MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 10 February 2016
(7.30 - 9.50 pm)

Present:
Councillor Roger Ramsey (Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Damian White	Housing
Councillor Robert Benham	Environment
Councillor Wendy Brice-Thompson	Adult Social Services and Health
Councillor Osman Dervish	Regulatory Services and Community Safety
Councillor Melvin Wallace	Culture and Community Engagement
Councillor Clarence Barrett	Financial Management
Councillor Ron Ower	Housing Company Development and OneSource Management

Apologies were received for the absence of Councillors Meg Davis.

Councillors Ray Morgon, Jeffrey Tucker, Keith Darvill, Graham Williamson and Raymond also attended.

There was a member of the press present.

Unless otherwise indicated, all decisions were agreed unanimously with no Member voting against.

40 MINUTES

The minutes of the meeting held on 20 January 2016 were agreed as a correct record and were signed by the Chairman.

41 THE COUNCIL'S BUDGET 2016/17

Councillor Roger Ramsey, Leader of the Council, introduced the report

The Leader reminded those present about the general economic and fiscal climate which the current budget had to address. He stated that the continuing Government policy of cutting funding to local authorities placed an ever increasing burden on them to deliver services with diminishing resources. This was the context within which the 2016/17 budget was being set and the report before Cabinet identified the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needed to reflect the level of funding allocated to it by the Government. Cabinet received reports in November and December 2015 which provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The November report also set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next three years. It contained specific proposals to bridge the funding gap for the next two years, but left a funding gap of £2.4m in 2018/19 which required further steps to be taken in order to close it.

A further report was submitted to Cabinet on 20 January 2016 which updated Members on the Local Government Financial Settlement, the impact on the proposed financial strategy for the coming financial year and the latest in-year financial monitor. The report informed Cabinet that the three-year funding gap had increased from £2.4m to £12.5m including £5.6m relating to 2016/17. The draft strategy recommended in the current report included a range of additional measures which were intended to bridge the gap for 2016/17. Further reports would be submitted to Cabinet during the course of 2016/17 to consider the options for bridging the gap for the financial year 2017/18 and beyond.

The current position was that there would be an increase in the Havering element of the Council Tax of 1.99% plus a 2.00% precept for Adult Social Care.

Final confirmation of the Greater London Authority (GLA) precept was expected at the meeting of the London Assembly which would take place on 22 February 2016. The Mayor had proposed a reduction in the current precept, as previously advised to Cabinet, and this had been the subject of a similar consultation process.

The Leader added that on the assumption that this was to be approved by the London Assembly, the combined band D figure would rise to £1,543.64 - an increase of 1.96%.

The Leader reported to Cabinet that the Council had received, in the previous days, notification of a Transition Grant in the order of £1.4 million for the current year and the year following. This would effectively mean that the reserves, which it appeared would need to be used, could now be left untouched.

Cabinet was also informed that the draft minutes from the Overview and Scrutiny Board's consideration of the budget proposals had been received and the Leader said he was pleased to note that the Board, having deliberated over the report, had found nothing which it wished to bring to Cabinet's attention. He thanked the Board for its review and added that there were undoubtedly areas which were in the appendices containing the cost-saving proposals from the various services, which Overview and Scrutiny might wish to examine in detail and, on behalf of the Executive, he welcomed its input. The draft minutes of the Overview and Scrutiny Board are attached to these minutes.

Reasons for the Decision

The Council was required to set a budget for 2016/17 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

There were no alternative options insofar as setting a budget was concerned. There were, however, options in respect of the various elements of the budget. These were considered in preparing the budget and covered such issues as alternative savings proposals, the totality of budgetary pressures and different levels of Council Tax.

Cabinet:

1. **Considered** the advice of the Chief Finance Officer as set out in Appendix H when it recommended the Council budget.

2. **Approved** the following budgets for 2016/17:

   - The Council's draft General Fund budget as set out in Appendix E, formulated on the basis of:
     - An ELWA levy based on the anticipated budget and levy increase, and
     - The other assumptions set out in the report.
   - The delegated schools' draft budget
   - The capital programme as set out in Paragraph 3.28 of the report and Appendix I,

3. **Delegated** to the Chief Executive and Deputy Chief Executives the implementation of the 2016/17 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities were required as detailed in the report.

4. **Agreed** that the Deputy Chief Executive Communities and Resources be authorised to allocate funding from the Capital contingency included within the draft capital programme.

5. **Agreed** that the relevant Cabinet Member, together with the Leader, be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved capital programme.

6. **Agreed** that to facilitate the usage of unringfenced resources, the Chief Executive and Deputy Chief Executives would review any such new funds allocated to Havering; make proposals for their use; and get them approved by the Leader and the Cabinet Member for Financial Management.

7. **Delegated** to the Chief Executive and Deputy Chief Executives the authority to make any necessary changes to services and the associated budgets relating to any subsequent specific grant funding announcements, where delays might otherwise have an adverse impact on service delivery and/or budgetary control, subject to consultation as appropriate.

8. **Approved** the schedule of Fees and Charges set out in Appendix K, with any recommended changes in-year being implemented under Cabinet Member delegation.

9. **Agreed** that if there were any changes to the GLA precept and/or levies, the Chief Executive should be authorised to amend the recommended resolutions accordingly and report these to Council on 24 February 2016.

That in addition, Cabinet Recommends to Council:

10. The General Fund budget for 2016/17

    - The Council Tax for Band D properties and for other Bands of properties, all as set out in Appendix E to the report, as revised and circulated for the Greater London Authority (GLA) Council Tax.
    - The delegated schools' budget for 2016/17, as set out in Appendix F of the report.
    - The Capital Programme for 2016/17 as set out in paragraph 3.28 and supported by Annexes 2, 3 and 4 of Appendix I of the report.

11. That it pass a resolution as set out in section 3.32.5 of the report to enable Council Tax discounts to be given at the existing level

42 TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2016/17

Councillor Clarence Barrett, Cabinet member for Financial Management, introduced the report

Cabinet was reminded that in February 2011 the Authority had adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which required the Authority to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) had issued revised Guidance on Local Authority Investments in March 2010 which required the Authority to approve an investment strategy before the start of each financial year.

Cabinet was informed that since the report before it had been published, additional information had been received and Members were asked to agree to some additional text – concerning the Housing Development Company – to be added to the report. The reason for this request was to make clear that the funding arrangements and accounting treatment of the Housing Development Company had been properly reflected in the strategy, though some expenditure made by the Company and supported by the Council, might not fall within the strict definition of "capital expenditure" and the intention of the additional text was to ensure that all of the Company's activities were reflected in the financial strategy and in particular the TMSS. The additional text is appended to these minutes.

Councillor Barrett added that provision for Capital Expenditure from development and regeneration projects, including those relating to the Housing Development Company had already been reflected in the draft Capital Programme and the TMSS.

The report currently before Cabinet fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and CLG guidance

The Council was also required to receive and approve - as a minimum - three main reports each year, which incorporated a variety of policies, estimates and actuals.

The Treasury Management Strategy Statement (The current report) – was the first, and most important and covered:

- The borrowing and investment strategies
- Treasury Management indicators
- Prudential Indicators
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time)

A Mid-Year Treasury Review – which would provide an update on the prudential and treasury indicators and would include information on the current treasury position.

An Annual Treasury Report – which would provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Reasons for the decision:

The statutory Codes set out that the Council ought to approve a Treasury Management Strategy Statement, the MRP Strategy and the Prudential Indicators.

Other options considered:

The CLG Guidance and the CIPFA Code did not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted with the Cabinet Member for Financial Management believed that the strategy set out in the report represented 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	Interest income will vary depending on the counterparties used	Lower chance of losses from credit related defaults, but any such losses will be greater
Invest in a wider range of counterparties	Interest will again vary depending on the counterparties used.	Increased risk of losses from credit related defaults, but any such losses will be smaller
Invest in deposits with a longer duration	Interest income will be higher	Increased risk of losses from credit related defaults and a reduction in liquidity
Invest in deposits with a shorter duration	Interest income will be lower	Decreased risk of losses from credit related defaults and an increase in liquidity
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 will 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 will 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 will be less certain and there may be additional costs occurred from restructuring

Cabinet **approved**:

1. The Treasury Management Strategy Statement (TMSS) including the additional text submitted after the agenda had been published.

2. The Prudential Indicators set out in Appendix B of the report

3. The Annual Minimum Revenue Provision statement for 2016/17 set out in Appendix C of the report

43 HRA BUDGET FOR 2016/2017 AND HRA MAJOR WORKS CAPITAL PROGRAMME 2016/17 - 2018/19

Councillor Damian White, Cabinet member for Housing, introduced the report

Cabinet was informed that the report set a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works Programme and that it also provided an update to the 10 year HRA Business Plan.

The HRA remained a ring-fenced account that was used to manage the Council's own housing stock. The proposed budget would enable the Council to manage the stock to a reasonable standard and to maintain the stock to the Decent Homes standard. It further set rents, service charges and other charges for Council tenants for the year 2016/17.

It was drawn to Members attention that in the HRA rent-setting report for the previous year the following paragraph had explained the rent-setting strategy for 2015/16 onwards and the rules that applied at that time on which Local Authorities had built their HRA business plans:

> *"The Housing Revenue Account is sound and is able to invest in its stock, and develop new homes over the coming three years.*

However, due to a recent change in the Government's rules on rent increases, the former system of rent restructuring is being abolished in 2015/16 and future rent increases are designed to be limited to no more than the Consumer Price Index (CPI) + 1%. The Council plans to move to the new system in 2016/17, but has to take the opportunity which remains in this year, to move its rents to target rents immediately. This will remove the inequality between properties that currently exists. At present it is possible for identical properties to have different rents, because of the transitional nature of the rent restructuring plan. By moving immediately, in one year, to target rents, this inequality will be eliminated. All rents will be at target rents; additional rental income will be available to invest in the housing stock, and in new homes, and future rent increase for the next 10 years will be in line with inflation pressures as expressed by the CPI. In addition, if the Council did not move its rents to target rents, this opportunity would be lost and a regime of CPI + 1%, if applied immediately would have lost the Council's Business Plan £100m over the life of the Plan."

Despite this level of rent increase, Havering's rents remained in the lowest quartile in London during the year 2015/16.

Cabinet was reminded that after the General Election in May 2015, the new Government had made various financial decisions that were focussed on maintaining the austerity measures to reduce the public sector borrowing figures and, in particular, to reduce welfare benefits expenditure. In June 2015 the Government had announced that, in order to help reduce welfare benefit expenditure by £1.45bn it was changing the way social housing rents were to be charged. Government announced that rather than allowing any increase - as stated in the paragraph above - social housing rents would be reduced by 1% per year for the four years from 2016/17. Within the last month, the government had announced that supported housing - including sheltered housing - was to be exempt from the rent reduction for one year.

The technical detail regarding the reduction and how local authorities are to effect the change were currently passing through Parliament. This meant that, unusually, officers did not have the prescribed calculation method. Officers were also assuming that the calculation method for the increase in rent for supported housing would be the original CPI +1% calculation. The CPI figure used for this calculation was the preceding September figure. As the CPI for September 2015 was -0.1%, the rent rise figure would be 0.9%. The report had therefore been presented to Cabinet with the best information available to officers at the time.

Cabinet was asked to note that in order to change any HRA rent liability, the Local Authority had to notify tenants and give 28 days' notice of any change once the authority had made a properly constituted decision of that change. This meant that following Cabinet's decision on rent levels to be charged in any year, the Local Authority was obliged to write to all tenants to inform them of the new rent liability for the following 12 months. In order to achieve this and make the new charge effective from the first week of April 2016, notification would have to be sent to tenants by the first week of March.

It was for the above reasons, that the report differed from previous years in the recommendations it was seeking approval for. As the precise calculation was as yet unknown, the report provided indicative levels of rent following a 1% reduction and the CPI + 1% rise for supported housing. It also sought approval to delegate the final decision on the exact amounts charged to the Cabinet Member for Housing and the Deputy Chief Executive - Communities and Resources. This would enable Cabinet to make a decision on the 2016/17 rent levels whilst enabling the precise amounts to be amended once the final calculation methods were announced, without any need for further referral back to Cabinet.

Reasons for the decision:

The Council was required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989.

Alternative Options Considered

There were no alternative options insofar as setting a budget was concerned. However, there were options in respect of the various elements of the budget. These were considered in the preparation of the budget and covered such elements as the rent and service charge increases, budget growth and major works programme proposals.

Cabinet:

1. **Approved** the Housing Revenue Account Budget as detailed in Appendix 1 of the report.

2. **Agreed** that the average rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be decreased by 1% from the w/c 4 April 2016 in line with the indicative figures contained in paragraph 2.1.6 of the report.

3. **Agreed** that the average rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, be increased by 0.9% from the w/c 4 April 2016 in line with the indicative figures contained in paragraph 2.1.6 and 2.1.7 of the report.

4. **Delegated** agreement of the exact amounts chargeable to the Cabinet Member for Housing and the Deputy Chief Executive - Communities and Resources, following publication by Government of the rent calculation formula.

5. **Confirmed** the four rent-free weeks for 2016/17 as being: w/c 22 August 2016, the two weeks commencing 19 and 26 December 2016, and the week commencing 27 March 2017.

6. **Confirmed** that service charges and heating and hot water charges for 2016/17 would remain the same as in 2015/16 as detailed in paragraph 2.2.2 of the report.

7. **Confirmed** that the service charge for homeless households accommodated in the Council's hostels should remain unchanged for 2016/17 as detailed in paragraph 2.2.3 of the report.

8. **Confirmed** that charges for garages should remain unchanged for 2016/17 as detailed in paragraph 2.3.1 of the report.

9. **Confirmed** that the service charge for the provision of security and support in sheltered housing (first introduced in 2015/16) should remain unchanged for 2016/17 as detailed in paragraph 2.4.1 of the report.

10. **Confirmed** that the Careline support charge would remain unchanged for 2016/17 as detailed in paragraph 2.5.1 of the report.

11. **Confirmed** that the Telecare support charges should remain unchanged for 2016/17 as detailed in paragraph 2.5.1 of the report.

12 **Confirmed** that the £0.5m identified in the budget for 2015/16 to fund the replacement of the Housing Management system would be carried forward to 2016/17.

13 **Agreed** the HRA Major Works Capital Programme, detailed in Appendix 2 of this report and **referred it to full Council** for final ratification.

14 **Delegated** authority to agree individual environmental improvement works in the Capital Programme to the Cabinet Member for Housing and the Deputy Chief Executive of Communities and Resources following recommendation from the Head of Housing Services and the identification of appropriate funding.

15 **Agreed** that a further report should be presented to Cabinet in September 2016 with an amended HRA Business Plan.

44 LONDON BOROUGH OF BEXLEY JOINING THE ONESOURCE JOINT COMMITTEE

Councillor Ron Ower, Cabinet member for the Housing Company Development and oneSource Management, introduced the report

Cabinet was informed that as part of oneSource's commitment to provide a stronger base and continue driving down costs, the report before Cabinet recommended approval for the London Borough of Bexley to join the oneSource partnership currently between Havering and Newham. This arrangement required executive agreement to Bexley becoming a member of the Joint Committee and agreement to the variation to the Joint Committee agreement provided for Members at Annex A of the report.

It was intended that Bexley's Financial Services would join oneSource initially with their agreement to delegate the relevant functions to the Joint Committee. The three partner authorities would then explore sharing other back-office services with a view to their joining oneSource in future phases if the parties agreed. The savings achieved by eliminating duplication and improving processes and maximising efficiency across the finance service would be shared across all three boroughs using an agreed formula.

Sharing the finance service of another council would give greater resilience to the combined service and therefore to each council. The inclusion of the finance service of Bexley demonstrated to other councils that it would be relatively straight-forward to join oneSource and make savings. This might help to attract further partners/customers thus generating further savings.

Reasons for the decision:

- Sharing services with Bexley would lead to minimum savings of £132k for Havering. Savings could increase if further services were shared.
- Sharing the finance service of another council would give greater resilience to the combined service and therefore to each council.
- The inclusion the finance service of Bexley would demonstrate to other councils that it was relatively straight-forward to join oneSource and make savings. This might help to attract further partners/customers thus generating further savings.

Other options considered:

As Bexley was only interested in sharing services through joining the existing Joint Committee arrangements no other option had been considered. If the proposal was not agreed, the potential to expand oneSource services and deliver greater resilience and deliver savings as set out in the report could not be achieved.

Cabinet:

1. **Agreed** to the London Borough of Bexley joining oneSource as a member of the Joint Committee.

2. **Agreed** to the shared delivery of financial services and functions with Bexley as set out in the report and its appendices.

3. As recommendations 1 and 2 above were agreed, **confirmed** the revised Joint Committee and Delegation Agreement attached in Annex A to the report.

4. **Delegated** to the Managing Director of oneSource in consultation with the Cabinet Member for Value, all further actions and decisions required to finalise the revised Joint Committee Agreement.

5. **Noted**:

   a) That further negotiations were taking place for additional services to be added to oneSource

   b) That the revised Distribution Formula attached as Schedule D to the Agreement with the recalculation of the funding agreement percentages were to be finalised as soon as practicable in the next financial year after the final budgets were known for each Joint Committee member.

45 AGREEMENT TO ADOPT THE RAINHAM AND BEAM PARK MASTERPLAN AND PLANNING FRAMEWORK AS NON STATUTORY PLANNING GUIDANCE

Councillor Ron Ower, Cabinet member for the Housing Company Development and oneSource Management, introduced the report

Cabinet was reminded that following its approval on the 24 September 2014 of the Rainham and Beam Park Housing Zone project, a bid had been submitted to the Greater London Authority (GLA). The submission had been successful and Havering's status as a "Housing Zone Borough" was announced on the 25 June 2015. The Council entered into the Overarching Borough Agreement with Cabinet approval on 4 November 2015.

Underpinning the Housing Zone vision was the transformation of the A1306 and the major residential development sites that flanked it, from that of a post-industrial legacy of decline into a thriving new residential community designed and built around "garden suburb" principles of high quality design, enhanced open space provision, social infrastructure and access to public transport and employment opportunities

The Rainham and Beam Park Masterplan and Planning Framework document (attached as appendix A to the report) articulated that vision and the Council's investment priorities in the area and – importantly - set out the robust guiding design principles that would shape the quality of the developments that would be coming forward. It set a clear vision - supported by key design and development principles - that would ensure a coherent approach to any development activity. The Framework sought to avoid the dangers of a piecemeal approach to site delivery, with developments that were of low quality design, inward looking and poorly connected to a functioning neighbourhood.

The Rainham and Beam Park Masterplan and Planning Framework would function as adopted non-statutory planning policy and would form part of the evidence and policy base of the forthcoming Local Plan.

Reasons for the decision:

It was recommended that Members approve the Rainham and Beam Park Masterplan and Planning Framework. The Masterplan was intended to form part of the evidence base for the new Havering Local Plan, superseding the Havering Local Development Framework, it included recommendations to inform and support proposed future site allocations and policy subject to Member approval. The Framework was consistent with the national and Mayoral planning policy which promoted the importance of a plan-led approach to development.

As a non-statutory document that was not formal planning policy it would give the Council a tool to use when discussing applications with developers and it would have the status of a material planning consideration. Applications could be discussed on a site by site basis within the guidelines for the character area and with a key focus on the quality of design and the appropriateness of material choices.

Other options considered:

Not developing a Rainham and Beam Park Masterplan and Planning Framework – REJECTED. From officer discussions with the GLA, housing associations and developers, it was clear that proposals for new housing were already coming forward for sites in the proposed Rainham and Beam Park Masterplan and Planning Framework area, and also that additional sites would be marketed soon, including by the GLA itself.

Without an effective framework to guide developments, the likelihood was that development would proceed, but in a piecemeal manner and with limited Council ability to guide quality of design and provide community facilities, with a possible prospect of development resulting in future liabilities to the Council. With piecemeal developments, developers could argue against increased financial contributions to infrastructure and affordable housing on the grounds that their development in isolation had only a minimal impact on the area and that London's general housing shortage outweighed the need for contributions.

Cabinet

1. **Agreed** to adopt the Rainham and Beam Park Masterplan and Planning Framework as a non-statutory planning policy document that would be a material planning consideration when considering development proposals in the Rainham and Beam Park area.

2. **Agreed** to the Council working proactively with developers and key stakeholders to bring forward developments that met the aspirations of the Masterplan and Planning Framework and to take forward the actions proposed in the Masterplan and Planning Framework.

46 HOUSING ZONE GATEWAY DELIVERY STRATEGY

Councillor Ron Ower, Cabinet member for the Housing Company Development and oneSource Management, introduced the report

Cabinet was informed that the report before it sought its approval to implement the Housing Zone Land Acquisition Strategy which included approval in principle to the making of a Compulsory Purchase Order (CPO) to enable the acquisition of the land interests that could not be acquired by private treaty as well as the use of officer time and resources to facilitate the relocation of businesses within the area affected.

Cabinet was reminded that following its approval on the 24 September 2014, the Rainham and Beam Park Housing Zone bid was submitted to the GLA. The submission had been successful and Havering's status as a "Housing Zone Borough" was announced on the 25 June 2015. Cabinet had approved the Overarching Borough Agreement authorising the Council's entry into the funding contract with the GLA on the 4 November 2015.

The vision for the Housing Zone was the transformation of a declining industrial area into a vibrant new residential community providing much needed new housing including family homes, plus social, physical and green infrastructure with access to public transport and employment opportunities.

The acquisition of the Gateway sites and other sites along the A1306 would act as a catalyst to kick-start development activity and unlock development opportunities along the New Road in Rainham. This would create a major opportunity to build a new, strong, sustainable community with its own identity based around the new railway station and local centre at Beam Park; integrating and improving connectivity between existing and proposed new residential neighbourhoods.

The key elements of the Land Acquisition Strategy were stakeholder engagement and consultation, land assembly and business relocations.

The strategy would implement the most economically beneficial approach to delivering the land assembly programme in order to kick-start and catalyse comprehensive residential development across the Housing Zone.

The Council would engage with landowners to purchase their sites through private treaty negotiations. If necessary, a CPO will be used to ensure that sites not acquired by private treaty can be acquired to enable the Housing Zone objectives to be achieved.

Reasons for the decision:

Supporting the Housing Zone

The Housing Zone Land Acquisition Strategy supports the delivery of the Housing Zone objectives enabling the assembly of sites to catalyse and kick start comprehensive residential development. This will in turn encourage the market to come forward and participate in the delivery of high quality viable development schemes in the area.

Other options considered:

Not implementing the Housing Zone Land Acquisition Strategy– REJECTED. Without Housing Zone Land Acquisition Strategy the Council will be unable to acquire the land necessary to promote comprehensive residential development in the A1306 gateway. Without this intervention the existing low value commercial land uses would remain in place and infrastructure would not be improved. It will also not be possible to facilitate comprehensive residential development and any residential development that is brought forward is likely to be poor quality and piecemeal. It will fail to deliver the required mix, tenures or typology necessary to meet the objectives of the Housing Zone.

Cabinet:

1. **Agreed** to the Council entering into direct negotiations with land-owners to purchase sites by private treaty as the opportunities arose.

2. **Agreed** to the Council implementing the Housing Zone Land Acquisition Strategy including the principle of using the Council's CPO powers to acquire land interests the extent of which were shown in the annexed plan to the report edged red (Appendix One) and thereby embarking on the formalities necessary for the making of the CPO.

3. **Agreed** to the Council in principle using the Council's Capital Contingency to fund land acquisitions to the value of £1.2m.

4. **Agreed** to the Council working with its wholly-owned company Mercury Land Holdings to bring forward quality housing either on its own or in partnership with other developers on land acquired.

5. **Delegated** to the Leader of the Council, the Cabinet Member for the Housing Company Development & One Source Management and the Group Director Community and Resources, the authority to approve the making of a CPO for confirmation by the Secretary of State.

6. **Delegated** to the Leader of the Council, the Head of Property and the Group Director Community and Resources, the authority to approve land negotiations and the acquisition of sites by private treaty by various means and to approve the relocation of businesses within the A1306 corridor where appropriate.

Chairman

MINUTES OF A MEETING OF THE
OVERVIEW & SCRUTINY BOARD
Havering Town Hall, Main Road, Romford
3 February 2016 (7.00 - 8.45 pm)

Present:

COUNCILLORS

Conservative Group	+Ray Best, +Garry Pain, Dilip Patel, Viddy Persaud, Carol Smith and Linda Trew
Residents' Group	June Alexander, Barbara Matthews and Ray Morgon
East Havering Residents' Group'	Gillian Ford (Chairman) and +Darren Wise
UKIP Group	Ian de Wulverton and Lawrence Webb (Vice-Chair)
Independent Residents' Group	David Durant and Graham Williamson

Apologies were received for the absence of Councillors John Crowder, Robby Misir and Linda Hawthorn.

+Substitute members: Councillor Ray Best (for John Crowder), Councillor Garry Pain (for Robby Misir) and Councillor Darren Wise (for Linda Hawthorn).

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

35 MINUTES

The minutes of the meetings held on 7 October, 24 November, 9 December 2015 and 12 January 2016 were agreed as correct records and signed by the Chairman.

36 CORPORATE PERFORMANCE REPORT - QUARTER 2 2015/16

The report before Members set out the Quarter 2 Performance Report 2015/16 that had previously been considered by Cabinet.

Also appended to the report was the Quarter 2 2015/16 Demand Pressure Dashboard which illustrated the growing demands on the Council's services and the context that the performance levels set out in the report had been achieved within.

Members noted that 71% of the performance indicators had a RAG status of Green and 29% had a RAG status of Red or Amber.

The Council's performance on making Havering a clean borough had been positive, with **73%** (11 of 15) indicators performing within target tolerance.

The Council's performance on ensuring Havering was a safe borough had been very positive, with **61%** (22 of 36) indicators performing within target tolerance.

The Council's performance on ensuring Havering's residents were proud to live in the borough had been very positive, with **81%** (22 of 27) indicators performing within target tolerance and **52%** (14 of 27) indicators showing an improvement on the previous quarter.

Members **reviewed** the pressures set out in Appendix 1 and **noted** the content of the Demand Pressures Dashboard in Appendix 2.

37 THE COUNCIL'S FINANCIAL STRATEGY

The report before Members outlined the context within which the 2016/17 budget was being set and identified the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needed to reflect the level of funding allocated to it by the Government. Cabinet had received reports in November and December 2015 that provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The November report also set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next three years. It contained specific proposals to bridge the funding gap for the next two years, but left a funding gap of £2.4m in 2018/19 which required further steps to be taken in order to close that gap.

A further report had been made to Cabinet on 20 January 2016 which updated Members on the Local Government Financial Settlement, the impact on the proposed financial strategy for the coming financial year and the latest in year financial monitor. The report advised Cabinet that the three year funding gap had increased from £2.4m to £12.5m including £5.6m relating to 2016/17. The draft strategy recommended in the report included a range of additional measures which were intended to bridge the gap for 2016/17. Further reports would be made to Cabinet during the course of 2016/17 to consider the options for bridging the gap for the financial year 2017/18 and beyond.

The current position was that there would be an increase in the Havering element of the Council Tax of 1.99% plus a 2.00% precept for Adult Social Care.

In addition to the report members received a presentation from the Deputy Chief Executive which detailed the Government's settlement and the demand impacts this would have on Havering's budget strategy.

The presentation detailed the authority's position pre and post settlement.

Due to changes in apportionment, Havering faced a reduction of over 96% to its Revenue Support Grant (RSG) by 2019/20 leaving a funding of 1.38m by 2019/20.

The presentation showed that Havering was one of the biggest losers in outer London in terms of percentage of RSG funding and that compared to neighbouring authorities had suffered the second largest funding cut.

Havering had seen a significant reduction in funding due to new methodology that had been introduced which penalised authorities that had a high taxbase and or council tax rather than those that were reliant on central government funding.

As part of the Government's spending powers, it was assumed that councils would grow their taxbase by the same rate as previous years, increase council tax by 1.75% each year and introduce the Adult Social Care precept by 2% each year over the current parliament.

Members were advised that the overall picture was similar to what had been planned for, as it had been assumed that RSG funding would be lost, however, the savings were significantly front loaded particularly in 2016/17 and little time had been given to allow for the identification of savings. This had meant that additional savings had had to be identified that had not required the need for consultation.

The presentation detailed the savings that had been identified and what impact they would have on service level provision.

Members were advised that a combination of a core council tax increase, Adult Social Care precept and a reduction in GLA funding would result in an overall increase in council tax increase of 1.96% which was lower than the originally planned 1.99% increase.

Members noted that officers would continue to identify additional savings throughout the year.

Following the presentation Members sought and received clarification on several items of the presentation from the Deputy Chief Executive. However, Members had no specific comments regarding the budget strategy and its demand impacts that they wished to put before Cabinet at its meeting on 10 February 2016.

38 **OVERVIEW & SCRUTINY SUB-COMMITTEES/TOPIC GROUP UPDATES**

Environment O&S Sub-Committee

The Chairman advised that the topic group looking at waste minimisation had now concluded and that a report to the Cabinet member was being drafted. The report recommended ideas to encourage residents to take a greater responsibility in managing their waste.

Health O&S Sub-Committee

Members were advised that a visit to the 111 centre had taken place which had proved to be insightful. Discussions were continuing with BHRUT regarding the changes that were taking place throughout the trust. The topic group looking at delayed treatments continued to meet with representatives of BHRUT.

Children & Learning O&S Sub-Committee

Members were advised that the topic group looking at educational attainment were currently formalising a draft report which would be presented at the next meeting for Members to decide whether to refer the group's recommendations to Cabinet.

Towns & Communities O&S Sub-Committee

The Chairman advised that the topic group looking at anti-social behaviour was close to completion and that a report would be presented to the Sub-Committee shortly. A new topic group looking at Green Belt land designation would be starting later in the month.

Individuals O&S Sub-Committee

The Chairman advised that the topic group looking at social isolation in older people would shortly begin visits to community groups in the area.

Crime & Disorder O&S Sub-Committee

The Chairman advised that a visit to Romford and Hornchuch town centres had taken place so Members could observe the night time economy.

Members were also looking at people who were being trialled at court who had not been assessed for mental health issues.

Debt Recovery Topic Group

Members were advised that following several meetings with officers the topic group was now in the process of formularising a report for the next meeting of the Board which would contain a number of recommendations for officers to take forward which would help to alleviate the problem of historical debt.

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Chairman

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Proposed addition to the Treasury Management Strategy Statement

Re: Housing Development Company

1. At its meeting of May 2015 Cabinet agreed to:

- Delegate to the Leader of the Council and Cabinet Member for Housing Company Development & One Source Management, supported by a Senior Council Officer other than Group Director of Communities & Resources, to release funds through such loans needed to meet the requirements of the agreed business case.

- Delegate to the Leader of the Council and Cabinet Member for Housing Company Development & One Source Management to agree to Heads of Terms of the Shareholder Agreement and authorise the Group Director for Communities & Resources, in conjunction with the Director of Legal and Governance, the authority to negotiate and finalise the Shareholder agreement.

2. The Council's draft capital programme includes a provision of £100m for Development and Regeneration projects. The equity investment and loans to be made for capital purposes to the company will be met from this provision. This level of planned expenditure and the consequential impact upon the Council's prudential borrowing is reflected in the TMSS.

3. Some aspects of the Housing Company's expenditure included within the approved business plan will not meet the statutory definition of capital expenditure (i.e. they will be treated as revenue spending in the company's accounts). Nevertheless, it is intended that these sums will be funded through the Council's Treasury Management arrangements and it is also intended that these sums will count towards the £100m provision referred to in para 2 above for the purposes of financial control.

7.4. It is anticipated that the Housing Company loan(s) will include a working capital loan facility. The terms of this loan facility will require approval in accordance with the arrangements described in paragraph 1 above.

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