in changes to bin collections which would likely have both positive and negative environmental implications. Potentially leading changes to recycling rates and fly tipping.

5.29. The other proposals are not associated with any environmental implications.

5.30. **Equalities Impact Assessment**

5.31. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.32. An Equalities Impact Assessment (EQIA) of the 2024/25 budget is set out at Appendix G to the 'Budget Proposals 2024/25 and Medium-Term Financial Strategy' report. It is supplemented by detailed EQIAs of major proposals at departmental level. These demonstrate that the Council has met its duties under the Equality Act 2010 and the Child Poverty Act 2010.

5.33. The proposed amendments included in this report are expected to have equalities impacts (outlined below). Full EQIAs for the proposals would be required, subject to the agreement of the proposals, to assess the equalities impact and to identify mitigations against any negative impacts.

Proposal 1

5.34. Increase in parking permits bands will have an impact on residents, particularly those that own cars and are struggling financially in the current climate. An equalities screening tool should be completed to consider the impact on disabled residents, older residents, and people who are pregnant or new parents, as these groups may be more reliant on cars. The screening tool should also consider the impact on people who are experiencing financial hardship.

5.35. The reinvestment of any funds would have positive impacts on some groups, but these would need to be considered in a more detailed equality impact assessment to allow for a full consideration of the impact.

Proposal 2

5.36. This proposal would help families, particularly families with more than 2 children, on low incomes and those burdened with debt to pay nothing towards their council tax bill.

Proposal 3

5.37. The introduction of a Workplace Parking Levy would impact people who work in Islington, particularly lower-paid workers and those who rely on cars for their work. An equalities screening tool should be completed to consider the impact on disabled and older residents who are in work, and on lower-paid workers in sectors which require a car (for example, this could include health and social care).

Proposal 4

5.38. The proposed increase in targeted academic support would benefit children from low-income households and care-experienced young people. It would also have a positive impact on the protected characteristics of age and race and ethnicity (pupil premium includes children whose families have no recourse to public funds).

Proposal 5

5.39. The proposal to conduct a study into fortnightly bin collections is not associated with any negative equalities implications. If the study investigates the potential equalities implications of introducing a fortnightly bin collection this could help identify mitigations against any negative equalities impact.

Proposal 6

5.40. The proposed removal a charge for electric bikes would benefit residents who rely on electric bikes. It is not associated with any negative equalities impact.

Proposal 7

5.41. A part time post could benefit people who need flexible working arrangements such as those with disabilities or care responsibilities. Additional resources for the iMAX service could also help those with low incomes access funding.

Proposal 8

5.42. The proposed contingency for parking charges income is not associated with any negative equalities impact.

Proposal 9

5.43. The proposed increase in HRA estate parking charges for non-service charge payers would impact residents who rely on cars. An equalities screening tool should be completed to consider the impact on residents with the protected characteristics of age, disability and maternity or pregnancy, based on information about who is currently renting these parking spaces.

Proposal 10

5.44. The proposed introduction of a charge for EVs on HRA estates would negatively impact HRA tenants who rely on EVs. An equalities screening tool should be completed to consider the impact on residents with protected characteristics of age, disability and maternity or pregnancy, based on information on who currently rents those parking spaces.

Proposal 11

5.45. The proposal would benefit council tenants by improving decency and safety of council homes.

Appendices: None

Background papers: None

Final report clearance:

Signed by:

Signed by

16/02/2024

Councillor Caroline Russell Date:

Signed by

16/02/2024

Councillor Benali Hamdache Date:

Signed by

16/02/2024

Councillor Ernestas Jegorovas-Armstrong Date:

Date: 16th February 2024

Responsible Officer:
David Hodgkinson, Corporate Director of Resources
Legal implications:
Sonal Mistry, Senior Lawyer (Governance)
Report Authors:
Sophie Stopyra, Deputy Finance Manager
Philippa Gibbs, Finance Graduate Trainee