

APPENDIX: JOINT MEETING OF OVERVIEW AND SCRUTINY COMMITTEES, 23
JANUARY 2014, ANSWERS TO MEMBER QUESTIONS ON THE COUNCIL'S
FINANCIAL STRATEGY

Questions were asked by Members on the areas shown below and answers were given by officers or Cabinet Members as follows:

1. Amount of business rates levy able to be retained – The forecast for business rates did expect a growth in the pool from the Thurrock area although this did assume that the proposed port in Thurrock went ahead.
2. Details of the Council's response to the Business Rates appeal process – This could be made available to Group Leaders.
3. Robustness of estimate for rise in Council Tax base – For the first time a material rise in the Havering Council Tax base had been seen and officers were looking at the impact of this. This would lead to a rise in demand for Council services but it was difficult at this stage to forecast the precise impact.
4. Pooled Business Rates – This system allowed each Council in the pool to reduce what they paid into Central Government. Officers would produce a briefing note on this for Members.
5. Number of grant announcements still awaited – Most grant announcements had now been received and a full table would be included within the February Cabinet report. There were now fewer grants received than in previous years.
6. Increase in overall level of risk – There was a risk from changes to the means of funding e.g. the local collection of Business Rates. It was also difficult to manage in-year issues. Efforts were however ongoing to manage and mitigate risk within the budget. All Councils were struggling with the risk of grants potentially being replaced by funding that would have to be bid for. This was a challenge for Councils throughout the country. It was also noted that the risk referred to in paragraph 3.7 of the Cabinet report related only to the current programme of savings.
7. Overspend on the Special Educational Needs (SEN) budget – This was due to an overspend on transport costs but had been offset by other savings being delivered early. This would be a pressure again next year and the transport costs were currently undergoing a full review in order to ascertain if efficiency can be improved.

8. Customer Services budget variance – The on-line portal that would allow staff savings to be made had only gone live in December rather than August 2013 due to IT problems. Restructures had now started that would lead to savings in the longer term. It was recommended that Members should use the portal to report issues such as flytips in their ward.
9. Emergency Assistance Scheme – A proposal had been put to the Corporate Management Team to carry forward any underspend to the overall emergency funding budget for next year.
10. Proposed investment in the borough by the Council pension fund – It was intended to put a sum of additional money into the pension fund in order to avoid having to increase future annual contributions by the Council. This investment would allow the pension fund to invest in Havering by e.g. buying property. This was common practice in many other pension schemes and safeguards would be in place and professional advice taken. It was important to maximise the return from the pension fund and a similar model involving a number of local Councils had funded the successful Salford Quays development near Manchester.
11. Distribution of anticipated funding gap – It was expected that the majority of the funding pressures would take place in the first two years of the next four-year cycle. This included expected reductions in Government funding and local pressures.
12. Expected value of reserves – The Council's general reserve currently stood at £11.5 million. The figure for all earmarked reserves was £48 million.
13. Details of revised arrangements for social care funding – This was the first year of Better Care funding under the current arrangements. Governance arrangements were similar for 2014/15 but funding now had to be agreed by the Health and Wellbeing Board and by NHS England. Overall funding had risen as this now included the CCG budget but more services also now had to be provided. Arrangements would become more complicated in year two as issues such as delayed discharges and seven-day working in health and social care would have to be addressed. Negotiations would be needed with the CCG on these areas and a two-year plan had to be finalised by April 2013.
14. Impact of Children and Families Bill – Officers were continuing to work through the Bill and its implications. Financial modelling was in progress and it was wished for people to stay local although would be able to receive a personal budget that they could spend anywhere. An overview and scrutiny

topic group was currently looking at this area. It was not yet possible to say however what the demand for these services would be. The cost of potentially providing education for children with special educational needs up to the age of 25 was also being worked on.

15. Member allowances – A saving of two Cabinet posts had already been agreed in the budget although this depended on Members' views after the Council election.
16. Parking income – There was in the current year a projected shortfall of approximately £400,000 across all parking budgets. Central Government was currently consulting on Council parking policies and this and this could introduce measures such as the removal of CCTV cars and a grace period on tickets. Economic factors had meant there was now less use made of car parks and seasonal factors such as wintry weather also negatively affected income.
17. Building control – Officers felt there was not enough external work to bid for to meet the quite high income targets for building control. Some staff would however still be required to discharge the Council's statutory building control functions.
18. Remand framework – The costs of children on remand had now been passed from the criminal justice system to Councils with only a small grant to cover this. The Council had spent some £557,000 on this so far this year and the Council had no control over how quickly cases reached court.
19. Housing Benefit and Council Tax support grant – This grant had been reduced across London and this funding needed to be replaced by the Council.
20. Electoral Registration – More resources were needed to cover the required Individual Electoral Registration process that was due to start in June 2014.
21. Utilities price increase – This was mainly due to inflation in electricity prices.
22. Phase 2 primary expansion – The grant allocation covered both 2014/15 and 2015/16. Although there may be a need to spend some in advance of the grant receipt this would be managed as part of the Council's cash flow and would not impact on the wider Capital programme or delay delivery.
23. Estimated school maintenance grant – Details of schools grants had been compiled for the February Cabinet report but officers would confirm the exact grant figure by e-mail.

24. Transfer of public health – It was confirmed that this was now a function of the Council led by the Director of Public Health.

25. Production of budget - The Chairman and several other Members thanked Councillor Ramsey, the Chief Executive and Council officers for their hard work in producing the budget.