



Havering
L O N D O N B O R O U G H

COUNCIL MEETING

7.30 pm Wednesday, 25 January 2017

At Council Chamber - Town Hall

Members of the Council of the London Borough of Havering are hereby summoned to attend a meeting of the Council at the time and place indicated for the transaction of the following business

**Kathryn Robinson
Monitoring Officer**

For information about the meeting please contact:

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Please note that this meeting will be webcast.

**Members of the public who do not wish to appear
in the webcast will be able to sit in the balcony,
which is not in camera range.**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

AGENDA

1 PRAYERS

2 APOLOGIES FOR ABSENCE

To receive apologies for absence (if any).

3 MINUTES (Pages 1 - 30)

To sign as a true record the minutes of the Meeting of the Council held on 23 November 2016 (attached).

4 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

5 ANNOUNCEMENTS BY THE MAYOR, BY THE LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE

To receive announcements (if any).

6 PETITIONS

To receive any petition presented pursuant to Council Procedure Rule 23.

No Members have given notice of intention to present a petition.

7 COUNCIL TAX SUPPORT SCHEME 2017 (Pages 31 - 98)

Note: The deadline for receipt of amendments to all reports included with the final Council agenda is midnight, Monday 23 January 2017.

To consider a report of Cabinet on the Council Tax Support Scheme 2017 (attached).

8 NATIONAL SCHEME FOR AUDITOR APPOINTMENTS (Pages 99 - 114)

To consider a report of the Audit Committee on the National Scheme for Auditor Appointments (attached).

9 AMENDMENTS TO THE CONSTITUTION - OVERVIEW AND SCRUTINY PROCEDURE RULES (Pages 115 - 118)

To consider a report of the Governance Committee on Amendments to the Constitution – Overview and Scrutiny Procedure Rules (attached).

10 MEMBERS' QUESTIONS (Pages 119 - 122)

Attached.

11 MOTIONS FOR DEBATE (Pages 123 - 126)

Motions paper attached.



**MINUTES OF A MEETING OF THE COUNCIL OF THE
LONDON BOROUGH OF HAVERING
Council Chamber - Town Hall
23 November 2016 (7.35 - 10.25 pm)**

Present: The Mayor (Councillor Philippa Crowder) in the Chair

Councillors Councillors June Alexander, Clarence Barrett, Robert Benham, Ray Best, Wendy Brice-Thompson, Michael Deon Burton, Joshua Chapman, John Crowder, Keith Darvill, Meg Davis, Ian de Wulverton, Osman Dervish, Nic Dodin, Alex Donald, David Durant, Brian Eagling, Gillian Ford, Jason Frost, Jody Ganly, John Glanville, Linda Hawthorn, David Johnson, Steven Kelly, Phil Martin, Barbara Matthews, Robby Misir, Ray Morgon, Barry Mugglestone, John Mylod, Stephanie Nunn, Denis O'Flynn, Ron Ower, Garry Pain, Dilip Patel, Viddy Persaud, Roger Ramsey, Keith Roberts, Patricia Rumble, Carol Smith, Frederick Thompson, Linda Trew, Jeffrey Tucker, Linda Van den Hende, Melvin Wallace, Lawrence Webb, Roger Westwood, Damian White, Reg Whitney, Julie Wilkes, Graham Williamson, Darren Wise and John Wood

Approximately 50 Members' guests and members of the public and a representative of the press were also present.

The Mayor advised Members and the public of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

Reverend Philip Weston, Vicar, St Mary's Church, Gidea Park opened the meeting with prayers.

The meeting closed with the singing of the National Anthem.

53 APOLOGIES FOR ABSENCE (agenda item 2)

Apologies for absence were received from Councillor Michael White.

54 MINUTES (agenda item 3)

The minutes of the meeting of the Council held on 14 September 2016 were before the Council for approval.

It was **AGREED** that the minutes of the meeting of the Council held on 14 September 2016 be signed as a correct record.

RESOLVED:

That the minutes of the Council meeting held on 14 September 2016 be signed as a correct record.

55 DISCLOSURE OF INTERESTS (agenda item 4)

Councillors Darvill and O'Flynn disclosed personal interests in agenda item 11B (motion on Trade Union Act 2016) as members of a Trade Union.

56 ANNOUNCEMENTS BY THE MAYOR, BY THE LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE (agenda item 5)

The Mayor thanked all Members and staff who had supported her Christmas Bring a Toy appeal. The Mayor also thanked the Royal British Legions for organising the recent Remembrance Sunday commemoration events as well as the Lightning Drama Group who had taken part in the Rainham event.

The Mayor had recently attended the opening of the temporary ice rink in Romford town centre and thanked the Romford Raiders and Birmingham Ice Freestylers for their participation. Thanks were also recorded to officers who organised the Christmas events in Hornchurch and Romford.

The text of the announcements made by the Leader of the Council is attached as appendix 1 to these minutes.

57 PETITIONS (agenda item 6)

Pursuant to Council Procedure Rule 23, the following petitions were presented:

From Councillor Donald concerning a request for road humps on Ashflower Drive.

From Councillor Mugglestone concerning the requested installation of road safety measures in Woburn Avenue, Elm Park.

From Councillor Wise concerning a request for a pedestrian crossing and more speed cameras in Shepherds Hill.

From Councillor Rumble concerning the shortage of parking in Retford Close.

From Councillor O'Flynn concerning the proposed solar panel farm in Dagnam Park.

58 OUTLINE PROPOSALS TO ADDRESS EARLY YEARS, PRIMARY, SECONDARY AND SEN RISING ROLLS - UPDATE TO PHASE 3 AND PHASE 4 EXPANSION PROGRAMME (agenda item 7)

A report of Cabinet set out various options to meet the increased demand for school places in Havering, as a result of rising birth rates. This covered demand for places at Early Years, Primary, Secondary and Special Educational Needs facilities.

The report was **AGREED** by 46 votes to 5 (see division 1) and it was **RESOLVED**:

That, in respect of the Capital Programme, the following items of funding be added to the budget:

- i. £2.5m of unallocated S106 developer contributions for Education purposes**
- ii. £1.4m early years grant referred to in recommendation 7 of the Cabinet report (subject to bid being successful)**
- iii. £5m estimated 19/20 basic need grant (to be adjusted to final grant allocation once announced). Note, tenders would not be awarded to commit expenditure against this grant prior to confirmation of the grant. The inclusion within the capital programme at an earlier stage will however enable schemes to be developed.**

In addition,

That the detailed schemes outlined in the exempt Appendix 3 to the report to Cabinet on 12 October 2016 be approved for inclusion in the Capital Programme (subject to any revisions following confirmation of any grant funding).

59 ANNUAL TREASURY MANAGEMENT REPORT 2015/16 (agenda item 8)

A report of Cabinet asked Council, as required under the Treasury Management Code of the Chartered Institute of Public Finance and Accountancy, to consider and note a report covering treasury activity and the associated monitoring and control of risk.

The report was **AGREED** without division and it was **RESOLVED**:

That the report be considered and noted.

60 **OVERVIEW AND SCRUTINY RULES - EXCEPTIONS TO THE CALL-IN (REQUISITION) PROCEDURE (agenda item 9)**

A report of the Chief Executive gave details of recent exceptions granted to the overview and scrutiny call-in procedure. These covered the following issues:

- 1) Services Dispute Resolution (exempt from publication)
- 2) Decision to support revision to the GLA High Street Fund project, The Retailery
- 3) Extension to three highways and street lighting term maintenance contracts:
Volker Highways Limited
Marlborough Surfacing Ltd
Miller Bros (Romford) Ltd
- 4) ICT Core Infrastructure Platform Placement

In accordance with Council Procedure Rule 11.8 (a) several questions relating to the report were submitted by the Residents' Group. In response, the Leader of the Council explained legal advice indicating that only the Leader himself was authorised to sign Executive Decisions relating to leases meant that the decision regarding 'The Retailery' had become urgent if grant monies for the project were to be retained. An exemption from call-in was therefore requested for this reason.

As regards the ICT Core Infrastructure Platform Placement, the shared platform had been due to be replaced but this was made more urgent due to factors including a lack of availability of parts and a recent significant power outage at Newham placing additional strain on the infrastructure. The urgency and risk rating of this issue were subsequently raised to the highest level and an exemption from call-in sought.

The report was **AGREED** without division and it was **RESOLVED**:

That the report be noted.

61 **MEMBERS' QUESTIONS (agenda item 10)**

Fifteen questions were asked and replies given. The text of the questions, together with their answers, is shown as appendix 2 to these minutes.

62 **ENFORCEMENT OF THE LAW AND COUNCIL POLICIES (agenda item 11A)**

A procedural motion that all motions debated should be heard under the intermediate debate procedure was **AGREED** by 51 votes to 0 (see division 2).

Motion on behalf of the Residents' Group

Many residents complain about the lack of enforcement in Havering, so this council calls upon the Administration to set out a strategy backed up with clear procedures and the necessary resources to ensure that there is effective enforcement of the law and council policies in Havering.

Amendment by the Conservative Group**Amend motion to read:**

In recognising residents' complaints about lack of enforcement THIS COUNCIL NOTES that a review with stakeholders has been undertaken with a main purpose of identifying a common approach to enforcement across the Borough optimising the use of resources and balancing the focus of key priorities. Following a restructure there is now in place a management platform to carry forward further reorganisation designed to concentrate on tackling effectively those matters that cause most harm within our community within available resources.

Following debate, the amendment by the Conservative Group was **CARRIED** by 35 votes to 16 (see division 3) and **AGREED** as the substantive motion without division.

RESOLVED:

In recognising residents' complaints about lack of enforcement THIS COUNCIL NOTES that a review with stakeholders has been undertaken with a main purpose of identifying a common approach to enforcement across the Borough optimising the use of resources and balancing the focus of key priorities. Following a restructure there is now in place a management platform to carry forward further reorganisation designed to concentrate on tackling effectively those matters that cause most harm within our community within available resources.

63 TRADE UNION ACT 2016 (agenda item 11B)**Motion on behalf of the Labour Group**

This Council recognises the positive contribution that trade unions and trade union members make in our workplaces. This Council values the

constructive relationship that we have with our trade unions and we recognise their commitment, and the commitment of all our staff, to the delivery of good quality public services.

This Council notes with concern the Trade Union Act 2016 which will negatively affect this Council's relationship with our trade unions and our workforce as a whole.

It is noted that the Act will incur administrative costs in forcing the Council to monitor and publish information about how many employees carry out union duties. This Council does not think that this excessive monitoring of recognised trade unions is an appropriate use of the Council's money and resources.

This Council is clear that facility time, negotiated and agreed by us and our trade unions to suit our own specific needs, has a valuable role to play in the creation of good quality and responsive local services. The Council also recognises the contribution that our trade unions have made in using facility time to speed up the terms and conditions review, and restructures, used to deliver savings across the Council. Moreover, the Council recognises that restricting facility time will only delay disciplinary, sickness and grievance procedures, at which employees have a statutory right to be represented by their union. This would make escalation and additional costs to the Council incurred from tribunal fees, more likely.

This Council is happy with the arrangements we currently have in place for facility time. We see this as an important part of our positive industrial relations and an inexpensive and easy way to administer a system that supports our staff by reducing dismissal rates, voluntary exits, workplace illnesses, and recruitment costs and improves staff retention and productivity.

This Council recognises the valuable work carried out by Health and Safety reps in maintaining safe workplaces and preventing workplace injuries, and which is an economical way of promoting health and safety for the Council.

This Council further resolves to seek to continue its own locally agreed industrial relations strategy and will take every measure possible to maintain its autonomy with regard to facility time and other arrangements.

Amendment by the Conservative Group

Amend motion to read:

This Council recognises the positive contribution that trade unions and trade union members can make in our workplaces. This Council values the constructive relationship that we have with our trade unions and we

recognise their commitment, and the commitment of all our staff, to the delivery of good quality public services.

This Council notes that the Trade Union Act 2016 received the Royal Assent on 4th May 2016 and that those provisions of the Act that are implemented and are applicable to the Council will be observed in a responsible and sensitive manner.

Amendment by the Independent Residents' Group

Amend motion to read:

This Council welcomes the Prime Minister's comments about leading a Government on behalf of the many not the few and the interests of working people including the working class. And in the same spirit Council welcomes the constructive role played by our democratic trade unions and staff associations in the management of council affairs.

The number may be reviewed, but Council rejects any moves to end the ability of paid employees who are also designated union/staff association officials to meet their responsibilities during the working day, because removing this cost would not be a saving and would result in a less disciplined and demoralised workforce which in turn would undermine the efficient running of the Council.

Following debate, the amendment by the Conservative Group was **CARRIED** by 42 votes to 5 (see division 4) and the amendment by the Independent Residents' Group was **NOT CARRIED** by 38 votes to 7 (see division 5); the amendment by the Conservative Group was **AGREED** as the substantive motion by 42 votes to 6 (see division 6).

RESOLVED:

This Council recognises the positive contribution that trade unions and trade union members can make in our workplaces. This Council values the constructive relationship that we have with our trade unions and we recognise their commitment, and the commitment of all our staff, to the delivery of good quality public services.

This Council notes that the Trade Union Act 2016 received the Royal Assent on 4th May 2016 and that those provisions of the Act that are implemented and are applicable to the Council will be observed in a responsible and sensitive manner.

64 MAYOR OF LONDON (agenda item 11C)**Motion on behalf of the Independent Residents' Group**

When the Greater London Authority (GLA) was set-up it had more limited powers. It is presided over by an Elected Mayor. In recent years the GLA has acquired more powers including over housing prompting concerns about the democratic status of the Elected Mayor. Indeed how is it possible for one person to be held accountable on the many issues that matter in a city the size of London?

Thus this Council agrees the post of Elected Mayor of London should be abolished with the Mayor's powers transferred to the Elected Assembly who then elect the Mayor/Leader as we do in Havering and calls on the Council Leader to seek support for this change from other London councils.

This motion was withdrawn by the Independent Residents' Group and resubmitted to the next meeting of Council.

65 SOLAR PARKS (agenda item 11D)**Motion on behalf of the United Kingdom Independence Party Group**

This Council recommends that the Executive conducts a poll before deciding whether or not to introduce Solar Parks at both Dagnam Park and Gerpins Lane.

Amendment by the Conservative Group

— This Council notes that the Executive will consider carefully all responses to consultation before deciding whether or not to introduce Solar Parks at both land adjacent to Dagnam Park and land at Gerpins Lane and that if the solar farm project contained in the Medium Term Financial Strategy agreed by the Council does not proceed further substantial savings will be required.

— This motion was withdrawn by the United Kingdom Independence Party Group and resubmitted to the next meeting of Council.

66 ORCHARD VILLAGE (agenda item 11E)**Motion on behalf of the United Kingdom Independence Party Group**

Orchard village has had significant problems and some residents have reported experiencing major faults with the condition of the building. Despite numerous attempts to correct some of the problems residents face there has been no improvement in their living conditions. This situation has been picked up by the main stream media.

Therefore this council recommends that the Executive agrees to consider the exercise of its powers under the Building Act 1984 where legally possible to ensure rectification of the building work undertaken there and to

take steps to recover any costs incurred arising from this from the companies involved.

Amendment by the Conservative Group

Amend motion to read:

This Council recommends that the Executive agrees to consider the exercise of its powers under the Building Act 1984 where legally possible to ensure rectification where appropriate of building work and to take steps where possible to recover any costs incurred arising from this from the companies involved.

Due to the lateness of the hour, this matter was dealt with on a vote only basis. The amendment by the Conservative Group was **CARRIED** by 46 votes to 7 and **AGREED** as the substantive motion, without division.

RESOLVED:

This Council recommends that the Executive agrees to consider the exercise of its powers under the Building Act 1984 where legally possible to ensure rectification where appropriate of building work and to take steps where possible to recover any costs incurred arising from this from the companies involved.

67 **VOTING RECORD**

The record of voting decisions is attached as appendix 3 to these minutes.

Mayor

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Council, 23 November 2016 - Statement by Leader of the Council

Madam Mayor,

I would like to give Members a brief outline of matters in progress and an update on various important or high profile current topics.

Olive Academy

Firstly, I would like to make a special mention of the opening of the new Olive AP Academy.

This new facility provides a whole new service for disadvantaged pupils in Havering and will give those who have lost contact with the education system a real chance to get back on-track and make a better future for themselves.

We are committed to this project and I am very impressed with the facilities it boasts for sport and creative arts. The next 18-months will see plans submitted for a new annex and catering facilities that will boost the numbers of pupils who can benefit from everything Olive has to offer.

I would particularly like to thank Paul Griffiths, Chairman of the Interim Executive Board (IEB) and also Keith Williams, Head of Campion School and indeed the education community generally in the borough for their support. I would also like to thank our officers in Education, Legal and Asset Management for their considerable efforts in meeting the tight DfE deadline for the project.

Police tri-borough scheme

Members will no doubt be aware of the announcement of the inclusion of the borough in one of two pilot schemes for the new Basic Command Unit (BCU) model planned for the whole of London. These will see larger police command units that each cover a number of boroughs.

This BCU model is intended to change how police resources are deployed to meet the changing demands of crime and public safety. It will bring together the management of neighbourhoods, response, investigation and protection of vulnerable people, including child protection, victims of sexual abuse and domestic abuse.

This will not mean a reduction in dedicated ward officers, the number of which will increase in line with announcements made this year.

Havering will be participating in an initial test for this new arrangement, along with Barking & Dagenham and Redbridge. Our involvement will give us a chance to influence the programme that will be rolled-out across the capital. We will be able to monitor and evaluate the scheme and discuss the issues that arise with senior officers before decisions are taken about how it will work in its final form.

We will also be receiving new front-line police officers, which will be very welcome, although the exact numbers will not be known for some weeks.

Over a period of six months there will be regular meetings of leaders and chief executives of our three boroughs with senior Scotland Yard officers to review strategically progress and performance.

ACO and Health Devolution

I would like to provide an update about the devolution of care. A strategic outline case has now been submitted to London Health and Care Devolution Programme at the Greater London Authority that describes our plans for an Accountable Care System.

These plans describe our intention to develop local area hubs, which is being described as a locality-based model, where residents can access health and care services as well as wider Council services such as Housing, Education and Skills.

The plan also describes an Integrated Commissioning Partnership board, with NHS and Local Authority partners from Barking & Dagenham, Havering and Redbridge. Plans for a single Accountable Care Organisation are now set further into the future.

We expect the introduction of new local arrangements to commence from April 2017.

Signing of leisure contract and plans for Hornchurch Pool/Sports Hall

Members will be aware that in October, Sports & Leisure Management (SLM) officially signed a new contract to operate all of Havering Council's leisure centres.

Designs are being developed for a new Hornchurch Sports Centre, which will be considered by Cabinet Members early next year. At this time, a final decision will be taken about the facilities available at the new centre before a planning application is submitted.

A feasibility study considering whether there are viable and sustainable options for retaining the existing Sports Hall at Hornchurch Sports Centre is currently being reviewed by officers. Members will be advised of the outcome of the review once all the detail has been considered.

Yesterday members and officers were shown over the work on the new Romford Leisure Development. The swimming pool and ice rink areas are already taking shape. For the benefit of those who were not able to attend some photographs are going on the screens. As the first three photographs show work is well up to schedule. Those members who attended are shown in the last photograph. I think we were all impressed with the scale of the facility and the progress being made with the project. Hopefully the public will be able to use this long awaited facility by early 2018. It is also worth reminding ourselves that the new facility will produce a revenue surplus to assist with the Council's budget each year.

Local Plan position statement

Work on Havering's new Local Plan is progressing, and a Direction of Travel document is due to be published this week. This will be made available on the website and to stakeholders. It will provide an update on the progress, timeframe and evidence of the Plan. Further public consultation is also being carried out..

The new Plan will set out our planning policies to guide and shape development in Havering for the next fifteen years, which will result in growth in the borough. It will also allow us to set out our commitment to protecting Havering's character and heritage - this, while recognising the importance placed on Havering's Green Belt, and significant buildings that represent our historic past.

Ensuring that all new development is well designed and high-quality will be a 'cornerstone' of the local plan. We will also make clear that the borough needs the right infrastructure to support our communities such as education and health facilities.

Christmas lights

Now turning to the ever-popular annual events of the Christmas Lights Switch-On in centres across the borough.

Last week in Romford Market Place, thousands of people were entertained by stars from TV shows the X Factor and The Voice. You madam Mayor turned on the lights and launched the firework display with a little help from characters from the film "Ice Age".

We have also launched our seasonal ice rink as a new attraction designed to bring people from within and outside the borough to Romford Market Place. The rink is just one part of a series of events in the Market Place and other Celebratory Christmas events.

I am pleased to say that other events have also been organised for Upminster, Elm Park, Collier Row and Rainham.

Highways England Consultation

A number of us received a briefing recently from Highways England regarding a public consultation that has just commenced into proposed improvements to junction 28 on the M25 – the interchange with the A12.

The plan is to find a way of reducing the amount of traffic using the Brook Street roundabout by creating a dedicated slip road to take cars travelling northbound on the M25 and heading east into Essex. Fortunately work isn't expected to start until April 2020 by which time the major and hugely disruptive road works schemes on the A13 and Ardleigh Green Bridge on the A127 should both be long completed! The

consultation runs until January 6 and includes an event on Thursday 15 December in the Harold Wood Neighbourhood Centre.

New vision for the Council

We are all very aware that the borough is changing, and our priorities must change to reflect this.

In line with this, senior officers have been working hard, with Cabinet members, to develop a new vision for the borough. A vision that is aspirational and capitalises on the growth and opportunities we can expect, as well as highlighting all the positive parts of the borough.

Four main areas of focus have been identified: Communities, Places, Opportunities, and Connections. We will be engaging with key stakeholder groups in the coming months about their thoughts on the proposed vision.

Staff terms & conditions review

Finally I would like to state the position on this important and difficult subject. Members will have received correspondence about this and an update from the Chief Executive in which he deals with principal issues. Formal consultation on the Council's Terms & Conditions (T&C) proposals is in progress at the moment and is due to end on 2 December.

I understand Havering is the only London borough still to be working on the old Whitley Council terms and conditions. Other boroughs have updated already. It is therefore not before time that this is achieved here quite apart from the need to achieve savings.

As members know, the review was launched, at a time when like other councils, we had to look at all our options including our pay bill of £95m (non-schools) to find yearly savings to protect services and bridge our budget gap.

The review took considerably longer than planned because it was important to ensure that proposals for the annual £500,000 savings identified and needed, were fair and measured.

The Council faces many challenges and opportunities in the coming years and we need to be an organisation that has the momentum and motivation to meet these, and that's why we needed to get the proposals right.

With the Council undergoing significant organisational change we also need to ensure that our policies, schemes, and conditions for staff are consistent, up-to-date and relevant to reflect this. We believe the review, and its one off cost of £512,000, represents value for money for the savings and improvements it will continue to deliver.

Once negotiations are completed the matter will be reviewed by Governance Committee.

That concludes my announcements Madam Mayor.

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FULL COUNCIL, Wednesday 23 November 2016

MEMBERS' QUESTIONS

COUNCIL SERVICES

1) To the Leader of the Council

From Councillor Ray Morgon

Would the Leader of the Council agree that it is time for members to be advised, for all services areas, a full list of services that they intend to provide in the new financial year, what the shape and service standards will be for them, together with the budget for each individual service?

Answer

Over the last year there have been a significant number of sessions run for all members to inform them of the services the Council provides, current performance, costs of service delivery and areas where potential savings could be made, the meetings were as follows:

Date	Session
29 th July 2015	StreetCare
5 th August 2015	Children's Services & Learning and Achievement
12 th August 2015	Adult Services & Public Health
13 th August 2015	Economic Development, Communications and oneSource
19 th August 2015	Housing
2 nd September 2015	Culture & Leisure and Regulatory Services
8 th September 2015	Policy & Performance and Customer Services

The purpose of these sessions was not only to inform members but also to enable opposition members to look at alternative budget proposals.

Alongside this officers have also been working on service standards for the main functions that are supported through the Customer Service Centre, so there is clarity for staff, members and local residents.

Officers have defined 41 standards that are being readied for publication, drafts of which were all shared with all Members by email on the 7th March 2016. Feedback was only received from 2 members, which has been taken into consideration.

These are currently awaiting lead member sign off, linked to the budget strategy and the launch of the Councils new web site.

Council, 23 November 2016

It is not felt that they are suitable as standalone landing pages on the new website, so each of them will be incorporated into the customer journey at the most appropriate time so that customers are given information when it was relevant to their journey on the site, so this is being fed into the content review and re-write which will be completed by April 2017.

In respect of next financial year, the budgets have not yet been set to be able to share, although these will come forward over the coming months.

In response to a supplementary question, the Leader of the Council explained that it was necessary to decide what services the Council was in a financial position to provide and that the Council wanted to provide the best services it could in the circumstances. There was not a link between performance indicators and service provision. The Leader asked for comments and suggestions from other Groups in relation to the Council's budget.

EMAIL POLICY WHEN OFFICERS LEAVE COUNCIL EMPLOYMENT

2) To the Leader of the Council

From Councillor Patricia Rumble

When an officer leaves the council what steps are taken to ensure that their emails are picked up by another officer and that outstanding and ongoing issues are dealt with?

Answer

This forms part of the staff exit process with their manager, which includes a work handover, setting up an 'out-of-office message' on the email account to redirect emails and giving managers access to email accounts where required.

In response to a supplementary question, the Leader of the Council stated that he was disappointed that an enquiry from Councillor Rumble had not apparently been dealt with after an officer had left and agreed to look into the matter if Councillor Rumble could provide the details.

TERMS AND CONDITIONS REVIEW

3) To the Leader of the Council

From Councillor Jeffrey Tucker

To maintain staff morale, please can the Council Leader assure Members that ALL staff terms and conditions are being reviewed on an equitable basis and this includes "interim" staff to avoid the perception they enjoy a privileged status within the current review.

Answer

The T&C review applies to all Council staff (except those on School Teachers Pay and Conditions) which includes the Chief Executive, all senior management and all staff in oneSource that are employed by Havering. Interim staff are not covered by employee contracts and associated pay, however, as part of the budget review, the council is separately assessing the number of interims and agency workers and their costs.

In response to a supplementary question, the Leader of the Council explained that the terms and conditions review had been entrusted to management and that the final delegated decision re the review would be taken by the Governance Committee. There was an unavoidable one-off cost associated with the review which was in the region of £500,000. Concerns about the terms and conditions review expressed by both union members and non-members would be considered.

ENVIRONMENTAL IMPACT FOR PROPOSED SOLAR PANEL FARM IN DAGNAM PARK

4) To the Cabinet Member for Environment, Regulatory Services and Community Safety, Councillor Osman Dervish

From Councillor Denis O'Flynn

When will an Environmental Impact and a Deer Impact Assessment be available for inspection in relation to the proposed Solar Panel Farm proposal in Dagnam Park?

Answer

A screening request for an Environmental Impact Assessment was lodged in April of this year for both proposals.

It was the opinion of Council planning officers that following careful consideration of the guidance set out in the National Planning Practice Guidance, neither the proposal at Dagnam Park or at Gerpins Lane requires an Environmental Impact Assessment.

Should a planning application be forthcoming for either proposal this will include a Deer Impact Assessment, Ecological Statement and a number of other reports and assessments. These will be available for scrutiny as part of the statutory consultation on the planning applications.

In response to a supplementary question, the Cabinet Member agreed that things could always be done better as regards communications about schemes of this sort. The Council sought to protect the environment and vulnerable residents with the proposals.

OMBUDSMAN COMPLAINTS AGAINST COUNCIL SERVICES

5) To the Leader of the Council

From Councillor Barbara Matthews

Would the Leader of the Council agree that all complaints found against the Council by the various Ombudsman services should automatically have a report provided to the appropriate Overview and Scrutiny Sub-Committee, in order for the Sub-Committee to decide whether any further scrutiny of the circumstances is required?

Answer

It is good practise to learn lessons from any Ombudsman cases found against the Council. Outcomes and comments made in Ombudsman decisions are currently conveyed to service heads and managers so they can assess whether the finding was caused by any systematic failings and if so to address those as well as using lessons learned to inform other service improvement. Statistics on Ombudsman decisions are also provided to the Adjudication & Review Committee.

We will consider whether summary reports of cases upheld against the Council could be reported to the relevant Overview & Scrutiny Committees as part of the current review of the corporate complaints policy and procedure.

In response to a supplementary question, the Leader of the Council confirmed that there were very few maladministration cases found against the Council. Information on these was reported to the Adjudication and Review Committee. While it could not be imposed on Overview and Scrutiny, the Leader had no objection to Sub-Committees looking at these cases if they wished.

HOUSING REFUGEES IN THE BOROUGH

6) To the Cabinet Member for Housing, Councillor Damian White

From Councillor John Glanville

What plan has Havering put in place to accommodate refugees given the ongoing situation in the Middle East and elsewhere?

Answer

The LGA are continuing to work with ministers and the Mayor of London in order to see how local councils may be able to assist and support those most at risk, while also considering the impact this may have on local residents.

Havering is already experiencing high numbers of people arriving here from outside of the borough. A large number are from neighbouring boroughs, but some are also from overseas. This puts enormous pressure on local resources and services, such as school places, housing, and health services.

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We will await the outcome and will consider, in particular, the financial and practical feasibility of anything asked of us. As with other councils, national austerity measures have already meant drastic cuts in spending and problems in coping financially. Additional burdens cannot be shouldered without guaranteed on-going money to pay for them.

In response to a supplementary question, the Cabinet Member stated that Havering had not applied for central Government funding to house Syrian refugees. Refugees had not lived in the borough long enough to join the Council's housing register and could not be housed via the homeless register. The Council would not therefore be providing resources at this stage.

POWERS AGAINST HATE CRIME IN THE BOROUGH

7) To the Leader of the Council

From Councillor Michael Deon Burton

The Council Leader has been quoted in a 14th October "Romford Recorder" article on page 16 as saying, in part, "the Council will use all its powers" against "hate crime"! What are these powers and what is the Council Leader proposing to do?

Answer

Hate Crime/Social Cohesion Strategy

Havering is in the process of unifying its approach to recording and tackling Hate Crime through the development of a Community Social Cohesion Strategy. The updated strategy seeks to provide a standard method of reporting and recording hate crime while allowing departments to use powers appropriate to their service area.

Housing has in place a dedicated policy to deal with allegations of Hate Crime against, and by, its tenants.

The Council's Community Safety Service will deal with all non-housing related Hate crime reports.

The most standard powers available to the Council, in the resolution of Hate Crime reports, include but are not limited to a number of non-legal, anti-social behavior and housing powers, and I am happy to provide you with a list of these.:

Non Legal Powers

Mediation

Anti-Social Behaviour Contracts

Good Neighbour Contracts

ASB Powers (General) – ASB Crime and Policing Act 2014

Criminal Behaviour Order

Civil Injunction

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Closure Notice/Order
Community Protection Notice

Housing Powers (General)

Notice of Seeking Possession – Housing Act 1985 (Conditions and ground dependent on Tenure)

Notice to Quit – Housing Act 1985 (Conditions and ground dependent on Tenure)

Notice of Possession Proceedings – Housing Act 1985 (Conditions and ground dependent on Tenure)

Housing related Injunction.

In response to a supplementary question, the Leader of the Council added that hate crimes were not as prevalent in Havering as in some other boroughs. The Council would use its powers to deal with any cases that did occur.

FINES AGAINST THE COUNCIL

8) To the Leader of the Council

From Councillor John Mylod

Would the Leader of the Council confirm details of fines imposed on Havering Council over each of the last 5 years?

Answer

In the last 5 years the council has been fined once, and that is in respect of a health and safety matter. The amount of the fine is £500,000. The fine was imposed recently and is the subject of an appeal by the Council. The Council is confident that a considerably lower sum will be ordered on appeal.

In response to a supplementary question, the Leader of the Council confirmed that the levying of the fine had been made public. He was unable to comment further on the issues due to the ongoing legal proceedings. The outcome did reflect a change in health and safety legislation for private companies that also applied to Local Authorities.

TRAFFIC CONGESTION AND POLLUTION IN SOUTH HORNCHURCH AREA

9) To the Cabinet Member for Environment, Regulatory Services and Community Safety, Councillor Osman Dervish

From Councillor Phil Martin

Given the proposal to restrict the A1306 in South Hornchurch to a single lane in each direction what steps are being taken to mitigate the increased pollution from the congestion that will result from any overflow of traffic from the A13 when there is an accident?

Answer

One of the aims of the Beam Parkway scheme is to discourage through traffic from the area from using the A1306 (by making it feel less like a through route). We will be investigating physical interventions in order to discourage A13 traffic from “Rat Running” through the A1306. This will also have the potential to reduce pollution on a day-to-day basis. Air quality is an important issue, and our studies will capture current pollution levels and consider how the scheme can be designed to improve air quality. The scheme will increase the amount of green space, which will also help to improve air quality. Finally, improved walking and cycling facilities will encourage greater use of sustainable modes, further reducing reliance on motor vehicles and cutting down on pollution (as well as creating public health benefits). In essence, the scheme will ultimately transform the corridor from its current over-engineered state to a street that promotes healthy living, and unites the current community to its north side to the new community on its south side.

In response to a supplementary question, the Cabinet Member explained that step 2 of the ongoing study was currently in progress; This had proposed building what was essentially a third lane on the road with a central strip to allow overtaking of stationary buses at bus stops and well as right turn bays to minimise the impendence of through traffic. Detailed traffic modelling of junctions would be undertaken and extensive data had been collected recording speed and traffic flows for both the A13 and A1306.

VILLAGE GREEN STATUS – NEW ZEALAND WAY, RAINHAM

10)To the Cabinet Member for Housing, Councillor Damian White

From Councillor Graham Williamson

Local residents promoting Village Green status for the land off New Zealand Way, Rainham have also been in discussion with the Council and New Zealand High Commission to restore the War Memorial to WWI New Zealand soldiers that was formerly sited on the “Green” and have also organised events on the “Green” including a diabetes charity event which the Mayor graciously attended.

Residents are very pleased with Council support for these initiatives and welcome Cabinet Member Cllr Damian White’s agreement to arrange a meeting with residents to discuss the Village Green application. The “Green” in question is high value open space and I invite the Cabinet Member to consider the Council adopting and registering the land as a Village Green to show we have a listening Council, particularly considering the other extensive development planned for the area. Will he do so?

Answer

This village green application was the subject of a question at the last meeting of the Council. I have already explained in the previous meeting that there is a legal process that the Council must follow in deciding these matters which is not yet complete, and at this stage it is not appropriate for me to meet with the applicants. Since the process is

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ongoing, it is not open to the Council to decide whether to register the land as a village green.

In response to a supplementary question, the Cabinet Member confirmed that the Council had invested in green and open spaces and the winning of nine Green Flag awards was evidence of this.

ONE PUBLIC ESTATE AGENDA

11) To the Leader of the Council

From Councillor Stephanie Nunn

Would the Leader of the Council confirm what progress is being made on its land review and work under the One Public Estate agenda, and when will the results be available to all Members?

Answer

One Public Estate is a Cabinet office programme designed to help public sector bodies' work in partnership to make better use of land and property assets. The outcome may include better integration of services, for example, between the health sector and local government, reduced running costs, or releasing land to generate capital receipts and new development - ideally, all of these.

The Council had submitted an expression of interest bid in partnership with others, which has been approved. Havering is working in partnership on the bid - with Barking & Dagenham Council and the local Clinical Commissioning Group - to evaluate the potential projects. If successful at the next stage, partners would be awarded money to put towards these projects.

Further details can be provided as the bid develops.

In response to a supplementary question, the Leader of the Council explained that a Local Plan was in the process of being developed so he could not speak categorically about the Green Belt but this was something that he valued. Planning consent had been granted for the Green Belt site of the former St George's Hospital. The Council was currently in discussions with the Mayor of London and NHS Property in order to obtain best use of the site and the Leader felt this showed that some situations with Green Belt sites were more complex in nature.

NOISE AND AIR POLLUTION FROM CITY AIRPORT

12) To the Cabinet Member for Environment, Regulatory Services and Community Safety, Councillor Osman Dervish

From Councillor Ian De Wulverton

What is the council doing to protect the residents of Havering, from the increased noise and air pollution, from the substantial increase in low flying jet aircraft, out of City Airport?

Answer

The quality of life of our residents is very important, and the Council continues to work hard to ensure that aviation does not impact adversely on Havering as a place where people want to live and businesses want to invest.

Havering has taken the opportunity to object to recent proposals put forward by London City Airport for expansion of its ground facilities and modernisation of its flight paths. The Leader of the Council took the opportunity to set out to the Civil Aviation Authority his concerns about how consultation had been undertaken and also that local residents had not been offered the opportunity to meet with representatives from the airport. The Leader has also met with representatives from London City Airport to outline the Council's position.

The Council will continue to keep 'a watching brief' on aviation matters and where there are issues of concern that Havering can comment upon it will continue to do so.

In response to a supplementary question, the Cabinet Member agreed to check with London City Airport what social and environment impact studies were carried out before the flight path was finalised and to advise Councillor de Wulverton accordingly.

OBSTACLES ON THE PUBLIC HIGHWAY

13) To the Cabinet Member for Environment, Regulatory Services and Community Safety, Councillor Osman Dervish

From Councillor John Wood

There are increasing concerns about the many items on the public highway presenting dangers to pedestrians. Would the Cabinet Member confirm what action is to be taken to control items placed by shops on footpaths.

Answer

A Code of Practice for Advertising boards is being prepared and will be rolled out from 1st January 2017. It will enable businesses to have a single A board as long as it

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complies with the code of practice. There will be a soft launch to enable us to inform and educate businesses on the requirements of the code before enforcement is initiated. Use of the public highway by Shops for street trading can be licenced and a report is being prepared by Economic Development and Public Protection for Cabinet. This report will propose extending street trading to include tables and chairs outside premises where they are using the public highway.

In response to a supplementary question, the Cabinet Member confirmed that the Code of Practice would definitely commence in January 2017.

FINES ISSUED FOR UNAUTHORISED HOLIDAYS DURING TERM TIMES

14)To the Cabinet Member for Children and Learning, Councillor Robert Benham

From Councillor Jody Ganly

Would the Cabinet Member confirm in each of the last 5 years, how many parents have been fined for unauthorised holidays during term time.

Answer

2011/12	2012/13	2013/14	2014/15	2015/16
359	552	1001	1456	2042

In response to a supplementary question, the Cabinet Member confirmed that the money received in fines of this nature went back into the school system.

CONSULTANTS EMPLOYED BY THE COUNCIL OVER THE PAST FIVE YEARS

15)To the Leader of the Council

From Councillor Reg Whitney

For each of the last 5 years, would the Leader of the Council provide a comprehensive list of outside consultants that have been employed by the council, together with details of the work they have undertaken?

Answer

It is not feasible to provide the full information for the work undertaken by consultants for the last five years. The spend on consultants includes a wide variety of work including transformation projects, interim/ SLT cover, corporate projects, short term cover (rather than recruiting to posts pending restructures to prevent redundancies and associated costs). Spend on consultants is contained within existing salary budgets when covering for substantive posts which may be deleted during restructures. There is also a requirement for the extra short-term resources to support the council on its

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transformation work and deliver the savings required under the MTFS. The council utilises these specialist skills as required throughout its change process.

We have embarked on a project where consultant engagement goes through a nationally procured 'neutral vendor', NEPRO, to ensure we continue to obtain best value and clarity about outcomes of projects

In response to a supplementary question, the Leader of the Council explained that the term 'consultants' covered a wide range of specialisms. It was not cost effective for the Council to employ full time staff such as for example specialist swimming pool architects, engineers, recruitments consultants for specialist posts or QCs dealing with appeals on Health and Safety matters. It was cheaper for the Council to use consultants as needed for these roles.

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VOTING RECORD

<i>DIVISION NUMBER:</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>		
The Mayor [Cllr. Philippa Crowder]	✓	✓	✓	✓	✗	✓	✓		
The Deputy Mayor [Cllr. Linda Van den Hende]	✓	✓	✓	✓	✗	✓	✓		
<u>CONSERVATIVE GROUP</u>									
Cllr Roger Ramsey	✓	✓	✓	✓	✗	✓	✓		
Cllr Robert Benham	✓	✓	✓	✓	✗	✓	✓		
Cllr Ray Best	✓	✓	✓	✓	✗	✓	✓		
Cllr Wendy Brice-Thompson	✓	✓	✓	✓	✗	✓	✓		
Cllr Joshua Chapman	✓	✓	✓	✓	✗	✓	✓		
Cllr John Crowder	✓	✓	✓	✓	✗	✓	✓		
Cllr Meg Davis	✓	✓	✓	✓	✗	✓	✓		
Cllr Osman Dervish	✓	✓	✓	✓	✗	✓	✓		
Cllr Jason Frost	✓	✓	✓	✓	✗	✓	✓		
Cllr Steven Kelly	✓	✓	✓	✓	✗	✓	✓		
Cllr Robby Misir	✓	✓	✓	✓	✗	✓	✓		
Cllr Garry Pain	✓	✓	✓	✓	✗	✓	✓		
Cllr Dilip Patel	✓	✓	✓	✓	✗	✓	✓		
Cllr Viddy Persaud	✓	✓	✓	✓	✗	✓	✓		
Cllr Carol Smith	✓	✓	✓	✓	✗	✓	✓		
Cllr Frederick Thompson	✓	✓	✓	✓	✗	✓	✓		
Cllr Linda Trew	✓	✓	✓	✓	✗	✓	✓		
Cllr Melvin Wallace	✓	✓	✓	✓	✗	✓	✓		
Cllr Roger Westwood	O	✓	✓	✓	✗	✓	✓		
Cllr Damian White	✓	✓	✓	✓	✗	✓	✓		
Cllr Michael White	A	A	A	A	A	A	A		
<u>RESIDENTS' GROUP</u>									
Cllr Ray Morgon	O	O	✗	✓	✗	✓	✗		
Cllr June Alexander	✓	✓	✗	✓	✗	✓	✗		
Cllr Nic Dodin	✓	✓	✗	✓	O	✓	✓		
Cllr Jody Ganly	✓	✓	✗	✓	✗	✓	✗		
Cllr Barbara Matthews	✓	✓	✗	✓	✗	✓	✗		
Cllr Barry Mugglestone	✓	✓	✗	✓	✗	✓	✗		
Cllr John Mylod	✓	✓	✓	✓	✗	✓	✓		
Cllr Stephanie Nunn	✓	✓	✗	✓	O	✓	✗		
Cllr Reg Whitney	✓	✓	O	✓	✗	✓	✓		
Cllr Julie Wilkes	✓	✓	✗	✓	O	✓	✗		
Cllr John Wood	✓	O	O	✓	✗	✓	✓		
<u>EAST HAVERING RESIDENTS' GROUP</u>									
Cllr Clarence Barrett	✓	✓	✓	✓	✗	✓	✓		
Cllr Alex Donald	✓	✓	✓	✓	✗	✓	✓		
Cllr Brian Eagling	✓	✓	✓	✓	✗	✓	✓		
Cllr Gillian Ford	✓	✓	✓	✓	✗	✓	✓		
Cllr Linda Hawthorn	✓	✓	✓	✓	✗	✓	✓		
Cllr Ron Ower	✓	✓	✓	✓	✗	✓	✓		
Cllr Darren Wise	✓	✓	✓	✓	✗	✓	✓		
<u>UK INDEPENDENCE PARTY GROUP</u>									
Cllr Lawrence Webb	✓	✓	✗	O	O	O	✓		
Cllr Ian De Wulverton	✓	✓	✗	✓	O	✓	✓		
Cllr John Glanville	✓	✓	✗	✓	✗	✓	✓		
Cllr David Johnson	✓	✓	✗	O	O	O	✓		
Cllr Phil Martin	✓	✓	✗	O	O	O	✓		
Cllr Patricia Rumble	✓	✓	✗	O	O	O	✓		
<u>INDEPENDENT LOCAL RESIDENTS' GROUP</u>									
Cllr Jeffrey Tucker	✗	✓	✓	✗	✓	✗	✓		
Cllr Michael Deon Burton	✗	✓	✓	O	✓	O	✓		
Cllr David Durant	✗	✓	✓	✗	✓	✗	✓		
Cllr Keith Roberts	✗	✓	✓	✗	✓	✗	✓		
Cllr Graham Williamson	✗	✓	✓	O	✓	✗	✓		
<u>LABOUR GROUP</u>									
Cllr Keith Darvill	✓	✓	✗	✗	✓	✗	✓		
Cllr Denis O'Flynn	✓	✓	✗	✗	✓	✗	✓		
<i>TOTALS</i>									
✓ = YES	46	51	35	42	7	42	46		
✗ = NO	5	0	16	5	38	6	7		
<i>O = ABSTAIN/NO VOTE</i>	2	2	2	6	8	5	0		
<i>ID =INTEREST DISCLOSED/NO VOTE</i>	0	0	0	0	0	0	0		
<i>A = ABSENT FROM MEETING</i>	1	1	1	1	1	1	1		
	54	54	54	54	54	54	54		

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COUNCIL, 25 JANUARY 2017

REPORT OF CABINET

OUTLINE PROPOSALS FOR THE COUNCIL TAX SUPPORT SCHEME 2017

At its meeting on 18 January 2017, Cabinet will consider proposals for the Council's Financial Strategy, one of which includes the Council Tax Support Scheme 2017.

It is not proposed to make any amendment to the current Council Tax Support Scheme 2016 and Council is therefore asked to approve adopting the Scheme for 2017.

A challenge to the Council Tax Support Scheme was successfully defended in the High Court by way of Judicial Review. A decision is currently awaited from the Court of Appeal to advise whether permission has been granted to appeal on the grounds of age and disability discrimination.

A summary of the Scheme and an Equalities Analysis for the 2017 scheme are appended to this report which Members are asked to read along with the Equalities Analysis for the 2015 scheme – the last year in which the scheme was altered. Full versions of the 2015 Equalities Analysis and of the 2017/18 Council Tax Support Scheme can be found at www.havering.gov.uk/CTS-Equality-Analysis-2015 and www.havering.gov.uk/CTSupportdoc2017/18

Subject to Cabinet's approval, Council is asked to note the Equalities Impact Assessments in respect of the CTS Scheme and agree that the CTS Scheme 2017 is approved.

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Subject Heading:	The Council's Financial Strategy
Cabinet Member:	Cllr Roger Ramsey
SMT Lead:	Debbie Middleton Interim Chief Financial Officer
Report Author and contact details:	Mike Board Corporate Finance & Strategy Manager 01708 432217 mike.board@Onesource.co.uk
Policy context:	The Council is required to approve an annual budget and this report provides information relating to the Local Government Financial Settlement to enable Cabinet to make recommendations to Council in February 2017
Financial summary:	There are no specific financial issues; this report deals with the overall budget position and associated issues
Is this a Key Decision?	No
Is this a Strategic Decision?	No
When should this matter be reviewed?	February 2017
Reviewing OSC:	Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	[X]
People will be safe, in their homes and in the community	[X]
Residents will be proud to live in Havering	[X]

SUMMARY

Cabinet received reports on the 28 September 2016 and the 14 December 2016 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 October and December reports set out the Council's financial strategy to manage the implications of funding reductions and cost pressures over 2017/18 and 2018/19. It also considered the in-year budgetary pressure and set out an approach to bringing the position back on track and mitigate the impact on the MTFS.

The December report also confirmed that the Government has approved the Council's application for a four year financial settlement. Whilst this provides for greater certainty over the MTFS cycle it also results in substantial reductions in Government funding. As a consequence of the loss of government funding and service demand pressures this report concludes that there is a budget gap of £13m over the three years to 2019/20 of which £3.8m relates to 2017/18.

This report updates Members on the Local Government Financial Settlement announced on 15 December 2016, summarises the key elements of the Autumn Budget Statement, the implications for the corporate budget and the proposed financial strategy for the coming year. It also includes the latest in year financial monitor and the latest proposals for the capital programme.

Havering's financial strategy included provision for the reduction in Revenue Support Grant (RSG) over the next three years based upon the four year financial settlement applicable from 2016/17 and these reductions are re-confirmed and will reduce from £20.89m in 2016/17 to £1.376m in 2019/20. The impact of the settlement on Business Rates and New Homes Bonus are still being evaluated although it is not expected to have a material impact on the 2017/18 forecast position as reflected in the MTFS model. A full analysis will be included in the February Council Tax setting report.

Local authorities will now be able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19. The additional 1% compared to the increased allowed in 2016/17 will require the authority to set out how the money is being spent on improvements in adult social care. The total increase allowed for over the three-year period to 2019/20 is limited to 6%.

RECOMMENDATIONS

Cabinet is asked to:

1. **Note** the progress made to date with the development of the Council's budget for 2017/18 and of the implications for Council Tax setting, although no decisions will be taken until the February cabinet meeting.
2. **Note** that an additional 3% increase in Council Tax precept may be levied for the sole purpose of funding and improving Adult Social Care.
3. **Note** the outcome of the Autumn Budget Statement and the likely impact on local authorities.

CABINET 18 JANUARY 2017

4. **Note** the provisional local government financial settlement announcement, and that this largely confirms the budgetary assumptions set out in the MTFS based upon the four year financial settlement.
5. **Delegate** authority to the Cabinet Member for Adult Social Services and Health and the Leader to approve an annual spend plan for the Public Health grant.
6. **Delegate** to the Directors of Childrens and Adults authority to agree inflation rates with social care providers for 2017/18.
7. **Note** the financial position of the Council in the current year and that action plans to recover the forecast overspend during 2016/17 and 2017/18 will be presented to Cabinet in February.
8. **Agree** the adjustments to the budget assumptions as set out in the table at paragraph 8 which give rise to an increase in the funding gap over a three year period 2017/18 to 2019/20.
9. **Approve** the draft Capital programme for 2017/18 as set out in paragraph 9 for inclusion in the final Capital Strategy report to be considered at the February Cabinet meeting and for onward approval by Council.
10. **Recommended to Council that they delegate** authority for the approval of schemes to be added to the newly created Efficiency Programme of £5m to the Chief Financial Officer in consultation with the Leader of the Council and the Lead Member for Financial Management.
11. **Agree** that any underspends from the Corporate Risk Budget, and from any service revenue underspends, are allocated to a Business Risk Reserve.
12. **Note** the summary of the GLA's consultation budget and the expected date for the publication of the final proposals.
13. **Note** that a public engagement exercise on the budget process will be carried out during January 2017.
14. **Note** the Equalities Impact Assessment in respect of the CTS Scheme as set out in appendix C to the report.
15. **Recommend to Full Council** that the CTS Scheme 2017 is approved. (see also appendices C and D).

REPORT DETAIL

1. INTRODUCTION

- 1.1. Cabinet has previously received two reports on progress with the Corporate Budget, in September and December 2016. This report sets out the position in respect of developing the Council's budget for 2017/18, the announcement of the Autumn Budget Statement, and the subsequent announcement of the local government financial settlement.
- 1.2. The draft financial strategy reported to Cabinet in December highlighted a budgetary shortfall of £12.4m over the three years to 2019/20 of which £3.4m relates to 2017/18. Taking account of further pressures these figures have increased to £13m and £3.8m respectively. The movements are explained in section 8 of the report.
- 1.3. Central Government have announced that the Council may levy up to 3% as a precept in Council Tax specifically for the purposes of funding the increasing cost pressures in Adult Social Care. This is an additional 1% over the 2% allowed in 2016/17. The extra 1% will require an authority to set out how the money will be spent on improving adult social care. The overall level of the precept is limited to 6% over the three years to 2019/20.
- 1.4. A public engagement exercise will be carried out during January and will, like last year, include consultation on the adult social care precept exercise. Feedback will be included in the report to Cabinet in February 2017.
- 1.5. As a consequence of the acceptance of the four year financial settlement the draft annual settlement is broadly in line with the position set out in the financial model. Some further work is required to establish the impact of the draft settlement for both Business Rates and the New Homes Bonus. The position will be made clearer once we have determined the latest Council Tax and Business Rate Bases and have received confirmation of the final settlement all of which are expected towards the end of January. The final position will be included in the February report.

2. THE AUTUMN BUDGET STATEMENT, THE SETTLEMENT AND GENERAL FINANCIAL PROSPECTS

Autumn Statement (AS)

- 2.1. A summary of the Government's Autumn statement was included in the December report. When further detail is made available on how this will affect Havering residents it will be included in further update reports to Cabinet as appropriate. Information on the Local Government Financial Settlement are included below.

Local Government Financial Settlement (LGFS)

- 2.2. Details of the provisional settlement were announced on 15 December 2016. This is the second year of the four-year settlement announced last year and includes figures for 2017/18 to 2019/20. Last year Government presented local authorities with an 'offer' to provide certainty over their funding with the only clear proviso being that any council accepting the offer would have to publish an efficiency plan. Take up of the offer has been high with 97% of councils accepting. Those councils not accepting are subject to the existing annual

process for determining the level of central funding they will receive. In 2017/18 funding allocations for the 10 councils that didn't take up the offer remain unchanged.

- 2.3 From the settlement announcement, there have been minor adjustments to the figures from last year due to the impact of business rate retention. Within the business rates retention system, the NNDR baseline and top up/tariff amounts have been amended to reflect Revaluation 2017. The adjusted amounts are intended to make changes in Rateable Value revenue neutral for individual authorities; with changes to authorities' NNDR Baseline (and therefore tariff/top up) being equal and opposite to the forecast change in the ability to raise business rates locally.
- 2.4 Government confirmed that the 2% cap of council tax will remain although local authorities will now be able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19. However, authorities that go ahead with the 3% increase each year for 2017/18 and 2018/19 will not be able make a further increase in 2019/20 (i.e. the total allowable increase over the three-year period remains at 6%).
- 2.5 The consultation period for the LGFS runs until 13 January. It is anticipated that the final settlement will be announced around 2 weeks after consultation closes, in common with earlier years, though a definitive date has yet to be confirmed.

Haverling's Settlement Funding Allocation

- 2.6 The provisional funding allocation is used to determine both Haverling's Revenue Support Grant (RSG) and Business Rate Baseline (BRB). Haverling's provisional allocation for 2017/18 is £44.5m compared to a 2016/17 equivalent of £52.5m. This is a reduction of £8.0m, although this is assuming Haverling's business rates increase in line with government expectations. Table 1 shows the reduction in Settlement Funding Allocation (SFA).

Table 1

Haverling	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant	20.890	12.284	6.847	1.376
Business Rates Baseline	22.164	23.040	23.782	24.628
Top-Up	9.462	9.232	9.529	9.868
Settlement Funding Allocation	52.516	44.556	40.158	35.872

- 2.7 The 2017/18 Local Government Finance Settlement shows an increase from the provisional SFA figures stated last year by £0.024m in 2017/18, £0.111m in 2018/19 and £0.234m in 2019/20 however this does not represent additional funding for Haverling. The figures used as part of the business rate baseline are only an indicative figure and will deviate from the actual yield. The final position will be established following the determination of the Council's business rate yield and confirmation of the final settlement which will be available mid-January. These will be included in the February report.

- 2.8 A number of risks exist with regards to the business rate element of the settlement funding allocation. The 2017 revaluation has provisionally increased the rateable value of commercial properties by approximately 11% and it is likely that rate payers will opt to challenge / appeal their rateable value. The increase from the revaluation has been factored into the settlement funding allocation. However at this stage it is uncertain whether Havering business rate yield will increase to provide the same level of funding. Since 2010 there has been 3,108 appeals made of which 654 have been successful and 370 still outstanding. Of the 370 appeal outstanding an appeal provision of £7.5m has been created. However it is widely expected that the number of appeals will significantly increase from April as businesses appeal the new valuation.
- 2.9 The Government announced within the technical consultation in September that the business rate target will be based on the draft 2017 revaluation list. This is likely to change once the list has been finalised. This will result in the top-up and tariffs for each authority to be adjusted and therefore amendment made in 2018/19 to account for these adjustments.
- 2.10 The SFA for future years should be as expected however the Government has stated that it will need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.
- 2.11 Havering's Settlement Funding Allocation remains one of the lowest grant-per-head allocations in London at £175 per head of population (See appendix A). This is despite being one of the largest boroughs in London with the highest proportion of elderly population, the fastest growing Children's population and the only London Borough which has seen an increase in the levels of deprivation all be it from a lower base. With the basis of calculation of RSG now effectively frozen until 2021, there is little prospect of any significant change in Havering's grant funding position at least in the short-term – however we will continue to lobby our position.

Unringfenced Grants

- 2.12 As part of the settlement announcement, allocations in respect of the New Homes Bonus were released. In 2016/17, Government released the consultation to change the parameters surrounding the New Homes Bonus and transfer the funding over to Improve Better Care Fund and now an additional Adult Social Care Fund. The Government has confirmed New Homes Bonus (NHB) payments to Councils will be reduced from six years to five years in 2017/18. They will also introduce a 0.4 per cent baseline so that local authorities will need to achieve tax base growth of greater than 0.4 per cent before they receive any NHB funding. This is expected to reduce the

income of councils in receipt of the New Homes Bonus by £241m in 2017/18 in comparison to indicative figures released in February 2016.

- 2.13 The indicative allocations from Government in respect of the New Homes Bonus are detailed below. The figures are not materially different from the assumptions included in the draft MTFS.

Table 2

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Havering	7.032	7.018	5.305	5.090

- 2.14 From the additional saving from the New Homes Bonus, a new one-off Adult Social Care Grant has been introduced. Details of the grant are yet to be released however Havering's indicative allocation is £1.010m. Clarification is being sought as to how this grant can be deployed prior to finalisation of the budget report in February
- 2.15 The public health grant remains the same as the indicative figures provided in 2016/17. There is an expectation that the Public Health Grant will be rolled up into the settlement at some future date although no announcements have been made as to the timescales.

Impact on Havering

- 2.16 The 2017/18 financial settlement deviated little from the provisional announcement from last year. The RSG and business rate baseline figures remained broadly the same however significant risks still exist within the business rate system.
- 2.17 Business rate appeals have been a significant issue and have created a shortfall in funding across local government. The 2017 revaluation will cause additional risk to local authorities as the funding baseline has been increased to account for the increase in business rates. It is highly likely that commercial rate payers will opt to appeal their rateable value and thus impact local government funding. At this stage, no mention has been made in respect to adjustments to the multiplier to account for the risk of appeals and therefore Havering's rate yield could reduce as a consequence.
- 2.18 In 2016/17 the Government enabled Council's to raise an additional 2% in Council Tax; ring-fenced for Adult Social Care purposes. As part of the settlement the opportunity exists to increase the adult social care precept to 3% in 2017/18 and 2018/19. It must be demonstrated that the additional 1% is linked to improvements in Adult Social Care. However this does not bring in additional funding as a cap of 6% over the three years to 2019/20 has been created and so if there is a 3% increase in 2017/18 and 2018/19, then no increase will be permitted in 2019/20. No new permanent funding for adult social care has been identified and therefore Havering will continue to be one of the lowest funded authorities per head of population for adult social care (currently £398.80).

Dedicated Schools Grant & Schools Funding

- 2.29. The Dedicated Schools Grant (DSG) is a ring-fenced grant for early years' education, schools and pupils with special educational and other high needs that is allocated to local authorities in three "blocks": An Early Years Block, a Schools Block and High Needs Block. The allocations for 2017/18 are shown in the table below.

Schools receive their delegated funding from the Schools Block through nationally prescribed formula factors. These factors include a basic amount per pupil, deprivation, prior attainment, English as an additional language and a lump sum per school. Although the factors are prescribed, local authorities apply their own values to the factors in consultation with their Schools Forums. In Havering, the balance of funding allocated through each factor is designed to provide as much stability as possible to school budgets. Any reductions to individual schools' budgets are limited to -1.5% per pupil by a national minimum funding guarantee and local authorities can apply a gains cap to limit increases in order to fund the cost of limiting the losses.

- 2.30 The funding for schools has remained cash flat for 6 years and an increasing number of schools are finding it difficult to set a balanced budget because of cost pressures.
- 2.31 Revised funding arrangements are to be introduced by the Government for providers of early years education in 2017/18 and consultations have been launched on the introduction of a National Funding Formula for schools from 2018/19 and a review of High Needs funding to local authorities. The intention is to remove the inconsistencies in current per pupil funding between different local authorities.
- 2.32 The changes to the early years funding introduce a national framework for the funding of providers which includes: a minimum "pass-through" rate of grant to providers of 93% in 2017/18 and 95% in 2018/19, no differentiated hourly rates for different types of providers, a standard set of supplements and a new Disability Access Fund. The overall funding for early years education will increase in 2017/18 which will result in an increase to the hourly rate paid to private and voluntary providers. The higher hourly rate will help to incentivise the offer of an additional 15 hours per week of free early year education for working families.
- 2.33 The DSG allocations to LAs were announced on 20 December 2016. Havering's allocation is £207.46m compared to £198.07m in 2016/17. The increase is due to an increase in pupil numbers. The funding for each block compared with 2016/17 is set out below.

Table 3

Year	Schools Block		Of which, ESG related	Early Years Block	High Needs Block	Total DSG
	GUF per pupil (£)	Allocation (£m)	Allocation (£m)	Allocation (£m)	Allocation (£m)	Allocation (£m)
17-18	4,712.65	169.91	0.59	14.85	22.70	207.46
16-17	4,728.70	168.08	n/a	10.67	19.32	198.07

Notes:

1. All of the above figures are before recoupment by the DfE for pupils attending academies, non maintained special schools and post 16 special educational need provision.
2. Schools Block per pupil funding has reduced following a transfer of £1.3m into the High Needs Block
3. The Early Years block is for 2, 3 and 4 year olds and will be recalculated based on the January 2017 and 2018 early years censuses. The increase follows the DfE review of early years funding.
4. The Schools Block now includes Education Services Grant (see below).
5. The figures include baseline transfers agreed locally of £1.4m into High Needs from Schools (£1.3m) and Early Years (£0.1m).

- 2.34 The DSG Schools Block now includes £0.588m of funding from the Education Services Grant that was previously allocated to local authorities to meet their statutory duties. In 2016/17 the grant was allocated at £15 per pupil for retained duties and a general rate of £77 per pupil for pupils in LA maintained schools. Academies receive the £77 per pupil for the number of pupils in their schools. In 2017/18 the £77 general rate ceases with effect from 1 September 2017 for LAs and academies (although there are protections for academies to limit losses) and the £15 per pupil moves into the DSG (the £0.588m). There is a reduced transitional rate of £66 per pupil for April to August 2017 for LAs; academies continue to receive £77 per pupil until August 2017. Approval will be sought from the Schools Forum to allocate this ESG related increase to the DSG towards the costs of the LA's statutory duties.

	Retained duties £	General rate £	Total £
2016-17	570,387	1,765,856	2,336,243
	Transfer of costs to DSG £	Transitional grant £	Total £
2017-18	588,735	606,055	1,194,790
Shortfall			1,141,453

Note: The General rate of £77 per pupil is deducted in-year from the LA's allocation for every academy conversion.

- 2.35 The above figures assume that the Schools Forum will agree that £588,735 of the costs of the LA's statutory services can be charged to the DSG. If approval is not given then the shortfall will be £1.73m. The ESG currently meets costs within Children's Services for statutory duties including the following:

Director of children's services and personal staff for director,
Planning for the education service as a whole,
Revenue budget preparation,
Preparation of information on income and expenditure relating to
education, and external audit relating to education,
Administration of grants
Authorisation and monitoring of expenditure not met from schools' budget
shares Formulation and review of local authority schools funding formula
Internal audit and other tasks related to the authority's chief finance
officer's responsibilities under Section 151 of LGA
Functions in relation to the exclusion of pupils from schools, excluding any
provision of education to excluded pupils
School attendance
Responsibilities regarding the employment of children
Management of the LA's capital programme including preparation and
review of an asset management plan, and negotiation and management of
private finance transactions
General landlord duties for all buildings owned by the local authority,
including those leased to academies.

The grant also meets the costs of corporate recharges made to the above
services. The current £2.3m ESG therefore funds direct service costs and
corporate recharges.

- 2.36 The Government's original intention was that all schools would become
academies by 2020 and the statutory duties of local authorities would
therefore cease. Later announcements have relaxed the timescales although
the academisation of all schools remains a Government aspiration. In spite of
the longer timescale for schools to become academies, in which case LA
statutory duties would remain for a longer period, the funding through the ESG
is being withdrawn anyway.
- 2.37 To address the shortfall in 2017-18, savings are being identified within
Children's Services and other options explored in trading services with schools
but they are unlikely to meet the full shortfall. The guidelines from the DFE
permit local authorities to request additional contributions from LA maintained
schools (but not academies) towards the costs of statutory duties. This would
be above the £0.588m that has been transferred into the DSG and would
reduce the funding available to schools to meet their own responsibilities and
improvement priorities.
- 2.38 Two new grants have also been announced to address underperformance of
schools. These are: £50m nationally for local authorities to continue to
monitor and commission school improvement for low performing maintained
schools and a Strategic School Improvement Fund for academies and
maintained schools to target at schools most in need of support to drive up
standards. At the time of writing, Havering's allocation from these grants is not
known.

- 2.39 Before applying the funding formula to calculate the budget shares of schools, funding is retained centrally for LA responsibilities such as: school admissions, national licensing arrangements, the servicing of the Schools Forum and a contingency for supporting pupil growth and schools with falling rolls. After consultation with the Schools Forum at the meeting held on 22nd September 2016, the total amount agreed for central retention is £4.2m (unchanged from the previous year).
- 2.40 The values to be applied to the formula factors for 2017/18 are to be determined following consultation with the Schools Forum at its January meeting but are unlikely to change significantly from 2016/17 given that the Schools Block DSG settlement funding has not changed other than for increases in pupil numbers. The Schools Forum may, however, opt to set the funding rates for formula factors closer to the recently announced rates within the proposed National Funding Formula.
- 2.41 In addition to the funding provided to schools from the DSG, they receive additional funding through the Pupil Premium to address low attainment of pupils from low income families and areas of high deprivation. For financial year 2017-18, the Pupil Premium the rates remain unchanged as follows:

Primary age pupils: £1,320

Secondary age pupils: £935

Looked After Children: £1,900
and children who:

- Have been looked after for 1 day or more
- Are adopted after leaving care
- Leave care under a Special Guardianship Order or a Residence Order.

- 2.42 The cuts in ESG funding referred to in paragraph 2.34 above create an additional pressure of £1.76m in 2017/18. Savings totaling £1.58m have been identified, however, this includes a provisional one-off contribution of £0.465m for 2017/18, leaving a further savings requirement of £0.18m to be identified. An update of this position will be included in the February report.

3 PUBLIC ENGAGEMENT AND CONSULTATION

- 3.1 Unlike the process carried out in previous years the draft financial strategy contains no significant proposals impacting upon service delivery to the public. As a consequence it is not considered necessary to carry out the comprehensive level of public consultation that was performed in those years. However, given the size of the budget gap and the potential impact on Council Tax levels it is proposed to carry a public engagement exercise to seek feedback on the options available for Council Tax setting and finalising the budget.
- 3.3 This public engagement exercise will be carried out during January and feedback will be reported to Cabinet in February.

4. CURRENT FINANCIAL POSITION

- 4.1 The previous reports to Cabinet included an update on the current financial position. The latest budget monitoring position for 2016/17 for period 7 is set out in the table below. Movements in revised budget since the Period 6 report are a consequence of approved virements and grant funding allocations. Cabinet will note that forecast variance has worsened by £0.5m and now stands at £6.97m

Table 4

Directorate	Revised Budget	Forecast Outturn	Forecast Outturn Variance	Previous Forecast Outturn	Change in Outturn Variance
	£m	£m	£m	£m	£m
Public Health	2.28	2.28	0.00	0.00	0.00
Learning & Achievement	8.46	8.53	0.07	(0.01)	0.08
Children's Services	34.89	38.47	3.58	3.12	0.47
Safeguarding - Quality & Assurance	1.67	1.81	0.14	0.10	0.04
Housing Services	1.77	2.81	1.04	1.02	0.02
Adult Services	52.52	54.11	1.59	1.65	(0.06)
Mental Health	2.91	2.98	0.07	0.07	0.00
Neighbourhoods	25.00	25.84	0.84	0.88	(0.04)
oneSource Non-Shared	1.15	1.23	0.08	(0.06)	0.14
Chief Operating Officer	28.48	28.05	(0.43)	(0.27)	(0.16)
Total	159.13	166.10	6.97	6.49	0.49

- 4.2 In view of the impact of these additional financial pressures on both the current year budget position and the projected MTFS, SLT is developing action plans with the objective of returning to a balanced budget position by the end of 2017/18.
- 4.3 The approved contingency budget for 2016/17 is £2m. Of this sum, £0.090m has already been allocated to support service pressures, leaving £1.1m of contingency uncommitted. As shown in table 5 below, it is proposed to utilise the remaining £1.1m as part of the plan to manage the final 2016/17 outturn within the Council's approved budget. The directorate action plans will not bridge the £6.97m gap in 2016/17 and will also require the support of the corporate risk budgets (formerly corporate provisions). The following table summarises the impact of this planned management action over 2016/17 and 2017/18. The detail of the action plans will be presented in the February report to Cabinet.

Table 5

	2016/17 £m	2017/18 £m
Current Outturn Projection	7.0	1.4
Action plan-Neighbourhoods	(0.4)	(0.5)
Action plan-Adults	(0.7)	(0.9)
Action plan-Housing	(0.6)	
Release of contingency	(1.0)	
Release of Corporate Risk Budget	(2.8)	
Budget Outturn shortfall	1.4	0

- 4.4 In view of the challenges being experienced in managing financial pressures across a range of services, it is recommended that a Business Risk Reserve be established in 2017/18. This reserve will be utilised in exceptional circumstances to offset directorate overspends where it is deemed by the s151 Officer in consultation with the Chief Executive, that a directorate is not reasonably able to manage financial pressures within its approved budget.
- 4.5 An under spend of £5.6m is anticipated in the corporate risk budgets after balancing the overall outturn. Any final underspend will be transferred to the Business Risk Reserve as part of 2016/17 accounts closure. The anticipated budget in 2017/18 is £8.9m of which £5m has been planned to be released in 2017/18 budget leaving only £3.9m available to support the transitional period associated with directorate action plans during 2017/18. By 2018/19, the base provision of the corporate risk budget will have fallen to just £3m. This should be viewed in the context of the size of the budget gap of £13m for the period to 2019/20 and the £6.97m predicted overspend in service budgets in 2016/17.
- 4.6 A summary of the current position on the corporate risk budget is set out in the table below.

Table 6

Corporate Risk Budgets

	2016/17 £m	2017/18 £m
Base Budget	17.1	8.9
Approved In Year Releases	(3.2)	
Approved One Off In Year Releases	(6.9)	(5.0)
Planned One Off In Year Releases	(1.4)	
Projected Year end out-turn	5.6	3.9

Table 7

The change in Base Budget position from 2016/17 to 2017/18 is set out below.

Corporate Risk Budgets	£m
Base Budget 2016/17	17.1
Permanent In Year Releases	(3.2)
Allocation of New Homes Bonus	(3.8)
Re-phased use of budget	(0.8)
Other minor	(0.4)
Base Budget 2017/18	8.9

- 4.7 From the above tables it can be seen that £17.1m was held in corporate budgets in 2016/17 of which £10.1m has been released by the Chief Financial Officer in consultation with SLT. Assuming a shortfall of £1.4m in service budgets it leaves the sum of £5.6m to be transferred to the Business Risk Reserve.
- 4.8 The balance of the corporate risk budget included in the draft financial strategy (approved by Cabinet in October) for 2017/18 reduces to £3.9m. This reduction has protected services from budget cuts but will limit the Council's scope to respond to further budgetary pressures. It is therefore essential that the on-going pressures contributing towards the 2016/17 budget position are addressed early in 2017/18 to ensure that the Council's Financial Strategy remains on course.

5. OTHER KEY MATTERS

Impact of Inflation

- 5.1. Inflation levels have remained at their lowest point in many years. Pay increases in the public sector has been subject to a high level of scrutiny and restraint in recent years and it is clear that the Government expects a similar level of restraint in the future. However, the latest forecasts for inflation suggest an increase during 2017/18 which could place additional cost pressures on the Council.
- 5.2. Provision is being made for increases in major contracted services. The proposed increases for contracted services – which mainly relate to contracts based on an RPI index – are broadly in line with that level, but subject to the specific circumstances applicable to each individual contract. For social care, negotiations are underway with providers, within the broad parameters set for the overall budget, and these are likely to be agreed prior to the start of the financial year. To enable these negotiations to progress, it is recommended that Cabinet delegates authority to the Directors of Childrens and Adults services to agree inflation rates with social care providers.
- 5.3. Fees & charges are to be increased in line with the draft financial strategy and a schedule of revised charges will be submitted to Cabinet in February as part

of the budget setting cycle.

Interest Levels

- 5.4. Interest rates have remained at historic lows for some considerable time. The Council's budget strategy has taken a prudent viewpoint and assumes that rates will remain unchanged until 2019/20.
- 5.5. Whilst there is no immediate sign of rates rising, the economic outlook is unclear. Income targets have been increasingly testing particularly as the benefit of longer term fixed rate deposits has largely dropped out of the Treasury portfolio. Budgetary targets are currently being achieving through increased cashflow as opposed to higher interest rates.

Concessionary Fares and Taxicard Scheme

- 5.6. This item has been a major factor in previous years. Havering's contribution to the freedom pass scheme currently stands at £8.223m. The Council's contribution for 2017/18 is expected to be £8.313m and the final figures will be included in the Budget report. This area remains a financial risk to all London Boroughs as future rises could well be at a similar level, and therefore continues to be covered in the Council's longer term planning.
- 5.7. The Council's contribution to the London Taxicard scheme, which is also funded through London Councils, currently stands at £0.150m. The 2017/18 contribution level will be reflected in the final budget report.

Pension Fund

- 5.8. The difficulties experienced nationally by pension funds in general, and the Local Government Pension Fund in particular, have been well publicised. A variety of changes to the local government pension scheme were implemented in April 2014.
- 5.9. The level of contribution rates included in the financial strategy are those which have been included in the draft valuation report provided by the council's actuaries following the latest triennial valuation and will be implemented in April 2017. The Actuaries rates and valuation certificate is expected shortly and confirmation will be included in the February Cabinet report.

Levying Bodies

- 5.10. The levies are part of the Settlement and therefore need to be taken into account when setting the Havering element of the Council Tax. There are a number of levies, but the predominant levy relates to East London Waste Authority (ELWA). The current overall levy budget is around £14.4m, of which ELWA accounts for £13.7m. At this stage, no account has been taken of any changes in the distribution of levies arising from the changes in Council Tax base referred to earlier in this report.

ELWA

- 5.11. Provision has broadly been made within the Council's Financial Strategy for increases in the ELWA levy of £1m in 2017/18 and £1m per annum thereafter.

- 5.12. At this stage, officers are awaiting the final budget report, which is subject to deliberations by ELWA. The final levy will be included in the February Council Tax setting report. .

Other Bodies

- 5.13. Of the remaining levying bodies, for planning purposes, a prudent approach has been taken to the level of increase that might be expected, pending notification of the planned rises.

London Councils Subscription and London Boroughs Grants Scheme (LBGS)

- 5.14. The 2017/18 core subscriptions have remained the same level as 2016/17, being £0.141m, which includes a one off rebate for all contributing authorities, at a level of £0.020m for Havering. The contribution to the LBGS has reduced by £0.025m to £0.220m due to a share of a one off payment.

Transformation Funding

- 5.15. Cabinet will recall that, as part of the Council's approach to delivering its transformation programme, a Strategic Reserve was established to finance a wide range of activity, for example the development of Internal Shared Services programme. However, given the continued reduction in Government funding and consequential impact on the Local Government Financial Settlement it is highly likely that local authorities will be engaged in transformation activity for a considerably extended period. The Strategic Reserve therefore remains a crucial source of funding for the delivery of transformational change.

Changes in Demography

- 5.17 Cabinet will be aware from previous reports that social care services in particular have been impacted by changes in demography. These pressures have already resulted in increased cost pressures in Adult Social Care in recent years and have contributed to in year budgetary pressures (as discussed in paragraph 4). This issue has been also been considered in developing the Council's financial strategy, and due to the fluid nature and high risk will continue to be closely monitored. This financial requirement is difficult to predict, however, with continuing changes in demand, the increased financial pressures facing local authorities, changes in funding streams referred to elsewhere, and shifts in population as well as properties, this issue now potentially has a broader impact.
- 5.18 Elsewhere in this report, changes in the Council's property base – as measured through the Council Tax base and the New Homes Bonus – are highlighted. This also needs to be considered in the context of increased demand for schools places.
- 5.19 These factors, taken together, suggest a significant change in demography within Havering. These changes impact upon demand for services, and thus in turn, the associated resources and costs. As a guide, the potential consequences are set out in the table below:

Factor	Impact	Financial Impact
Properties	<p>Increase in waste produced by households</p> <p>Increased traffic leading to more road/footway damage</p>	<p>Higher costs for refuse collection, street cleaning, waste disposal</p> <p>Higher costs for highways maintenance</p>
School places	Increase in demand for places leading to need for more classrooms	<p>Capital investment in additional classrooms</p> <p>Revenue impact falls directly on schools budgets</p>
General population	<p>Increase in special educational needs</p> <p>Increase in residents requiring learning or mental disability support</p> <p>Increase in demand for parks, leisure, arts, culture, etc.</p> <p>Change in population mix, e.g. nature and make up of families</p>	<p>Increase in resource needs and thus service costs</p> <p>As above</p> <p>As above</p> <p>Potential capital investment, e.g. new facilities, vehicles</p> <p>As above</p>

- 5.20 At this stage, it is not possible to determine the financial impact of potential changes. Clearly, there will be an increase in Council Tax receipts, and this is factored into the base calculation. What is much more difficult to assess is the cost impact these changes might have, as this depends on the actual nature of the shift in demand, rather than any notional model. It is however a fact that such changes represent a significant area of risk, both financial and otherwise. This has been mitigated by including a central provision for demographic growth within the financial strategy. This central provision has and will, continue to be held corporately until the case has been made to release budgets to service areas.

6. COUNCIL TAX SUPPORT SCHEME 2017

- 6.1 The current Council Tax Support Scheme has been in place since April 2015. The scheme is designed to help residents on low income pay their Council Tax. Council Tax Support can cover up to 100% of the Council Tax for claimants of pensionable age and 85% of Council Tax for working age claimants. (A discretionary reduction scheme is also available for those who suffer particular hardship).

- 6.2 Under the Local Government Finance Act 1992, full Council is required to endorse the Council Tax Scheme for 2017 before 31 January 2017. The Council proposes to maintain the current Council Tax Support Scheme in 2017 and proposes no amendment to the current scheme.
- 6.3 A Judicial Review of the 2015 Council Tax Support Scheme was undertaken during 2015. The High Court concluded that there was no discrimination on the grounds of age or disability. In December 2016, leave has been sought to appeal this decision in the Court of Appeal. We are waiting to hear if permission to proceed with the appeal has been granted.
- 6.4 The Council must also pay due regard to its public sector equality duties under the Equality Act 2010, which includes the need to eliminate unlawful discrimination, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The steps taken to meet 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 person's disabilities.
- 6.5 Consequently an Equalities Analysis is attached to this report at Appendix C along with a draft summary version of the Council Tax Support Scheme for 2017 which Members are asked to read. An Equality Impact Assessment was completed in January 2015 for when the Council Tax Support Scheme was last changed. This can be found at <https://www3.havering.gov.uk/Pages/Category/Council-tax-support.aspx>, and Members should read it as well. As a matter of substance, there are no changes to the impacts identified in the January 2015 Assessment which is also available for Members to read at the web link above. (The High Court dismissed challenges to the January 2015 Assessment and that aspect of the decision is not being appealed).

7. EXPENDITURE RESTRICTIONS AND BUDGET ROBUSTNESS

Expenditure Restriction by Government

- 7.1 The Government has previously stated that it will use its capping powers where necessary. As part of the settlement announcement last year, and following on from previous announcements, a referendum process would be triggered if the Council set a Council Tax increase of 2% or higher.
- 7.2 In 2016/17 the Government introduced the Adult Social Care Precept enabling Councils to increase Council Tax by up to 2% per annum. The latest settlement enables an increase of up to 3% to be levied for this precept (but limiting it to 6% over three years). The additional 1% must be directed towards improvements in Adult Social Care. This does not require a referendum.

Budget Robustness/Reserves Position

- 7.3 The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget

and the adequacy of reserves. The Act requires the Chief Finance Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its council tax or precept.

- 7.4 In line with the requirements of the Act, the formal report of the CFO on budget robustness will be included in the February Cabinet report. The authority is required to take the report into account when making the calculations.
- 7.5 The General Fund Balance at 31 March 2016 was £11.8m. Prior to making a initial recommendation to Council, there will also be a need to further consider the current financial position for 2016/17. The revenue budget strategy statement, as agreed by Council, sets out that the minimum level of reserves held will be £10m. There is an opportunity cost of holding reserves, in particular the alternative use that these balances could be put to and the benefits that might accrue as a result. Equally, the importance of retaining sufficient reserves has been emphasised by the position within social care services during previous financial years, and particularly so now, with the Council suffering an on-going reduction in grant funding from Government.
- 7.6 A reduction of up to £1.8m in the General Reserve is therefore permissible under the existing budget policy (although not recommended in the light of current budgetary pressures). However, it should be stressed that the use of reserves provides only a one off funding source for budgetary purposes. Any further use of reserves would require amendment to the Council's approved budget policy.
- 7.7 The Council's revenue budget strategy statement requires that:
- While addressing its priorities and setting a balanced and prudent budget, the Council will seek to keep any increase in the Council Tax to the lowest possible level and in line with its stated aspirations whilst maintaining the General Fund Balance at the minimum level of £10m. The Council will not utilise General Fund Balances to subsidise its budget or suppress council tax increases.
- The Council will not use any specified or earmarked reserves to subsidise its budget or to suppress council tax increases on an on-going basis as this is neither a financially sustainable nor a robust approach. It may, in exceptional circumstances, utilise appropriate specified or earmarked reserves to bridge short term forecast budget shortfalls to facilitate the delivery and implementation of projects and service initiatives that will generate additional income or reduce on-going expenditure to achieve a balanced budget.
- 7.8 In addition to its General Fund Balances, the Council also holds a number of specified or earmarked reserves. At 31 March 2016, the total value of these reserves stood at £54.1m. This sum includes:
- a) £2.3m relating to previous NHS and social care integration funds not fully spent. Given the level of financial and operational risk associated with the Care Act and SEND legislation and in particular assessing all

who apply and are eligible for services, these funds are being held to support this implementation of new legislation and integration with the NHS.

- b) £27.6m earmarked for the corporate transformation programme, which is required to support the delivery of savings agreed by the Council. Over the last four years, over £24m has been spent on delivering transformation including £5.7m on severance payments. Given the level of potential redundancies included likely to arise from savings options included in the MTFs, significant budget provision is required to meet the cost of further severance payments.
- c) £10.2m being sums earmarked towards the funding of capital schemes included within the approved capital programme.
- d) £6.9 m set aside for the Insurance reserve to meet potential claims and the cost of self-insurance based upon actuarial advice.

7.9 The advice of the Interim Chief Financial Officer is that the policy of retaining the minimum level of General Fund Balance at £10m is considered to be adequate. However, given the current level of budgetary pressures which in turn increases the risk of overspending it is recommended that the level of General Fund Balance be maintained at the existing level £11.8m. A full assessment of balances and earmarked reserves will be brought in the February Council Tax setting report.

7.10 The Council's external auditor has in the past emphasised the need for the Council to strengthen its financial health and to build in protection against unforeseen circumstances and to seek advice from the Chief Finance Officer on the adequacy of its working balance level. The advice of CIPFA also needs to be borne in mind, as they have emphasised that it is important to stress the risks which arise should councils decide to draw down reserves to help fund their budgets. This is due to the fact that most council services require recurring funding to meet staff and other running costs year after year. Reserves are however a one-off, finite source of funding; they can cover a shortfall in recurring funding for a specific period but, after reserves are exhausted, the underlying shortfall will still be there. Due account is taken of this advice in assessing the need for reserves and their potential utilisation.

7.11 The draft financial strategy discussed at paragraph 8 below is consistent with the Council's Budget policy.

8. FINANCIAL STRATEGY

8.1 At the meetings of 28 September and 14 December 2016 Cabinet considered its financial strategy for the three year period commencing 2017/18. The budget gap covering the period up to 2019/20 and is included in the table at 8.5 below.

8.2 The draft strategy approved by Cabinet in September included reductions in a number of centrally held budgets. The underlying budget assumptions were updated in the December report and in the table at 8.5 below although the overall position has not altered materially since the initial report. Despite the

reduction in corporate budgets there has been no need to draw on earmarked reserves to balance the budget. The current status on the corporate risk budget is discussed at paragraph 4.6.

Additional Pressures

8.4 The model has now been updated for two further cost pressures since the December report was drafted. The impact on the model is set out below

- Utility prices had dropped last year but this is not expected to continue. The market has made a sharp upward movement recently, and this is in part driven by the industry taking coal powered electricity stations off line and by the issues with provisioning from nuclear power stations. Additionally there has been an increase in government charges, which form part of the pass through charges and cannot be reduced by 'shopping around'. Indicative increases are expected in the region of 15-20% at a cost of approximately £0.170m.
- There are a number of risks associated with the revaluation of Business Rates which have arisen as a result of the finance settlement announcement. For Havering a cost increase of £0.230m has been included in the revenue budget to reflect the anticipated extra cost burden falling upon the Council in respect of its own property base.

Re-phasing of MTFS proposals

8.5 The introduction of three proposed savings options which were approved as part of the 2016/17 Financial Strategy have recently been assessed as not being sufficiently well developed to enable them to deliver the planned savings in 2017/18 and therefore the financial impact of these proposals have been delayed until future years.

Table 8

		£m
CL7	MyPlace Efficiencies	(0.050)
SC5	Public Realm Transformation Review	(0.250)
SC7	Waste Minimisation (3 sacks plus recycling)	(0.500)

8.6 It is now proposed to draw £0.800m from the corporate risk budgets one year earlier than planned which will mitigate the impact of these re-phased proposals although it will increase the financial pressures in later years.

8.7 The revised budget gap is set out in Table 9.

Table 9

	17/18	18/19	Two Year Total	19/20	Three Year Total
	£m	£m	£m	£m	£m
Budget Gap As reported on 14 December	3.350	2.250	5.600	6.800	12.400
CL7 My place efficiencies	0.050	(0.050)	0	0	0
SC5 Public realm transformation review	0.250	(0.250)	0	0	0
SC7 Waste minimisation	0.500	0	0.500	(0.500)	0
Re-phasing of corporate risk budget	(0.800)	0.800	0	0	0
Total of Re-phased Savings	0	0.500	0.500	(0.500)	0
Increased cost of utilities	0.170	0	0.170	0	0.170
Business Rate Revaluation	0.230	0.145	0.375	0.025	0.400
Adjustments to proposals for income generation	0.050	0	0.050	0	0.050
Revised Budget gap	3.800	2.895	6.695	6.325	13.020

RSG

- 8.8 The impact of the four year financial settlement has been to make the level of grant settlement more predictable. As expected, reduction in RSG announced in the annual settlement is in line with previous forecasts. The annual settlement is discussed in more detail in paragraph 2.

Proposals for Income Generation

- 8.9 As set out in the December report a number of proposals were included in the budget model in order to reduce the pressure in meeting the budget gap. The latest income projection from these proposals is £0.713m for 2017/18: a reduction of £0.050m from the December figures. The latest position relating to these proposals are set out in the table below and are included in more detail at Appendix B.

Table 10

Lead Officer	Subject	17/18 £000's	18/19 £000's
Dir of Neighbourhoods	Moving Traffic Contravention	250	
Dir of Neighbourhoods	Business Vehicles Charging		500
Dir of Neighbourhoods	Resident Parking Permits	55	
Dir of Neighbourhoods	On/Off Street Parking Charges	150	
Chief Operating Officer	Leisure contract additional income	150	250
Chief Operating Officer	Commercial Income	108	104
	Total	713	854

- 8.10 These measures reflect a strategy which seeks to minimise the impact on service delivery by seeking to recover the full cost of services through fees and charges where possible or by increasing commercial income for the benefit of residents.
- 8.11 Cabinet should be aware that if any of these options are rejected or their implementation delayed then alternative proposals will be required in order to balance the budget.

Council Tax Income

- 8.12 The budget model takes no account of additional income that could be achieved from increasing the level of Council Tax. As discussed elsewhere in the report The Council may increase Council Tax by up to 3% as a precept to meet the growing cost of Adult Social care and may also apply a general increase in Council Tax by up to 2%.
- 8.13 An up to date assessment of the growth in the Council Tax base and its impact upon any required increase in council tax will be included in the February report and is dependent upon the growth in the number of properties in the borough.

Bridging the Gap

- 8.14 The budget gap is estimated to be £13m over three year cycle. More significantly, a gap of £3.8m remains in 2017/18. This gap will need to be closed in order to set a balanced budget via the Council Tax setting report due in February 2017. Any changes to the forecast gap will be included in the February report prior to finalising any decisions on the level of Council Tax increase.
- 8.15 To close the budget gap Cabinet may wish to consider a range of options including increases in Council Tax, or making additional savings. Given the short timescale before Council Tax is required to be set Cabinet will be mindful of the timescales required to carry out any consultation exercise on savings which might be required in relation to proposals affecting services to its residents.
- 8.16 It is recommended that further consideration be given to the options for Council Tax setting as part of the February Council Tax report.
- 8.17 Looking beyond the balancing of the 2017/18 budget, Cabinet should be mindful that a budget shortfall of £2.895m in 2018/19 and £6.325m in 2019/20 still needs to be closed and therefore planning for this will need to continue early in 2017/18 financial year.

9. CAPITAL PROGRAMME

Background to Current Programme

- 9.1 The Council's overall approach to its Capital Programme has been based on an assumption that a gradual move towards the use of prudential borrowing will be required to meet long term capital investment need. In more recent

years, the duration of the planned programme has been kept relatively short, in recognition of the need to maximise the use of receipts, and to avoid additional pressure on the revenue budget.

- 9.2 Since that time, there has been a continued hold on interest rates, so borrowing remains relatively inexpensive. However, it remains the case that the Council's ability to generate receipts has continued to reduce and it is likely that new capital bids will need to be funded from borrowing rather than receipts during 2017/18 or 2018/19 depending upon the size of the programme.
- 9.3 For the longer term, financing any form of capital programme will almost certainly be heavily reliant on borrowing, although external financing and Section 106 receipts, through either Section 106 or the new Community Infrastructure Levy (CIL) are expected to remain available, if unpredictable. This therefore potentially brings an additional revenue pressure.
- 9.4 In setting the 2016/17 Capital Programme the Council approved a budget of £100m for Regeneration and Development. It was agreed that this sum be financed from additional borrowing although the precise timing of the expenditure would depend upon the speed with which suitable schemes would be brought forward for approval. At present £18m of this sum has been committed although a number of schemes are likely to reach project approval stage in coming months. Further discussion on the use of this budget will be included in the Capital Strategy report to be considered by Cabinet in February.
- 9.5 An indicative block programme of £4.9m for 2017/18 was approved by Cabinet in October representing a continuation of the strategy adopted in recent years. In line with recent strategy it is recommended that a contingency of £2m be included in the draft capital programme with the intention that the release of contingency continues to be delegated to the CFO.
- 9.6 There is also increasing pressure to fund essential capital expenditure bids not covered by the core programme. For that reason is proposed to include an allocation of £5m for an efficiency programme for schemes which meet the following criteria:
- Schemes will generate ongoing revenue savings
 - Schemes which will prevent future growth pressures in revenue expenditure. i.e. cost avoidance.

It is recommended that individual schemes be considered by the Asset Management Team with the final scheme approval being delegated to the Chief Financial Officer in consultation with the Leader of the Council and Lead Member for Financial Management. All schemes would require a clear business case demonstrating the link between investment and revenue savings.

Table 11

Description	£m
Cemeteries	0.160
Parks,	0.510
Libraries	0.145
Leisure	0.185
Street Environment	2.000
Protection of Assets and Health and Safety	0.500
IT Infrastructure	1.000
Regeneration	0.100
Disabled Facilities Grant (Council element)	0.300
Sub total	4.900
Efficiency Programme	5.000
Contingency	2.000
Grand total	11.900

- 9.7 As discussed in paragraph 9.3 expansion of the programme is likely to increase the Council's borrowing requirement. Given the potential level of borrowing required to fund Regeneration and Development in 2017/18 and beyond; the historically low level of interest rates and the limited scope to generate new capital receipts it may be appropriate to seek additional borrowing at this time. The implications the additional borrowing requirement will also be addressed in the February reports to Cabinet.
- 9.8 Cabinet received a report on 12 October 2016 which identified the cost of the phase 4 Schools expansion programme to be £63m of which £49m relates to 2017/18 and beyond. A funding stream of £65m has been identified and includes an estimate of the 2019/20 Basic Needs Allocation of £5m. Given that £2.2m of funding is unallocated this will mitigate against the risk of a reduced grant allocation or increased costs.

10. SUMMARY OF FINANCIAL POSITION

- 10.1 Based on the factors that are set out in this report, the Council will need to raise income or make additional savings of approximately £13m in order to balance its financial strategy over the next three years. Of this sum £3.8m must be found as part of the budget setting process for 2017/18.
- 10.2 The financial model makes no assumption for Council Tax increases at this stage. In addition to the general Council Tax increase the Government will allow a Council Tax precept of up to 3% in order to meet the growing costs of Adult Social Care. A final decision about Council Tax increases will not be made until the February Cabinet meeting. Cabinet will be mindful that the maximum Council Tax increase that can be set without carrying out a referendum is 4.99% (3% Adult Social Care Precept plus 1.99% general increase)
- 10.3 As indicated elsewhere within this report, there are significant pressures arising from the delivery of the 2016/17 budget. At this stage action plans are

being developed and implemented with a view to bringing the budget back on track by the close of 2017/18. If this cannot be achieved it will force the Council to make use of its limited earmarked reserves and will further increase the pressures arising in 2018/19 and 2019/20. These matters will be considered in greater depth as part of the final Council Tax report.

11. HOUSING BUDGET

- 11.1. The HRA budget, together with the proposed housing rent levels, and the HRA capital programme, will be presented to Cabinet in February.

12. GREATER LONDON AUTHORITY (GLA)

- 12.1 The announcement of the Mayor's draft budget proposals was made on 21 December. This indicated an intention to increase the GLA's Council Tax level, from the current £276 to £280.02 – an increase of £4.02, or around 1.5%. Consultation on the budget proposals ends on 12 January. The final draft budget proposals will be considered by the London Assembly on 25 January and the budget is due to be approved by 20 February.
- 12.2 The Mayor's draft budget consists of – Mayor's Office for Policing and Crime, Transport for London, London Fire and Emergency Planning Authority, the London Legacy Development Corporation and core Greater London Authority. The total gross budget (capital and revenue) is £15.856 billion.
- 12.3 The Mayor's 2017/18 draft net revenue expenditure budget is £5.368 billion. Under the proposal the total GLA precept will be increased from £276 a year to £280.02 (for a Band D household). The Mayor's proposed council tax precept draft budget includes £211.80 to support the Mayor's Office for Policing & Crime (principally the Metropolitan Police). The proposed increase is intended to be directed towards the cost of policing.
- 12.4 The expected reduction of £8 in the Band D Council Tax in respect of the removal of the final element of the Olympic Levy has not materialised. Clarification is being sought from the GLA prior to the closure of their budget consultation and further information will be provided in the February Cabinet report.

REASONS AND OPTIONS

Reasons for the decision:

This enables the Council to develop its budget as set out in the constitution.

Other options considered:

None. The Constitution requires this as a step towards setting its budget.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Council's budget-setting process will ensure that financial implications and risks are fully considered. Any financial implications or risks are covered in this report as necessary. There are significant risks associated with the delivery of the three year financial strategy and with the continuing degree of uncertainty over the future of local Government funding, and the general economic environment, but the steps already taken by the Council should mitigate much of this. However, it will also be necessary to continually refine the financial forecasts underpinning the Council's financial strategy to ensure that any necessary actions can be taken at the appropriate times, allowing for consultation as appropriate.

Legal implications and risks:

There are no direct legal implications or risks from this report. The corporate business planning process will need to take account of new and existing statutory duties and responsibilities that are imposed on the Council by central government even if there are inadequate or no commensurate increases in government funding to finance them. Failure to do so will put the Council at risk of legal challenge by affected residents or businesses.

Human Resources implications and risks:

There are no direct HR implications arising from this report, however, if proposals that require staffing reductions are to be considered as a result of the budget position, these will be managed in accordance with Council policy and procedure.

Equalities implications and risks:

Detailed proposals will need to be assessed as part of the business and service planning process. Equalities impact assessments are produced as standard as part of the detailed budget process.

BACKGROUND PAPERS

The Financial Strategy reports to Cabinet 28 September 2016 and 14 December 2016

APPENDICES

- A SETTLEMENT FUNDING ALLOCATION
- B MTFS SAVINGS TEMPLATES
- C COUNCIL TAX SCHEME EQUALITIES IMPACT ASSESSMENT
- D COUNCIL TAX SCHEME SUMMARY

The 2017/18 Settlement Funding Allocation per Head of Population

AREA	2017 SFA £ms	Population £000s	SFA per Head
City of London	24.40	8.90	2,742.08
Hackney	158.60	278.20	570.08
Westminster	130.57	250.40	521.45
Southwark	166.00	319.40	519.71
Islington	120.43	236.40	509.45
Tower Hamlets	158.10	312.00	506.75
Camden	126.55	253.30	499.61
Hammersmith And Fulham	87.26	183.40	475.81
Lambeth	157.71	332.00	475.02
Newham	160.47	347.10	462.33
Kensington And Chelsea	71.55	158.50	451.44
Lewisham	135.02	305.90	441.38
Greenwich	119.36	282.60	422.36
Haringey	115.16	279.50	412.01
Barking And Dagenham	82.64	211.00	391.67
Brent	125.18	334.80	373.90
Waltham Forest	98.98	278.80	355.02
Wandsworth	106.04	324.10	327.17
Enfield	103.31	338.90	304.84
Ealing	107.01	352.10	303.93
Croydon	101.72	390.40	260.57
Sutton	50.84	205.60	247.27
Hounslow	67.81	279.10	242.95
Redbridge	73.13	308.60	236.97
Merton	48.55	211.20	229.85
Hillingdon	63.61	309.30	205.66
Barnet	78.26	394.50	198.38
Harrow	50.07	254.70	196.59
Bexley	47.98	247.90	193.54
Havering	44.56	254.50	175.07
Kingston upon Thames	26.13	180.00	145.15
Bromley	46.78	332.60	140.66
Richmond upon Thames	24.53	202.60	121.10

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Summary of Proposals

					£000's	£000's
REF	Lead Officer	Directorate / Service	Service Area	Description of Savings Items	2017/18	2018/19
Street Mgmt/1	Director of Neighbourhoods	Neighbourhoods / Environment	Street Management - Parking	Moving Traffic Contravention	250	
Street Mgmt/2	Director of Neighbourhoods	Neighbourhoods / Environment	Street Management - Parking	Business Vehicles Charging		500
Street Mgmt/3	Director of Neighbourhoods	Neighbourhoods / Environment	Street Management - Parking	Resident Parking Permits	55	
Street Mgmt/4	Director of Neighbourhoods	Neighbourhoods / Environment	Street Management - Parking	On / Off Street Parking	150	
Culture /1	Chief Operating Officer	Chief Operating Officer / Culture & Customer Access	Indoor & Sports Recreation	Leisure Contract additional income	150	250
Asset Mgmt /1	Director of oneSource (Non Shared)	oneSource (Non Shared) / Asset Mgmt	Corporate Landlord	Commercial Income	108	104
Total					713	854

NEW OR REPLACEMENT SAVINGS TEMPLATE

Service & Service Head	Description of Service Area
Neighbourhoods / Environment – S Moore	Street Management - Parking

Is this a New or REPLACEMENT Savings Item?	Please indicate by ticking Box below
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NEW SAVING

☐

REPLACEMENT SAVING

☒

IF REPLACEMENT Saving show the Original Savings Item that is being replaced.	CPZ 2017/18 to be replaced by Moving Traffic Contravention Income (MTC)
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Current Budget Information
<p>The parking Facilities Activity A2325E</p> <p>The MTC Income Cost Centre is A24670 517480 000000 602172</p> <p>The 2016/17 income budget for MTC's is £750k with an additional in year pressure of £300k presented in December 2016</p>

What is protected within the Service?	
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Main Savings Items Description
To increase the income generated by the enforcement of Moving Traffic Contraventions by £250k

Savings proposals				
Savings Details		Value of Saving and Year(s)		
To increase the number of OCN's issued for the enforcement of Moving Traffic Contraventions		TOTAL:		
		17/18	18/19	19/20
		£250k		
TOTAL SAVINGS BY YEAR		TOTAL:		
		17/18	18/19	19/20
		£250k		

Reasons for recommending proposals	<p>Havering introduced the enforcement of Moving Traffic Contraventions late in 2015. The enforcement of identified sites within the borough was carried out by 2x CCTV mobile enforcement vehicles and provided the evidence that motorists within the borough were flouting traffic regulations and creating safety and traffic flow problems. In December 2016, a number of fixed cameras were installed at identified priority sites and will extend to a total number of 20 fixed camera locations. These cameras are unattended and will capture the non-compliance of vehicles driving in bus lanes or completing banned turns.</p>
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Identified Risks and Dependencies
<p>An assumption is made that the expected non-compliance of established Bus Lanes and banned turns being evidenced within the borough remains. Following initial enforcement activity triggers, an additional 5,500 PCN's will need to be issued and paid at the average PCN settlement rate of £45 to generate the additional £250k. Those in receipt of an MTC PCN may feel disgruntled at the enforcement activity but such enforcement should generate a change in driving behaviour, which in turn increases the level of compliance. Enforcement activity and compliance will need to be closely monitored and where necessary for the fixed cameras to be redeployed to further identified locations.</p>

Number of FTE in area :	
Anticipated reduction in FTE as a result of proposals	N/A

Submitted by			
	Signature	Print Name	Date
Steve Moore		Steve Moore	
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

NEW OR REPLACEMENT SAVINGS TEMPLATE

Service & Service Head	Description of Service Area
Neighbourhoods / Environment – S Moore	Street Management - Parking

Is this a New or REPLACEMENT Savings Item?	Please indicate by ticking Box below
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NEW SAVING

☒

REPLACEMENT SAVING

☐

IF REPLACEMENT Saving show the Original Savings Item that is being replaced.	
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Current Budget Information

As this item is a new initiative a new cost centre will have to be established. There is no budget for commercial vehicle parking permits currently in existence. The parking facilities activity is A2325E.
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What is protected within the Service?	N/A
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Main Savings Items Description

<p>The borough has a high percentage of commercial vehicles that are brought home by Havering residents. Current figures suggest nearly 12,000 commercial vehicles are regularly parked either on the streets or drives of Havering. This level of non-resident parking is compounding the problem that already exists with parking capacity in many parts of the borough and has increased since the main utility companies reduced their depot capacity where historically such vehicles returned at the end of each working day. To address the problem and encourage businesses to park their vehicles on their own premises, it is proposed to introduce a £500 annual permit charge for commercial vehicles that park on the highway outside of work time. It is estimated that 1000 vehicles will need to register for the permit hence the 1000 x £500 = £0.5m income prediction. It should be noted that although many other local authorities are considering introducing a similar scheme, no such scheme currently exists and therefore there are risks associated with deliverability.</p>

Savings proposals				
Savings Details			Value of Saving and Year(s)	
To increase the resident permit charges by £10 on each permit issued per household			TOTAL:	
			17/18	18/19
				500K
			TOTAL:	
			17/18	18/19
TOTAL SAVINGS BY YEAR			TOTAL:	
			17/18	18/19
				500K

Reasons for recommending proposals	Problems with a lack of parking capacity are increasing in many parts of the borough. The 12000 commercial vehicles that park on the borough roads each day compound the problem. Introducing a permit to discourage such activity and encourage companies to park their vehicles on their own premises will help to alleviate the problem..
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Identified Risks and Dependencies
Havering will be one of the first in the country to introduce such a scheme and therefore there are risks associated with the deliverability. Robust project management will be used to mitigate risks.

Number of FTE in area :	N/A
Anticipated reduction in FTE as a result of proposals	N/A

Submitted by			
	Signature	Print Name	Date
Steve Moore		Steve Moore	21/12/16
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

NEW OR REPLACEMENT SAVINGS TEMPLATE

Service & Service Head	Description of Service Area
Neighbourhoods / Environment – S Moore	Street Management - Parking

Is this a New or REPLACEMENT Savings Item?	Please indicate by ticking Box below
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NEW SAVING

☒

REPLACEMENT SAVING

☐

IF REPLACEMENT Saving show the Original Savings Item that is being replaced.	
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Current Budget Information
<p>The parking Facilities Activity A2325E</p> <p>The Resident Permit Cost Centres is A24670 517460 5034</p> <p>The 2016/17 Income budget for Resident permits is £253k</p>

What is protected within the Service?	
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Main Savings Items Description
<p>To increase the cost of a resident permit by £10 for first/second/third permits to £35, £60, £85</p> <p>These increases have been reflected in the Fees & Charges for 2017/18</p>

Savings proposals					
Savings Details		Value of Saving and Year(s)			
To increase the resident permit charges by £10 on each permit issued per household		TOTAL:			
		17/18	18/19	19/20	20/21
		55k			
		TOTAL:			
		17/18	18/19	19/20	20/21
TOTAL SAVINGS BY YEAR		TOTAL:			
		17/18	18/19	19/20	20/21
		55k			

Reasons for recommending proposals	<p>Havering's resident permit charges are low in comparison to that of neighbouring London Boroughs and our Essex counterparts. Many London Boroughs now apply differential permit prices based upon vehicle emissions.</p> <p>Currently Havering do not apply differential charging and have a simple 3 tier pricing structure which applies to the 1st, 2nd, 3rd and subsequent permits only.</p> <p>Cost comparison to neighbouring Barking & Dagenham has an average of £36, £72 and £92.50 for the first permit with vehicle based emissions of 161-180 CO2 (g/km).</p> <p>Even with the proposed increase, Havering will continue to offer attractive residential permit charges with a cost of just £0.95p per day. Costs of residential permits should cover the cost of implementation and maintenance and protect resident spaces in addition to controlling commuter parking issues.</p>
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Identified Risks and Dependencies
<p>An assumption is made that the current customer base will remain with the increase of charges. The current number of residential permits purchased in 2015/16 was circa 5000.</p> <p>There is a risk that customers will try to utilise off street parking provisions or find unrestricted areas to park so as to avoid paying the increased fees. A dependency is noted on having productive and continuous enforcement of the Resident permit zones so as to ensure contravening vehicles are issued with PCN's so as to ensure compliance is evidenced and resident permit spaces are protected.</p> <p>There is a dependency on Members accepting the proposal to increase the residential parking permit prices in order to meet the assumed saving.</p>

Number of FTE in area :	
Anticipated reduction in FTE as a result of proposals	N/A

Submitted by			
	Signature	Print Name	Date
Steve Moore		Steve Moore	
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

NEW OR REPLACEMENT SAVINGS TEMPLATE

Service & Service Head	Description of Service Area
Neighbourhoods / Environment – S Moore	Street Management - Parking

Is this a New or REPLACEMENT Savings Item?	Please indicate by ticking Box below
--	--------------------------------------

NEW SAVING

☒

REPLACEMENT SAVING

☐

IF REPLACEMENT Saving show the Original Savings Item that is being replaced.	
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Current Budget Information

The parking Facilities Activity A2325E
The On-street Parking Income Cost Centres is A24670 516200 0000
The 2016/17 Income budget for On-Street Parking is £460,840

The off-street Parking income Cost Centre is A24600 516180 0000
The 2016/17 income budget for Off-Street Parking is £342,210

What is protected within the Service?	
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Main Savings Items Description

To increase the on/off street parking charge for parking “up to 2 hours” (excluding Romford) from £1 to £1.50.
It is important to note that Romford Town Centre tariffs are prevented from being increased without amendments to the Section 106 being made and with acceptance from Town Centre partners.
These increases have been reflected in the Fees & Charges for 2017/18

Savings proposals				
Savings Details		Value of Saving and Year(s)		
To increase the on/off street parking charge for the “up to 2 hours” band to £1.50 (excluding Romford Town Centre)		TOTAL:		
		17/18	18/19	19/20
		£150k		
TOTAL SAVINGS BY YEAR		TOTAL:		
		17/18	18/19	19/20
		£150k		

Reasons for recommending proposals	<p>Havering has low parking charges in comparison to that of neighbouring London Boroughs and our Essex counterparts. Even with the proposed increase, Havering will continue to offer very attractive parking charges. To amend the parking tariff from £1 to £1.50 for a parking stay of up to 2 hours still provides an attractive rate. In comparison the same parking charge applied in Barking & Dagenham is on average £2.70.</p> <p>The introduction of the Cashless parking option “Phone & Pay” will assist customers with the change in tariff price. £1.50 in change may not be readily available however the option to pay using the “Phone & Pay” service will assist and may increase the customer base of the cashless parking facility. An increase in the customer base of “Phone & Pay” may also assist in a reduction of the number of cash collections required from the P&D machines.</p> <p>The continuation of the free 30 minute parking period (excluding Romford) still provides a very attractive offer to customers using our parking facilities and therefore allowing for the quick shop visit or school drop off/pick up.</p>
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Identified Risks and Dependencies
<p>The savings have been identified and calculated on the current number of transactions reported for the current £1 tariff (excluding Romford). The current number of transactions for this particular tariff band is circa 335,000. The assumption is made that the additional saving may be generated if the current customer base remains at 335,000 or higher. If the customer base reduces then it will not deliver the additional saving.</p> <p>There is a risk that customers will try to utilise and exhaust the free parking period (30mins) rather than pay the increased fee and therefore this will need to be closely monitored.</p> <p>There is a risk that members will not be in favour of the tariff increase and therefore the savings will not be realised.</p>

Number of FTE in area :	
Anticipated reduction in FTE as a result of proposals	N/A

Submitted by			
	Signature	Print Name	Date
Steve Moore		Steve Moore	
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

NEW OR REPLACEMENT SAVINGS TEMPLATE

Service & Service Head	Description of Service Area
Culture & Customer Access – S Homer M Royer	Culture and Customer Access – Indoor Sports & Recreation

Is this a New or REPLACEMENT Savings Item?	Please indicate by ticking Box below
--	--------------------------------------

NEW SAVING

☒

REPLACEMENT SAVING

☐

IF REPLACEMENT Saving show the Original Savings Item that is being replaced.	
--	--

Current Budget Information
LBH currently pay SLM on this contract until 20/21 (A20460)

What is protected within the Service?	N/A Leisure services are delivered by SLM
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Main Savings Items Description
SLM contract additional saving.

Savings proposals				
Savings Details		Value of Saving and Year(s)		
Additional saving arising from new SLM contract above original £700k in MTFS. So, £400k recurring from 2018/19.		TOTAL:		
		17/18	18/19	19/20
		£150k	£250k	
TOTAL SAVINGS BY YEAR		TOTAL:		
		17/18	18/19	19/20
		£150k	£250k	

Reasons for recommending proposals	Outcome of commercial negotiations for the new Leisure Contract, including 25m swimming pool and 4 court sports hall at Hornchurch.
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Identified Risks and Dependencies	
Ongoing discussion with Cabinet regarding a 50m pool and 8 court sports hall option at Hornchurch.	

Number of FTE in area :	N/A as staff are SLM
Anticipated reduction in FTE as a result of proposals	N/A as above

Submitted by			
	Signature	Print Name	Date
			14/12/16
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

BUDGET SAVINGS INITIATIVE TEMPLATE

Service & Service Head	Description of Service Area
Property Services – Garry Green	Property Services – Asset Management

Current Budget Information
Transfer of MTFS saving elsewhere in the Council and now being transferred to A46570 Commercial Property Shops

What is protected within the Service?	

Main Savings Items Description
£108K Commercial Income

Is this a NEW or SUBSTITUTE saving	NEW/ SUBSTITUTE
For Substitute Savings please show the Original Savings Item that is being replaced.	Transfer MTFS saving now being allocated to the commercial income budget – asset management

Savings proposals				
Savings Details		Value of Saving and Year(s)		
Additional commercial rents income subjective 520080		TOTAL: £412K		
		17/18	18/19	19/20
		£108K	£104K	£100K
		TOTAL:		
		17/18	18/19	19/20
TOTAL SAVINGS BY YEAR		TOTAL:		
		17/18	18/19	19/20
		£108K	£104K	£100K

Reasons for recommending proposals	
	Corporate reallocation decision

Identified Risks and Dependencies	
Whilst there is scope in the early years to cover this from existing over achievement in income, additional income beyond this period is subject to growth in the rental value of the commercial portfolio and may need to be enhanced with further assets to achieve assumed rental saving levels.	
Number of FTE in area :	N/A
Anticipated reduction in FTE as a result of proposals	

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Submitted by			
SLT Member	Signature	Print Name	Date
Reviewed by			
	Signature	Print Name	Date
Finance Business Partner			

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Equality Impact Assessment – Council Tax Support Scheme 2017



Equality Impact Assessment (EIA)

Document control

Title of activity:	Council Tax Support Scheme 2017
Type of activity:	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
Lead officer:	Chris Henry, Head of Council Tax & Benefits, Exchequer & Transactional Services, oneSource
Approved by:	Sarah Bryant, Director of Exchequer & Transactional Services
Date completed:	November 2016
Scheduled date for review:	November 2017

Did you seek advice from the Corporate Policy & Diversity team?	Yes
Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No

Equality Impact Assessment – Council Tax Support Scheme 2017

1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at diversity@havering.gov.uk

About your activity

1	Title of activity	Council Tax Support Scheme 2017
2	Type of activity	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
3	Scope of activity	<p>Many people on low incomes can get Council Tax Support (CTS) to help them pay their council tax bills. The Council Tax Support Scheme is funded by the Government and the Council who pay significantly towards the scheme as well.</p> <p>The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in-line with core funding reduction. While Government funding continues to fall, the Council has committed to maintaining the current 2016 CTS scheme in 2017.</p> <p>The proposed scheme will continue to protect pensioners who will get the same level of council tax support as they do now.</p> <p>It is proposed the CTS 2016/17 Scheme remains unchanged for working age claimants in 2017/18.</p>
4a	Is the activity new or changing?	No
4b	Is the activity likely to have an impact on individuals or groups?	No
5	If you answered yes:	

Equality Impact Assessment – Council Tax Support Scheme 2017

Completed by:	Chris Henry, Head of Council Tax & Benefits
Date:	November 2016

Equality Impact Assessment – Council Tax Support Scheme 2017

2. Equality Impact Assessment

Background/context:

The Council proposes to maintain the Council Tax Support (CTS) Scheme in place since April 2015 for 2017/18. The scheme provides assistance to people on low incomes to help them pay their Council Tax.

The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in-line with core funding reduction. While Government funding continues to fall, the Council has committed to maintaining the current 2016 CTS scheme in 2017.

The proposed scheme will continue to protect pensioners who will get the same level of Council Tax Support as they do now.

In respect of working age claimants, the proposed scheme will provide the same level of support as it does now.

At 31 October 2016, 9,268 working-age claimants and 6,909 pensionable age claimants were in receipt of Council Tax Support.

CTS changes were catered for within the package of priorities and it can therefore be seen that in general respondents were in favour of the overall priorities change and a majority of residents were not in favour of raising council tax above 2% in order not to make up reductions proposed.

Support remains in place through the Council Tax Discretionary policy for those who suffer hardship.

In terms of the number of Council Tax Support Claimants and their household and personal status, the number in each group have not changed significantly since last year.

<u>Council Tax Support Case Group Descriptions</u>	<u>Count</u>
Elderly - Non-Passported - Carer	151
Elderly - Non-Passported - Child Under 5	1
Elderly - Non-Passported - Enhanced Disability	2
Elderly - Non-Passported - Family Premium	2
Elderly - Non-Passported - Family Premium - 1 Child	9
Elderly - Non-Passported - Family Premium - 2 Child	2
Elderly - Non-Passported - Family Premium - 4 Child	1
Elderly - Non-Passported - Non Dependant	317
Elderly - Non-Passported - Other	1866

Equality Impact Assessment – Council Tax Support Scheme 2017

Elderly - Non-Passported - Severe Disability	375
Elderly - Non-Passported - War Pensioners	21
Elderly - Non-Passported - Working	87
Elderly - Passported - Carer	163
Elderly - Passported - Child Under 5	1
Elderly - Passported - Enhanced Disability	1
Elderly - Passported - Family Premium	9
Elderly - Passported - Family Premium - 1 Child	16
Elderly - Passported - Family Premium - 2 Child	3
Elderly - Passported - Family Premium - 3 Child	1
Elderly - Passported - Family Premium - 4 Child	0
Elderly - Passported - Non Dependant	497
Elderly - Passported - Other	2513
Elderly - Passported - Severe Disability	854
Elderly - Passported - Working	17
TOTAL (Elderly) = 6,909 (43%)	
Working Age - Non-Passported - Carer	102
Working Age - Non-Passported - Child Under 5	403
Working Age - Non-Passported - Disability	117
Working Age - Non-Passported - Disabled Child Premium	25
Working Age - Non-Passported - Enhanced Disability	258
Working Age - Non-Passported - Family Premium	118
Working Age - Non-Passported - Family Premium - 1 Child	674
Working Age - Non-Passported - Family Premium - 2 Child	497
Working Age - Non-Passported - Family Premium - 3 Child	184
Working Age - Non-Passported - Family Premium - 4 Child	37
Working Age - Non-Passported - Family Premium - 5 and above	8
Working Age - Non-Passported - Lone Parent Child Under 5	395
Working Age - Non-Passported - Non Dependant	38
Working Age - Non-Passported - Other	165
Working Age - Non-Passported - Severe Disability	120
Working Age - Non-Passported - War Pensioners	5
Working Age - Non-Passported - Working	433
Working Age - Passported - Carer	438
Working Age - Passported - Child Under 5	115
Working Age - Passported - Disability	157
Working Age - Passported - Disabled Child Premium	25
	1259
Working Age - Passported - Enhanced Disability	
Working Age - Passported - Family Premium	63
Working Age - Passported - Family Premium - 1 Child	416
Working Age - Passported - Family Premium - 2 Child	207
Working Age - Passported - Family Premium - 3 Child	67
Working Age - Passported - Family Premium - 4 Child	10
Working Age - Passported - Family Premium - 5 and Above	1

Equality Impact Assessment – Council Tax Support Scheme 2017

Working Age - Passported - Lone Parent Child Under 5	973
Working Age - Passported - Non Dependant	260
Working Age - Passported - Other	900
Working Age - Passported - Severe Disability	751
Working Age - Passported - Working	48
TOTAL (Working Age) = 9, 268 (57%)	
Grand Total Working Age & Elderly)	16,177

Age: Consider the full range of age groups		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remain the same as in the Equality Impact Analysis prepared in January 2015
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Equality Impact Assessment – Council Tax Support Scheme 2017

Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Sex/gender: Consider both men and women		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Equality Impact Assessment – Council Tax Support Scheme 2017

Ethnicity/race: Consider the impact on different ethnic groups and nationalities		
Please tick (✓) the relevant box:		Overall impact:
Positive		
Neutral	✓	
Negative		
Information: The tables below show the projected figures for the breakdown of Havering by ethnicity/race and for Benefits claimants where they have supplied this information. The data is difficult to compare due to the different classifications of ethnicity used.		
2014 (projection)	Number	Percentage of population (%)
All ethnicities	246,269	100.00
White	211,126	85.7
Black Caribbean	3,335	1.4
Black African	9,485	3.9
Black Other	4,524	1.8
Indian	5,813	2.4
Pakistani	1,820	0.7
Bangladeshi	1,205	0.5
Chinese	1,662	0.7
Other Asian	4,467	1.8
Other	2,833	1.2
<i>BAME¹ Total</i>	<i>35,144</i>	<i>14.3</i>

¹ The GLA define BAME differently to the ONS. The GLA does not include a 'White Other' Group. Instead they have one category 'White' that includes 'White British' and 'White Other'.

Equality Impact Assessment – Council Tax Support Scheme 2017

Council Tax Support/Housing Benefit Claimants where Equalities information provided August 2016

	Number	Percentage of claimants who provided information
White: British	6507	67.68%
White: Irish	131	1.36%
White: Any Other	786	8.18%
Mixed: White & Black Caribbean	128	1.33%
Mixed: White & Black African	69	0.72%
Mixed: White and Asian	38	0.40%
Mixed: Any Other	76	0.79%
Asian/Asian British: Indian	104	1.08%
Asian/Asian British: Pakistani	136	1.41%
Asian/Asian British: Bangladeshi	141	1.47%
Asian/Asian British: Any Other	81	0.84%
Black/Black British: Caribbean	266	2.77%
Black/Black British: African	759	7.89%
Black/Black British: Any Other	111	1.15%
Chinese	17	0.18%
Any Other	150	1.56%
Gypsy/Traveller	7	0.07%
Arab	23	0.24%
Asian/Asian British Indian	36	0.37%
Asian/Other	14	0.15%
Claimant Declined	34	0.35%
Total	9614	100%

From the data provided above, it would appear that there is a disproportionate impact on BME claimants. 85.7% of Havering's population are defined as White (including the 'White: Other' category such as Eastern Europeans), compared to 75.8% of benefit claimants who define themselves as White (including 'White: Other').

Sources used:

*

Equality Impact Assessment – Council Tax Support Scheme 2017

Religion/faith: Consider people from different religions or beliefs including those with no religion or belief		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme
Positive	<input type="checkbox"/>	
Neutral	<input type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual		
<i>Please tick (✓) the relevant box:</i>		Overall impact: Not known There is no information available to make an assessment on the impact of the proposals on this protected characteristic.
Positive	<input type="checkbox"/>	
Neutral	<input type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Equality Impact Assessment – Council Tax Support Scheme 2017

Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence: .		
Sources used: 		

Marriage/civil partnership: Consider people in a marriage or civil partnership		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence: 		
Sources used: 		

Equality Impact Assessment – Council Tax Support Scheme 2017

Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input type="checkbox"/>	
Negative	<input checked="" type="checkbox"/>	
Evidence:		
Sources used:		

Socio-economic status: Consider those who are from low income or financially excluded backgrounds		
<i>Please tick (✓) the relevant box:</i>		Overall impact: There are no changes proposed to the CTS 2017 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
		The Discretionary Policy has been in place since 2013 and is available to residents who are experiencing hardship.	<p>In 2015, two applications were made under the Discretionary Policy. One application was paid and discharged the remaining council tax liability for a working age applicant. The other application was withdrawn by the applicant who recognised their income was significantly high.</p> <p>During 2016, only one application has been received which was granted to the same applicant from 2015 whose circumstances had not changed since 2015.</p>		

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
			The fact that there has been no increase in applicants with disabilities presenting to the Discretionary Scheme would indicate that the 15% Council Tax charge is being managed by this group.		

Review

In this section you should identify how frequently the EIA will be reviewed; the date for next review; and who will be reviewing it.

The EIA will be reviewed at annual intervals or earlier if the Council Tax Support scheme is reviewed earlier than September 2016.

London Borough of Havering

Summary of Council Tax Support Scheme 2017

Introduction

Each local authority is required by Section 9 of the Local Government Finance Act 2012 (the Act) to produce a Scheme to reduce the liability of working age applicants whom it considers to be in financial need.

This document summarises the proposed Council Tax Support Scheme 2017 (2017 Scheme) which the Council has produced in accordance with Schedule 4 of the Act. The full version of **The London Borough of Havering Local Council Tax reduction Scheme 2017-18** can be found at www.havering.gov.uk/CTSupportdoc2017/18

The Council's local Scheme will have due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

Havering's 2017 Scheme has been interpreted and applied in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which set out matters that must be included in the 2017 Scheme.

Summary of Council Tax Support Scheme from April 2017

From April 2017, the 2017 Scheme will adopt the existing Council Tax Support Scheme in place at 31 March 2017 as summarised in this document.

In this document 'the current Scheme' means Havering's existing Council Tax Support Scheme which was adopted in January 2013 and then amended with effect from April 2014, April 2015 and again with effect from April 2016.

Unless expressly stated otherwise, the provisions outlined below relate solely to working age applicants under the current Scheme.

No amendments are proposed to the 2017 Scheme which effectively adopts the current Council Tax Support Scheme for 2016.

This document summarises the Council's proposed Scheme for eligible working age Council Tax Payers to receive Council Tax Support in 2017.

The Scheme applicable to pensioners is fully defined in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, and Schedules 1 to 6, which is adopted within the 2017 Scheme.

The procedure for the application and calculation of the 2017 Scheme is summarised below and is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The principles embodying the Local Council Tax Support Scheme 2017 include:

- An expectation that the Council will manage significant reductions in subsidised expenditure.
- Adherence to Regulations which have been set to protect claimants of pensionable age.
- Consultation on changes to the Scheme will take place with precepting authorities and the public.
- The Council will adopt the final Scheme before 31 January 2017
- The Council aims to protect vulnerable groups.
- In reviewing Schemes, the Council will consider incentivising claimants into work.

The Local Council Tax Support Scheme 2017 includes the following information:

- Introduction and definitions
- Provisions relating to entitlement under the Scheme
- Applicable amounts
- Maximum Council Tax Support or Reduction
- Amount of reduction under the Scheme
- Assessment of Income and Capital under the Scheme
- Students
- Applications
- Extended reductions
- Period of entitlement and changes of circumstances
- Schedules

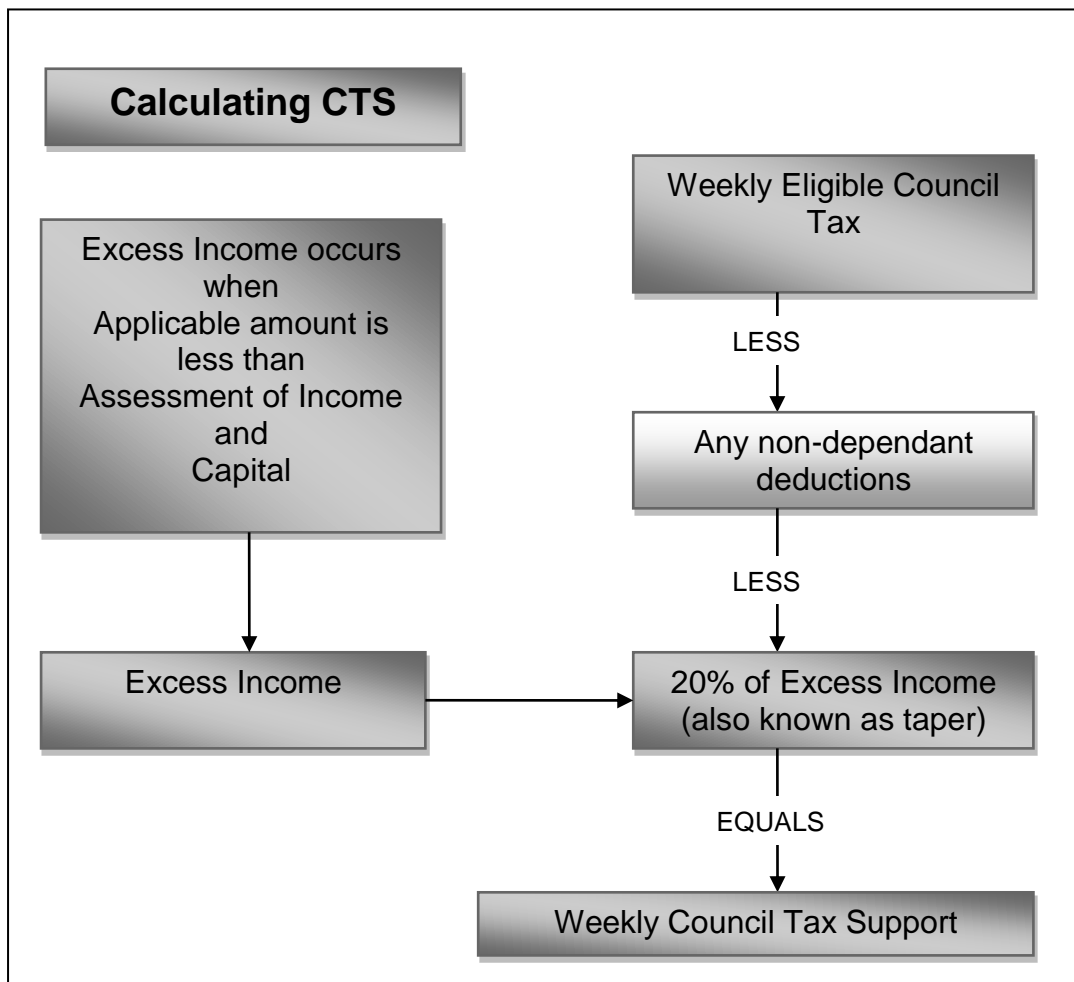
The Council Tax Support Calculation

The starting point for all calculations of Council Tax Support is the claimant's 'maximum benefit'. This is the claimant's weekly eligible Council Tax less any non-dependant deductions that apply. From April 2015 the maximum benefit figure for working age claimants changed from 100% of their council tax liability to 85% of their Council Tax liability. This means that every working age household must pay a minimum charge of 15% towards their Council Tax Bill.

Income and capital are compared to the claimant's applicable amount. The amount used to represent the claimant's needs is called the applicable amount. Any income over the applicable amount is known as the Excess Income.

The claimant qualifies for maximum support less 20% of any excess income figure. The 20% reduction to the maximum benefit is known as a taper.

Claimants in receipt of Job Seeker's Allowance and Income Support have already been assessed by the Department for Work and Pensions (DWP) as having income lower than their applicable amount and so will receive maximum Council Tax Support less any non-dependant deductions.



Non-Dependant Deductions

A non-dependant deduction is an amount of council tax that is due from the CTS claimant because there is another adult (non-dependant) who receives an income, who is not the claimant's partner, living in the household. This reduces the amount of CTS a claimant will receive which is described in paragraph 30(A) of the 2017 Scheme.

The non-dependant deductions in respect of a day referred to in the CTS Scheme shall be—

- (a) *in respect of a non-dependant aged 18 or over in remunerative work, £20.00 x 1/7;*
- (b) *in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £6.00 x 1/7.*

(1) In the case of a non-dependant aged 18 or over to whom paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—

- (a) *Less than £196.95*, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);
- (b) *Not less than £196.95 but less than £341.40*, the deduction to be made under this regulation shall be £9.00;
- (c) *Not less than £341.40 but less than £424.20*, the deduction to be made under this regulation shall be £15.00.

(c) *More than £424.20*, the deduction shall be £20.00

Council Tax Support Band D Restriction for Working-Age Claimants

Since April 2014, the eligible weekly council tax used to calculate Council Tax Support for working-age claimants will be no higher than the weekly Council Tax Band D value for a property in Havering.

Paragraph 29A(1) of the CTS Scheme 2017 provides that:

- (1) Subject to paragraphs (2) to (5), the amount of a person's maximum council tax support in respect of a day for which he is liable to pay council tax, shall be 85 per cent of the amount A/B where—
 - (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
 - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).
- (2) In calculating a person's maximum council tax benefit any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.
- (3) The level of any Council Tax Support awarded shall be restricted to the level of band D
- (4) Subject to paragraph (5), where a claimant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the claimant who is a student to whom regulation 45(2) (students who are excluded from entitlement to council tax benefit) applies, in determining the maximum council tax benefit in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.
- (5) Where a claimant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (4) shall not apply in his case.

Maximum Council Tax Support is 85% of the annual Council Tax

Since April 2015, Maximum Council Tax Support for working age claimants is 85% of their Council Tax Liability.

This means that every working age household has to pay a minimum charge of 15% of their Council Tax Bill.

Paragraph 29A of the CTS Scheme 2017 provides that:

(1) Subject to sub-paragraphs (2) to (4), for persons in classes D to E in this Scheme a person's maximum council tax reduction amount in respect of a day is 85 per cent of the amount A/B where—

(a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

(b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under paragraph 30A (non-dependant deductions: persons who are not pensioners) and any award restricted to the level of Band D

Capital Limit £6,000.

From April 2015, the amount of savings and investments people are allowed to have and still be entitled to claim CTS is £6,000.

From April 2015, applicants who have more than £6,000 in savings or investments are not eligible to claim and will therefore have no entitlement to CTS. Applicants in receipt of Income Support, Job Seeker's Allowance (Income Based) or Employment Support Allowance (income related) are excluded from the £6,000 savings limit and are therefore eligible to claim CTS.

Applications for Council Tax Support

The application process applies to both pension-age and working-age applicants

The following procedure has been devised in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below.

Entitlement to CTS is dependent on an application being made:

- (a) By means of an electronic communication or
- (b) By telephone following publication by the Council of a number for this purpose.
- (c) In writing

The electronic form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and may further require that further information and evidence is provided by the applicant.

An application will not be considered if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be accepted if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will allow a certain length of time for applicants to correct any defects in their application.

The Regulations provide for which classes of people are eligible to make application for Council Tax Support.

Evidence and Information

Any person who makes an application or any person to whom a reduction under the CTS Scheme 2017 has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person's entitlement.

Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which the Council must be made aware of.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations.

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

Amendment and Withdrawal of Applications

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

Decisions by the Council

The Council will make a decision in respect of any application for a reduction under this Scheme in accordance with the criteria set out within the CTS Scheme 2017 rules.

The decision will be made within 14 days or as soon as reasonably practicable of the Council receiving at its designated office the properly completed application or the information requested to complete it or the evidence required. The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its decision under the Scheme in writing or electronically within 14 days or as soon as reasonably practicable.

An Applicant may, within one calendar month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter contained in the notice.

Following receipt of a request for a written statement the Council will provide this within 14 days or as soon as reasonably practicable thereafter.

Where an award or payment of reduction is made the time and manner of granting the reduction under the Scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

Change of Circumstances

For working-age Claimants, the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

Procedure for making an Appeal

Any applicant who is not in agreement with the decision of the Council taken under this Scheme may serve a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- (1) Consider the appeal
- (2) Notify the applicant in writing of the following:
 - (i) Any decision not to uphold the appeal and the reasons for that; or
 - (ii) That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

Applications for further Discretionary Reductions

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by the rest of the council taxpayers.

Applications must be made in writing or by prescribed electronic communications.

The Council will, in making decisions for further discretionary reductions, have due regard to its duties under The Child Poverty Act 2010, The Housing Act 1996, and The Equality Act 2010.

The Council will review all relevant matters when deciding whether to award a reduction including, but not limited to:

- The circumstances of any other person with whom the applicant is jointly and severally liable for Council Tax.
- The overall financial situation of the applicant and the applicant's family.
- The effect the council believes making an award will have on the applicant and any members of the applicant's family.
- Protecting the public purse and maintaining financial budgets.

A person who applies for a discretionary reduction may request that the Council review its decision. Any such request must be made in writing and be received within one month of the date the notification of the decision.

COUNCIL, 25 JANUARY, 2017

REPORT OF THE AUDIT COMMITTEE

NATIONAL SCHEME FOR AUDITOR APPOINTMENTS

At its meeting on 29 November 2016 the Audit Committee considered a report (attached) which set out the options for the appointment of external auditors from 1 April 2018.

Under the Local Audit and Accountability Act 2014 and associated Regulations, the Council had been contacted by Public Sector Audit Appointments (PSAA) who were an independent, not for profit company established by the Local Government Association and specified by the Secretary of State as an 'appointing person' for external auditors. The Council had been invited by PSAA, along with all other Local Authorities, to opt in to a sector led arrangement so that PSAA could enter into a number of contracts with appropriately qualified audit firms and appoint a suitable company to be the Council's auditor.

This would allow a number of benefits for the Council including the appointment of a suitably qualified and registered auditor, compliance with contractual and independence requirements and lower overall procurement costs.

Officers were unable to recommend either of the other available options – the establishment by the Council of individual or joint auditor panels since both these options would be more resource intensive processes to implement and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process.

The Audit Committee accordingly recommends to Council that it:

1. **Accepts** Public Sector Audit Appointments invitation to 'opt in' to the sector led option for the appointment of external auditors commencing 1 April 2018, for the financial years of the contracts let in accordance with the PSAA procurement strategy; (5 years as currently proposed);
2. **Delegates** to the Section 151 Officer authority to give notice to the PSSA that the invitation is accepted

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AUDIT COMMITTEE

29 November 2016

Subject Heading:

Decision to opt in to the National Scheme for Auditor Appointments

CMT Lead:

Jane West, Managing Director, oneSource

Report Author and contact details:

David Hogan, Head of Assurance
Tel: 0203 045 4943
Email: david.hogan@bexley.gov.uk

Policy context:

The Local Audit & Accountability Act 2014 sets out the arrangements for the appointment of Auditors. The Council has been invited to opt into the sector led option by Public Sector Appointments.

Financial summary:

Current audit fees are £189k per annum. Fees for 18/19 onwards will be dependent on market forces but large scale contracts procured through PSAA are expected to bring economies of scale and attract keener prices than a smaller scale competition.

The subject matter of this report deals with the following Council Objectives

SUMMARY

This report sets out the proposals for appointing the external auditor to the Council for the 2018/19 accounts and beyond, as the current arrangements only cover up to and including 2017/18 audits. The auditors are currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

It is likely that a sector-wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement undertaken locally. Use of PSAA will also be less resource intensive than establishing and operating an auditor panel and conducting a direct local procurement.

RECOMMENDATIONS

For the reasons set out in this report, the Audit Committee recommends to Council:

- (a) It accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors commencing 1 April 2018, for the financial years of the contracts let in accordance with their procurement strategy. (5 years is currently proposed).
- (b) If (a) is agreed, delegates to the Section 151 Officer, authority to give notice to the PSSA that the invitation is accepted.

REPORT DETAIL

The Local Audit and Accountability Act 2014 (the Act) brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for authorities to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.

In July 2016 PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State. PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA.

PSAA is inviting the Council to opt in, along with all other authorities, so that PSAA can enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor.

The principal benefits from such an approach are as follows:

- PSAA will ensure the appointment of a suitably qualified and registered auditor and expects to be able to manage the appointments to allow for appropriate groupings and clusters of audits where bodies work together;
- PSAA will monitor contract delivery and ensure compliance with contractual requirements, audit quality and independence requirements;
- Any auditor conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon;

- It is expected that the large scale contracts procured through PSAA will bring economies of scale and attract keener prices from the market than a smaller scale competition;
- The overall procurement costs would be expected to be lower than an individual smaller scale local procurement;
- The overhead costs for managing the contracts will be minimised though a smaller number of large contracts across the sector;
- There will be no need for the Council to establish alternative appointment processes locally, including the need to set up and manage an 'auditor panel', see below; and
- A sustainable market for audit provision in the sector will be easier to ensure for the future.

The Council's current external auditor is Ernst and Young, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract was novated to PSAA. Over recent years authorities have benefited from a reduction in fees in the order of 55% compared with fees in 2012. This has been the result of a combination of factors including new contracts negotiated nationally with the audit firms and savings from closure of the Audit Commission. The Council's current external audit fees are £168,022 per annum for the main accounts, and £21,000 for the pension fund.

The proposed fees for the subsequent years cannot be known until the procurement process has been completed, as the costs will depend on proposals from the audit firms.

The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all audit firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council.

If the Council did not opt in there would be a need to establish an independent auditor panel. In order to make a stand-alone appointment the auditor panel would need to be set up by the Council itself. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit.

Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Neither of these options is recommended. Both options would be more resource intensive processes to implement and without the bulk buying power of the sector led procurement, would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process.

PSAA has now formally invited this Council to opt in. Details relating to PSAA's invitation are provided in an Appendix to this Report.

In summary the national opt-in scheme provides the following:

- The appointment of a suitably qualified audit firm for each of the contracted financial years commencing 1 April 2018;
- Appointing the same auditor to other opted in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA will seek views from the sector to help inform its detailed procurement strategy;
- Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise;
- Minimising the scheme management costs and returning any surpluses to scheme members;
- Consulting with authorities on auditor appointments;
- Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity and audit risk; and
- Ongoing contract and performance management of the contracts once these have been let.

IMPLICATIONS AND RISKS

The principal risks are that the Council fails to appoint an auditor in accordance with the new frameworks or does not achieve value for money in the appointment process. These risks are considered best mitigated by opting in to the sector led approach through PSAA.

Financial implications and risks:

There is a risk that current external fees levels could increase when the current contracts end in 2018.

Opting-in to a national scheme provides maximum opportunity to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering in to a large scale collective procurement arrangement.

If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees for 2018/19. However, any such financial implications arising will be raised through the appropriate channels as the needs arise.

Legal implications and risks:

Under the Local Audit and Accountability Act 2014, the Council is under a duty to appoint a local auditor and have an auditor panel (s.7 and s.9). The body of the report sets out the legal framework for the appointment of a local auditor, the establishment of PSSA as an appointing person by the Secretary of State and the alternatives to “opting in” to the PSSA option under the 2014 Act).

The Committee is asked to recommend to full Council that it exercises its power under Regulation 9 of the Local Audit (Appointing Person) Regulations 2015 to accept the invitation of PSSA (made under regulation 8) to be the appointing person for this Council. Under regulation 19, the decision to accept an invitation made under Regulation 8 must be made by the Council and cannot be delegated.

The Council must exercise this power rationally taking into account the relevant information; the report clearly the benefits and risks of this option and the alternative options if the invitation is not accepted. Section 12 makes provision for the failure to appoint a local auditor: the Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

Under regulation 9, the Council accepts the invitation by giving notice to the PSSA by the closing date within the invitation. If so, the Council becomes an opted in authority from the date of the notice and for the period stated in the invitation. For the avoidance of doubt, it is advised that Committee recommend to Council delegate the function of giving notice to an officer.

Human Resources implications and risks:

N/A

Equalities implications and risks:

This is a statutory requirement with no equalities implications.

BACKGROUND PAPERS

None.

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27 October 2016

Email: appointingperson@psaa.co.uk

Andrew Blake-Herbert
London Borough of Havering Council
Town Hall
Main Road
Romford Essex RM1 3BD

Copied to: Andrew Blake-Herbert, Group Director Of Finance And Community, London
Borough of Havering Council
Daniel Fenwick, Director of Legal and Governance, London Borough of
Havering Council

Dear Mr Blake-Herbert

Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at appointingperson@psaa.co.uk.

Yours sincerely



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

High quality audits

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

Procurement strategy

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

Auditor appointments and independence

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

Fee scales

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

Timetable

In summary, we expect the timetable for the new arrangements to be:

- | | |
|---|-------------------------|
| • Invitation to opt in issued | 27 October 2016 |
| • Closing date for receipt of notices to opt in | 9 March 2017 |
| • Contract notice published | 20 February 2017 |
| • Award audit contracts | By end of June 2017 |
| • Consult on and make auditor appointments | By end of December 2017 |
| • Consult on and publish scale fees | By end of March 2018 |

Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: appointingperson@psaa.co.uk.

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

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Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your authority's formal notice of acceptance of the invitation to opt into the appointing person arrangements)

To: appointingperson@psaa.co.uk

Subject: [Name of authority]

Notice of acceptance of the invitation to become an opted-in authority

This email is notice of the acceptance of your invitation dated 27 October 2016 to become an opted-in authority for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that [name of authority] has made the decision to accept your invitation to become an opted-in authority in accordance with the decision making requirements of the Regulations and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: [Name of signatory]

Title: [Role title] (authorised officer)

For and on behalf of: [Name of authority]

Date:

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COUNCIL, 25 JANUARY 2017

REPORT OF GOVERNANCE COMMITTEE

AMENDMENTS TO THE CONSTITUTION – OVERVIEW & SCRUTINY PROCEDURE RULES

At its meeting on 11 January 2017, Governance Committee considered a report which proposed an amendment to the Overview & Scrutiny Procedure Rules to enable recommendations on proposals for development to be submitted directly to Cabinet or Council for consideration, without prior consideration by the Overview & Scrutiny Board.

The rationale for the proposal was to ensure that Overview & Scrutiny recommendations are brought to the attention of Cabinet or Council in a timely manner.

The Governance Committee accordingly recommends to Council that it approves the revisions to the Overview & Scrutiny Procedure Rules as set out in the appendix to this report.

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Appendix

SUBJECT: AMENDMENTS TO CONSTITUTION

Date: 25 January 2017

Part and article/ section	Page ref	Substance of amendment / amended wording	Reason for amendment
Part 4, Rules of Procedure. Overview & Scrutiny Rule 11		<p>Reports to Council & Cabinet Amend wording as follows:</p> <p>(a) Once it has formed recommendations on proposals for development, the Overview and Scrutiny Sub-Committees will prepare a report and submit it to (the Overview and Scrutiny Board who will then submit it to) the proper officer for consideration by the Council or by the Cabinet as appropriate.</p> <p>(b) If an Overview and Scrutiny Sub-Committee cannot agree on one single final report to the Council or Cabinet as appropriate, then up to one minority report may be prepared and submitted for consideration by the Council or Cabinet with the majority report.</p> <p>(c) As soon as possible after the Sub-Committee Overview and Scrutiny Board has prepared the report, the proper officer shall serve a copy of it upon the relevant Cabinet Member.</p> <p>(d) The Council or Cabinet must consider the report of the Overview and Scrutiny Sub-Committee Board within two months of it being submitted to the proper officer.</p> <p>(e) Reports of Overview and Scrutiny Sub-Committees Board referred to the Cabinet shall be considered by the Cabinet within two months of the meeting of the Overview and Scrutiny Sub-Committee at which its report and recommendations are agreed.</p>	Need to revise process to ensure Overview & Scrutiny decisions are brought to the Executive in a timely manner

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FULL COUNCIL, Wednesday 25 January 2017

MEMBERS' QUESTIONS

Air Pollution

1) To the Cabinet Member for Environment, Regulatory services & community Safety

From Councillor Reg Whitney

Would the Cabinet Member confirm that Havering is not breaching legal limits on air pollution and how it ranks against other London Boroughs

Litter Thrown from Cars

2) To the Cabinet Member for Environment, Regulatory Services & Community Safety

From Councillor John Glanville

Given that English councils are to be given the legal power to punish car owners who let litter be thrown from their cars and some London boroughs already have this power, will Havering Council be using this power?

The Local Plan and Parking Provision

3) To the Cabinet Member for Environment, Regulatory Services & Community Safety

From Councillor David Durant

Due to Government/GLA policy of "housing targets" developers are submitting plans "within the rules" that provide not enough resident and almost no visitor parking and clearly this policy relies on adjoining roads providing the overspill parking. In view of this will the Cabinet Member for Regulatory Services recommend a change to the Local Plan and require highway contributions from developers to assist with the provision of more parking to help replace the national policy of "housing targets" with a local policy of "sustainable housing".

The Future of the Harold Hill Crown Post Office

4) To the Cabinet Member for Environment, Regulatory Services & community Safety

From Councillor Keith Darvill

What representations have been made to Post Office Limited and the Minister for Postal Affairs about the proposal to close the Harold Hill Crown Post Office in Farnham Road?

Under Occupation of Council Properties

5) To the Cabinet Member for Housing From Councillor June Alexander

Would the Cabinet Member confirm what proactive steps are being taken to encourage the near 400 single council tenants living in 3 plus bedrooms to downsize.

RIPA Powers

6) To the Leader of the Council

From Councillor Ian de Wulverton

Has Havering used the Regulation of Investigatory Powers Act (RIPA) powers, to gather information on the residents of Havering? If so when and what where they used for?

Conservation Areas

7) To the Cabinet Member for Environment, Regulatory Services & Community Safety

From Councillor Keith Roberts

Due to the growth in 'try on' applications to build in our Conservation Areas can the Cabinet Member for Regulatory Services assure Council that Conservation Area rules will be applied and if necessary strengthened to ensure only schemes that enhance rather than undermine our Conservation Areas will be recommended for approval?

Blue Badge Fraud

8) To the Cabinet Member for Environment, Regulatory services & Community Safety

From Councillor Barbara Matthews

In order that genuine users of Blue Badges can use them and to protect council revenue, would the Cabinet Member confirm over the past three years how many exercises have been carried to catch those misusing Blue Badges and how many Blue Badges have been confiscated and/or users prosecuted.

Orchard Village

9) To the Cabinet Member for Housing

From Councillor Phil Martin

At the last Full Council there was a motion put before the council to ensure that measures were adopted to deal with the repeated failure of the Orchard Village developers to put right their many failures which have been publicised in the Local and National Press, and on prime time television and which shows no sign of abating. What steps, if any, has the Administration taken to assist the residents of this appalling development whose lives have been blighted by the sub- standard building work that has taken place there?

GLA Precept and Police Budget

10) To the Cabinet Member for Environment, Regulatory Services & Community Safety

From Councillor Graham Williamson

According to BBC News and reports in the Evening Standard the Mayor of London Sadiq Khan will increase the GLA precept on council tax bills by 1.99% to meet a shortfall in police budget of £17.4m which he claims has been imposed by the Government. If so will the Cabinet Member for Public Safety make representations to the Mayor seeking the withdrawal of the short-sighted proposals to save money by merging/reducing the Police Borough Commanders of Havering, Redbridge and Barking and Dagenham from 3 to 1?

Harrow Lodge Park

11) To the Cabinet Member for Culture & Community Engagement

From Councillor Jody Ganly

Would the Cabinet Member confirm what steps he has taken to ensure that the council and Thames Water have carried out their promises at Harrow Lodge Park, and in particular, the de-silting of the main sewer.

Tribunal Cases Affecting the Council

12) To the Leader of the Council

From Councillor Lawrence Webb

In the last eighteen months how many non-housing related court and tribunal cases has the Council been involved in?

Please provide the details of those initiated by the council itself and those that the council were defending, how many were won and lost and the cost both in fees and compensation.

Council House Repairs

**13)To the Cabinet Member for Housing
From Councillor Stephanie Nunn**

Given that the overwhelming majority of council properties have now reached the Decent Homes standards, would the Cabinet Member explain why with less than 10,000 council properties, they generate 40,000 plus repair requests in a year?

Academic Performance in the Borough

14)To the Cabinet Member for Children & Learning

From Councillor Julie Wilkes

The London Borough of Havering always had an excellent reputation in terms of educational performance, so would the Cabinet Member explain why Havering has been allowed to fall in the OFSTED league tables in both primary and secondary education and was also forced by Central Government to convert the Pupil Referral Unit into an academy because of its failings?

Transport for London Proposals in the Local Implementation Plan

**15)To the Cabinet Member for Environment, Regulatory Services & Community
Safety**

From Councillor Ray Morgon

At the July 2016 Cabinet meeting, the Leader of the Opposition received assurance that before any proposal was submitted to TFL under the Local Implementation Plan that any proposed submission would be discussed with the appropriate wards Councillors. Would the Cabinet Member explain why this did not happen?

COUNCIL, 25 January 2017

A MAYOR OF LONDON

Motion on behalf of the Independent Residents' Group

When the Greater London Authority (GLA) was set-up it had more limited powers. It is presided over by an Elected Mayor. In recent years the GLA has acquired more powers including over housing prompting concerns about the democratic status of the Elected Mayor and their powers to overrule local planning decisions. Indeed how is it possible for one person elected on about 20% of the registered vote to be held accountable on the many issues that matter in a city the size of London?

Thus this Council agrees the post of Elected Mayor (Leader) of London should be abolished and replaced with the Cabinet system, in which the Elected Assembly elects the Leader as we do in Havering and calls on the Council Leader to seek support for this change from other London councils.

B SOLAR PARKS

Motion on behalf of the United Kingdom Independence Party Group

This Council recommends that the Executive conducts a poll before deciding whether or not to introduce Solar Parks at both Dagnam Park and Gerpins Lane.

Amendment by the Conservative Group

This Council notes that the Executive will consider carefully all responses to consultation before deciding whether or not to introduce Solar Parks at both land adjacent to Dagnam Park and land at Gerpins Lane and that if the solar farm project contained in the Medium Term Financial Strategy agreed by the Council does not proceed further substantial savings will be required.

Amendment by the Independent Residents' Group

Many residents have no inclination to support a wind or solar farm as they are viewed as an environmental blight on the landscape and because they're promoted on the back of a fraud called "man made climate change", but council plans for a solar farm in Dagnam Park, Harold Hill and on land off Gerpins Lane, nr Rainham are proposed to raise money to provide council services, but are they financially viable following cuts in government subsidies for ground based solar farms?

Council, 25 January 2017

Thus this Council calls on the Executive to investigate the full environmental and amenity costs and financial viability before progressing any plans for solar farms in Havering.

Amendment by the Labour Group

This Council opposes the Executive proposal to introduce a Solar Park at Dagnam Park.

C TERMS AND CONDITIONS REVIEW

Motion on behalf of the Independent Residents' Group

This Council agrees the way to deliver the budget strategy agreed by Council to cut the wage bill by £500,000 is by for example reducing wages by 1% across the board starting at the top and then down until the target is met. No one likes a wage cut but if unavoidable due to further cuts in government funding that is the straight forward we're all in it together and fair way to do it and vital to maintaining staff morale and jobs, whereas robbing Peter to pay Paul is simply bad politics in the present difficult circumstances.

Also Council agrees the review of terms and conditions costing £512,000 so far to conduct is a separate and secondary matter entirely as an honest review could result in an increase in the wage bill. But because it's being conducted to reduce the wage bill, it means experienced and qualified staff are failing "the interview" with many feeling a great sense of injustice, demoralised and taking redundancy (another cost) as a result. And many lower paid staff are suffering disproportionately due to changes in allowances. Changes in terms and conditions should be oiled with a pay rise, not imposed unfairly to deliver a pay cut.

And therefore Council calls on the Executive not to conflate the review of terms and conditions with the budget strategy to deliver a £500,000 cut in the wage bill.

Amendment by the Conservative Group

This Council notes that the two fundamental objectives of the review of employee terms & conditions of employment (T&Cs) are to: modernise our approach to working arrangements, pay structures and job evaluation, replacing existing T&Cs that are inconsistent, outdated or do not assist the delivery of services; and to create annual savings of at least £500,000 on the Council's non-schools corporate pay bill, as previously agreed as part of the Council's budget strategy. Whilst an across the board % reduction in salaries could achieve the savings target, it would not modernise our working arrangements and in particular would leave in place a range of inconsistent T&Cs that our staff and trade unions have previously identified as in need of modernisation. It is also essential that those working arrangements are modernised in order to ensure that we meet our obligations with regard to equalities and equal value.

Council, 25 January 2017

This Council values the contribution and commitment made by all staff to the delivery of good quality public services. Whilst change proposals of this order will unfortunately lead to some staff experiencing a reduction in pay, this Council notes that the contractual impact of the Council's proposals means that more than two out of every three staff will either be unaffected or will be slightly better off. This Council also notes that a significant period of pay protection will be applied to those staff who experience a reduction in pay to help support them through the transformation

In noting these matters this Council reaffirms the decision agreed at the Full Council meeting on 30th March 2016 that authority is delegated to the Governance Committee to approve proposals which were likely to arise from the review of T&Cs, noting the amendment to the terms of reference of the Governance Committee within the Constitution as set out at paragraph 97 on page 180C of the minutes of that meeting.

D OLYMPIC AND PARALYMPIC GAMES PRECEPT

Motion on behalf of the Joint Administration

Under an agreement between the GLA and the government of the time, from 2006/07 Council Tax payers across London were required to contribute £625m towards the cost of the 2012 Olympic and Paralympic Games. This was equivalent to an annual charge of £20 per household (Band D) which was collected by the GLA via an Olympic Precept included in council tax bills. In 2016/17 the final instalment of the £625m was paid and Council Tax payers saw the £20 precept reduce to £8 accordingly.

As the full £625m had been paid off, the expectation was that the remaining £8 would be returned to Council Tax payers in 2017/18. However, the draft 2017/18 GLA budget does not propose to return this sum.

Furthermore, while the Games were a great success and enjoyed by many, the precept meant that Havering Council Tax payers contributed some £16m towards the Games with little or no quantifiable benefit to our residents.

Our council faces significant financial pressures, such as Social Care, demographic growth and Housing which is made even more challenging when set against substantial reductions in local government funding.

As such, this Council calls upon the Mayor of London to honour the original agreement which ring-fenced the £20 precept for the Olympic and Paralympic Games and as the financial obligation has been met, the remaining £8 should be returned to Council Tax payers in 2017/18 to help fund council services to our residents.'

Amendment by the Independent Residents' Group

(Proposed amended wording shown in bold for clarity).

Under an agreement between the GLA and the government of the time, from 2006/07 Council Tax payers across London were required to contribute £625m towards the cost of the 2012 Olympic and Paralympic Games. This was equivalent to an annual charge of £20 per household (Band D) which was collected by the GLA via an Olympic Precept included in council tax bills. In 2016/17 the final instalment of the £625m was paid and Council Tax payers saw the £20 precept reduce to £8 accordingly.

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Our council faces significant financial pressures, such as Social Care, demographic growth and Housing which is made even more challenging when set against substantial reductions in local government funding.

As such, **this Council calls on the Executive to ascertain whether withholding the return of this overpayment is lawful and if not instruct the legal department to seek the return of said monies** and calls on the Mayor of London to honour the original agreement which ring-fenced the £20 precept for the Olympic and Paralympic Games and as the financial obligation has been met, the remaining £8 should be returned to Council Tax payers in 2017/18 to help fund council services to our residents.'