



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 8 February 2017
(7.30 - 8.50 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Damian White	Housing
Councillor Robert Benham	Children & Learning
Councillor Wendy Brice-Thompson	Adult Social Services and Health
Councillor Osman Dervish	Environment, Regulatory Services and Community Safety
Councillor Melvin Wallace	Culture and Community Engagement
Councillor Clarence Barrett	Financial Management, ICT (Client) and Transformation
Councillor Ron Ower	Housing Company Development and OneSource Management
Councillor Joshua Chapman	Deputy Cabinet Member assisting Cabinet Member for Housing
Councillor Jason Frost	Deputy Cabinet Member assisting Cabinet Member for Environment, Regulatory Services & Community Safety

Councillors, Keith Dervill, David Durant David Johnson, Denis O'Flynn and Ray Morgon were also in attendance.

All decisions were agreed unanimously with no Member voting against

90 **ANNOUNCEMENTS**

Through the Chairman, an announcement was made explaining the evacuation procedures in the event of an emergency.

91 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

92 **DISCLOSURES OF INTEREST**

There were no declarations of interest.

93 **MINUTES**

The minutes of the meeting held on 18th January, 2017 were agreed as a correct record and signed by the Chairman.

94 **THE COUNCIL'S BUDGET 2017/18**

The Leader of the Council, Councillor Roger Ramsey presented the report to Cabinet detailing the Council's Budget 2017/18. Attention was drawn to two supplementary agendas and the reports therein which were deemed crucial for the budget setting process. Cabinet agreed to receive the late reports.

The report was the latest in a line of three, developing those considered at Cabinet in December, 2016 and January 2017 and it finalised the budget strategy and updated Members on outstanding matters including the Council Tax Base, Business Rates Yield, levies and precepts.

An increase of 1.95% in Council Tax and a precept of 2% for Adult Social Care are required to balance the budget.

The results of the public consultation exercise conducted in January, 2017 demonstrated that 60% of respondents agreed with the direction of the budget strategy. The top three priorities were highlighted as Schools and Education, Adult Social Care and Roads and Transport.

There are issues nationwide regarding the impact of a growing older population and these issues are at the forefront of the Councils decision making process at a time when resources are reducing.

The final confirmation of the GLA precept is expected at the meeting of the Greater London Assembly on 20th February, 2017 and any updates will be received thereafter.

Consideration was given to the report in detail. The Council's vision and corporate plan provides central focus and this will continue to ensure the Council fulfils its aspirations.

Havering continues to develop working partnerships especially with Newham and Bexley in which there are significant savings as a result. Economic factors continue to impact. It was noted that Havering will continue to experience a rapid reduction in its Government grant settlement. Over the past year £17 million in savings have been secured and the coming year will also have a robust budget. Consideration was given to the

Overview and Scrutiny Board note to Cabinet included in the first supplementary agenda.

It was acknowledged that difficult decisions will be needed in future years to balance the budget.

The Government Grant settlement results in Havering receiving a much lower level of grant funding than geographical neighbours. Specific grants were detailed in the report. The Education Services Grant has been greatly reduced showing a shortfall against the initial 2016/17 grant of at least £0.086 million. The Public Health Grant has been confirmed as per last year's provisional figures representing a £0.284 million reduction in funding.

The levy for ELWA is set to increase as the cost of waste increases nationwide.

Consideration was given to Appendix L detailing Fees and Charges and the tables representing the budget gap highlighted. The budget strategy accounts for the annual increase in council tax income. Forthcoming changes regarding temporary accommodation will impact and will need to be looked at further during 2017/18.

The Capital Programme was discussed in detail by Cabinet at the meeting in January and an extension of the Capital Strategy was approved. The Capital Programme was detailed fully at Appendix I.

Cabinet, agreed to receive the late reports set out in the two supplementary Agendas due to the need to balance the Council's policies, statutory requirements, government initiatives, inspection regimes and Council Tax levels and:

1. **Approved** the new Vision set out in **Appendix K** of the report which will be the framework for the Council's Corporate Plan, service planning and the context in which future financial strategies will be developed.
2. **Approved** the mitigating action plans referred to in paragraph 3.13 and Appendix A2. of the report.
3. **Approved** the income generation and savings proposals as set out in Appendix A1 of the report.
4. **Considered** the advice of the Chief Finance Officer as set out in Appendix H of the report in recommending the Council budget.
5. **Approved** the following budgets for 2017/18:
 - The Council's General Fund budget as set out in Appendix E.
 - The Delegated Schools' draft budget set out in Appendix F
 - The Capital Programme as set out in Paragraph 3.25 and Appendix I,

6. **Delegated** to the Chief Financial Officer, the implementation of the 2017/18 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities are required.

7. **Agreed** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.

8. **Delegated** authority to the Chief Financial Officer in consultation with the Cabinet Member for Financial Management to determine the projects that will be included in the proposed £5m efficiency programme contained within the Capital Programme.

9. **Agreed** that the relevant Cabinet Member, in consultation with the Cabinet Member for Financial Management, be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved under the block programme allocations or delegation arrangements set out in the report.

10. **Agreed** that to facilitate the usage of unringfenced resources, the Chief Financial Officer in consultation with Service Directors will review any such new funds allocated to Havering; make proposals for their use; and obtain approval by the Cabinet Member for Financial Management.

11. **Delegated** to the Chief Financial Officer in consultation with Service Directors the authority to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation with Cabinet Members as appropriate.

12. **Approved** the schedule of proposed Fees and Charges set out in Appendix L of the report with any recommended changes in year being implemented under Cabinet Member delegation.

13. **Agreed** that if there are any changes to the GLA precept and/or levies, the Chief Financial Officer is authorised to amend the recommended resolutions accordingly and report these to Council on 22 February 2017.

14. **Cabinet will recommend to Council for consideration and approval:**

- The General Fund budget for 2017/18
- The Council Tax for Band D properties and for other Bands of properties,
- all as set out in Appendix E, as revised and circulated for the Greater
- London Authority (GLA) Council Tax.
- The Delegated Schools' budget for 2017/18, as set out in Appendix F.
- The Capital Programme for 2017/18 as set out in paragraph 3.25 and supported by Annexes 2, 3 and 4 of Appendix I.

15. It was also **agreed** that **Cabinet will recommend to Council** that it pass a resolution as set out in section 3.29.5 of the report to enable Council Tax discounts to be given at the 2016/17 level.

Reasons for the Decision

The Council is required to set a budget for 2017/18 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

There were no alternative options in so far as setting a budget is concerned. However, there were options in respect of the various elements of the budget. These were considered in preparing the budget and cover such things as alternative savings proposals, the totality of budgetary pressures and different levels of Council Tax.

95 **THE HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2017/2018 AND HRA MAJOR WORKS CAPITAL PROGRAMME 2017/18 - 2020/21**

Councillor Damian White presented the report to Cabinet detailing the HRA and HRA Major Works Capital Programme. It was noted that the proposed budget will allow the Borough to manage the Council's Housing stock to a reasonable standard, maintain the existing stock and provide funding for a substantial new build and Estate Regeneration Programme.

Rents and services charges have been set and are outlined in the report. In accordance with government policy, rents are to be reduced by 1% from the week commencing 3rd April, 2017.

This will result in a year on year reduction in annual income to the HRA for four years. To mitigate this, significant steps have been taken to reduce the costs and improve the efficiency of the Housing Service across the board. It is important that those receiving services are those receiving them. Cabinet noted the table of service charges set out at paragraph 2.2.2 of the report. The proposals for support services were also detailed together with plans for improvements to support schemes.

There are proposals to increase the level of charges for garages in 2017/18 by 7.5%. It was noted that a significant investment programme will be needed to drive standards and promote better utilisation of this asset to increase revenue.

The HRA Budget was considered and detailed in Appendix 1 of the report. Cabinet noted the growth items referred to in the summary table.

There has been a temporary resource of 10 FTE personnel in the Internal Fraud Team. The impact of this work has been significant and has resulted in a £3.5 million saving for the Council. In addition, further funding has been approved for a temporary resource of 4 FTE's to reduce rent arrears. This will bring an additional saving of £0.360 million per annum.

Cabinet noted the addition of £1 million to secure a Tenants Incentive Scheme. Further funding opportunities will be explored to promote this. It will support residents who no longer require social housing and therefore free up housing for those in serious need.

£0.062 million has been allocated to assist in the removal of fly tipping on HRA land.

Cabinet noted the major works budget – HRA 2017/18 to 2019/20. Again there has been an impact given the four year rent reduction meaning that it is more difficult to plan the major works expenditure than previously.

A salient investment programme for sheltered housing has been planned as part of the regeneration and review of older peoples housing. There will be £4.7 million invested over the next two years.

Consideration was given to the 30 year Business Plan as regards the current budget setting. Officers will be reviewing the possibility of a new scheme to replace the “Pay to Stay” regime which is now a discretionary policy. Residents with an income over £36,000 per year will be deemed to be able to make their own arrangements for housing and this initiative will in turn be linked to the development of low cost home ownership properties under the Estate Regeneration Programme.

The Council aspires to provide excellent quality homes which will encourage exceptional people to the Borough and maintain a stock of social housing which is well maintained and fit for purpose.

Cabinet:

1. **Approved** the Housing Revenue Account Budget as detailed in Appendix 1 of the report.
2. **Agreed** that the average rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be decreased by 1% from the w/c 3 April 2017 in line with the indicative figures contained in paragraph 2.1.4 of the report.
3. **Agreed** that the average rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, be reduced by 1% from the w/c 3 April 2017 in line with the indicative figures contained in paragraph 2.1.4 and 2.1.5 of the report.
4. **Agreed** the four rent-free weeks for 2017/18 as being: w/c 21 August 2017, the two weeks commencing 18 and 25 December 2017, and the week commencing 26 March 2018.

5. **Agreed** that service charges and heating and hot water charges for 2017/18 are as detailed in paragraph 2.2.2 of the report.
6. **Agreed** that the service charges for homeless households accommodated in the Council's hostels 2017/18 are as detailed in paragraph 2.2.3 of the report.
7. **Agreed** that charges for garages should be increased by 7.5% in 2017/18 as detailed in paragraph 2.3.1 of the report.
8. **Agreed** that the service charge for the provision of security and support in sheltered housing for 2017/18 shall be as detailed in paragraph 2.4.1 of the report.
9. **Agreed** that the Careline support charge should be increased by 2% for 2017/18 as detailed in paragraph 2.5.1 of the report.
10. **Agreed** that the Telecare support charges should be increased by 2% for 2017/18 as detailed in paragraph 2.5.1 of the report.
11. **Agreed** the funding of the Tenant Incentive Scheme as identified in paragraph 3.2.9 of the report.
12. **Agreed** the funding to remove fly tipping on HRA land as detailed in paragraph 3.2.10 of the report.
13. **Approved** the HRA Major Works Capital Programme, detailed in Appendix 2 of this report and will **refer it to full Council** for final ratification.
14. **Agreed** the funding of additional posts as identified within paragraphs 3.2.2 to 3.2.8 of the report.
15. **Agreed** the initial funding requirements for the Estate Regeneration Programme, as identified within paragraphs 3.2.12 to 3.2.15.

96 **TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2017/18**

Consideration was given to the report detailing the Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Statement for 2017/18.

Cabinet noted the first Treasury Management Strategy Statement noting that other reports will follow (minimum of three per year).

The Council is required to manage a balanced budget. The Treasury Management Strategy will ensure this is done, adequately planned, with funds available when and where needed. The Treasury Management Strategy will also ensure the adequate funding of the Council's Capital plans which provide a borrowing guide for the Council's needs. It was noted that

as of the end of 2016 the Council had £210 million of long term borrowing and £235 million of investments. It is believed that the Council will need to undertake further borrowing of £46 million for 2018/19 to maintain forecast investments balances at £30 million. The Council's Borrowing Strategy is in place and was noted together with the Investment Strategy both of which are detailed and comprehensive.

For the reasons set out in the report and statutory codes **Cabinet:**

1. **Approved** the Treasury Management Strategy Statement (TMSS)
2. **Approved** the Prudential Indicators set out in appendix B of the report
3. **Approved** the Annual Minimum Revenue Provision statement for 2017/18 set out in appendix C of this report.
4. **Cabinet agreed to recommend** the annual TMSS and MRP statements 2017/18 to Council for approval.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted with the Cabinet Member for Financial Management believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Alternative strategies, with their financial and risk management implications, were considered and are listed below:

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties	Interest income will vary depending on the counterparties used	Lower chance of losses from credit related defaults, but any such losses will be greater
Invest in a wider range of counterparties	Interest will again vary depending on the counterparties used.	Increased risk of losses from credit related defaults, but any such losses will be smaller
Invest in deposits with a longer duration	Interest income will be higher	Increased risk of losses from credit related defaults and a reduction in liquidity
Invest in deposits with a shorter duration	Interest income will be lower	Decreased risk of losses from credit related defaults and an increase in liquidity
Borrow additional sums at long-term fixed	Debt interest costs will rise; this is unlikely to	Higher investment balance leading to a

interest rates	be offset by higher investment income	higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain and there may be additional costs occurred from restructuring

Chairman