

# CABINET SUPPLEMENTARY AGENDA

**7 February 2024**

The following addenda are attached for inclusion as part of the he full Cabinet report pack and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

**7 2024/25 BUDGET AND 2024-2028 MEDIUM TERM FINANCIAL STRATEGY** (Pages 3 - 8)

- HRA BUSINESS PLAN UPDATE, BUDGET 2024/25 & CAPITAL PROGRAMME 202402028
- RESPONSE TO COMMENTS MADE BY OVERVIEW & SCRUTINY

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## Addendum to the 24/25 Budget and 2024-28 Medium Term Financial Strategy Budget papers to Cabinet

### Announcements since the Cabinet papers were published

There have been 2 Government announcements as well as updates from ELWA and a continued review of the assumptions associated with the budget since the papers were published for Cabinet which will have an impact on the budget report. These changes will be introduced into the papers to be submitted to Full Council

1. The Final Local Government finance settlement was announced on February 5<sup>th</sup> 2024. The settlement increased our Core Spending Power by **£2.116m** due to a small increase of £0.021m to Havering's Service Grant and an increase in the Social Care grant of £2.095m.

As part of the settlement announcement the Government have released to authorities £100m of the Business Rates Levy reserve they have accumulated. This equates to a one off payment to Havering of **£0.289m**

The increase in the Social Care grant was confirmation of Havering's share of the £500m national additional support originally announced by the Government on January 24<sup>th</sup>.

The additional funds from the Government are earmarked for Social Care support and so it is proposed to apply this additional to further support the Starting Well and Aging Well budgets for 2024/25

2. The East London Waste Authority published their proposed levy figures for 24/25 on 1<sup>st</sup> February following a review of reserves over the last month. This has shown a reduction of **£0.523m** to the pressure reported in the cabinet paper.
3. The Council has reviewed the concession fee payable by our Leisure Contractor for 2024/25 and the forecast income is expected to exceed the current projected value by **£0.230m**.
4. The Council has also reviewed the provision set aside to meet contractual increases and recommends that the budget pressure set aside can be reduced by **£0.1m**

Cabinet have reviewed the savings proposals and the budget consultation responses and have decided that the following savings can be adjusted:

1. To undertake further reviews of the impact of Parking charges in Parks and to remove this saving to await the outcome of those reviews (Place 2)
2. To withdraw the introduction of parking charges on Sunday proposal
3. To reduce the Parking fee increases for pay and display from 40% to 20% (reduction in saving £0.600m)

The proposed revised parking increases are shown in the table below

**Table 1: Revised fees for Parking Place 8 proposal**

	<b>23/24 current charge</b>	<b>Proposed 24/25 @20%</b>
<b>Monday to Saturday (Period Hours)</b>		
0 - 30 mins	No Charge	No Charge
0 - 1	2.10	2.60
1 - 2	3.60	4.40
2 - 3	5.10	6.20
3 - 4	6.60	8.00
4 - 5	8.10	10.00
5 - 6	9.60	12.00
6 - 7	11.50	14.00
7 - 8	13.00	15.00
Over 8	14.50	15.00
Solo Motorcycles	2.10	2.50
<b>Overnight</b> (applies to hours as advertised on site)	1.50	2.00

**Table 2: Sets out the impact of these changes together with the proposed funding streams to allow these changes to happen**

<b>Impact of change to saving proposal</b>	<b>2024/25 (m)</b>	<b>Additional Funding</b>	<b>2024/25 (m)</b>
Removal of Parking in parks saving (Place 2)	0.210	Reduction to the ELWA Levy Pressure	0.523
Removal of Sunday parking charges proposal (Place 8)	0.350	Increased Services Grant	0.021
Reduction of pay and display increase from 40% to 20% (Place 8)	0.600	Levy rebate	0.289
		Increase in income projected from our Leisure contractor	0.230
		Reduction to the provision required for contractual inflation	0.100
<b>TOTAL</b>	<b>1.160</b>	<b>TOTAL</b>	<b>1.163</b>

Cabinet are asked to:

- Agree to apply the £2.095m additional Social Care Grant to support the Starting Well and Ageing Well budgets
- Agree to amend the Pay and display savings proposal to the rates set out in Table 1
- Amend the savings proposals as set out above by using the funding shown in Table 2

## **Response to Comments made by Places OSSC**

### **HRA BUSINESS PLAN UPDATE, BUDGET 2024/25 & CAPITAL PROGRAMME 2024/25 – 2028/29.**

- 1. That Members note the advice from Savills, in section 7.3, in which they question the viability of the scheme.**

#### **Paragraph 7.3 of the published report says:**

*'Given that uncertainty with regards to future interest rates, build costs and other inflation aspects Savills have not arrived at a formal baseline position on which they can recommend the business plan as viable, rather one that sets the scene as to how these factors can have an impact to the overall forecasts'.*

#### **The January Savills Report states that:**

*'The plan is based on a relatively sound financial basis, but given the potential for greater than normal variances in respect of rent increases, inflation and interest rates this could be considered an "initial" plan and we have run a number of scenarios which could potentially develop over the coming months'.*

#### **Further Modelling was undertaken:**

The Strategic Director of Resources asked for further modelling to be undertaken. This was shown within the published report in the graphs between paragraphs 7.11 – 7.18, which Savills prepared. These show that the HRA Business Plan, as proposed, is viable over 30 years whilst maintaining at least a 10% minimum reserve balance.

#### **Paragraph 7.19 of the published report states:**

*'The plan demonstrates a broadly similar outcome to the previous iteration but highlights increased strain on borrowing and revenues, reflecting the impact of continuing economic uncertainty and regulatory changes. While the debt gap has increased, adequate reserves are forecast to be maintained to manage risk on operating income and the ability to service the associated debt. While debt is forecast to peak at a higher level, over the life of the plan the debt falls more rapidly than in the previous forecast'.*

#### **Note:**

This matter was addressed at the Overview and Scrutiny Board on the 31st January 2024.

- 2. We recommend that the Council revisit the infill scheme, regarding council garages, in order to reduce anti-social behaviour and provide new homes.**

This comment has been noted and will be considered where appropriate.

- 3. That Members be mindful of the potential telecare costs, relating to the digital switch over.**

Officers are aware of the issues around the digital switchover.

- 4. That the negative Equality Impact Assessments (EQIA), on all characteristics be noted by Cabinet.**

The EQIA will be reviewed again within the next six months.

- 5. We recommend that the Section 151 Officer should explain the need to borrow from the General Fund, as opposed to the Public Works Loan Board or other external sources, also commenting on the impact that this has on the General Fund and deficit.**

The HRA, whilst part of the General Fund, is 'ring-fenced' and must be used for appropriate housing purposes.

Internal borrowing from the General Fund provides finance at a reasonable rate for the HRA. It also provides a margin on that lending to the HRA for the General Fund.

The PWLB is also used, but there is a cost associated with this borrowing, so it makes sense to use internal borrowing when, and to the extent, it is available.

**Note:**

This matter was addressed at the Overview and Scrutiny Board on the 31st January 2024.

- 6. That Members be provided with an update on work taken to increase the number of bedrooms in homes, with a view to ensuring residents can remain in their home as opposed to being moved to a larger property.**

This request is currently being considered by officers and will be provided to the Places OSSC in due course.

- 7. That the Places OSSC be provided with a breakdown on the charges relating to heat and water.**

This request is currently being considered by officers and will be provided to the Places OSSC in due course.

## **BRIDGE CLOSE: BUSINESS PLAN UPDATE.**

- 1. *That Officers suggest a frequency for regular reporting on the project to Places OSSC.***

Officers will suggest an appropriate frequency for reporting.

- 2. *That a metric is identified to quantify savings to the General Fund, such as a reduction in pressure on the social care budget. We recommend that an Active Mode Appraisal Toolkit (AMAT) assessment is conducted.***

Reporting on identified potential savings to the General Fund will be provided in an appropriate format. Please note paragraphs 3.14 – 3.18 of the Exempt Agenda report make reference to mechanisms for reducing pressures on the General Fund.

- 3. *That the term "affordable" in the report is broken down to identify the products on offer.***

The proposed provision of affordable housing is subject to the determination of the submitted planning application, including assessment of viability (see Paragraph 3.3.6 in the Public Agenda report).

Paragraph 3.12 in the Exempt Agenda report refers to the proposed tenure mix as follows: "The tenure of the units acquired by the HRA would be a mixture of 148 affordable rent and 339 shared ownership units."

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