

London Borough of Havering

Record of Decision of Cabinet on Tuesday 13th November, 2018

1. **TITLE:** Upheld Call-in Referred from the Overview and Scrutiny Board - Upminster Bridge CPZ -Results of Informal Consultation

2. **DECISION MADE BY:** Cabinet

3. **DECISION:**

Cabinet:

- **AGREED** to implement the decision as set out in the Non-key Executive Decision for the Upminster Bridge CPZ – Results of informal consultation, originally made by Councillor Osman Dervish on 21st September, 2018.

4. **REASON FOR DECISION –** to take the matter to public consultation

5. **ALTERNATIVE OPTIONS CONSIDERED**

Cabinet had two options in respect of this matter:

1. To Implement the decision as set out in the Non-key Executive Decision for Upminster Bridge CPZ – Results of informal consultation; or
2. Not to implement the decision as set out in the Non-key Executive Decision for Upminster Bridge CPZ – Results of informal consultation.

6. **DOCUMENT CONSIDERED:** Upminster Bridge CPZ Final - Cabinet Report
181009 Minutes
181004 Cover Rpt Requisition Upminster CPZ
53 tpc864 upm bridge cpz result informal consult
fULL REPORT - UpminsterHACReportV32

1. **TITLE:** Local Implementation Plan Submission to Transport for London

2. **DECISION MADE BY:** Cabinet

3. **DECISION:**

Cabinet:

- **APPROVED** the draft Havering Local Implementation Plan for public consultation following its submission to Transport for London
- **DELEGATED** to the Assistant Director of Planning approval to make amendments to the Havering Local Implementation Plan that arise as a result of the submission to Transport for London and public consultation
- **DELEGATED** the final approval of the Havering Local Implementation Plan to the Leader of the Council as lead member for strategic planning matters.
- **AGREED** to the adoption of the Havering Local Implementation Plan by the Lead Member for strategic planning matters.

4. **REASON FOR DECISION**

- The requirement that Havering prepares and submits a Local Implementation Plan is a statutory obligation.
- TfL considers the LIP process to be a vital tool for supporting jobs and growth, whilst delivering a better quality of life for those living and working in the Capital.
- A Local Implementation Plan is required if the Council is to receive funding from TfL. This financial support will allow the Borough to implement schemes to improve the transport networks in line with MTS objectives. The Three Year POI (2019/20 – 2021/22) is a statutory requirement for the Borough.
- Preparation of the LIP3 allows Havering to take ownership of its own programmes and flexibility to reflect local Borough circumstances, and will provide better enabling transport to be integrated with wider health, economic, social and environmental objectives at a local level.

5. **ALTERNATIVE OPTIONS CONSIDERED**

There were no alternatives if the Council wishes TfL to confirm its LIP3 funding award to Havering for 2019/20 and meet the Statutory LIP requirements.

6. **DOCUMENT CONSIDERED:** LIP3CABINETR05112018
LondonBoroughofHaveringLIP305112018

1. **TITLE:** Exclusion of the Press and Public

2. **DECISION MADE BY:** Cabinet

3. **DECISION:**

There were no press and public in attendance. The meeting went into closed session.

4. **REASON FOR DECISION**
NA

5. **ALTERNATIVE OPTIONS CONSIDERED**
NA

6. **DOCUMENT CONSIDERED:** NA

1. **TITLE:** Havering Colleges Proposed Merger - Local Government Pension Scheme (LGPS) considerations

2. **DECISION MADE BY:** Cabinet

3. **DECISION:**

Cabinet:

- **CONSIDERED** the Funds Actuary report at Appendix A (exempt)
- **NOTED** the summary of initial legal advice as the rider to Appendix A (confidential and exempt).
- **CONSIDERED** the comments from HCFHE on the rationale for the merger of HCFHE and HSFC with NCC at Appendix B (exempt)
- **AGREED** the College's request to transfer all HCFHE and HSFC members from the Havering Pension Fund to the London Pensions Fund Authority (LPFA) as set out in Option A in this report.
- **DELEGATED** authority to Chief Operating Officer to take all necessary actions and steps considered appropriate in order to give effect to this decision.

4. **REASON FOR DECISION**

Cabinet considered two scenarios and the reasons for them:

1. **Scenario A - where all members (actives, deferred and pensioners) transfer out to LPFA.**
 - a. The Pension Fund will be required to transfer assets and liabilities over to the LPFA to fund the transfer move as calculated and agreed by both actuaries for the Havering scheme and the LPFA scheme.
 - b. This value of the transfer will be funded from a sell down of assets and this will have implications for the Pension Fund Investment Strategy. However, the current strategy includes target allocations across different asset classes that the Fund is working to meet. As the full investment in some of these asset classes take a number of years to be fully invested it is not anticipated that having to use the sale of assets to fund the transfer instead of the new mandates will be to the detriment of the strategy.
 - c. Whilst the Colleges are planning for a merger date of no later than April 2019 any monetary transfers are likely to take place during 2019/20. The Pensions Committee will be presented with a report at a later date once the merger progresses for confirmation as to how to fund the transfer.

- d. The value of the Assets and liabilities will be reduced and result in an overall reduction in the Funding level of c0.8%, down from 69.7% to 68.9%.
- e. In addition to the Fund having to sell assets to pay the LPFA it will also lose the positive cash flow position from the colleges. This will put pressure on the cash flow over the longer term. The Fund currently reinvests investment income (i.e. dividends and interest) where possible but the fund can switch to draw down this income to maintain minimum cash thresholds, this could potentially impact investment growth.
- f. The Investment Strategy will also need to give consideration over the longer term as to how to address any potential cash flow problems by utilising mandates that can provide the necessary cash flow. Over the next few years the Fund will receive income distribution from the Real Assets and Private Debt mandates that may mitigate the need to use dividend and interest income. The Pensions Committee will be asked to review the cash management policy once the cash requirements have been identified.

2. Scenario B – where only actives members transfer past service transfer out to LPFA.

- a. If only Active members transfer out, as permitted under TUPE regulations, the deferred and pensioners would remain in the Fund.
- b. The Actuary has provisionally calculated the share of assets assigned to the colleges and deducted from this share the amount the Fund would need to retain to cover the past service liabilities for the deferred and pensioners remaining in the Fund. The remaining amount of asset value would transfer to LPFA to fund the transferring active liabilities.
- c. The size of the asset valuation required to pay the LPFA could be funded through current cash levels and would not require a sell down of asset.
- d. The asset share is not enough to cover the liabilities of the transferring active members and would therefore require a significant 'top up' payment that the colleges would be required to pay over to the LPFA.
- e. Given the size of the 'top up' payment both colleges have confirmed that given their existing and future economic financial pressures they would not be able to proceed with the merger under scenario B.
- f. Whilst any merger under scenario B would not require a sell down of assets it would leave the fund with no employer contribution income to support pension benefits being paid out in the future. This would consequently increase pressure on the cash flow over the longer term and as with scenario A, the Committee will be asked to review the cash management policy once the value of any cash requirements have been identified.
- g. When the last active member leaves the Fund this triggers a cessation payment. In this instance no cessation payment from the colleges would be required to the fund due to their calculated asset share exceeding their liabilities.
- h. There would be a slight improvement to the funding level post transfer increasing to 70.7% from 69.7%.

- i. **To support the future of the colleges, it was recommended that Cabinet agree to the transfer of all members as detailed under scenario A, as outlined above to allow the merger of the colleges to proceed.**

5. ALTERNATIVE OPTIONS CONSIDERED

- a. Given the size of the 'top up' payment both colleges confirmed that given their existing and future economic financial pressures they would not be able to proceed with the merger under scenario B. For this reason scenario B was recommended to be rejected.
- b. The Hymans report also mentioned that there may be a scenario where a transfer would not be necessary (i.e. where New City would be admitted to Havering in respect of former HSFC and HCFHE staff). Given that the approach adopted by NCC with previous mergers is to consolidate all LGPS arrangements into the LPFA scheme, for reasons of economies of scale, funding strength to absorb new members and easier for NCC to administer just one LGPS scheme, the option to transfer to the Havering scheme was not considered. NCC have confirmed that moving the whole of the NCC membership to the Havering Pension Fund is not an option they would consider.

- 6. DOCUMENT CONSIDERED:**
- CABINET report
 - CABINET Havering College Mergers Appendix A
 - EXEMPT 180731 LBHA Colleges Merger Report
 - Rider to Appendix A Exempt
 - CABINET Havering College Mergers Appendix B
 - EXEMPT Note from HCFHE 18.07.18