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REVENUE BUDGET STRATEGY

The Council will ensure that there is an effective Medium Term Financial Strategy in place to drive forward the financial planning process and resource allocation.

The Council's budget is a reflection of the Council's Strategy expressed in financial terms. The Council's Strategy reflects the main priorities of residents, as expressed in successive consultation exercises – principally, keeping the Borough clean and safe and promoting a high quality of life for local people.

The Council recognises the pressures on its budget, and while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible.

The Council will wherever possible seek new funding and explore new ways of working. The Council will continue to look at new methods of service delivery to improve services to the public and the value for money that they provide, including working in connection with a range of other organisations and groups.

By becoming an increasingly 'connected council', Havering will continue to seek to improve efficiency and deliver better value for money. In particular, the Council will aim to identify efficiencies that will not impact on the delivery of key services to local people. Its focus will be on identifying ways to reduce the cost to tax payers of running those services.

The Council will ensure that, given the severe financial pressures it has already faced and is continuing to face, growth will only be supported in priority areas, and only where these are unavoidable. However, the Council will expect the Government to ensure that adequate funding is made available to fund any additional costs arising from new burdens placed on Havering, or from services transferred to it.

The Council will ensure that the most vulnerable members of its community are protected, will continue to lead in the development of social cohesion, and will ensure that the services provided and resources allocated reflect the diverse nature and needs of our local community and our responsibilities to the local environment.

The Council will lobby to ensure that the Government provides adequate funding to take on any new responsibilities and to illustrate the impact of the low funding basis for Havering and its residents, but will ensure that, in broad terms, its spending is in line with the basis on which the Government allocates grant funding, and that spending levels will be realigned against any reductions in funding. The Council will therefore continue to reduce its spending where the Government removes funding, in line with the relevant level of reduction.

The Council will engage with its local community, its partners and individual stakeholders in developing financial plans, and will reflect on the outcome of its consultation process in the identification of priorities and the allocation of resources.

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 reserves at the minimum level of £10m.

And as part of that process, the Council will not utilise those reserves, or any reserves earmarked for specified purposes, to subsidise its budget and reduce Council Tax levels as this is neither a sustainable nor a robust approach.

The Council will seek to ensure that sufficient financial resources are available to enable it to deliver a long-term savings plan within the constraints of funding available to it from both local taxpayers and the Government, and will seek to utilise any unallocated funds with that purpose in mind.

The Council will adopt a prudent capital programme designed to maintain and where possible enhance its assets.

The Council will finance capital expenditure through a combination of external funding and receipts from the sale of assets that are deemed surplus to requirements, and will only apply prudential borrowing as a last resort, unless a business case can be made to finance investment through borrowing, or where there is an income or savings stream arising from the investment.

The overarching objective of the Council's financial strategy remains to deliver high quality, value for money services to our community, whilst ensuring that the cost of those services is compatible with the level of funding provided to it by the Government.

CAPITAL BUDGET STRATEGY

The capital budget strategy sets out the Council's approach to capital investment over the medium term. It has been developed in consultation between senior officers, Members and the Council's key strategic partners.

The Council will ensure it engages with the local community and wider stakeholders in developing its financial plans.

The Council has adopted a prudent capital programme designed to:

- protect, maintain and develop existing assets and infrastructure – the backlog of repairs to existing assets such as school buildings, office accommodation, and infrastructure assets such as roads and paths;
- develop new facilities for which there is significant public demand or upgrading assets to meet the expectations of local people, and obtaining value for money from the use of our assets and resources;
- support the delivery of the Council's transformation programme and further initiatives to improve efficiency and effectiveness e.g. through the adoption of new technology to release revenue savings or improve service delivery to the community.

The Council will seek to continue to improve efficiency and value for money, in particular to:

- maximise asset utilisation;
- ensure assets are fit for purpose and health and safety compliant;
- facilitate and promote community use;
- explore alternative management arrangements e.g. leases to community groups;
- explore opportunities for innovative ways to procure and deliver capital projects to maximise the resources available;
- consider the wider aspects of capital projects, for example whole life asset costs, equality and diversity, and environmental implications;
- investigate shared usage/ownership arrangement with other local authorities, partners and stakeholders.

As well as the above, the Council's approach to capital asset management includes the review of existing assets in terms of suitability for purpose, alternative and future use, and maintenance requirements. The aim for the Council to rationalise its asset portfolio and only hold assets that support the delivery of its goals, offer value for money or in some other way are important for community, heritage or other significant social purpose.

The capital budget strategy is intrinsically linked to the revenue budget strategy. The revenue implications of capital expenditure and funding decisions are explored and

accounted for on an ongoing basis. These are reflected as appropriate and include the consideration of the challenging financial climate which the Council faces.

The Council will finance capital expenditure through a combination of:

- Receipts
- External Funding
- S106 Contributions
- Revenue Contributions to Capital
- Capital Grants
- Capital Allowances
- Supported Borrowing
- Prudential Borrowing

Each funding stream is considered in terms of risk and affordability in the short and longer term.

The current and future economic climates have a significant influence on capital funding decisions. As a result planned disposals are kept under regular review to ensure the timing maximises the potential receipt where market conditions are not favourable.

Capital expenditure will only be permitted where funding streams have been identified and confirmed. Prudential borrowing will only be used as a last resort, unless a business case can be made to finance the investment from an income or savings stream.

Every effort is made to maximise grant funding, leverage opportunities and other external funding opportunities, where they are consistent with the Councils goals and other specific strategies. Use of grant funding will however only be made where the cost to the Council is minimised or where this – both capital and revenue – can be contained within existing resources.

Where expenditure is to be financed through capital, this will only occur where funds have been realised. Neither capital receipts generated through disposals nor S106 contributions are committed until they are actually received. This is due to the complex conditions and timing issues that can be associated with them.

The Council is also continuing to attract private investment into Council facilities through exploration of potential partnership and outsourcing arrangements.

This funding approach has been made with reference to the Council's current and longer term financial position, the prudential code, the current and projected economic climate, and the Council's asset management strategy as set out in the Corporate Asset Management Plan.

The capital programme will be reviewed on an annual basis. This will consider items such as new funding opportunities and Member priorities. In year changes e.g. the availability of additional external funding, will be made on an ongoing basis as part of

routine programme management. These will be implemented with regard to the Council's Constitution and agreed procedures.

GOVERNMENT GRANT & ASSOCIATED MATTERS

LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2015/16

The Department for Communities and Local Government were expected to issue the final Local Government Finance Settlement for 2015/16 during the first two weeks February, following the close of consultation on the provisional settlement on 18th January 2015. This is potentially too late for inclusion in this report, therefore supplementary information will be provided to Cabinet to reflect the final settlement if there any changes from those contained in the provisional one.

A detailed analysis of the provisional announcement was contained in the January report to Cabinet. The main points affecting local government in general, and Havering in particular, are summarised in the body of this report. However the following table is reproduced below which indicates the scale of reduction in the settlement.

Also included below are the responses to the settlement consultation. Council representatives also meet with the Minister and a verbal update on those discussions will be given at the meeting.

Funding announced as part of the Local Government Financial Settlement

Spending Power Components	2014-15	2015-16	Adj	Difference	Notes
Settlement Funding Assessment	71,471,130	61,600,514		(9,870,615)	Includes Business Rate Baseline
Section 31 grants for business rates initiatives	326,721	457,410		130,689	Excludes New Burdens SBRR funding
Lead Local Flood Authorities	77,528	51,685		(25,843)	
Community Right to Challenge	8,547	0		(8,547)	
Community Right to Bid	7,855	0		(7,855)	
New Homes Bonus	3,413,763	4,842,280	(1,365,000)	63,517	Adj to account for GLA top-slice
New Homes Bonus: returned funding	104,263	103,210		(1,053)	
Council Tax Support New Burdens Funding	119,933	44,959		(74,974)	
Local Council Tax Support and Housing Benefit Admin Subsidy	1,290,477	1,214,551		(75,926)	
Social Housing Fraud	100,000	0		(100,000)	
Department of Health Revenue grant	181,635	135,478		(46,157)	
Public Health Grant (Ring-fenced)	9,717,000	9,717,000		0	Excludes New 0-5 Commissioning funding
Adult Social Care New Burdens	0	1,531,025	(1,531,025)	0	New burdens associated with this funding
Special Educational Needs and Disability Implementation Grant	206,612	132,803		(73,809)	
Better Care Fund	4,609,381	15,495,000	(10,885,619)	0	New burdens associated with this funding
Reduction in Government Funding				(10,090,574)	



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Local Government Finance Settlement 2015/16 Consultation

Dear Mr Khan

Thank you for giving us the opportunity to comment on the Local Government Finance Settlement.

Given the current economic conditions, we acknowledge the Government's strategic goals of deficit reduction; economic growth; and fairness. However, it's our belief that the current system does not provide for a fair allocation of funding as the start-up funding allocation was based on out-of-date data and heavily weighted on perceived deprivation. This has led to large variations / cliff edges in funding between neighbouring authorities.

Havering has one of the oldest populations in the capital – a population that is predicted to get older still over the coming years however the ever increasing costs associated with elderly care is not adequately covered within the Local Government Finance Settlement. Recent work undertaken by the Personal Social Services Research Unit has been used to allocate funding for parts of adult social care whilst the current settlement formula is based data from the last decade and does not incorporate the external pressures that this new funding allocation acknowledges. This same out of date funding distribution methodology is also being used for the Better Care Funding which only magnifies the funding shortfall faced by the council.

We would welcome a review of the huge cliff edges in funding as well as the indicators used in setting initial start-up position as well as the basis of the funding allocation which has rolled forward each year without addressing the actual need to local authorities. Havering has had to make significant changes in ways of working, collaborating, and savings even before austerity hit in order to operate within the funding it previously received.

We have attached our consultation response as well as our briefing previous discussed with the minister on the 14th of January 20145. We hope that you consider our views on the consultation and the potential alternatives available for a fairer funding regime.

Yours Sincerely

Andrew Blake-Herbert.

Havering’s Response to the Local Government Financial Settlement and grant funding.

Background

As a Borough Havering has responded to the austerity pressures very positively, making significant changes to how it operates, reducing bureaucracy, driving out efficiency savings and freeing up the organisation to operate it a much more effective way. We share numerous services and have even gone as far as sharing our entire back office, through a Joint Committee oneSource, with the London Borough of Newham. We have just closed our latest consultation on the 29th Dec 2014 on £45m of budget savings, which have had to include services reductions to libraries and youth service due to the size of the challenges we face.

Settlement Funding Allocation

Havering still has one of the lowest grants per head in the capital. The uses of out-of-date and perceived deprivation figures do not reflect the external pressures or the demographics of the Borough. With the formula locked until 2020, Havering’s Settlement Funding Allocation (SFA) will not only be unreflective of the pressures affecting the borough but also is based on data from the 2001 census

The table below shows the huge variation in funding per head of population from the 2014/15 SFA. Havering currently receives less than half the amount of funding compared to other neighbouring authorities. In our view we feel that it is unfair on Havering residents that such a small allocation of funding is provided for key services when compared to neighbouring authorities. The table below shows the cliff edges between neighbouring boroughs and the inner and outer London average.

Code	GREATER LONDON	Inner / Outer London	SUFA (m's)	Projected Population	Grant Per Head
R383	Barking and Dagenham	Outer London	113.70	185,911	612
R393	Havering	Outer London	69.67	237,232	294
R398	Newham	Outer London	218.56	307,984	710
R399	Redbridge	Outer London	105.65	278,970	379
R402	Waltham Forest	Outer London	138.56	258,249	537
	Total Inner London		2,156.24	2,923,548	737.54
	Total Outer London		2,199.17	5,250,393	418.86

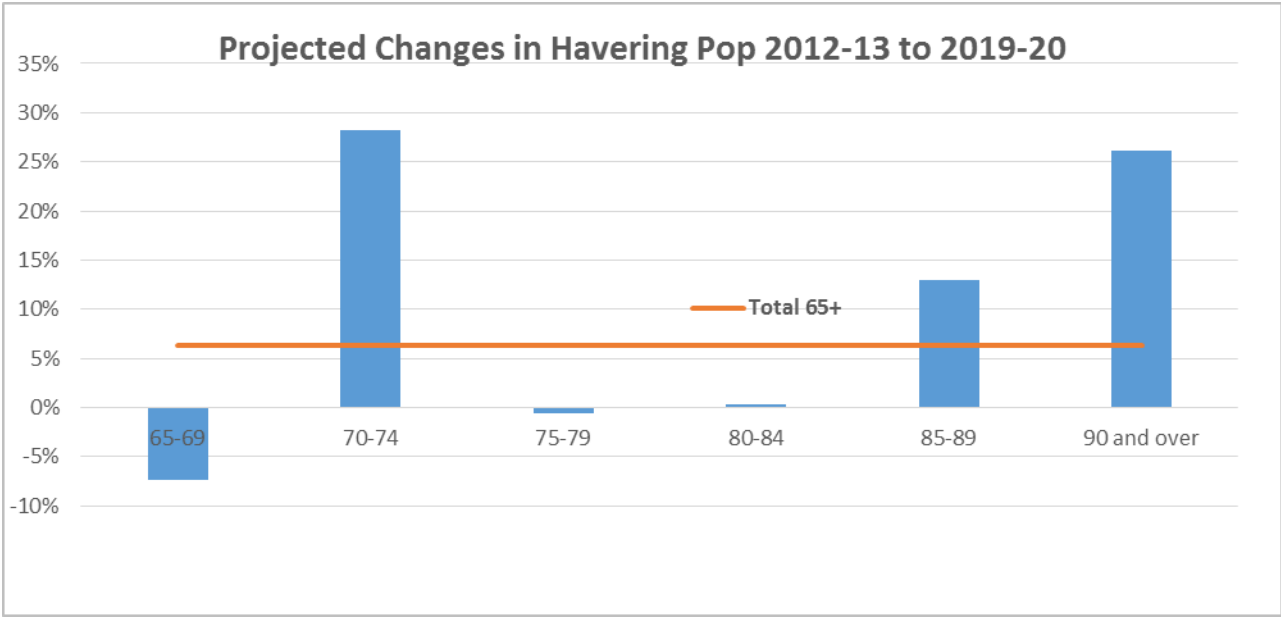
Adult Social Care (ASC)

Havering has one of the oldest populations in London, one that is predicted to get significantly older of over the coming years. Havering has seen a huge increase in ASC referrals over the last five years of 38% compared to a 4% overall reduction for London. Demand management has kept our increase in clients to 4% over this period. Havering’s increase in clients and referrals is the highest in London - London overall has seen 22% reduction.

SFA is failing to reflect the increase in ASC demand – only Havering and 2 other London boroughs (Barnet 1% and Southwark 08%) have had an increase in clients over the last 5 years, with Havering seeing the highest increases.

Despite this increase in demand, Havering has reduced spending on ASC by 12% over the last 5 years, compared to an average 4% reduction in London.

Havering has the fourth highest 65+ population and third highest number of over 65's with dementia in London (after Bromley and Barnet). A 10% increase in dementia cases is projected over the next 5 years, further increasing the potential complexity of care provision. Population changes are shown in the graph.



Carers play a vital role in managing demand; Havering seen an increase of 56% more carers assessments over the last 5 years, compared to a 13% reduction in London and 11% reduction in England. The Care Act reform brings in new rights for carers, but to date no sustainable funding source to match potential demand is identified.

Learning Disability assessments have increased significantly since 2010/11. These often result in high cost, long term care packages, which is in line with national trends.

Whilst we welcome the upcoming review of the adult social care formula we do request that the position of Havering in terms of our demand vs funding allocations be considered.

Data sources - Referrals, Assessments and Packages of Care (RAP) data to 2013/14, Personal Social Services Data Collection (PSSEX1) 2013/14, Projecting Older People Population Information (POPPI) May 2014.

All of this leads into the significant challenge that Havering faces when making decisions about its budget. Currently 70% of the Councils spend is on Social Care, despite the reductions referred to earlier, and the Council therefore has to now look at alternative savings to balance its budget. This is also before the introduction of the Care Act.

Better Care Funding (BCF) and the Care Act 2014 Better Care Funding (BCF) schemes will be vital in shaping our services in order to meet Care Act requirements and implementing our health integration ambition, in accordance with our BCF plan.

However our projections indicate that there will not be sufficient funding to meet the cost of Care Act reforms. Our modelling shows indicative direct cost pressures of £6.3m in 16/17 and £6.1m from 17/18. Other risk factors push estimates up to £9.3m and £10.5m respectively (per July 2014 projections). As there is no new money in the system, significant amounts of decommissioning or the radical redesign of services could need to be considered. There is the real risk of there not being enough budgets to cover demand and infrastructure costs due to the reform. Havering responded in full to the consultation last year, which provided details of the cost pressures affecting the authority as well as comparisons to other authorities. Again Havering has one of the lowest allocations in London.

The current BCF calculation is based on the old RNF formulae which as stated above is out of date and does not reflect the external pressures to an authority. Havering has one of the largest elderly populations in London; however it receives one of the lowest grant per head which in our opinion penalises the most vulnerable in our community.

Our BCF allocation in comparison to our East London neighbours is reflected in the table below:

Authority	2014/15 BCF (£m)	Population over 65 *	Grant per head
Tower Hamlets	6.714	15,570	431.24
Newham	6.730	20,593	326.82
Barking and Dagenham	4.185	19,321	216.60
Waltham Forest	4.990	25,566	195.17
Redbridge	5.115	33,385	153.21
Havering	4.609	42,277	109.03
* source ONS 2011 census			

It should also be noted that Havering's 2015/16 CCG BCF allocation per head of 65+ population is £101 compared to an average for London of £175. Total BCF, including CCG element leaves Havering is the lowest funded in London.

Local Authority	Better Care Funding Allocation £ms	14/15 Estimated over 65 population	Grant Per Head £s
Newham	21.040	21232	991
Barking and Dagenham	13.055	19517	669
Redbridge	16.032	34365	467
Bexley	13.708	38520	356
Bromley	19.232	54141	355
Havering	15.495	43956	353

The new Care Act new burdens funding will help support costs in 2015/16. We agree with the use of the Epidemiology approach CAA2, and this has resulted in

approximately a 30% increase in the level of funding that Havering would have received under the RNF, and helps to highlight the level of financial pressures we face because of the make-up of the population. However we note that the “New Carers and Care Act” element is still based on the old RNF formulae, and we refer you back to earlier in this response where Havering unlike the rest of London has seen a significant increase in Carer assessments in the last few years..

We understand the development of formulae in relation to the costs of the cap and the extension of the means test limits (with legislation applying from 2016/17) is underway, but we do feel this should be adjusted back into the local authority’s historic RNF allocation.

A considerable issue for Havering about the new Care Act is Ordinary Residence, which relates people that have moved to the borough through their own choice, but become the later Councils responsibility when they run out of finances or under the Care Act reach the care cap. Andrew Rosindale MP has recently raised a question in the house concerning this and it will have a very detrimental impact on Havering. Havering currently has 53 privately run care homes in the Borough (2 more are in pipe line), Barking and Dagenham for example has 9. These homes contain 1780 beds, Havering directly commissions around 650 of them. Even with a 10% vacancy factor we are only occupying 40% of the beds. The rest are self-funders, who when they reach the care cap will become Havering’s financial responsibility. This is not manageable within the boundaries of the level of funding we currently receive.

Local Welfare Provision

The decision to transfer the local welfare provision as part of Havering’s upper tier funding in our view is misleading, lacks transparency and is no benefit to officers or residents. This option provides no funding and therefore goes against the government’s new burden doctrine. Once again this decision affects the most vulnerable residents in our society with no room in existing budget due to the government’s austerity measures. Coming so late in the day also gives local authorities no time to consult with residents for change to the scheme for April.

Public Health

Havering once again receives one of the lowest funding allocation in London as the weightings used to determine the grant do not reflect the needs or the cost pressures of the authority. Neighbouring authorities receive more than twice the funding due to this flawed weighting calculation. This provides significant cliff edges in service provision between neighbouring authorities just by living a street away.

Public Health funding was transferred in 2013/14 and Havering’s initial allocation was £8.8m however the needs assessment stated that Havering was below the required funding and thus Havering received an increase in 2014/15 in order to bridge the gap. For 2015/16 new burdens in public health are to be transferred to Local Authorities and yet again the funding being transferred does not reflect the pressures affect the authority.

Havering is still substantially below the threshold despite numerous other authorities receiving substantially more than their perceived needs suggest. This in our opinion is a double hit to the residents of Havering as not only is the calculation flawed but also other authorities are funded over this perceived need.

Potential Solutions.

Reopen / revisit the Upper and lower tier formula and Better Care Funding with the view to update the relative needs formula to more meaningful indicators based on the pressures to the authority. For example, the new adult social care funding is majority based on a revised RNF formula which is based on external costs / pressures and uses the most up-to-date information.

Address and fund in full, the cost pressures that Havering will need in order to fulfil the Care Act requirements and provide suitable services to our residents. Consider the position of Havering and similar boroughs when reviewing the ASC formula and future BCF allocations.

In addition, re-visit the public health funding to:

- Temporary address authorities who are receive above their “targeted allocation”
- Re-visit the methodology in distributing funding to ensure funding reflect the cost pressures not perceived need.

Introduce a degree of smoothing to remove the huge cliff edges in funding between authorities. There is a large degree variation in funding between authorities, neighbouring authorities can have twice or even threefold as much funding despite being in relatively close proximity.

Adhere to the new burdens doctrine by providing funding to match the required funding in relation to the local welfare provision/.

Consultation Response

Local Government Finance Settlement 2015-16

Question 1: Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?

No, it's our belief that this burden should be accompanied by equivalent funding. By incorporating the local welfare provision as a separately identifiable amount within the settlement, this creates a lack of transparency and gives no benefit to local authorities or residences. This is an additional cut where you are forcing local authorities to choose between continuing with local welfare provision or cutting other services, without sufficient time to consult local people on the implications.

Question 2: Do you agree with the Government's proposal that the funding for the Improvement and Development Agency for Local Government for services to local government should be £23.4 million in 2015-16?

This funding again reduces a local authority's Settlement Funding Allocation (SFA). Any funding to the Improvement and Development Agency should be provided outside of the SFA. This is another cut to local authority funding.

Question 3: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £1bn to £950m?

Yes, this would seem sensible.

Question 4 Do you agree with the Government's proposal to increase the rural funding element from £11.5m, as previously proposed, to £15.5m?

We acknowledge the additional cost of providing rural services however the ever increasing cost of providing elderly care is not being taken into consideration within the Settlement Funding Assessment. We would like to see the updated RNF formula currently used for the Adult Social Care funding to replace the current out of date and unfit for purpose distribution. This provides a more up to date apportionment and identifies the external pressures affecting local authorities.

Question 5: Do you agree with the Government's proposal to reduce the fire funding element of Revenue Support Grant for each fire and rescue authority, by an amount equal to 0.24% of the total pensionable pay for that authority?

N/A

Question 6: Do you agree with the Government's proposal to compensate local authorities for the cap on the multiplier in 2015-16, calculated on the same basis as in 2014-15?

Yes, a mechanism is needed to reimburse local authorities with this seeming to be the simplest option.

Question 7: Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristic, and on the draft Equality Statement?

None

Migration of Children

Inflow Migration of Children (children migrating from one London borough to another)

The data presented below has been released by the GLA and covers the internal migration flows for school-aged children (0 – 15 years) between London Boroughs. Figure 1 illustrates the inflow of children to a given London Borough from 2009 to 2013 from other London boroughs. Overall, it was found that Redbridge experienced the largest inflow of children across this period, with a total of 14,645 children (approximately 5 per cent of the total number of inflows) and this is followed by Enfield, Croydon and Barking and Dagenham. Across the same period, Havering has experienced an inflow of 7,532 children (approximately 3 per cent of the total number of inflows).

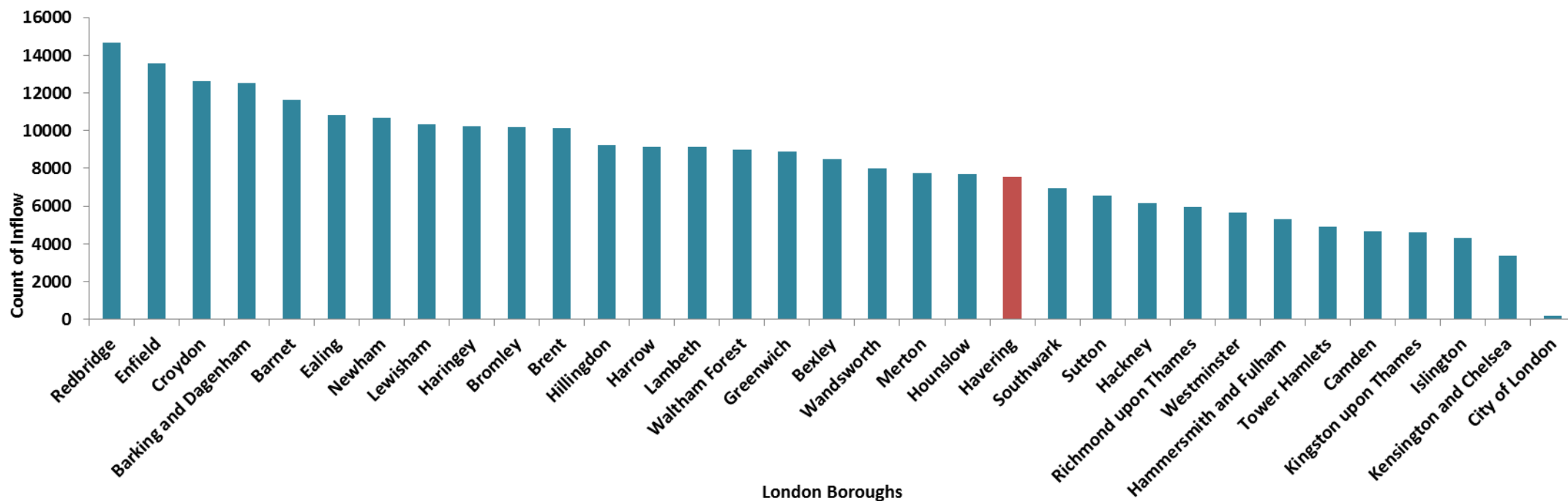
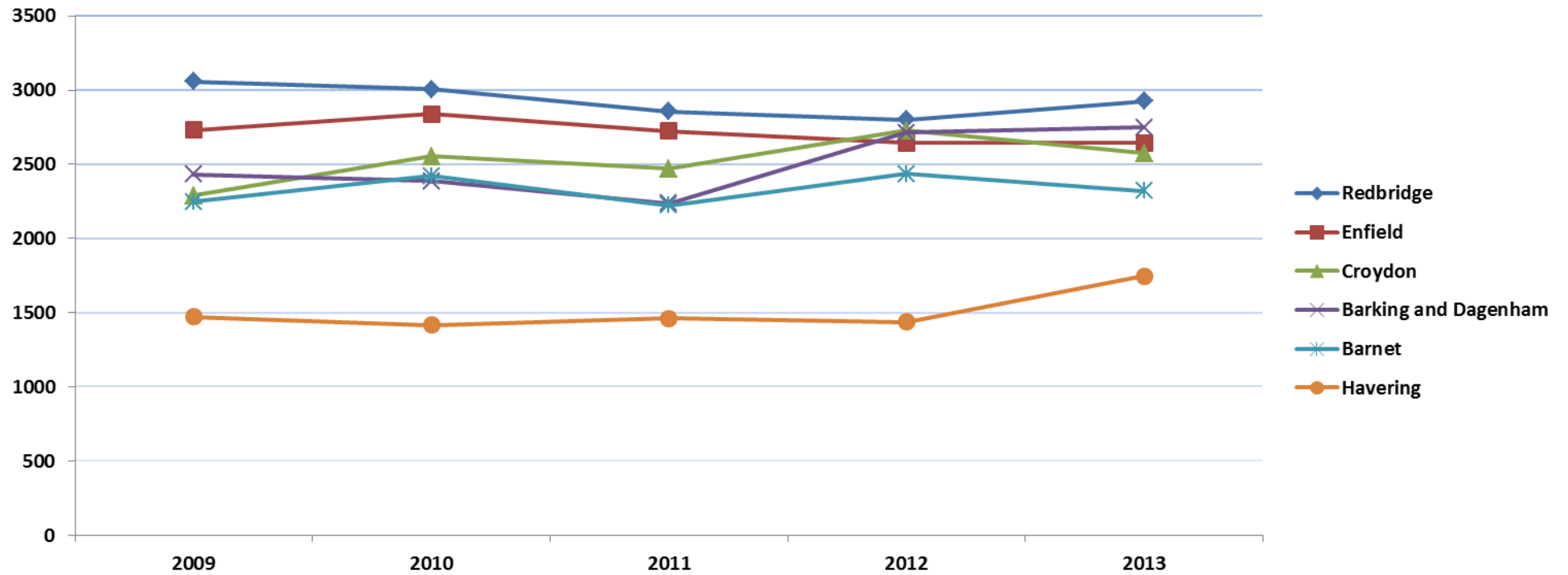


Figure 2 illustrates the 'top 5' London boroughs that have experienced an Inflow of children. For the 'top 5' London boroughs, the inward migration of children across the 5 year period range between 2200 – 3100 children. Overall, Barking and Dagenham, Croydon and to a less extent, Barnet, have experienced an increase of inward migration into their respective borough. Included in Figure 2, is the inflow experienced by Havering, where it can be seen there was a sharp incline of children from 2012 to 2013. As detailed in the January Snapshot, the movement of children from other local authorities into Havering, led to an increased pressure upon local schools to meet the demand for school places. Havering experienced the biggest inflow from both Redbride and Barking and Dagenham boroughs, both of which also experienced an increase from 2012 to 2013.



Outflow migration of children (children migrating from one London borough to another)

Figure 3 illustrates the outward migration of children (0 to 15 years) from a given London borough. The boroughs that tended to experience the largest outward migration are from Inner London Boroughs, for example Newham, Haringey, Lambeth, Southwark and Lewisham, with exception to Brent and Ealing. From Newham, a total of 18,477 children migrated out of the borough, approximately 7 per cent of the total outflow of migration of children. Havering, highlighted in red, has the second lowest outflow migration of children, with a total of 2,217 children leaving to another London borough (approximately 0.82 per cent of total outflow of children).

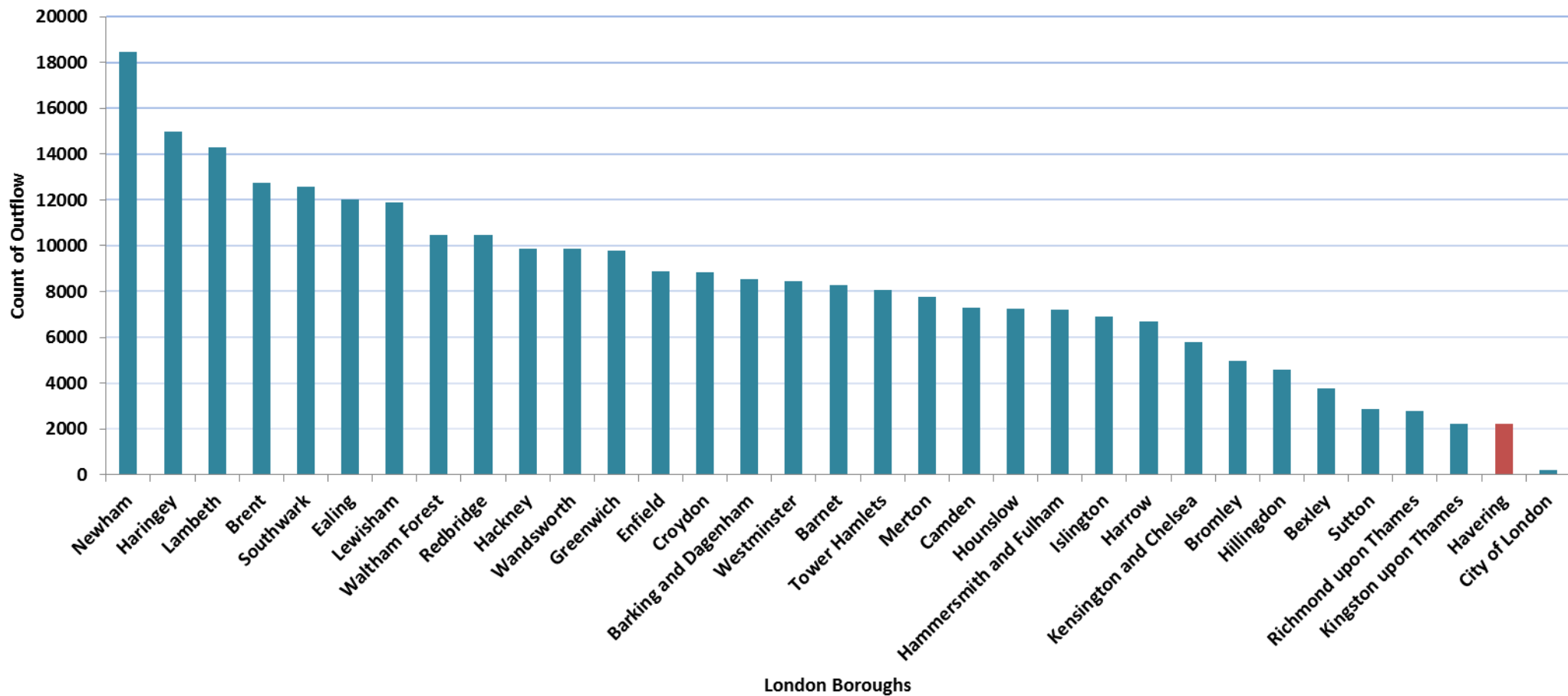


Figure 4 illustrates the top 5 London boroughs that have experienced the highest levels of outflow migration of children. Between 2009 and 2013 the top 5 London Boroughs range between 2,200 to 4,000 children. Havering, in comparison to the other London boroughs has experienced a fairly steady outflow of children across this period, the highest being in 2013 with 466 children.

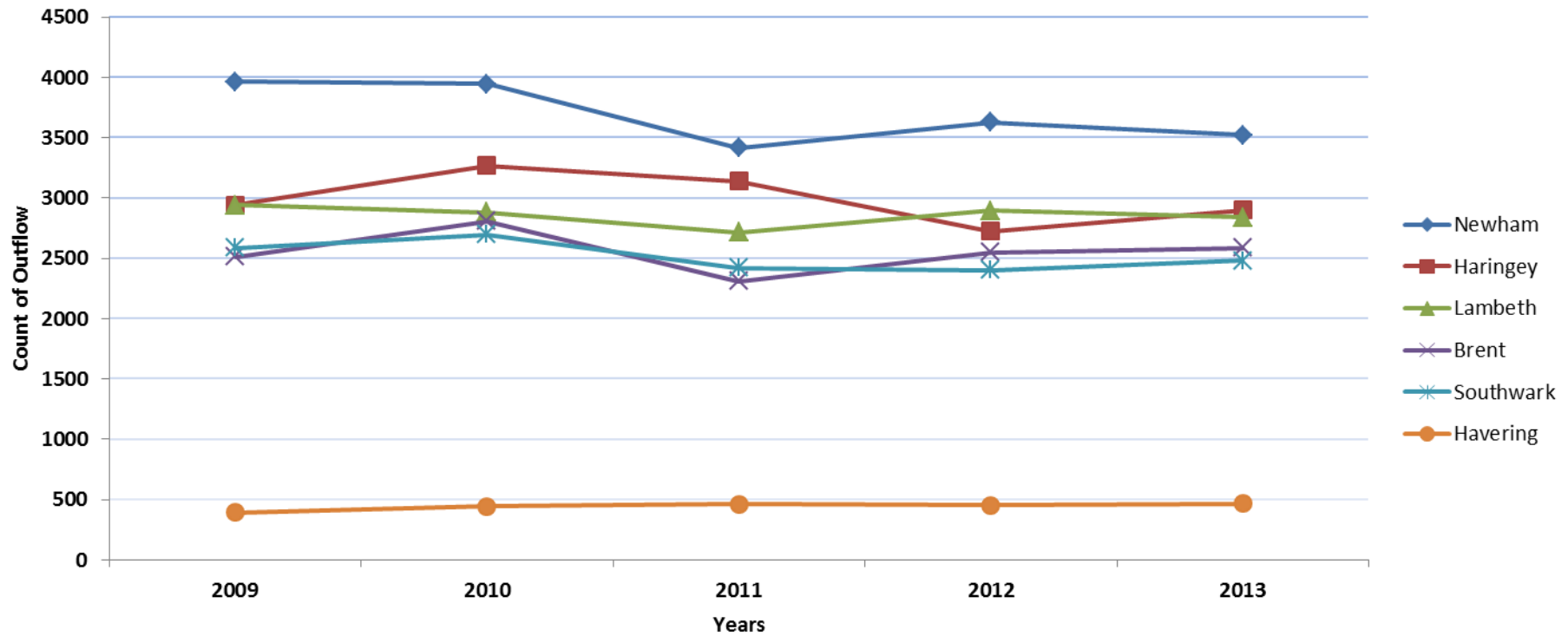


Figure 1: Outward migration of children to a given London borough

Netflow Migration of Children (the difference between outward and inward migration of children)

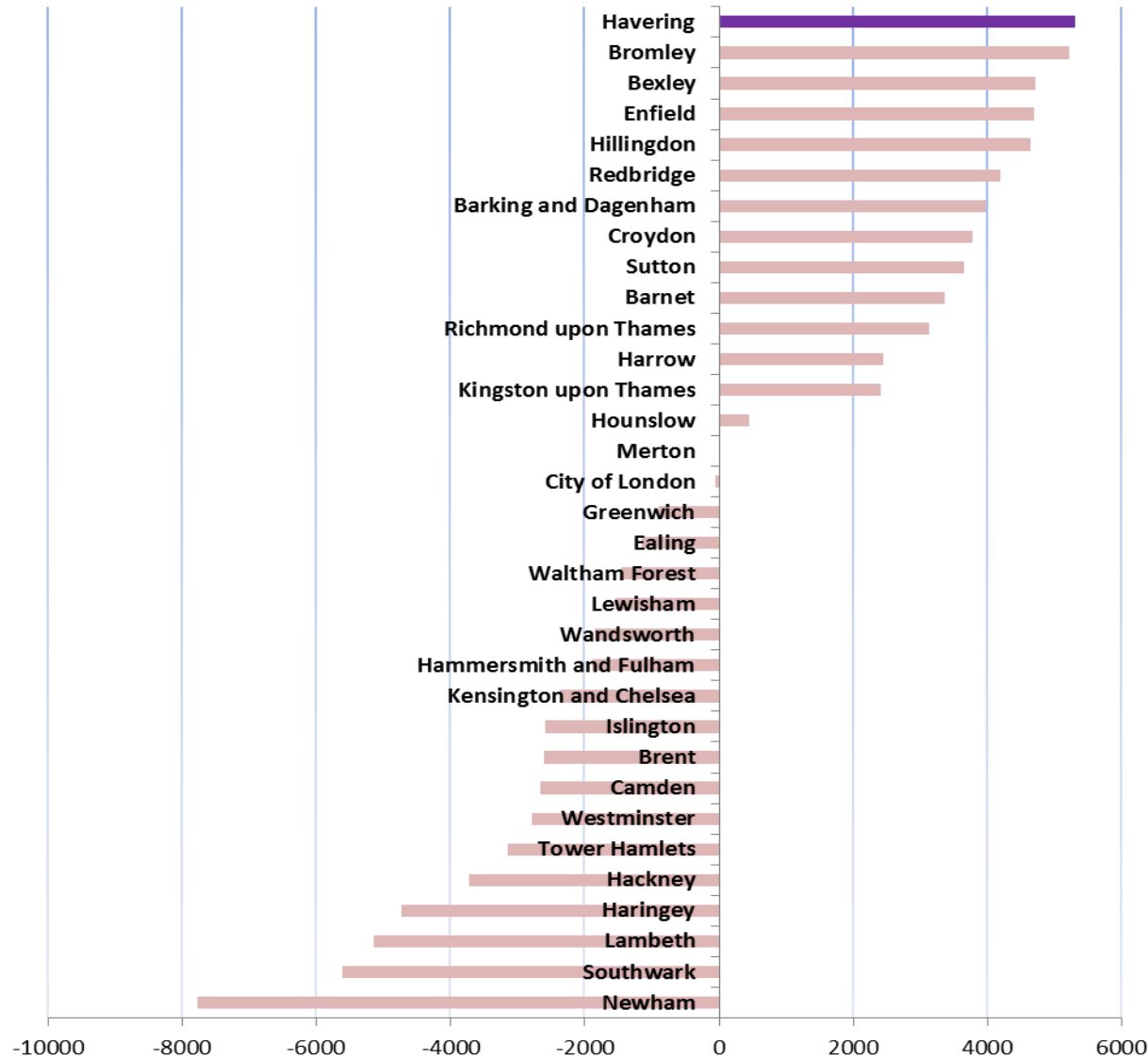


Figure 5 visually represents the netflow of migration among children across London Boroughs. Figure 5 shows that Havering has experienced the largest netflow across all London boroughs. Across this 5-year period there were a total of 5,314 children, who have settled in the borough from another London boroughs. Figure 5 also illustrates that there is a migration of children out of Inner London Boroughs, which have experienced a negative netflow, into Outer London Boroughs. However, the biggest Inflows of children into Havering come from neighbouring Outer London Boroughs, B&D and R.

APPENDIX C

SPECIFIC GRANTS 2015/16

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Adults	DOH	NHS for Social Care Grant (Better Care Fund from 2015/16)	0		4,609	15,495
Children, Adults and Housing	Adults	DOH	Better Care Implementation Fund	0		125	
Children, Adults and Housing	Adults	DOH	Local Reform and Community Voices	0		182	135
Children, Adults and Housing	Adults	DOH	Guaranteed Income Payments for Veterans Grant 2012/13	0		0	
Children, Adults and Housing	Adults	DOH	Learning Disability and Health Reform Grant	0		0	
Children, Adults and Housing	Adults	NHS	Adult Social Care New Burdens	0		0	1,531
Children, Adults and Housing	Children's Services	DFE	Social Work Improvement Team	0		0	
Children, Adults and Housing	Children's Services	DCLG	Troubled Families	0		284	
Children, Adults and Housing	Children's Services	DFE	Early Intervention Grant	0		0	
Children, Adults and Housing	Children's Services	YJB	Youth Offending Team	300		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Children's Services	DFE	Adoption Improvement Grant	0		197	
Children, Adults and Housing	Children's Services	YJB	Children on Remand - New	0		56	
Children, Adults and Housing	Children's Services	DFE	SEN Funding	0		276	
Children, Adults and Housing	Children's Services	HO	UASC Under 18's	350		0	
Children, Adults and Housing	Children's Services	DFE	Staying Put Implementation Grant	0		24	
Children, Adults and Housing	Children's Services	DFE	New Burdens SEN Grant	0		207	
Children, Adults and Housing	Business and Performance	DOH	Zero based Review of Adult Social Care	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	Dedicated Schools Grant	120,849		0	
Children, Adults and Housing	Learning and Achievement	DFE	Dedicated Schools Grant -New alloc for 2 year olds from 13/14	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	YPLA Sixth Form Funding	260		0	
Children, Adults and Housing	Learning and Achievement	DFE	Education Services Grant	0		3,170	
Children, Adults and Housing	Learning and Achievement	YPLA	YPLA Teachers Pay Grant	0		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Learning and Achievement	YPLA	YPLA Pupil Premium Grant	6,954		0	
Children, Adults and Housing	Learning and Achievement	YPLA	LSC Havering College of Adult Education	182		0	
Children, Adults and Housing	Learning and Achievement	YPLA	LSC Havering Adult Education Central Office(FLIF/TTG funding)	1,087		0	
Children, Adults and Housing	Learning and Achievement	DCLG	Extended Rights to Free Travel	0		12	3
Children, Adults and Housing	Learning and Achievement	DFE	HIAS Development Projects	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	Schools	2,154		0	
TOTAL				132,134	0	9,141	17,165
Culture, Community and Economic Development	Culture and Leisure	ARTS COUNCIL	Havering Music School	276		0	
Culture, Community and Economic Development	Customer Services		Births Deaths and Marriages	7		0	
Culture, Community and Economic Development	Economic Development		Environmental Stewardship	0		0	0
Culture, Community and Economic Development	Housing and Public Protection	DCLG	Homelessness Grant	0		0	
Culture, Community and Economic Development	Policy and Community	MOPAC	Mayors Funding for DIP and Community Safety	0		228	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Community Rigts to Bid	0		8	0
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Community Rights to challenge new burdens - New	0		9	0
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Flood Funding	0		78	52
Culture, Community and Economic Development	Streetcare	DCLG	Waste Collection - Green Rewards	0		399	
Culture, Community and Economic Development	Streetcare	DCLG	Waste Collection Campaign	0		127	
Culture, Community and Economic Development	Streetcare	DEFRA	Pothole Funding	0		404	
Culture, Community and Economic Development	Streetcare	DEFRA	Sustainable Drainage Systems			37	
CULTURE & COMMUNITY TOTAL				283	0	1,289	52
Public Health	Public Health	DOH	Healthy Lives for Healthy People - Public Health Funding	9,717	9,717	0	0
PUBLIC HEALTH TOTAL				9,717	9,717	0	0
Resources	Exchequer Services	DCLG	Localisation Support for CT.Transitional Grant Scheme	0		0	
Resources	Exchequer Services	DWP	Rent Allowances	56,963		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Resources	Exchequer Services	DWP	Disc Hsg Pay and App Imple	604		0	
Resources	Exchequer Services	DWP	Rent Rebates	36,640		0	
Resources	Exchequer Services	DWP	CT Support and HB Admin Grant	0		1,290	1,215
Resources	Exchequer Services	DWP	Housing Benefit Transitional Grant	0		0	
Resources	Exchequer Services	DWP	Housing Benefit Welfare Reform Grant	0		68	
Resources	Exchequer Services	DWP	Recession Funding	0		0	
Resources	Exchequer Services	DCLG	Implementation of new CT Scheme	13		120	45
Resources	Exchequer Services	DWP	Autumn Statement Measures NNDR	0		1,281	1,215
Resources	Exchequer Services	DWP	LADS Funding	0		8	
Resources	Exchequer Services	DWP	New Burdens Single Fraud Scheme	0		1	
Resources	Legal and Democratic Services	DCLG	Electoral Registration	0		52	14
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 1	0		0	0

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 2	0		0	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 3	0		0	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 4	0		1,104	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 5	0		0	0
Resources	External Finance	DCLG	Unallocated Grant: New Homes Bonus	0		3,520	4,842
Resources	External Finance	DCLG	Additional New Homes Bonus			104	103
Resources	Human Resources	DCLG	Social Housing Fraud	0		100	0
Resources	Human Resources	DOH	Supported Employment	3		0	0
Resources	Exchequer Services	DOH	Localisation of Social Fund - Admin and Programme Funding	0		117	0
Resources	Exchequer Services	DOH	Localisation of Social Fund - Programme Funding	0		604	0
RESOURCES TOTAL				94,222	0	8,370	7,433
OVERALL TOTAL				236,356	9,717	18,800	24,650

LEVIES

The levies are as follows:

	2014/15 £000	2015/16 £000	% Increase (Decrease)	Estimated/ Provisional / Final
East London Waste Authority	11,990	13,023	8.6%	Provisional
Environmental Agency (Thames)	171	175	1.99%	Provisional
Environment Agency (Anglian)	18	19	5.0%	Estimated
Lee Valley Regional Park	252	265	5.0%	Estimated
London Pension Fund Authority	314	330	5.0%	Estimated
	12,745	13,811	8.4%	

Note 1 : the ELWA levy is subject to approval by board at its meeting on 9th February 2015. Any amendment to the levy will be advised to Cabinet and reflected in the subsequent report to Council

Note 2 : all other levy figures are either provisional sums or estimates calculated using the same percentage figure pending confirmation from the levying body. A figure of 5% had been used for planning purposes and this is still reflected in the last two levies, the details of which are awaited

Note 3 : all levies will be affected by the change in calculation of the Council Tax base

COUNCIL TAX STATEMENT AND SUPPORTING INFORMATION**1. Collection Fund**

The Council is required to maintain a collection fund. Into this fund is paid all income from the Council Tax payers, and National Non Domestic Rate Payers (NNDR). From April 2013, it also includes Council Tax support payments. The precept set by the Greater London Authority and the requirements of the Council (which includes the levies) and paid from the Fund.

The balance on the fund estimated at 31st March 2015 has to be distributed to the GLA and Havering to reduce their individual elements of the Tax.

2. Band D equivalent and the Council Tax Base

The “Band D equivalent” is the number of properties in the Council’s area, equated to relate properties in all bands of the Council Tax to a Band D property, and is the basis of the figure used by the Government to allocate external finance.

The Council Tax base is this figure, after allowing for likely variations during the year in the number of properties on the register and likely losses on collection. The Council Tax base has been approved by the Group Director Resources under delegated powers and is 83,110 and it is this figure that is used to calculate the Council Tax.

**LONDON BOROUGH OF HAVERING
PROVISIONAL COUNCIL TAX STATEMENT – 2015/16 BUDGET**

2014/15 £	Havering's Expenditure	Estimate 2015/16 £	
165,596,130	Service Expenditure	174,473,045	
2,000,000	General Contingency	2,000,000	
167,596,130	Havering's Own Expenditure	176,473,045	
	Levies		
11,990,000	East London Waste Authority	13,023,000	Provisional
171,317	Environment Agency (Thames)	175,181	Provisional
17,679	Environment Agency (Anglia)	18,563	Estimated
252,415	Lee Valley Regional Park Authority	265,036	Estimated
313,839	London Pensions Fund Authority (LPFA)	329,531	Estimated
12,745,250	Sub Total – Levies	13,811,311	
(14,785,716)	Unringfenced Grant	(24,649,595)	
165,555,664	Sub Total – Total Expenditure	165,634,761	
	External Finance		
(38,889,716)	Revenue Support Grant	(30,235,176)	Provisional
(9,208,018)	Business Rates Top-up	(9,383,968)	Provisional
(21,632,207)	National Non Domestic Rate	(21,830,714)	Final
(69,729,941)	Sub Total – External Finance	(61,449,858)	
(913,000)	Council Tax Deficit/(Surplus)	(2,678,000)	
920,395	Business Rates Deficit/(Surplus)	(195,818)	
95,833,118	Havering's Precept on the Collection Fund	101,311,085	

2014/15		The Collection Fund		Estimate 2015/16	
£	£ p	Expenditure	£	£ p	Precepts
95,833,118	1,195.18	London Borough of Havering	101,311,085	1,219.00	
23,974,717	299.00	Greater London Authority (Provisional)	24,517,450	295.00	
21,632,207	269.79	London Borough of Havering Retained Business Rates (Provisional)	21,830,714	262.67	
14,421,472	179.86	Greater London Authority - Retained Business Rates (Provisional)	14,553,809	175.12	
36,053,679	449.64	Central Government - Retained Business Rates (Provisional)	36,384,523	437.79	
272,168	3.39	Cost of NNDR collection	271,109	3.26	
192,187,361	2,396.86	Total Expenditure	198,868,690	2,392.84	
		Total Income			
(72,379,526)	(902.68)	National Non-Domestic Rate	(73,040,155)	(878.84)	
119,807,835	1,494.18	COUNCIL TAX per Band D property	125,828,535	1,514.00	
80,183		Council Tax Base	83,110		
			Council Tax percentage change 1.3%		
		Council Taxes Per Property Band			Change
Valuation as at 1/4/91	£ p		£ p	£ p	
Under £40,000	996.11	Band A	1,009.34	13.23	
£40,000 - £52,000	1,162.15	Band B	1,177.55	15.40	
£52,001 - £68,000	1,328.16	Band C	1,345.78	17.62	
£68,001 - £88,000	1,494.18	Band D	1,514.00	19.82	
88,001 - £120,000	1,826.21	Band E	1,850.45	24.24	
£120,001 - £160,000	2,158.26	Band F	2,186.89	28.63	
£160,001 - £320,000	2,490.30	Band G	2,523.34	33.04	
Over £320,000	2,988.36	Band H	3,028.00	39.64	

APPENDIX F

PROVISIONAL SCHOOLS BUDGETS 2015/16

(Net of estimated academy recoupment)

2014/15 £		2015/16				Total £
		Early Years Block £	Schools Block £	High Needs Block £	Additions & Adjustment s £	
11,091,942	Early Years	8,579,924	0	0	0	8,579,924
75,663,994	Primary Schools	0	70,918,315	2,040,027	22,707	72,981,049
15,810,111	Secondary Schools	0	14,562,256	426,959	4,715	14,993,930
5,811,071	Special Schools	0	0	5,985,089	0	5,985,089
2,620,029	Pupil Referral Service	0	0	2,620,029	0	2,620,029
831,040	Academy SEN funded by LA	0	0	911,116	0	911,116
111,828,187	Estimated Total DSG to Education Providers	8,579,924	85,480,572	11,983,200	27,422	106,071,138
11,238,813	Centrally Retained	398,364	4,294,281	7,117,918	0	11,870,563
11,238,813	Estimated Total DSG to be Retained Centrally	398,364	4,294,281	7,117,918	0	11,870,563
123,067,000	Total DSG Allocation	8,978,289	89,774,852	19,161,138	27,422	117,941,701

Note 1: The Dedicated Schools Grant is allocated in sub blocks.

Note 2: The above figures are net of £75,956,000 which is recouped by the DFE for academies and UTCs. This is based on the number of academies as at 31st December 2014

Note 3: Allocations to special schools and the pupil referral service are estimated

Note 4: Final figures will be published in the section 251 statement by 31st March 2015

**VIREMENT AND CONTINGENCY RULES
PART 4 : RULES OF PROCEDURE
CONSTITUTION OF LONDON BOROUGH OF HAVERING**

Virements

Virement is the ability to meet increased expenditure or reduced income under one service's budget head from savings in another. Virements may be used for both revenue and capital budgets.

Any decisions taken by the Executive shall not exceed those budgets allocated to each relevant budget head. Members do not have authority to create budgets.

Approval of virements must comply with the limits laid down in the Financial Procedure Rules (FPR).

Budget virements are required when a change to Council policy and/or service delivery requires resources to be reallocated, or when additional resources are received, or to meet any anticipated budgetary shortfalls.

All virements, whether revenue or capital, are subject to the following authorisation process as set out in the FPR, under Financial Planning and Financial Management, Section 6 of the FPR:

- (a) Virements in excess of £1 million will require Cabinet approval.
- (b) Virements between £250,000 and up to £999,999 will require approval by the relevant Cabinet Members.
- (c) All other virements will need to comply with procedures specified by the Group Director Communities & Resources

The cumulative value of virements for the year should be considered when deciding whether the various thresholds have been reached. The Group Director Communities & Resources will take the final decision as to whether a number of smaller virements need to be grouped together for threshold calculation purposes.

Use of Contingency Funds

The Group Director Communities & Resources may set up a central contingency fund. There will only be one such fund for the entire Council.

The Group Director Communities & Resources is authorised to release sums from the contingency if:

- (a) the amounts are not greater than £25,000, and
- (b) the item is deemed by them as unforeseen and a relevant use of the contingency, or
- (c) if the item is urgent (e.g. an emergency or threat to life) and there is insufficient time to consult with the relevant Cabinet Member.

The relevant Cabinet Member can release all other sums from the contingency if:

- (a) the item is deemed by the Group Director Communities & Resources as unforeseen and a relevant use of the contingency, or
- (b) the item is urgent (e.g. an emergency or threat to life) after consultation with the Group Director Communities & Resources.

The Chief Executive has power to incur expenditure from the Contingency Fund without any further approval in exercise of their powers under paragraph 3.2 of part 3 of the Constitution to incur expenditure in connection with an emergency or disaster within the borough.

The Group Director Communities & Resources will also provide for a level of contingency for capital projects that is appropriate in their view, taking into account the level of risk associated with the capital programme. Sums will be released in accordance with the capital virement rules set out in the Financial Procedure Rules.

**LOCAL GOVERNMENT ACT 2003
BUDGET ROBUSTNESS & OPPORTUNITY COST OF RESERVES**

1. BACKGROUND

- 1.1 The Local Government Act 2003 sets out requirements in Part 2 in respect of Financial Administration. This paper sets out the requirements of the Act in respect of the robustness of the budget and the adequacy of reserves. It also considers the opportunity cost of holding reserves.
- 1.2 Section 25 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its council tax or precept. The authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
- 1.3 Section 26 gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The minimum would apply to “controlled reserves”, as defined in regulations. The intention in defining controlled reserves would be to exclude reserves that are not under the authority’s control when setting its call on council tax, for example the balance on the housing revenue account and schools balances. There may also be a case for excluding other types of reserve. Regulations to define controlled reserves would only be made in conjunction with regulations setting a minimum.
- 1.4 It was made clear throughout the parliamentary consideration of these provisions that section 26 would only be used where there were grounds for serious concern about an authority. The Minister said in the Commons standing committee debate on 30 January 2003: “The provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty. Only in such circumstances do we envisage any need for intervention.” There is no intention to make permanent or blanket provision for minimum reserves under these provisions.
- 1.5 If the need to apply a minimum to an authority were identified, the minimum would be set after considering the advice of the CFO to the authority and any views expressed by the auditor. The authority would be consulted on the level to be set.
- 1.6 Any minimum set under section 26 applies to the allowance to be made for reserves in the budget. There is nothing to prevent the reserves being used during the year even if as a result they fell below the minimum. However, if in preparing the following year’s budget it was forecast that the current year’s reserves would fall below the minimum the CFO would need to report to the authority under section 27.

2. REPORT OF CFO ON ROBUSTNESS OF THE ESTIMATES

2.1 The budget has been prepared using the four year Financial Strategy agreed by Cabinet in September 2014 as its starting point. This Strategy has been embellished through:

- The revenue and capital budget strategy statements, which are included as part of this report;
- The forecast position as set out in the Cabinet report of September 2014, January 2015 and February 2015;
- The schedule of savings proposals set out in those reports;
- The outcome and forecast impact on the Council of the CSR as reported to Cabinet in January 2015;
- A variety of announcements concerning the new funding system;
- The Autumn Budget Statement 2014;

2.2 As the development of the budget for 2015/16 has progressed, the position has been the subject to reviews with Heads of Service, Group Directors, Cabinet Members and the Cabinet Member for Value.

Due consideration has also been given to the over-arching strategy above along with the delivery of corporate priorities in undertaking these reviews and this is reflected in the detailed budget proposals.

All the proposals have been developed alongside service planning.

Furthermore:

- a) In respect of pressures, the Council has reviewed its pressures alongside those identified by the LGA and London Councils to provide a cross check/challenge;
- b) In respect of savings, the proposals have been risk assessed against an agreed set of criteria which will ultimately inform in-year monitoring;
- c) A review of legislation takes place on an ongoing basis as part of the budget development process to assess possible implications;
- d) Financial modelling related to the new funding system and its impact on Havering's budget has been under constant review and refinement, especially with the ABS and subsequent LGFS announcements;

2.3 At a more detailed level, each budget is being built having due regard of:

- Staffing changes incorporating proposed restructures;
- Inflation;
- Existing budgets;
- The proposals for budget adjustments and savings;
- The impact of changes to specific grants.

2.4 The budget includes a contingency that will provide a reasonable level for unforeseen issues that could arise during the year. This has had due regard to a risk assessment. Further information on the basis of this is set out later in this statement.

- 2.5 A review of all 2014/15 significant budget variances has taken place to assess any impact on the 2015/16 budget outside of the proposals in order to:
- (a) Ensure action plans are in place where a possible adverse variance could occur;
 - (b) Ensure use of any possible additional favourable variance is considered in the context of the overall strategy;
 - (c) Inform the risk assessment of contingency and reserves.
- 2.6 It is however also evident that the robust approach taken in previous years, in maintaining the contingency sum, and in holding reserves at the minimum level recommended, has enabled the Council to successfully manage in the past a major call on financial resources from one of our key services. This has been achieved without any noticeable impact on front-line services during the year. Whilst this is not a tenable long-term approach, the approach to resolving this problem in-year strengthens the argument to sustain appropriate levels of reserve funds as part of the Council's financial strategy.
- 2.7 The budget has been drawn up to provide financial stability and a platform for 2015/16 and future years. The proposals include a number of specific efficiency savings for which plans have been prepared and are in the process of being implemented over time. The Council's financial strategy will continue to roll forward having regard to the pressures, issues and priorities of Havering.

3. THE ADEQUACY OF RESERVES

- 3.1 Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Chief Finance Officer (CFO), taking into account all local relevant circumstances.
- 3.2 In previous years, the Audit Commission's Comprehensive Area Assessment (CAA) has taken account of both the level of financial reserves and the identification and management of variances, in assessing an authority's use of resources. These should be reviewed on an annual basis.
- 3.3 The Strategy agreed by Council in July 2009 set out that the minimum level for the authority will be £10m. This Strategy has been maintained since that time. As is the norm, a full review has taken place as part of the budget setting process. The risk assessment is attached at Annex 1 and the CFO's advice is that the minimum level of reserves, and the provision of the contingency sum, should remain at their current levels, consistent with the level set in previous years.
- 3.4 The working balances as at 31 March 2014 amounted to £12m; above the minimum amount recommended by the MTFs and the revenue budget strategy, but set at a level to ensure greater financial robustness given the uncertain financial climate that has existed for some time and remains the prospect for the foreseeable future. Whilst Members may regard this as a

considerable level of reserves, these reserves support any issues on both revenue and capital and the Capital Programme's reliance on the delivery of capital receipts has remained.

- 3.5 After taking account of the most recent projection in the current year, it is anticipated that the Council's general reserves will continue to be at the current level of £12m at 31 March 2015.
- 3.6 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough Council Tax capping regime, which will limit Council Tax rises in future years to pay for one-off use of balances.
- 3.7 As a general rule, the Council should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Council decides to use balances to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years. All Members must be mindful of their stewardship responsibility to the Council.
- 3.8 Having regard to the above and the current year's projected outturn, no use of general reserves/working balances or change to the existing financial provision within the contingency or special reserve is therefore recommended. This is consistent with the revenue budget strategy statement recommended for approval by Council as part of this report.
- 3.9 The Council maintains earmarked funds for specific purposes and their use is planned and approved for specific purposes, often to confirm with accounting policies, manage arrangements across financial years, or to fund known future commitments. The most significant are for the following:
 - (a) Insurance Reserve, which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed.
 - (b) Strategic Reserve for corporate transformation – these funds are used for the various transformation programmes across the Council – as well as priority projects and bridge funding for schemes such as the Property Strategy and the Leisure contract cash flow.
- 3.10 Other reserves continue to be expended/planned in accordance with the approvals/purpose. A review has taken place of these as part of the budget finalisation.
- 3.11 The working balances of the HRA are also subject to a risk assessment; this will be included in the report to Cabinet on the HRA budget for 2015/16.

4. OPPORTUNITY COST OF RESERVES

- 4.1 Holding general reserves to meet unexpected events or emergencies is a necessary requirement. However, there are opportunity costs and benefits of holding cash balances, which can be measured in different ways, depending on what these resources were alternatively to be used for. For example, holding cash gives a financial benefit in contrast to using the cash to fund capital expenditure. The financial benefit would be the difference between the investment return and the total borrowing cost. At the current time, these are in fact broadly neutral, but a cost of around 4% will be incurred in respect of a provision to repay debt.
- 4.2 On this basis, for every £1 million of cash held, the purely financial benefit could be deemed to be £30k per annum or approximately £300k per year for balances of £10 million. This is dependent on prevailing money market conditions, which in the current economic climate can fluctuate significantly. Using the balances to repay debt earlier would not achieve a matching saving given the costs around early redemption and the similarity in short-term lending rates and long-term borrowing rates. For information, £1m equates very approximately to 1% on the Council Tax.
- 4.3 If, however, this is considered in the context of using these balances to fund one off expenditure, then the opportunity cost is the improvements that would accrue from that expenditure. This might for example be improvements in services, increased performance or some other measure. Such items have been considered by officers during the course of developing the MTFs, but these have not generally been included within the final proposals or the detailed budget given the broad financial constraints within which Havering is operating.
- 4.4 Should these items be included within the budget, they would obviously provide a basis for additional and/or improve services; with the need to appreciate that reserves exist for various reasons, and once expended, either have to be replenished, or the funding terminated. This is the opportunity that is being missed by holding general reserves. However this is only relevant if those items match the Council's priorities and Medium Term Financial Strategy.
- 4.5 It is important that in considering the level of working balances that the issue of the opportunity costs and benefits of such an approach is also considered and that Members weigh up the potential benefits against the risks. The other important factor in making this judgement is to consider is that balances can as indicated only be spent once, and can realistically only be used to support one off expenditure, or to allow time for management action to be implemented.
- 4.6 As stated above, the use of significant levels of balances to fund ongoing spending or reductions in Council Tax can pose material financial risks, especially the Council's ability to generate funds through Council Tax is limited by the capping regime. This could mean that any need to replenish balances could impact on front line services. Hence the level of reserves held overall is a balance between the risks facing the Council and the need to protect the Council and Council Tax payers from the short and longer term potential impact

of these risks and the opportunity costs of holding those balances. The previous advice that the £10 million minimum level of balances is a prudent and appropriate level at this time given the risks being faced by the Council must be stressed.

5. REVIEW OF RESERVES AND CONTINGENCY

- 5.1 As indicated earlier in this report, the assessment of the sums required for reserves and contingency purposes has been subject to a review. This review takes into account the various risks facing the Council, the level of risk, the actions taken to mitigate risk, and the financial assessment of the risk. The review has also included consideration of the Corporate Risk Register, with the objective of ensuring that all such risks having a potential financial impact are covered in the reserves and contingency assessment.
- 5.2 The outcome of this review is set out in Annex 1 to this Appendix. This shows each risk and the detail associated with it, and includes a cross-reference to the Corporate Risk Register. Each risk is evaluated in term and a financial assessment is made of the potential costs arising and the degree of likelihood, which in turn drives the sum for which provision is being made.
- 5.3 The Corporate Risk Register is kept under review by the Corporate Management Team, so any changes are then reflected when the reserves and contingency assessment is updated.

**RISK ASSESSMENT FOR RESERVES / CONTINGENCY 2015/16
REVIEWED AT 23 JANUARY 2015**

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
1. Reduction in Grant Funding CR8 Financial Challenges CR4 Business Growth	GDCR	Grant levels do not materialise and/or are reduced or cut, eg further withdrawal of Specific Grants, further reductions to Revenue Support Grant, reduced funding following changes to funding system, further reductions within CRS period, leading to need to scale down/cease services.	Medium to High	Addressed as part of budget strategy and detailed budget development		2,000	1,000
2. Reduction in Income Levels CR4 Business Growth CR8 Financial Challenges	GDCR/ GDCAH	Income levels do not materialise and/or debts are not collected at forecast levels, e.g. (a) Increasing arrears (b) Falling income (c) Falling recovery rates.	Medium	500	250	2,000	1,000
3. Increased service demand, changes in demography CR5 Change Management CR10 Social Care and Public Health	CE/ GDCAH/ GDCR/ GDPH	Demand led services increase over budget assumptions, e.g. Children's placements, Adult's social care, homelessness, benefits. Changes in property base leading to changes in population in overall terms and in	Medium	1,000	500	5,000	2,500
				Long term addressed as part of budget strategy and detailed budget development			
4. Savings Shortfall CR5 Change Management CR8 Financial Challenges	CE/ GDCR	Major savings/efficiency programmes are not delivered in accordance with plans, e.g. efficiency programmes fail to achieve expected savings, unable to deliver full value of savings, within expected timescales	Medium	1,000	500	Addressed as part of budget strategy and detailed budget development	
5. Workforce Issues CR1 Workforce Planning	CE/ GDCR	Workforce issues, e.g. (a) Vacancies/cover needs resulting in higher cost (b) Support to statutory officers	Low to Medium	Addressed as part of budget strategy and detailed budget		2,500	1,250

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
		(c) Equal pay matters (d) Disputes (e) Recruitment/retention (f) Succession Planning (g) Single Status		development			
6. Management of Capital Programme CR4 Business Growth & Investment CR5 Change Management	GDCR	Changes in Capital Programme/cash flow assumptions, e.g. (a) Capital receipts are not forthcoming in time (b) Receipts do not materialise at all (c) Interest rate market works against Havering (d) Interests from Capital Programme slippage	Medium	500	250	2,500	1,250
7. Supply Chain Resilience CR7 Partnerships, Shared Services & Contractor Arrangements	GDCR	Increase in costs or financial risks in partnership arrangements (including shared services/service collaboration). Failure in key supplier, eg financial failure, liquidation, failure in supply chain	Medium	500	250	2,500	1,250
8. Budget Management CR8 Financial Challenges CR10 Health and Social Care CR2 Community Engagement & Communications CR6 Business Continuity & Emergency Planning	GDCR	Arrangements for budget and financial management, e.g. unexpected overspends, increase in costs above rate of inflation such as pay awards, contracts, utility bills, variances not identified by monitoring system. Business continuity, eg flu pandemic, terrorism, network virus, legionella outbreak, adverse weather	Medium	1,000	500	3,500	1,750
9. New Legislation CR8 Financial Challenges CR10 Health and Social Care CR2 Community Engagement & Communications	CE/ GDCR GDCA&H	New legislation including changes in funding arrangements for social care lead to changes in demand/changes in service entitlement that are not matched by compatible funding increases from Government, leading to a greater cost falling on Havering	Medium	Addressed as part of budget strategy and detailed budget development		2,500	1,000
TOTAL POTENTIAL				4,500	2,250	22,500	11,000

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
ASSESSMENT HAVING REGARD TO RISK LIKELIHOOD – MINIMUM LEVEL REQUIRED			Overall Medium Risk		2,000		10,000
CE = Chief Executive GDCR = Group Director Communities and Resources			GCAH = Group Director Children's, Adults & Housing GDPH = Group Director Public Health ACEL&DS = Assistant Chief Executive Legal & Democratic Services				

CAPITAL PROGRAMME

1. BACKGROUND

- 1.1 Capital expenditure is expenditure on acquiring or enhancing tangible or intangible fixed assets. This is usually land or buildings, but can be equipment in some instances. All expenditure that is considered to be capital should be accounted for as capital and not charged to revenue.
- 1.2 The Asset Management Plan and Capital Strategy detail the Council's approach to capital investment. These documents set out the use of capital resources and areas of funding. They also discuss how this investment has contributed to the achievement of the Council's goals and vision and how this is planned to develop over the medium term.
- 1.3 Among these key activities is the management of existing assets. Without this it is likely that revenue maintenance costs would increase as assets deteriorate. Capital resources are also required to facilitate investment in projects seen to be a priority by our local community, e.g. Streetcare.
- 1.4 The capital programme has historically been funded largely by capital receipts. The main other funding streams have been:
- Town and Country Planning Act (S106 Agreements) – these are planning gains received from developers in recognition of the additional services that will be required as a result of development schemes. These can relate to a number of areas including education provision, highways improvements and public realm enhancements - services look to use these funds to supplement existing programmes.
 - Grant – largely Education / Transport for London and specific to the schemes.
 - Borrowing where it is either on an invest to save basis or where the investment supports a savings stream, and can be repaid.
- 1.5 Other funding streams are:
- Prudential Borrowing – having regard to appropriate indicators the Council is able to borrow resources to fund capital expenditure. Before doing so it must be assured that sufficient revenue funds are available to meet the ensuing revenue implications arising from capital expenditure. The Council is required to set aside a Minimum Revenue Provision (MRP) of 4% in respect of the increased borrowing requirement plus the resulting interest charge . Very broadly, increased borrowing of £1m will incur a revenue liability of £76,000 per annum over 25 years.
 - Revenue Contributions to Capital – revenue resources can be used to fund capital expenditure when these are deemed to be available.
 - Capital Allowances – most notably in relation to the maintenance of the Council's housing stock
 - External Funding – opportunities to maximise external funding are taken whenever these are consistent with the aims and objectives of the Council. Major funding bodies include the Heritage Lottery Fund, Sport England and the

European Social Fund. Many of these schemes require the Council to contribute match funding to the delivery of project and careful consideration is given to how this can be achieved. There are also grant funding streams – often unringfenced – which are allocated by Government departments. These generally have a broad purpose but are available for deployment through local investment decisions.

- Supported Borrowing – central government allocates grant to support a certain level of borrowing. However, as a floored authority the Council is unable to take up any opportunities for additional supported borrowing as no actual grant is received.

2. CURRENT STRATEGY

- 2.1 It is well known that outside of specific capital grants, the Council's main funding in the past has been capital receipts generated via disposals and some contributions from S106 agreements. This approach has been adopted to reduce pressure on the revenue budget and hence Council Tax. Targets were set and agreed by Council for the receipts to be generated.
- 2.2 It had become apparent that this could not continue indefinitely, as the potential to realise large receipts has reduced. Not only has the quality and number of sites reduced, but it has been further affected by the economic climate. This has significantly reduced the potential value of the remaining sites and has added a further complication as to the most appropriate time to market disposals. If sales are delayed until the market recovers, significantly larger receipts may be generated. However, it is not possible to predict with any degree of certainty when, or even if, this will occur.
- 2.3 With this in mind, the Council has been planning for other funding streams, if it is to have a realistic capital programme to meet its needs. All potential funding opportunities have been explored, e.g. S106 agreements, external grants, but it had been assumed that increased borrowing would need to be the major source of funding.
- 2.4 In the short term this will be needed to bridge the timing gap, to ensure that best value is achieved in the disposal of its surplus assets. In the longer term as disposal opportunities are exhausted, borrowing is likely to be the major source of funding for capital expenditure, outside of any capital grants.
- 2.5 Any borrowing creates a liability in revenue whilst the loan is repaid. This will normally be over 25 years, but will depend on the asset being purchased. As a direct charge funded through Council Tax, borrowing levels have to be managed through the budget process along with other budgetary pressures. In conjunction with the appropriate repayment period, borrowing needs to be included as part of the Council's long term financial strategy. It must be considered that as borrowing levels increase over consecutive years that borrowing costs will also incrementally increase. Appropriate revenue provision would need to be made to address this.
- 2.6 Local Authorities are required to comply with the Prudential Code when carrying out their treasury strategy for borrowing. This is a professional code of practice to support authorities in taking their decisions on capital investment in fixed assets. In essence, this ensures that capital investment plans are affordable, prudent and

sustainable. Any level of borrowing determined by the Council would need to comply with this code.

- 2.7 Given the current financial climate and this increase in costs, it is felt that the Council's budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital receipts and Section 106 receipts and any sources of external funding only.
- 2.8 This broad approach is felt to be sufficient to finance a core programme until the end of financial year 2016/17, subject to the generation of the anticipated level of capital receipts. It will be necessary to consider the approach beyond that further into the future, when the long term funding streams for local government become clearer, and as the Council progresses the implementation of its four year financial strategy.

3. PROPOSED CAPITAL PROGRAMME BLOCK ALLOCATION

- 3.1 Given that it is now proposed that the core programme is based on the application of receipts and external funding as the prime sources of finance, the overall programme has been assembled in the context of the expected level of receipts. This review has also taken into account anticipated levels of grant funding as well as the timing of receipts. The principle of a block allocation for specific programme areas has been used to generate an overall indicative programme.
- 3.2 The following block allocation was approved at Cabinet on 21st January 2015 in order to fund for the indicative core programme for the next two years.

	2015/16 £000	2016/17 £'000
Total	7,900	4,900

- 3.3 A detailed schedule of schemes within the 2015/16 programme has been drawn up, based on assessed needs and within the context of the individual core elements of the programme. This is set out in Annex 2.
- 3.4 It is also proposed to top slice £100k from the indicative Parks, Libraries, Leisure and Cemeteries programme. This will enable revenue funding earmarked for existing Leisure capital schemes to be redirected to changes to the phasing of revenue savings proposals. It is also proposed to establish a capital contingency of £3m to be funded from surplus capital receipts. Sums will be allocated from the contingency by the Director of Communities and Resources in consultation with the Lead Member.

4. SCHOOLS EXPANSION PROGRAMME

- 4.1 The capital programme also includes the phase 3 schools expansion programme. The financing of this programme is achieved predominately from grant funding with the balance being met from s106 or Tariff income. The service continues to face pressures for additional schools places; a matter which has been reported at some

length in previous reports. The Director of Communities and Resources will keep the matter under review but is at present unable to allocate capital receipts to fund further expansion.

Associated Revenue Implications

- 4.2 The revenue implications for schools are that, in creating additional classes, additional resources will be incurred particularly for teaching and support staff. From the financial year 2015/16 the schools will receive additional funding through their budget shares as the pupils will be on roll at the date of the pupil census that is used to calculate funding. Any growth arising after that point will need to be met from a pupil growth contingency held within the Schools Budget (funded by the Dedicated Schools Grant) as agreed by the Schools Funding Forum. The demand for increased funding to be held as a pupil growth contingency from a ring-fenced DSG is likely to result in less funding being available for distribution to schools putting at risk the ability of schools to maintain current levels of expenditure. Schools are, however, guaranteed through DFE financial regulations to not have their funding reduced by greater than 1.5% per pupil.

Revenue Implications for the Local Authority

- 4.3 It should be noted that an increase in school admissions across the Borough may also have a 'knock-on effect' on other LA budgets such as special educational needs, home to school transport, etc. The details of this are currently being quantified and any pressures arising will be addressed through the appropriate channels. As mentioned previously, the DSG allocation to Havering will be increased from 2015/16 reflecting increased pupil numbers. Most of this will be allocated to schools but there may be some available to fund other pupil related pressures.

Risks

- 4.4 There are a number of risks associated with the primary expansion programme as follows:
- Variation in demand for school places from that forecast, either leading to a requirement for further spend and/or places being delivered which aren't filled. Given that past trends has shown a higher than anticipated increase the latter is unlikely;
 - Increased costs either as detailed schemes are progressed, as a result of the tendering process or due to additional demand;
 - There may be insufficient funding to bridge the shortfall in which case the contingency plan would be to utilise borrowing however this would result in additional revenue costs to the Council and that would increase the projected budget gap for the next 4 years. Every effort will therefore be made to keep this to a minimum.

5. EXTERNAL/GRANT FUNDING

- 5.1 The table only covers those schemes reliant on funding generated by the Council. There are other funding streams, as indicated above, and these are generally through a grant, which means there is no revenue cost to the Council. Such

funding sources mean that the overall scale of the Programme is larger than that covered solely by the table.

- 5.2 Information on external funding sources has in the past tended to be provided after the setting of the budget. Whilst such funding increases the scale of spend, there is no overall net increase, as the costs are matched by external resources, principally grant funding.
- 5.3 The major areas where external funding is received are Streetcare (principally funding from Transport for London, TfL), schools, and regeneration – though the last of these tends to come via different sources over time, the other two have tended to be a single announcement.
- 5.4 Details of TfL funding have already been announced and the Council has been allocated a sum of around £2.173m for 2015/16.
- 5.5 In addition, the Council has been notified of capital grants for education purposes. These are the Local Authority Capital Maintenance and Basic These grants are neither ring-fenced to specific workstreams within education, nor time-bound, ie funding may run beyond next year. However, based upon the the actual grant announcements, and the of previous detailed reports to Cabinet on the expansion of schools, which is covered in the previous section, detailed programmes have been drawn up and these are set out in Annex 3.
- 5.6 It is proposed that a detailed programme will be developed for external sources of funding, in line with any specific provisions relating to that funding, where details of the funding have yet to be identified. This will be reflected in future capital monitoring reports. A number of grant funded areas have already been announced and these are listed at Annex 4.
- 5.7 Officers already have delegated authority to accept grant funding on behalf of the Council and any such funding can usually only be applied for specified purposes. Approval has been sought through this report for any schemes resulting from the provision of external funding to be included within the Capital Programme under the authority of officers, to ensure an efficient process is in place.

CAPITAL PROGRAMME
OVERALL FORECAST SPEND – GENERAL FUND CAPITAL

	Revised Capital Budget	Actuals (previous years)	Current Year Actuals	Total Actuals	Current Year Encum berances	Forecast Current Year	Forecast Next Year 2015/16	Forecast Next Year 2016/17	Total Forecast Outturn	Expected Over/ (Under) Spend
Culture, Community & Economic Development	83,035,626	36,860,639	9,894,412	42,301,551	155,619	23,927,280	22,252,517	38,500	83,078,936	43,310
Children, Adults & Housing	146,681,621	84,481,132	15,392,317	41,960,350	64,767	47,719,400	14,030,456	284,602	146,515,590	(166,032)
Resources	138,845,579	92,604,649	6,519,533	134,984,404	38,534	23,189,956	16,691,694	7,700,974	140,187,274	1,341,695
Total	368,562,826	213,946,420	31,806,262	219,246,305	258,920	94,836,636	52,974,667	8,024,076	369,781,800	1,218,973

DETAILED CAPITAL PROGRAMME 2013/14 AND 2014/15
CORE PROGRAMME AND SPECIFIC SCHEMES

Final Capital Budget Allocations

Description		
	2015/16 £'000	2016/17 £'000
Parks, Libraries, Leisure & Cemeteries	966	933
Street Environment	2,000	2,000
Education	0	0
Protection of Assets and Health and Safety	500	500
IT Infrastructure	1,000	1,000
Regeneration	100	100
Disabled Facilities Grant (Council element only)	0	300
Capital Contingency	3,000	0
Street Lighting	2,700	0
Total	10,266	4,833

Note 1 : the detailed schemes included within this sum are set out on the following pages.

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Cemeteries											
Cemeteries Improvement works	Improvement works to various cemeteries	Louise Edmonds		Parks, Libraries, Leisure & Cemeteries	160,000	160,000			160,000		
					160,000	160,000	0	0	160,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Parks											
Langtons Gardens Restoration programme	Restoration of gardens at Langtons	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	150,000	150,000			150,000		
Haynes park investment	Improvement works to Haynes park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Coronation gardens improvements	landscaping and signage work to Coronation gardens	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Harrow Lodge park investment programme	Improvement works to Harrow Lodge park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	56,000	56,000			56,000		
Rise Park Investment programme	Improvement works to Rise park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	20,000	30,000			20,000		
Play Area equipment replacement programme	replacement of play area equipment at various locations	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Parks investment programme	Improvement works to various parks	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	50,000	50,000			50,000		

Heritage Buildings investment programme	Improvement works to various heritage buildings	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Allotment investment programme	improvement works to various allotment sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Green Flag Investment programme	improvement works to various sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Public right of way improvements	improvement works to various sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Upminster Park changing rooms demolition and additional parking	Demolition of existing Upminster park changing rooms and creation of additional parking	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	50,000	50,000			50,000		
					526,000	536,000	0	0	526,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Libraries											
Boiler replacemnt at South Hornchurch library	Replacing Boiler	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Replacement flooring at South Hornchurch library	flooring replacement	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
South Hornchurch Car Park improvements	repairs to South Hornchurch car park	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
CCTV replacement	replacement of CCTV camera's	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Improvements to South Hornchurch library	Improvements to portacabin at South Hornchurch Library	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Security systems at various library sites	installation of new security systems	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	35,000	35,000			35,000		
					145,000	145,000	0	0	145,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Leisure											
Fairykites investment programme	various improvement works to Fairykites	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	15,000	15,000			15,000		
Hornchurch Sports Centre - new Diving boards	replacement of diving boards at Hornchurch sports centre	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	25,000	25,000			25,000		
Myplace improvement works - Soundproofing	soundproofing of main hall at Myspace	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Myplace improvement works - New reception and foyer	New reception and redesign of foyer at Myspace	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	35,000	35,000			35,000		
Leisure Centre investment programme	Improvement works at various leisure centres	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Robert Beard Centre - Boiler replacement	Youth Facilitation – replacement boiler and repairs to windows at the Robert Beard centre	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
					135,000	135,000	0	0	135,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Streetcare											
Highways											
Highways - carriageway works	a selection of carriageway renewal / resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	500,000	500,000			500,000		
Highways - Footway works	a selection of footway renewal / resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	600,000	600,000			600,000		
Highways - footway micro asphalt works programme	a selection of footway resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	250,000	250,000			250,000		
Anti skid replacement	anti skid replacement at selected locations following	Chris Layton	Austen Gunn	Street Environment	30,000	30,000			30,000		

	survey										
Shopping centre enhancements	Small scale shopping centre footway enhancements	Bob Wenman	Austen Gunn	Street Environment	80,000	80,000			80,000		
Street Lighting											
Street Lighting - Structural Testing Replacements	Structural testing replacements	Chris Layton	Chris Layton	Street Environment	80,000	80,000			80,000		
Street Lighting - Column Replacements	Cast Iron / Concrete Lamp column replacements	Chris Layton	Chris Layton	Street Environment	70,000	70,000			70,000		
Street Lighting - Painting	Lamp column painting	Chris Layton	Chris Layton	Street Environment	10,000	10,000			10,000		
Environment											
Replacement Litter bins & Cleansing initiatives	Litter bins & Cleansing initiatives	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
Highway shrub bed replacements	Replacement of highway shrub beds	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
Highway grassed conversions upgrades	Highway grassed conversions upgrades	Paul Ellis	Maria Smart	Street Environment	70,000	70,000			70,000		
Dangerous Tree replacement programme	Dangerous Tree replacements	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
Waste Initiatives											
Improvements to waste storage facilities	Waste storage facilities	Paul Ellis	Lisa Foster	Street Environment	25,000	25,000			25,000		
Fly tip prevention initiative	Fly tip prevention initiative	Paul Ellis	Trevor Rockliff	Street Environment	35,000	35,000			35,000		

programme											
Parking											
Car Park refurbishment Programme	refurbishments to various car parks	David Pritchard	Lorraine Delahunty	Street Environment	75,000	75,000			75,000		
Parking Traffic Management Order upgrades	Upgrade to Parking Traffic Management Order system	David Pritchard	Lorraine Delahunty	Street Environment	25,000	25,000			25,000		
					2,000,000	2,000,000	0	0	2,000,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Asset Management										
Health & Safety bids	Corporate allocation for Health & Safety bids in-year from services	Sue Wilks	Protection of Assets and Health& Safety	100,000	100,000			100,000		
Mercury House - Health & Safety	Installation of tannoy system	Sue Wilks	Protection of Assets and Health& Safety	75,000	75,000			75,000		
Mercury House - Heating upgrade	Upgrade to boiler and heating controls	Andy Skeggs	Protection of Assets and Health& Safety	25,000	25,000			25,000		
Town Hall - Passenger lift	Replacement lift (£75k already funded)	Andy Skeggs	Protection of Assets and Health& Safety	25,000	25,000			25,000		
Town Hall - Electrical installation	Improvements to resilience /capacity of electrical infrastructure	Andy Skeggs	Protection of Assets and Health& Safety	100,000	100,000			100,000		
Depots - Health & Safety works	Prioritised works to remove/replace structures	Andy Skeggs	Protection of Assets and Health& Safety	155,000	155,000			155,000		
Gaysfield - health & Safety works	Demolition of pavilion	Andy Skeggs	Protection of Assets and Health& Safety	20,000	20,000			20,000		
				500,000	500,000	0	0	500,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
IT											
IT Transformation Programme	Various IT infrastructure projects to support transformation	Andrew Blake-Herbert		IT Infrastructure	1,000,000	1,000,000			1,000,000		
					1,000,000	1,000,000	0	0	1,000,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Economic Development											
Romford town centre regeneration programme	Regeneration of Romford Market and South Street	Tom Dobrashian	Bob Flindall	Regeneration	100,000	100,000	0	0	100,000		
					100,000	100,000	0	0	100,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Housing											
Disabled Facilities Grant	Disabled Facilities Grant	Keith Andrews		Disabled Facilities Grant	829,000	829,000	0	0		829,000	
					829,000	829,000	0	0	0	829,000	0

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
				£						
TFL - Local Implementation Plan										
Bus Stop Accessibility										
Step-free bus access	Improvements to Bus stops in Havering including hardstanding area, bus stop clearway and kerb heights.	Musood Karim	Externally Funded	79,385	79,385				79,385	
Community Bus Service "The Harold Link"	Community Bus Service via Tesco's at Gallows Corner and the Harold Wood Polyclinic.	Daniel Douglas	Externally Funded	9,385	9,385				9,385	
Cycling investment										
Collier Row to Romford Cycle Safety Improvements	Collier Row to Romford Cycle Safety Improvements including signage, dropped kerbs and road markings.	Musood Karim	Externally Funded	49,385	49,385				49,385	
All London Grid Green - Walking and	All London Grid Green - Walking and Cycling links connecting open spaces such as parks and leisure areas to town centres, transport hubs and employment areas within the borough.	Bob Flindall	Externally Funded	139,385	139,385				139,385	

Cycling links to parks and leisure areas										
Cycle Safety Training for Pupils	Delivering Bikeability training at Schools across the borough.	Martin Day	Externally Funded	59,385	59,385				59,385	
Packages to Support Traffic Reduction and Air Quality										
Implementation of Mayor's Air Quality Fund	Implementation of Mayor's Air Quality Fund including Air Quality monitoring and supporting projects within the Air Quality Action Plan.	Louise Watkinson	Externally Funded	25,000	25,000				25,000	
Travel Awareness Package	Development of transport advice and initiatives to support local businesses.	Martin Day	Externally Funded	39,385	39,385				39,385	
Travel Awareness for Schools	Transport initiatives to support school travel planning activities.	Martin Day	Externally Funded	54,385	54,385				54,385	
Smarter Travel Staffing Costs	Smarter Travel Staffing Costs to deliver Smarter Travel Programme across the borough.	Martin Day	Externally Funded	80,000	80,000				80,000	
Improvements to Air Quality	Part time officer to deliver initiatives funded through the Mayor's Air Quality Fund.	Louise Watkinson	Externally Funded	24,385	24,385				24,385	
Casualt										

y Reducti on Packag e										
Road Safety Awareness for Pupils	Road Safety Awareness initiatives for Pupils including Theatre Productions	Kevin Wheeler	Externally Funded	69,385	69,385				69,385	
Romford Taxi Marshall Scheme	Romford Taxi Marshall Scheme along Eastern Road on Thursday, Friday and Saturday nights.	Jamie Eastaff	Externally Funded	33,385	33,385				33,385	
Casualty Reduction Measures - A1306 / Sandy Lane Junction	Casualty Reduction Measures - A1306 / Sandy Lane Junction	Siva Velup	Externally Funded	199,385	199,385				199,385	
Casualty Reduction Measures - Gooshays Package	Casualty Reduction Measures - Gooshays Package	Siva Velup	Externally Funded	84,385	84,385				84,385	
Casualty Reduction Measures - Upminster Package	Casualty Reduction Measures - Upminster Package	Siva Velup	Externally Funded	84,385	84,385				84,385	
Casualty Reduction Measures - Mawney Package	Casualty Reduction Measures - Mawney Package	Siva Velup	Externally Funded	44,385	44,385				44,385	

S - Mawney Package										
Smoothing Traffic Flow Schemes										
Freight Loading facilities	Review of Freight Loading facilities across town and district centres across the borough.	Mark Philpotts	Externally Funded	69,385	69,385				69,385	
Main Road / Balgore s Lane junction improvements	Main Road / Balgore s Lane junction improvements	Daniel Douglas	Externally Funded	99,385	99,385				99,385	
Climate Change and Resilience										
Flood alleviation measures - Hornchurch Road	Flood alleviation measures including upgrading of carriageway gullies along Hornchurch Road	Spencer Gray	Externally Funded	14,385	14,385				14,385	
Energy Efficient Street lighting	Delivery of energy efficient street lighting across the borough.	Sheri Lim	Externally Funded	49,385	49,385				49,385	
Romford, London Riverside, Hornchurch										

and Harold Hill										
Romford Public Realm Improvements	Public Realm Improvements in Romford town centre.	Chris Smart	Externally Funded	299,385	299,385				299,385	
Hornchurch Town Centre Public Realm Improvements	Hornchurch Town Centre Public Realm Improvements	Chris Smart	Externally Funded	149,385	149,385				149,385	
Improving access to the Learning Village	Improvements to footways and carriageways outside schools in the learning village area.	Chris Hobbs	Externally Funded	49,385	49,385				49,385	
Shopping Centre Access improvements - Harold Hill	Undertake improvements to outlying shopping areas throughout Harold Hill.	Chris Hobbs	Externally Funded	149,385	149,385				149,385	
Access improvements to Rainham Creekside	Public transport access improvements to Rainham Creekside	Chris Barter	Externally Funded	49,385	49,385				49,385	
Beam Park Station - Design and Approvals	Beam Park Station - Design and Approvals through the GRIP process.	Chris Barter	Externally Funded	149,385	149,385				149,385	

Other										
Traffic Management Order (TMO) Review	Comprehensive review of all Traffic Management Orders (TMO) across the borough.	Mark Philpotts	Externally Funded	9,380	9,380				9,380	
Taxi Rank Provision Review	Borough wide review of all Taxi Ranks looking to see if they are fit for purpose, accessible for disabled passengers and if new sites are required or not.	Mark Philpotts	Externally Funded	9,380	9,380				9,380	
				2,173,000	2,173,000	0	0	0	2,173,000	0

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
				£						
Schools Maintenance Grant										
R J Mitchell	Replace Biomass Boiler	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
RJ Mitchell	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Newtons	Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	80,000	80,000				80,000	
Newtons	Refurb KS2 Toilets	Joanne Hunter	15/16 Maintenance Grant	30,000	30,000				30,000	
Newtons	Upgrade Lighting	Joanne Hunter	15/16 Maintenance Grant	80,000	80,000				80,000	
Newtons	Recover Flat Roof	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Mead	Upgrade Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
Mead	Upgrade Lighting	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Benhurst Primary	Final Phase of Window Replacement	Joanne Hunter	15/16 Maintenance Grant	75,000	75,000				75,000	
Ardleigh Green Inf	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Ardleigh Green Jun	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	

Harold Wood	Next Phase - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Sanders Draper	Upgrade Existing Lighting	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Gaynes	Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
Gaynes	Next Phase - Window Replacement	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Gaynes	Next Phase - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Langtons Infants	Refurb/Replace Demountables	Joanne Hunter	15/16 Maintenance Grant	300,000	300,000				300,000	
Royal Liberty	Upgrade Electrical/Fire Alarm	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
Crownfield Infants	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
Engayne	Infants Building Surface Water Drainage	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
				2,465,000	2,465,000	-	-	-	2,465,000	
Additional Schemes should grant be higher than expected										
Dycorts	Ceilings and Walls	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Scotts	Replace Roof lights	Joanne Hunter	15/16 Maintenance Grant	25,000	25,000				25,000	
Scotts	Replace Windows	Joanne Hunter	15/16 Maintenance	50,000	50,000				50,000	

			Grant							
Ravensbourne	Phase 2 Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
Towers Infants	Recover Flat Roof	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Whybridge Inf	Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Whybridge Jun	Phase 2 - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
James Oglethorpe	Next Phase of Roof Replacement	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
Royal Liberty	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Harold Court	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	75,000	75,000				75,000	
				950,000	950,000	-	-	-	950,000	
				3,415,000	3,415,000	-	-	-	3,415,000	-

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
School Expansions - Phase 3										
Phase 3 School Expansions	Increasing capacity at various schools/educational establishments within the borough			15,355,280	3,071,056	10,748,696	1,535,528		15,355,280	
				15,355,280	3,071,056	10,748,696	1,535,528	0	15,355,280	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Finance											
Capital Contingency	Traditionally total capital expenditure (included all externally funded schemes) is around £60m. It is proposed to establish a capital contingency, at 5% to allow for new priorities emerging. It is proposed that the release of this contingency is delegated to the Group Director, Communities and Resources	Mike Board		Capital Contingency	3,000,000	3,000,000	0	0	3,000,000		
					3,000,000	3,000,000	0	0	3,000,000	0	0

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Street Lighting											
LED Streetlighting	Replace Light fittings with LED's generating revenue savings	Mark Lowers		Street Lighting	2,700,000	2,700,000	0	0	2,700,000		
					2,700,000	2,700,000	0	0	2,700,000	0	0

DRAFT OVERVIEW & SCRUTINY BOARD MINUTES

**MINUTES OF A SPECIAL MEETING OF ALL
OVERVIEW & SCRUTINY board
Havering Town Hall, Romford
5th February 2015**

DRAFT MINUTES TO BE INSERTED AFTER MEETING HAS TAKEN PLACE

ASSESSMENT OF IN-YEAR VARIANCES

The period 6 monitoring report identifies a number of variances and as part of the budget-setting process, these have been analysed to determine whether there is any potential ongoing impact on 2015/16. This analysis is set out below:

(Please note this is before the release of demographic growth funding and if the trend continues additional funding will be identified.)

Service	Forecast Outturn Variance £'000	Major Elements of Variance £'000	Impact on Future Budgets
Culture & Leisure	(102)	The overall budget position is mainly as a result of improved performance by the Grounds Maintenance DSO.	At period 9 a £69k underspend is projected. The Grounds Maintenance operation will be scrutinised to see if there is a base opportunity, but this cannot currently be assumed.
Corporate & Customer Transformation	(107)	Difficulty in recruiting to vacant posts.	At period 9 a £79k underspend is projected. Pressures within this evolving service mean that this underspend cannot be assumed to continue.
Streetcare	(267)	A range of cost reduction controls and improved income positions in Borough Roads & Parking.	At period 9 an overspend of £37k is projected. The budgets with, for example the parking account, are too variable to assume any ongoing positive variance.
Regulatory Services	(129)	Underspend reflects balance of income achievement in Building Control and Crematorium.	At period 9 an underspend of £79k is projected. External income across the service is uncertain and in some cases is under-performing. An ongoing underspend cannot be prudently assumed.
Learning & Achievement	643	The number of complexity of cases is likely to lead to an increase in wheel chairs, escorts and possibly routes.	Recently £600k demographic growth was allocated, however the level of overspend will increase as transport routes and demand for school places grows. At month 9 the overspend after demographic allocated is £100k
Children's Services	1,476	Placement costs have increased due to a need to place some high need young people in expensive residential placements	Current demand for placements has increased - Jan 15 is at 229. Even though it has stabilised and £1m growth agreed, the staffing budgets in hand have increased by £1.3m due to the number of agency staff employed.
Adult Services	839	The predicted overspend is due to placement activity	The first phase of the Care Act comes into force from April 2015,

Service	Forecast Outturn Variance £'000	Major Elements of Variance £'000	Impact on Future Budgets
		in Learning Disabilities and Adult Community Team.	including changes to how adult social care works with informal carers. There is new burdens funding being made available as well as the BCF 2015/16 funding, which will support the implementation of the new changes and to fund some (not all) of the anticipated pressures. However, there remains pressures in Learning disabilities and Adult community team to deal with current growing demand, with high MTFS savings in these areas for 2015/16. It is therefore, anticipated that pressure will remain in 2015/16, with MTFS efficiency initiatives supporting the realisation of savings anticipated

SCHEDULE OF FEES AND CHARGES

THE LEGAL FRAMEWORK GOVERNING BUDGET DECISIONS

1. The Council is required to set a Council Tax for 2015/16 before 11 March 2015. It may not be set before all precepts have been issued and the decision cannot be delegated to a committee or to Officers. Before setting the level of the tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimate to be brought forward from previous years, and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants retained Business Rates and other grants credited to the consolidated revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.
2. In reaching decisions on these matters, Members are bound by the general principles of administrative law and must not fetter their discretion. All relevant considerations must be taken into account and irrelevant ones disregarded. Any decision made must be one that only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The full resources available to the Council must be deployed to their best advantage and Members must act prudently.
3. Among the relevant considerations, which Members must take into account in reaching their decisions, are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans which existed under previous legislation is repeated in Section 65 of the Local Government Finance Act 1992.
4. In considering the advice of officers, and the weight to be attached to that advice, Members must have regard to the personal duties placed upon the Council's Section 151 Officer (see para 5 below). The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members must take into consideration the Council's exposure to risk if they disregard clearly expressed advice, for example, as to the level of provision required for contingencies, bad debts and future liabilities.
5. The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management and account practices meet relevant statutory and profession requirements. Furthermore Section 25 of the Local Government Act 2003 requires the Corporate Director of Finance and Resources to report on the robustness of the budget estimates and the adequacy of reserves to which Members must have regard.
6. Members must also have regard to, and be aware of the wider duties placed upon the Council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified within the Local Government and Housing Act 1989. The Local Government Act 2003 requires that the prudential borrowing limits are set by the Council having regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. This sets out a framework for self-regulation of capital spending, in effect allowing Councils

to invest in capital projects without any limit, so long as they are affordable, prudent and sustainable. To facilitate this arrangement the code requires the Council to agree and monitor a number of prudential indicators.

7. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting on the decision for that reason. The Member concerned must then abstain from voting. The application of Section 106 is very wide and there have been successful prosecutions under this legislation. It can include meetings held at any time during the year, not just the annual budget meeting, and it may include meetings of committees or sub-committees as well as Council meetings. Members should be aware that the responsibility for ensuring that they act within the law at all times rest solely with the individual Member concerned.
8. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 provide that the Council's procedures must provide for the minutes to record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied.
9. Having set a budget at the beginning of the year, the Council is also under a duty to monitor that budget during the course of the year and to take remedial action if at any time it appears likely that expenditure will exceed available resources. Members are aware of the duty of the Section 151 Officer under Section 114(3) of the Local Government Finance 1988 Act to report to the Council if it appears that this will happen, and of the impact of Section 115(6) which prohibits any new agreement which would incur expenditure from being entered into following the issuing of such a report and pending its consideration by the Council. The Members of the Council, having received a Section 114 report are obliged to take all reasonable practicable measures to bring the budget back into balance.
10. A Section 114 report is a serious matter which can destabilise an authority and can only be avoided by prudent budgeting and effective budgetary control. This adds emphasis to the need for an adequate contingency provision and a strong corporate commitment to holding chief officers accountable for containing expenditure within cash limits approved during the budget process.
11. It is the duty of the Corporate Director of Finance and Resources as the Section 151 Officer to provide the relevant financial information, which is or ought to be available and advise on the financial prudence of options before Members, and Members must take account of such information and advice in reaching their decisions. The Council is however free to take decisions which are at variance with the advice of those officers, providing there are reasonable grounds to do so.
12. The Section 151 Officer must consider whether in his view the Council had agreed a balanced budget which is capable of delivery taking all know factors into account. In the event that he considers this not to be the case, then he has a personal duty to indicate this by issuing the Council with a notice under Section 114 Local Government Finance Act 1988.

EQUALITIES IMPACT ASSESMENTS

The Council's equality duties and commitments

The Equality Act 2010 requires public authorities to have due regard to the three aims of the Public Sector Equality Duty when exercising public functions (e.g. planning, delivering and re-designing services). **The three aims** of the Public Sector Equality Duty are to:

1. Eliminate unlawful discrimination, harassment and victimisation;
2. Advance equality of opportunity; and
3. Foster good community relations between people who share any protected characteristics and those who do not.

The Council has a duty to act and is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

Currently there are **nine protected characteristics** (previously known as 'equality groups' or 'equality strands') covered under the Equality Act 2010; these being age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Equality Impact Assessments

The report includes Equality Impact Assessments (EIAs) for individual decisions being taken. Whilst the Council must demonstrate that, when making decisions, particularly in relation to budget proposals, it has discharged its Public Sector Equality Duty in relation to the groups protected by the Equality Act 2010, it must also consider the principles of relevance and proportionality. The Council must also comply with other relevant legal duties and statutory obligations such as the duty to set a balanced budget based on residents' priorities and changing needs, within a context of reduced central Government funding and a generally challenging economic climate. In making decisions, Members will therefore need to consider the individual EIAs alongside:

- Revised strategy guidelines and new legislation;
- Increasing demand for services, and
- The community's priorities for services.

The paragraphs below summarise key considerations relating to the nine protected characteristics in respect of the total package of savings proposals under consideration. This analysis **excludes** analysis of the anticipated impacts on staff. Any human resources implications arising out of the approved proposals will be dealt with in accordance with the relevant HR policies and procedures and will be subject to individual Equality Impact Assessments (EIAs) and consultation with staff and trade unions as appropriate.

Age

Children and young people will be affected by a number of the proposals, including those to reduce funding to First Steps and to change the manner in which youth services are provided across the borough. Although there may be a decrease in overall engagement opportunities for young people provided directly by the Council, the core offer of services will be protected. The original proposals for reductions in the youth service have also been somewhat mitigated by lowering the required saving in order to explore new delivery models, including commissioning a Youth Trust. This proposal is currently at the planning stage and will be subject to a Full Equality Impact Assessment and consultation during the coming financial year. The Council is also mindful of prioritising support for the most vulnerable children and has responded to increased demand for safeguarding services by increasing funding in this area.

Library proposals had originally included a likely cessation of the summer reading scheme, impacting on younger children, but these proposals have also now been modified to reduce this impact, as set out in the main report.

Older people make up a large proportion of the Borough's population and therefore they are likely to be affected by some of the changes inherent in the budget proposals, particularly those relating to the funding of services for older adults. However, it should also be noted that older people were disproportionately represented in the consultation exercise and so their priorities are reflected in the proposals to a greater extent than other groups.

Older people are expected to be affected by changes in care arrangements as a result of the Care Act, though this is a legislative change and not within the control of the Council. For some younger adults (aged 18 – 64), particularly those with a mild to moderate learning disability, the application of the new national eligibility criteria within the Care Act will either result in them receiving no service, or a reduced service compared to what they have been used to. This will also have an impact on their carers, the majority (76%) of whom are women, particularly older women. The Council is cognisant that it must support those people to find suitable alternatives locally and within the community. The Council's planned work around strengthening communities, and early help, intervention and prevention initiatives will be key in enabling younger adults to be as independent as possible.

It is anticipated that personalised services (such as personal budgets) will have a positive impact and will provide service users and their families / carers with greater choice and control over their services. However, for some people such a change is likely to be seen as a negative impact and / or a significant reduction in service, as they have become accustomed to receiving more traditional services from the Council over the years. For some people, the proposed introduction of a cap on a care package / personal budget will also result in them either having to meet the difference in the cost themselves (if they would like the care package / personal budget to continue), or will mean they will need to move into a residential or nursing care home.

In implementing the Care Act, the Council will prioritise assistance for the most vulnerable adults. In line with the approach taken to children's services, the Council's budget proposals give greater protection to those social care services that support the most vulnerable people. In order to achieve this, social care services will continue to be reviewed and re-shaped over the coming years to ensure that the most vulnerable people continue to be supported. The Council will continue to provide services to individuals who are assessed as having needs that

meet the new national eligibility criteria set out within the Care Act, and extra care schemes will continue to be provided to meet local needs. Meanwhile, data indicates that 80% of carers are aged 65+ and, as such, this age group will particularly benefit from the additional duties that are to be placed on the Council in respect of carers as a result of the Care Act.

In relation to culture and leisure services, the Housebound Service operating from the Council's libraries, which predominantly benefits older and disabled residents, will be maintained through the use of volunteers and, whilst adults will be more negatively impacted than children and young people by increases in fees and charges at Fairkies Arts Centre, the development of the adults' cultural offer available in the centre is expected to benefit this group.

Working age people will be disproportionately impacted by the changes to the Council Tax Support Scheme, as the changes do not affect people of pensionable age. However the service does not consider that the proposed changes will cause undue hardship, based on the impact seen in other London authorities who have implemented the same or higher reductions. The impact is also somewhat mitigated by the Council's Council Tax Discretionary Policy, which is designed to support households in hardship.

Finally, it is envisaged that the parking proposals will impact positively on all age groups who wish to visit outlying town centres through the introduction of a free limited stay tariff. Further positive impacts, in terms of improved driver behaviour and therefore enhanced road safety, are expected to arise from increased parking enforcement around schools.

Disability

The EIAs in respect of a number of the budget proposals set out proactive steps to reduce the impacts on this group. The proposed changes to parking charges, for example, will not affect disabled people. Though there will be changes to the way in which the libraries service operates, the Council has deliberately avoided total building closures prioritised the continued opening of its 10 libraries, largely in recognition of the importance of ensuring accessibility of these services is maintained for disabled people, those with mobility problems and those without access to a car. As stated above, the Housebound Service operating from the Council's libraries, which predominantly benefits older and disabled residents, will be maintained through the use of volunteers. Steps are also being taken to ensure that online library resources are accessible to people with learning disabilities or hearing or sensory impairments. The Council also seeks to maximise Council Tax Support for disabled people by increasing the applicable amount for them through premiums.

While the Council is aiming to reduce its face-to-face contact costs by moving more people to self service and assisted service, it recognises that some disabled and older people will experience digital exclusion and will therefore keep alternative contact channels open for such customers. By shifting other customers towards less resource intensive contact channels, the Council will be able to focus its support resources on the most vulnerable residents and on those who need most assistance to access services.

Gender reassignment

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people who have undergone gender reassignment. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact

of the proposals under consideration is considered to be unaffected by whether an individual has undergone gender reassignment or not.

Marriage and civil partnership

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people who are married or have entered into a civil partnership. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the majority of proposals under consideration is considered to be unaffected by whether an individual is married or has entered into a civil partnership or not.

The Council does, however, recognise that married people, civil partners and couples are more likely to be affected by proposed changes to the provision of services for older adults, as they are more likely to be carers for a partner or spouse.

Pregnancy and maternity

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people possessing this characteristic. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the majority of the proposals under consideration is considered to be unaffected by whether an individual possesses this characteristic or not.

The Council does, however, recognise that parents (particularly mothers and lone parents) are more likely to be affected (whether positively or negatively) by the changes proposed to the provision of adult social care and services to carers as a result of the Care Act, as they are more likely to be caring for a young adult with support needs.

Race

At the point at which the 2011 Census was undertaken, the composition of the Havering population was 83% White British and 17% Black and Minority Ethnic (BME) groups (including non-White British residents). White British residents are therefore statistically more likely to be impacted (whether positively or negatively) by the budget proposals.

The findings from the budget consultation and other statutory consultations were limited in terms of their analysis of feedback from BME groups, either because very few people from these groups responded to the consultations and / or because they preferred not to disclose their ethnicity. This, combined with the fact that there is limited service user data broken down by ethnicity, means that it is difficult to assess with any accuracy which BME groups (if any) are likely to be *disproportionately* affected by the proposals.

There could be a negative impact for people of different ethnicities or races as a result of the proposed changes to the Council Tax Support scheme. This is because there is a slight over-representation of black and minority ethnicity communities amongst recipients of Council Tax Support. In mitigation however, as stated above, the Council has a Council Tax Discretionary Policy that is designed to support households in hardship.

While the Council is aiming to reduce its face-to-face contact costs by moving more people to self service and assisted service, it recognises that people who have limited English language

skills may experience digital exclusion and will therefore keep alternative contact channels open as well. Translation and interpreting services will also remain available on request. With the support of volunteers, the Council is also hoping to be able to continue to be able to support service users to access services and information online and / or to increase their computer confidence and English language skills.

In terms of the proposals relating to libraries, it should be noted that two of the five “strategically important” libraries (Harold Hill and Rainham) are based in areas of higher deprivation (where the proportions of BME communities are higher) and a third (Romford Library) is located in one of the most ethnically diverse areas of the borough and has the most ethnically diverse service user profile. Steps are also being taken to ensure that online library resources are accessible to people whose first language is not English.

In terms of improving the assessment of impact, several services have recognised the need to plug data gaps at a service level in respect of BME communities and are already taking steps to address this, such as improving their monitoring and data capture techniques.

Religion or belief

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people of particular religions or beliefs. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the proposals under consideration is considered to be unaffected by an individual’s religion or beliefs.

Sex

Women and girls comprise 52% of Havering’s population and, as such, are statistically slightly more likely to be affected by the overall budget proposals.

67% of adult service users are women. As such, female service users will be particularly disproportionately impacted by changes to these services compared with male service users. Similarly, the libraries service has significantly more female than male service users (at 58% compared with 39%), so the proposals in respect of that service are also likely to have a disproportionate impact on women and girls.

Not all the proposals impacting disproportionately on women, however, will have an adverse impact. For the first time, the Care Act recognises carers in law in the same way as those they care for and confers a number of new duties on the Council in respect of carers, including giving carers a right to have their support needs assessed and responded to as appropriate. As carers are statistically more likely to be female, this group will particularly benefit from these changes.

Sexual orientation

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people of different sexual orientations. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the proposals under consideration is considered to be unaffected by an individual’s sexual orientation.

