

Overview & Scrutiny Board

28 November 2018

REPORT

Subject Heading:

Update of the Council's Medium Term Financial Strategy (MTFS) and budget for 2019/20

SLT Lead:

Daniel Fenwick – Director of Legal & Governance

Report Author and contact details:

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Policy context:

The report provides an update on the Medium Term Financial Strategy for the period 2019/20 to 2022/23. It also sets out the process and timetable the Council will follow in order to achieve a balanced budget for 2019/20

Financial summary:

The report includes:

- the current national funding outlook
- a summary of the Council's current financial situation
- the approach to setting the Council's 2019/20 budget and MTFS for the following three years

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

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

[X]
[X]
[X]
[X]

SUMMARY

In September 2018 the Board agreed to the establishment of a Financial Strategy Topic Group to scrutinise the Council's Medium Term Financial Strategy.

The topic group met on five occasions and scrutinised concept cases that were proposed by the Council's Senior Leadership Team.

The attached Cabinet report covering the overall financial strategy is for Board members noting.

RECOMMENDATION

That the Board notes the contents of the Cabinet report detailing the Council's Medium Term Financial Strategy.

REPORT DETAIL

The report presents an update of the Medium Term Financial Strategy (MTFS) between 2019/20 and 2022/23 that will be developed to deliver the Council's objectives and priorities whilst maintaining tight financial control and ensuring prudent levels of reserves and balances are maintained.

APPENDICES

Cabinet report dated 29 November 2018

CABINET**Subject Heading:**

Update of the Council's Medium Term Financial Strategy (MTFS) and budget for 2019/20

Cabinet Member:

Councillor Damian White

SLT Lead:

Jane West
Section 151 officer

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Policy context:

The report provides an update on the Medium Term Financial Strategy for the period 2019/20 to 2022/23. It also sets out the process and timetable the Council will follow in order to achieve a balanced budget for 2019/20.

Financial summary:

This report includes:

- the current national funding outlook
- a summary of the Council's current financial situation
- the approach to setting the Council's 2019/20 budget and MTFS for the following three years

Is this a Key Decision?

Yes

When should this matter be reviewed?

February 2019

Reviewing OSC:

Overview and Scrutiny Board

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

This report presents an overview of the national economic and financial environment within which all local authorities are currently developing their financial plans for the next 4 years. It explains the complex range of factors affecting local authority forecast funding streams, expenditure pressures and the Council's position in relation to these matters.

The report sets out the Council's current financial situation and its approach to achieving financial balance over the period 2019/20 to 2022/23.

This report consists of the following sections:

- Policy and strategic context (section 1)
- Summary of the national context (section 2)
- Update on the 2018/19 budget position (section 3)
- Update on the Medium Term Financial Strategy (section 4)
- Update on the consultation with residents undertaken over the last year (section 5)
- Update on the capital programme (section 6)
- Timetable and next steps (section 7)

RECOMMENDATIONS

The Cabinet is asked to:

1. **Note** the updated national financial context for local government, in year financial performance and the projected budget gap over the period 2019/20 to 2022/23 as set out in sections 1 and 2 and the period 6 (September 2018) and of year forecast position set out in section 3.

2. **Note** the assumptions which underpin the forecast.
3. **Approve** savings proposals for 2019/20 of £8.702m as set out in section 4 and **Appendices B** (£0.770m), **C** (£3.156m) and **D** (£4.776m), having considered the consultation feedback set out in **Appendices E** and **F**.
4. **Approve** the launch of consultation on the measures included in the Improving Traffic Flows project as set out in **Appendix D**.
5. **Approve the** growth proposal for 2019/20 of £1 million to fund the revenue costs of the £10 million capital investment in the Highways Investment Programme for 2019/20, as set out in section 4, having considered the consultation feedback set out in **Appendices E** and **F**.
6. **Approve** the updated 5 year Capital Programme in Section 6 for recommendation onto full Council for agreement in January 2019.
7. **Note** the timetable and process for developing, reporting and considering the 2019/20 budget and MTFS as set out in section 7.

REPORT DETAIL

1. Policy and Strategic context

- 1.1 This report presents an update of the Medium Term Financial Strategy (MTFS) between 2019/20 and 2022/23 that will be developed to deliver the Council's objectives and priorities whilst maintaining tight financial control and ensuring prudent levels of reserves and balances are maintained.
- 1.2 Havering Council's vision is focused on four cross-cutting priorities:

Communities

Helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives.

Places

Making sure that our neighbourhoods are great places to live by investing in them and keeping them clean, green and safe with access to quality parks and leisure facilities.

Opportunities

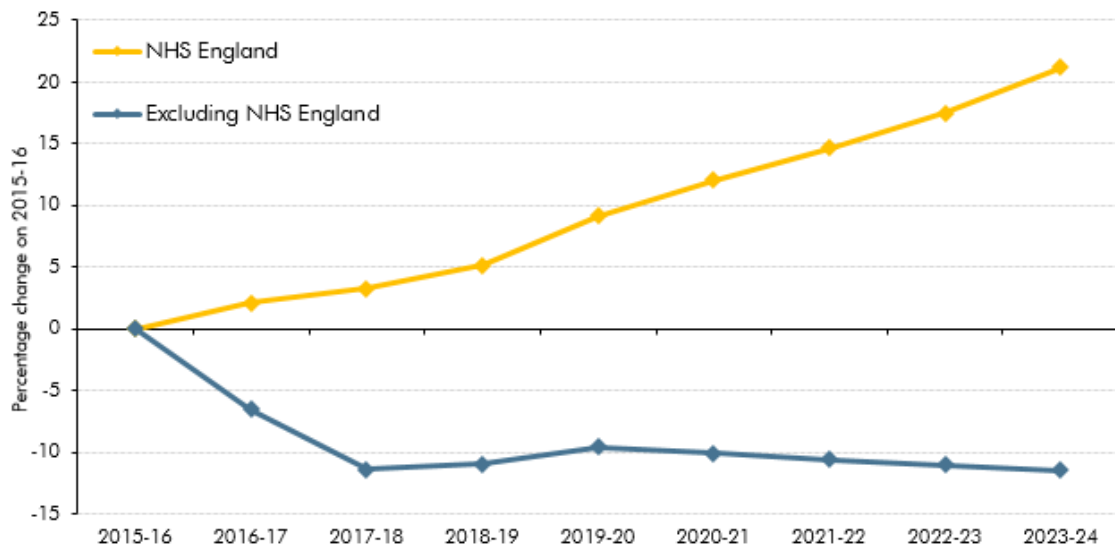
Helping people get on in life by creating jobs and skills opportunities and building genuinely affordable homes.

Connections

Making it easier for people to get around and get online by investing in road, transport links, faster internet and free Wi-Fi in town centres.

2. National Context

- 2.1 Since the July 2018 Medium Term Financial Strategy report there has been continued uncertainty regarding future funding for local government.
- 2.2 Recent analysis from the Office for Budget Responsibility, post the October 2019 Budget Statement from the Chancellor, anticipates very little increased funding for any public service except the National Health Service (NHS).



Note: RDEL ex - the basis on which HM Treasury sets Departmental plans - rather than PSCE in RDEL
Source: OBR

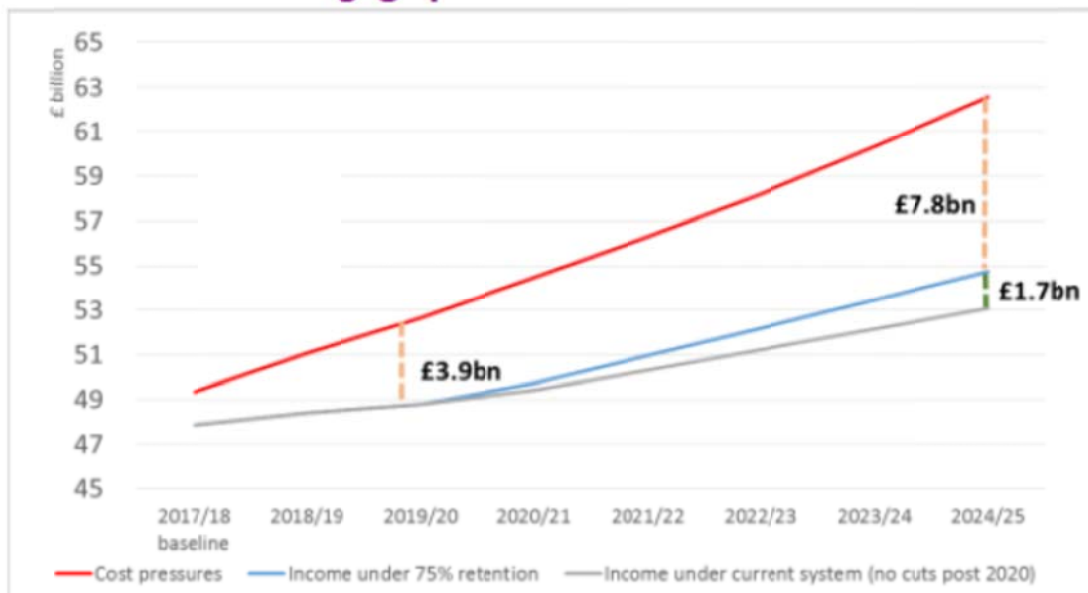
- 2.3 The formal 2019 Spending Review will be announced during 2019 and the eventual impact on local government from 2020/21 will not be known until then. The Council is also still awaiting the results of the 2020/21 Fair Funding Review (a review of the formula for distributing funding across local government) which will have an impact on how the total expenditure envelope for local government will be split between individual councils.
- 2.4 The long awaited Adult Social Care Green Paper is likely to show a large funding requirement but it is unclear where any additional funding would be

sourced from. The worst case scenario is that it is reallocated from other parts of local government.

- 2.5 Overall the Local Government Association is predicting a challenging funding gap for local government of between £6.1 billion and £7.8 billion by 2024/25, mainly due to growth in demand for adult and children's social care services.



Council funding gap 2025



- 2.6 The future remains unclear with regard to Brexit. There is uncertainty both in the outcome of the present negotiations with the EU and also whether any deal will be ratified by parliament.
- 2.7 The London Resilience Forum has recently raised with the Ministry for Housing, Communities and Local Government (MHCLG) its concern that without further detailed information, disseminated in a timely way to all agencies with a requirement to plan for a no-deal scenario, further focussed local planning cannot be progressed.
- 2.8 The Office for Budget Responsibility has said in its recent statement on the October 2018 budget, 'In the near term, it is worth emphasising that this forecast assumes a relatively smooth exit from the EU next year. A disorderly one could have severe short-term implications for the economy, the exchange rate, asset prices and the public finances. The scale would be very hard to predict, given the lack of precedent.'

2.9 The Chancellor delivered his Budget 2018 on 29 October. The main points from the Chancellor's Budget Statement that are relevant to local government are as follows:

- £45m of additional funding for Disabilities Facilities Grant in 2018/19;
- £420m in 2018/19 to tackle pot holes and other road highways works; Havering has been allocated £0.895m;
- £400m of in-year capital funding allocations to schools in 2018/19;
- £650m of extra Social Care funding for English Local Authorities in 2019/20; although £240m is a continuation of the 2018/19 winter pressures monies.
- An additional £84m of Children's Services funding over 5 years, but across only 20 councils;
- For two years up until the next Revaluation in 2021 all retail premises with an rateable value below £51,000 will have their bills reduced by one third; on past precedent it would be expected that Local Authorities will be compensated for this measure through s31 grant;
- £675m of co-funding will be provided through a new "High Streets Fund" to assist with rejuvenation of High Streets and, in particular, changing unused business and commercial property into residential accommodation;
- Additional funding for the Housing Infrastructure Fund of £500m will be provided;
- It is expected that Public Sector Debt will decline from a peak of 85.2% of GDP in 2016/17 to a forecast of 74.1% in 2023/24 and that public sector borrowing will be £19.8bn in 2023/24 (the lowest level for 10 years);
- The Chancellor re-emphasised that "austerity is coming to an end", and for the period of the next Spending Review projected that there will be an average real terms increase in annual Resource Departmental Expenditure Limits (RDEL) over the 5 years of 1.2%, per annum. This compares to an average of -3.0% during the period of SR2010 and -1.3% during the period of SR15. However, as set out above, the Office for Budget Responsibility anticipates that the NHS will be the beneficiary of the additional funding.
- The government will abolish the future use of PFI and PFI2, saying there is compelling evidence that it does not deliver value for taxpayers or genuinely transfer risk to the private sector.

- 2.10 The Provisional Local Government Settlement for 2019/20 is due on 6th December which will provide a better guide to the funding position.

3. Update on the 2018/19 budget position

- 3.1 The 2018/19 revenue budget is closely monitored each month to review and manage the various pressures that emerge during the year. A key part of the MTFS process is to review the current pressures in order to project the future demographic and inflationary impact on the 4 year budget. The monitoring report at the end of period 6 (September 2018), set out in **Appendix A**, shows a projected £3.340m overspend.
- 3.2 The main areas of overspend are Children's Services (£1.9m) and Housing (£0.7m). There is however also an overspend on Adult Services of £2.5m which is being managed through the use of surplus one off allocations in 2018/19. All services are taking action to reduce the overspends in order to return a balanced position at year end.
- 3.3 The MTFS includes pressures in respect of projected ongoing increased demand in relation to Adults' and Children's demographics and also for homelessness. This position will continue to be reviewed and if necessary, updated before the budget is formally set in February 2019.

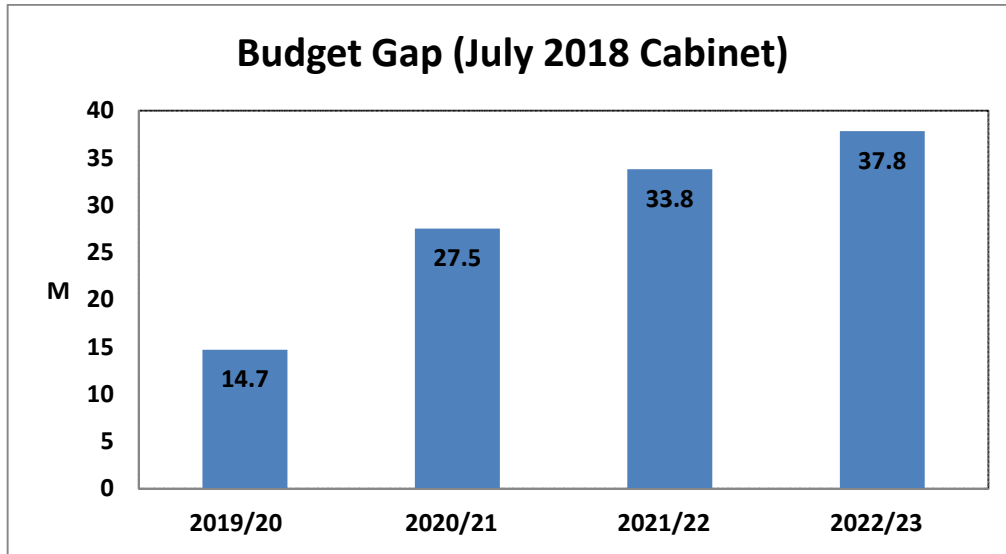
4 Update on the MTFS position

4.1 Updated base position

The July 2018 MTFS Cabinet report updated the base financial position from that assumed at Council Tax Setting in February 2018.

Latest Position	2019/20	2020/21	2021/22	2022/23	4 Year Plan
	£m	£m	£m	£m	£m
Gap at Council February 2018	10.341	12.886	4.596	2.201	30.025
Adults contract inflation pressure	1.600				1.600
Revision to pay inflation assumption		0.830	0.830	0.830	2.490
Revision to savings proposals	3.150	0.100	0.350		3.600
Reprofile pension contribution following actuarial review	-1.000	-1.000	1.000	1.000	0.000
Reprofile waste levy negotiation saving	0.500		-0.500		0.000
Revision to corporate assumptions	0.113				0.113
Revised Gap	14.704	12.816	6.276	4.031	37.828
Cumulative	14.704	27.520	33.796	37.828	

The budget gap is illustrated in the graph below.



In common with other authorities, the budgetary challenge for Havering is significant over the next four years as shown above. To address this, the Council has developed a major change and transformation programme, which will deliver a smaller, more efficient Council which can work closely with residents in order to provide services which are valued, relevant and balances cost, quality and meeting community and individual needs as efficiently as possible.

Since July 2018 considerable work has also been undertaken by officers to both review and test all the pressures and assumptions in the MTFS and also to review the business cases from the transformation programme so that any early savings can be included in this report for decision making.

As discussed earlier the MTFS takes account of the current revenue monitoring position recognising where reported pressures are unavoidable and ongoing. This information is combined with demographic and inflationary trends to provide an accurate assessment of the most likely pressures the Council will face over the next four years.

The table below shows the changes that have been made since July as a result of this review process.

Description	2019/20	2020/21	2021/22	2022/23	4 Year Plan
	£m	£m	£m	£m	£m
July position to Cabinet	14.704	12.816	6.276	4.031	37.827
Adjustments to Corporate, Inflation and Demographic pressures	-2.438	-1.631	1.311	1.108	-1.650
Deferment of the reinvestment of savings associated with Bridge Close and Rainham*	0.562	3.926	-0.950	1.673	5.211
Regeneration Restructure	0.380				0.380
Reduction in expected Taxbase yield	0.480				0.480
Add pressure for new capital – Mercury Land Holdings and the JVs	0.543				0.543
Total adjustments	-0.473	2.295	0.361	2.781	4.964
Revised Gap	14.231	15.111	6.637	6.812	42.791
Cumulative Total	14.231	29.342	35.979	42.791	42.791

- * The budget report originally included profit yields from the Bridge Close and Rainham joint ventures. These joint ventures will deliver substantial benefits but it has been decided to reinvest the early profits to help finance future stages of the projects. As such the savings will not be available to the General Fund until after the current MTFS four year period

4.2 Efficiencies, service reductions and income changes

A number of proposals for efficiencies, service reductions and income changes were developed over the summer. Many of the proposals were efficiency based but where they impacted public facing services, they were included in the budget consultation.

These savings have been refined further in the light of the budget consultation over the summer. **Appendix B** sets out the detailed descriptions of these savings which are also summarised in the table below.

Efficiencies, service cuts and income changes	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Increase Business Rates income - Actions of the Opportunities service plan		-0.300	-0.300	-0.432	-1.032
Changes to Council Tax Support scheme*	-0.600				-0.600
Shared Emergency Planning	-0.020				-0.020
Commercial Property Income	-0.100	-0.100	-0.100	-0.100	-0.400
Insurance Contractual Saving	-0.050				-0.050
Total Appendix B savings	-0.770	-0.400	-0.400	-0.532	-2.102

*This is the subject of a different report elsewhere on this Cabinet agenda.

4.3 Departmental Savings

A further set of savings have been identified for all Council departments. This report recommends the adoption of these savings proposals totalling £7.417m and listed in **Appendix C** and summarised below by department.

Departmental savings	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m
Adults'	-0.823	-1.000	-1.000	-1.000	-3.823
Chief Operating Officer	-0.851	0	0	0	-0.851
Neighbourhoods	-0.502	-0.115	0	0	-0.617
oneSource	-0.410	-0.475	-0.450	-0.048	-1.383
Children's	-0.570	0	0	0	-0.570
Public Health	0.000	-0.173	0	0	-0.173
Total	-3.156	-1.763	-1.450	-1.048	-7.417
Cumulative Total	-3.156	-4.919	-6.369	-7.417	-7.417

4.4 The Transformation Programme

The Council's initial thinking around a new Transformation Programme was set out in the July 2018 budget update Cabinet report. Since then, the concept cases that were presented for each project in the programme have been worked up into business cases which can be actioned over the next four years. These business cases set out how individual projects will contribute to closing the budget gap over the four year period. The Transformation Programme outline proposals are set out in **Appendix D** of this report. A summary is set out in the tables below which are arranged by Theme.

4.4.1 Communities

Project	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Localities Gateways and Integration	-0.060	-1.477	-1.477	-1.134	-4.148
Review of Transport	-0.100	-0.045	-0.030	-0.005	-0.180
Revision of Charging Policy	-0.043	0.000	0.000	0.000	-0.043
Total Savings	-0.203	-1.522	-1.507	-1.139	-4.371

4.4.2 Places

Project	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Asset Optimisation	TBC	TBC	TBC	TBC	TBC
Bretons*	0.000	0.000	0.000	-0.500	-0.500
Registration and Bereavement Services	-0.095	-0.117	-0.114	-0.143	-0.469
Review of Front Doors	0.000	-0.093	-0.050	-0.050	-0.193
Total Savings	-0.095	-0.210	-0.164	-0.693	-1.162

* This is the subject of a different report elsewhere on this Cabinet agenda.

4.4.3 Opportunities

Project	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Contracts Review	-0.300	-0.640	-1.090	-1.580	-3.610
Digital Platform Replacement	-0.038	-0.077	-0.116	0.000	-0.231
Full Cost Recovery	-0.250	-0.150	-0.150	-0.150	-0.700
Income Debt Management and Enforcement	-0.067	-0.044	-0.027	-0.044	-0.182
Process Automation and Robotics	0.000	-0.050	-0.100	-0.150	-0.300
Service Redesign	-0.151	-0.583	-1.154	-1.559	-3.447
Transformation of Post and Print	-0.050	0.000	0.000	0.000	-0.050
Total Savings	-0.856	-1.544	-2.637	-3.483	-8.520

4.4.4 Connections

Project	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Business Intelligence and Analytics	-0.622	-0.106	-0.106	0.000	-0.834
Improving Traffic Flows	-3.000	-0.658	0.000	0.000	-3.658
Total Savings	-3.622	-0.764	-0.106	0.000	-4.492

4.4.5 Summary

Summary	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Communities	-0.203	-1.522	-1.507	-1.139	-4.371
Places	-0.095	-0.210	-0.164	-0.693	-1.162
Opportunities	-0.856	-1.544	-2.637	-3.483	-8.520
Connections	-3.622	-0.764	-0.106	0.000	-4.492
Total Savings	-4.776	-4.040	-4.414	-5.315	-18.545

Although a range of savings have been fully identified already, particularly for 2019/20, it is believed that these Transformation projects have the potential to deliver yet more savings over the following three years (2020/21 to 2022/23). Further work will be done to refine the business cases for these projects over the coming months.

4.5 Growth

New growth has been built into the revenue budget of £1 million in both 2019/20 and 2020/22 to fund new capital investment in highways and pavements, in line with the responses from the public consultation over the summer. The revenue growth is funded from anticipated additional income resulting from the changes proposed under the Improving Traffic Flows project.

4.6 Revised Budget position after savings identified to date

	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Gap before savings	14.231	15.111	6.637	6.812	42.791
Efficiencies, Service Reductions and Income Changes (Appendix B)	-0.770	-0.400	-0.400	-0.532	-2.102
Departmental Savings (Appendix C)	-3.156	-1.763	-1.450	-1.048	-7.417
Transformation Savings (Appendix D)	-4.776	-4.040	-4.414	-5.315	-18.545
Revised Gap	5.529	8.908	0.373	-0.083	14.727
Revenue Contribution to Roads and Transport Capital Programme funded from the Improving Traffic Flows savings of £3.658 million	1.000	1.000	0.000	0.000	2.000
Revised Gap	6.529	9.908	0.373	-0.083	16.727

5. Consultation

- 5.1 Ipsos MORI undertook a Residents' Survey across the borough from late March to late April. The results of the survey showed a number of priority areas for residents and also highlighted areas that residents thought should be improved. These are set out in **Appendix E**.
- 5.2 In addition, a budget consultation took place over the summer, with thirteen public meetings, an on-line survey, a paper-based survey and a feature in the 'Living in Havering' magazine. There was also an opportunity for residents to talk to officers about the budget consultation on both days of the Havering Show. Over one thousand responses were received and a summary of the results of the survey are set out in **Appendix F**.
- 5.3 A number of proposals from July have been revised in line with the feedback from residents. The Improving Traffic Flows proposal has been extended to include a significant investment programme of £30 million into roads and pavements in the borough. The proposal to turn off or dim the street lighting on some roads in the borough was very unpopular and will now not be put forward for implementation. Finally, the proposal to review discretionary business rate relief for charities will not be undertaken and there will be no change in the current arrangements.

6. Capital Programme – Recommended additions

- 6.1 The current capital programme will need to be adjusted to reflect the business plans from Mercury Land Holdings and the Joint Ventures which are due to be finalised in January 2019.
- 6.2 A number of additional projects are being proposed to be added to the capital programme. These are as follows:-
- An additional £10m per annum is to be added into the Highways investment programme in 2019/20 and 2020/21 funded from the additional traffic and parking income proposed in the Improving Traffic Flows Strategy.
 - An additional £250k is to be built in for investment into CCTV. The current CCTV system requires investment. The equipment, including cameras, is over 10 years old and is now less reliable. It therefore critical to upgrade the system to ensure it remains fit for use. The bid will also fund investment in two mobile cameras that can be targeted as required.
 - An additional £28.1 million of external funding is to be added to the capital programme over the next 2 years. These include indicative figures for TFL, Schools Basic Needs and the Disabled Facilities Grant.

- It is proposed that £2.5 million in capital receipts is set aside to implement a new Oracle Cloud Enterprise Resource Planning system to replace the current 1Oracle systems for finance and human resources. The current 1Oracle system is outdated and increasingly expensive to support as, from July 2019, Newham and Havering will be the only two councils of the original seven using the system. The current plan is to move to Oracle Cloud for 1 April 2020. Although Cloud based systems are revenue projects, there is a government scheme to allow the use of capital receipts for specific Transformation projects that deliver an ongoing saving (which Oracle Cloud does). The full business case will be considered at Cabinet in the New Year.
- Similarly, it is proposed that capital receipts of £1.8m are set aside for a new Customer Relationship Management (CRM) system again asking for funding from capital receipts under the government's scheme to allow the use of capital receipts for specific Transformation projects that deliver an ongoing saving (which CRM does, including cost avoidance). The current CRM is bespoke and very costly to support. It needs to be upgraded by 2020 as the current platform is due to come out of support. The full business case will be considered at Cabinet in the New Year.

6.3 The full updated capital programme is set out in the table below.

Capital Programme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Children's Services	1.950	0.000	0.000	0.000	1.950
Public Health	0.000	0.000	0.000	0.000	0.000
Neighbourhoods	17.286	13.500	11.000	11.000	52.786
Adults Services	0.000	2.800	0.000	0.000	2.800
Regeneration Programme	113.353	42.907	11.211	1.090	168.561
Chief Operating Officer	11.990	5.668	0.854	0.485	18.997
oneSource	19.627	23.037	0.620	0.620	43.904
TOTAL CAPITAL PROGRAMME	164.205	87.912	23.685	13.195	288.997

7. Timetable and next steps

7.1 SLT are continuing to work to develop further budget proposals for consideration by Cabinet as follows:-

- January Cabinet:
 - Update on financial assumptions following the Provisional Local Government Finance Settlement
 - Update on the London Business Rate Pool Pilot

- January Council:
 - Approval of the updated General Fund and Housing Capital Programme
 - Approval of Council Tax Support Scheme
 - Approval of the Council Tax premium for properties that have been vacant for more than two years
- February Cabinet
 - Final budget and council tax proposals approved to recommend to Council
 - Final consideration of Capital Programme including Housing Capital Programme and recommendation to Council
 - Final consideration of the Treasury Management Strategy and recommendation to Council
 - Consideration and approval of the Housing Revenue Account budget
- February Council
 - Council Tax Setting Report
 - Consideration and approval of reports recommended by February Cabinet.

REASONS AND OPTIONS

Reasons for the decision:

The Council is required to set a balanced budget in advance of the beginning of each financial year. This report sets out progress in reaching the balanced budget for 2019/20 and sets out the Council's future plans for balancing the budget from 2020/21 to 2022/23.

Other options considered:

The report outlines all the options identified so far for balancing the 2019/20 budget. There is still a budget gap even if these options are approved and therefore officers will continue to seek further options for balancing not just next year's budget but also the budgets for 2020/21 to 2022/23.

IMPLICATIONS AND RISKS

Financial Implications and Risks

The financial implications of the Council's MTFs are the subject of this report and are therefore set out in the body of this report. The consultation process set out in this report will be used to inform decision making on the budget.

Legal Implications and Risks

Under S151 of the Local Government Act 1972 a local authority has to make proper arrangements for the administration of its financial affairs.

Under S28 of the Local Government Act 2003 a local authority has to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget.

The Council is also required to set a balanced budget, taking into account a range of factors, including consultation feedback, and decisions must also be taken in accordance with the Council's duties under the Equality Act 2010.

The budget consultation and approval process is separate from individual decisions which may need to be taken for example in relation to service delivery; these may require a separate consultation process and equality impact assessment before a final decision is taken.

Human Resource Implications and Risks

The Council continues to work closely with its staff and with Trades Unions to ensure that the effects on staff of the savings required have been managed in an efficient and compassionate manner. All savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy and associated guidance.

Equalities and Social Inclusion Implications and Risks

Havering has a diverse community made up of many different groups and individuals. The Council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, gender, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

Any decisions which need to be taken in furtherance of the budget proposals will be undertaken in accordance with the duty set out in Section 149 of the Equality Act 2010 and where appropriate full Equality Assessments will be undertaken and form part of the decision making process.

BACKGROUND PAPERS

None

Appendix A

Summary of Controllable Revenue Budget Monitoring Period 6

Directorate	Original Budget	Revised Budget	Actuals & Encumbrances	Forecast Outturn	Forecast Outturn Variance		Previous Forecast Outturn Variance	Change in Forecast Outturn Variance
	£m	£m	£m	£m	£m	%	£m	£m
Public Health	(1.981)	(0.332)	0.444	(0.332)	0.000	0.00	0.000	0.000
Children's Services	36.694	37.661	17.791	39.611	1.951	5.18	2.139	(0.188)
Adult Services	50.274	56.075	30.224	56.075	0.000	0.00	0.000	0.000
Neighbourhoods	11.754	11.178	7.881	11.904	0.725	6.49	0.838	(0.113)
Regeneration Programme Delivery	(0.004)	(0.249)	2.061	(0.175)	0.074	(29.83)	0.161	(0.086)
oneSource Non-Shared	2.424	2.199	(7.373)	2.898	0.699	31.79	0.457	0.242
Chief Operating Officer	7.707	23.816	21.877	23.707	(0.109)	(0.46)	(0.184)	0.074
SLT	1.321	1.540	0.985	1.540	0.000	0.00	0.042	(0.042)
oneSource shared	14.323	1.510	(6.202)	1.510	0.000	0.00	0.000	0.000
Service Total	122.511	133.398	67.688	136.739	3.340	2.50	3.453	(0.113)
Corporate Budget	29.724	18.837	2.857	18.837	0.000	0.00	0.000	0.000
Contingency	1.000	1.000	0.000	1.000	0.000	0.00	0.000	0.000
Net Controllable Budget	153.235	153.235	70.545	156.575	3.340	2.18	3.453	(0.113)

Appendix B

Efficiencies, service reductions and income changes	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Increase Business Rates income - Actions of the Opportunities service plan		(0.300)	(0.300)	(0.432)	(1.032)
Changes to Council Tax Support scheme	(0.600)				(0.600)
Shared Emergency Planning	(0.020)				(0.020)
Commerical Property Income	(0.100)	(0.100)	(0.100)	(0.100)	(0.400)
Insurance Contractual Saving	(0.050)				(0.050)
Total savings	(0.770)	(0.400)	(0.400)	(0.532)	(2.102)

Appendix C

DEPARTMENTAL SAVINGS	2019/20	2020/21	2021/22	2022/23	TOTAL
	£m	£m	£m	£m	£m
Development and Transport	-0.070				-0.070
Public Conveniences		-0.115			-0.115
Network Coordination income	-0.080				-0.080
Highways management back office efficiencies	-0.120				-0.120
Reduce lighting stock	-0.030				-0.030
Corporate energy management	-0.025				-0.025
Registrar Restructure	-0.030				-0.030
Registration Changes to fees	-0.025				-0.025
Utility Gas	-0.012				-0.012
Registration Fee increases	-0.060				-0.060
Local Plan resources pressure reduction	-0.050				-0.050
COO charging for brokerage Function	-0.080				-0.080
COO Licences for homecare software	-0.100				-0.100
COO Consultancy Returns	-0.050				-0.050
Policy, Performance and Community Staffing and supplies efficiencies	-0.298				-0.298
Customer Services channel shift	-0.050				-0.050
Customer Services housing and parking admin reduction	-0.040				-0.040
Music School Full Cost Recovery	-0.117				-0.117
Health and Well Being Queens Theatre	-0.100				-0.100
Health and Well Being Talented 30	-0.006				-0.006
Health and Well Being Social Halls Income	-0.010				-0.010
One Source Investment in ICT and automations	-0.100	-0.150	-0.250		-0.500
One Source include more services into model	0.000	-0.100	-0.100		-0.200
One Source General Efficiency	-0.125	-0.125			-0.250
One Source Reduction in oneSource support	-0.100	-0.100	-0.100	-0.048	-0.348
One Source Union Support Time	-0.035				-0.035
One Source Transport Income	-0.050				-0.050
ASC Commissioning		-0.500	-0.500	-0.500	-1.500
ASC Older People		-0.500	-0.500	-0.500	-1.500
ASC Assistive Technology - remove adults fundings	-0.748				-0.748
ASC Income Generation	-0.075				-0.075
Childrens Centres review	-0.440				-0.440
Youth Services Review	-0.130				-0.130
Public Health BHR shared service		-0.100			-0.100
Public Health remove vacant posts		-0.073			-0.073
Total savings	-3.156	-1.763	-1.450	-1.048	-7.417

Appendix D – Transformation Outline Proposals

Proposal	Summary	Financial Implications 2019/20- 2022/23
Locality Gateways and Integration	<p>The Locality and Integration programme aims to transform the way we work with residents across adult social care and children’s social care, with our health partners, with an ambitious programme scaling up and accelerating our work to date on integrated care partnerships with health. We want to support residents young and old to be as independent as possible with less reliance on statutory services, but where support and intervention is needed that it is available, is as close to home as possible, is of high quality and supports the best outcomes possible. This will shift the focus from delivering institutionalised care to a model that actively promotes independence through the creation of new ways of working and expansion of networks of support in the community. It is also about providing the right interventions at the right time for people, including families, to manage difficulties in their lives, and working with health partners closely in a more joined up way.</p> <p>The new model follows a backdrop where we are seeing major demand pressures in Havering which has the oldest resident population in London, while estimated to have one of the highest rates of serious physical disabilities and dementia. Havering has also seen the largest growth of children moving into the borough over the past 9 years.</p> <p>The key focus of this work is in the following areas, although some are not yet fully worked up.</p> <ul style="list-style-type: none"> • Placed Based Care • Better Living • Local Area Coordination • Children Universal Plus • Information and Advice <p>Working with our health partners across the Havering, Barking and Dagenham and Redbridge (BHR) footprint, we are looking to further develop an Integrated Localities care model based on five component parts of delivery:</p> <p>(1) Place Based Care Networks which provides a strategic approach to demand management with GPs bringing a range of expertise around individuals to have a greater impact on their ability to manage their long term conditions; focus on early intervention using population segmentation and risk stratification, we anticipate that we can help more people</p>	<p>Ongoing Saving: £4.148m</p> <p>One-off Cost: £1.039m</p>

remain independent and supported in their community longer, reducing 'downstream' activity such as non-elective hospital admissions, long-term care packages and admissions to care homes. Community health services and Adult Social Care are already mapped into three localities (co-terminous with GP networks/federations) in North, Central and South locality multi-disciplinary teams. Through pooling of resources and expertise around individuals, a 5% reduction in care packages using this approach would reduce costs by £555,000 over 4 years. Project costs of £150k are anticipated for 2018/19 and 2019/20.

- (2) **Better living** aims to adopt an asset-based approach to assessments which moves the conversation away from 'what's the matter with people' to 'what matters to people', with a greater emphasis on the involvement of communities and families in supporting people to have a level of wellbeing and control to live a better life. In February 2018 the Havering Access Team (HAT) started using the model. While too early to fully assess the impact of the model, initial indications are that there has been a reduction in the number of people needing short-term and long-term support from the council. The data shows a potential for the council to support 10 more people per month to be supported within their community and family networks. Currently 11.86% of people who come through our front door receive long-term services. By safely reducing this to 10% by connecting people with family and community-based networks, there is the potential to reduce expenditure by £1.296m per year for two years which can be used to meet the demand and complexity of other cases. We therefore request an investment of £549,000 over four years to roll out the model
- (3) **Local Area Co-ordination** seeks to bridge the gaps between IAG and formal care and support by taking a hands-on preventive community-based approach to building resilience and self-management and enablement of individuals and their families within locality networks outside of formal care and support. This would be an integral building block to support the delivery of the Place Based Care Network and Better Living models. We are seeking approval for a feasibility study into adopting a Local Area Co-ordination model in Havering drawing from existing resources where possible. To adopt the model, national guidance suggests that we would need up to 21 Local Area Co-ordinators at an annual cost of £1.050million. It is anticipated that this cost can be funded through re-directing existing resources, negotiating new funding from partners and allocating potential new funding coming in from government. This would be subject to business case following the feasibility study. The feasibility study requires funding of £40k.
- (4) **Children's Universal Plus**
Families report the complexities of navigating the social care system, finding the range of services and their offers confusing. With a changing demographic in the borough, Children's Services are increasingly seeing families with more complex needs who require support; for example, throughout 2017/18 there was a 51% increase in the number of Child in Need (CiN) plans. Early intervention is a key part of the Council's strategy to managing this demand. By working together to help families find their own solutions and to deliver services more locally to fit the needs of the family, Havering Children's Services is developing a more joined up approach to Early Help in which professionals work

	<p>together across agencies to achieve a more coherent offer for families in need at an earlier stage. The Universal Plus offer is limited to families who require a higher level of intervention than signposting to universal services, but do not meet the threshold for Tier 2 Early Help interventions</p> <p>(5) Information and Advice and Guidance (IAG) is an integral part of the Care Act 2014 to ensure that people can get the information and advice that they need to make good decisions about care and support. We are seeking agreement to take a wider view of IAG with a channel shift and marketing strategy to significantly improve public information that is available, the delivery of which will be integrated with our partner organisations. It is anticipated this part of the project will cost £300k to implement.</p>	
Business intelligence	<p>The project aims to utilise the intelligence within the council's data warehouse to carry out 'targeted areas of intervention' to reduce cost.</p> <p>Currently the council has a wealth of insight at our disposal that we are not properly exploiting. By cross-matching and interrogating data it should be possible to manage demand on services much more effectively by pinpointing interventions much more precisely.</p> <p>In the short term there are immediate opportunities that are being reviewed:</p> <ul style="list-style-type: none"> • Single Person discount • Freedom Passes <p>Our approach over the next three years is continue this work and expand it to look at other areas where business intelligence could be applied.</p> <p>Single Person Discount</p> <p>Of 105,000 council tax paying households in Havering, 31,000 receive a 25% Single Person reduction. Initial work through the Data Warehouse have identified 332 properties where potentially a discount should no longer be applied.</p> <p>In addition Capita which has matched the data against Experian records, classifying homes in a high/medium/low probability of having more than one adult occupant which has brought the total number of cases under review to 1,632.</p> <p>As part of our review, which is phased across the risk categories, starting with those most likely to have multiple occupation, households are sent two letters within a 14-day period. A no response would lead to de-activation of SPD with the onus on the</p>	Ongoing Saving: £834k

	<p>resident to make contact if the action was not justified.</p> <p>The assumed full-year saving of £826k takes into account the 18% saving to the GLA and the costs of analytics.</p> <p>Freedom Passes</p> <p>The Council issues a range of passes to different client groups based on transport needs. This includes Freedom Passes for people with a disability and the elderly. A settlement is agreed with between TfL and transport operators and London Councils. In 2018/19 88% of the costs (£345m) are recoverable by London boroughs on a usage basis with 12% of the costs attributed to the number of passes issued.</p> <p>Through a business intelligence approach our aim is to deactivate passes where people are no longer eligible for them or because they have been identified as deceased.</p> <p>We have deactivated 209 passes for deceased post holders, with reviews ongoing into 105 passes potentially linked to vacant property. The potential saving to Havering in 18/19 of £8,000.</p>	
Contracts Review	<p>The council spends £158m annually with external suppliers. Our aim with a contact review is to ensure that costs are reduced by:</p> <ul style="list-style-type: none"> • Strengthening procurement practices for competitive market testing • Building new and sustainable supplier markets • Reviewing contracts regularly against market conditions • Improving data quality to get a better understanding of unit cost • Improving the management of supply chains • Improving commercial practices and negotiation skills. <p>An initial spend of £20,000 has been identified for project management support to review contracts and contract practices, with any contract over £25K considered for renegotiation.</p> <p>The project is working through an initial data analysis stage and this has identified some gaps in the data we hold and this is currently being addressed.</p>	<p>Ongoing Saving net of cost of delivery: £3.61m</p>

	<p>The next phase is to let a number of work packages on a risk/reward basis to examine the areas that show the greatest potential for savings. The areas identified for the first phase of the review are:-</p> <ul style="list-style-type: none"> • Energy • Interims and temporary staff • Professional services • Fleet • VAT recovery. <p>The work packages will be let shortly through existing local government procurement frameworks.</p> <p>By using the risk/reward mechanism, the costs of making the savings will be offset by the savings that are delivered. If no savings are identified by the work package delivery partner, no costs will be incurred.</p>	
Digital Platform Replacement	<p>The aim of this project is to replace the current Customer Relationship Management (CRM) system and Online portal. The current systems will be replaced with an alternative solution that is agile, flexible, cost effective and provides modern platform on which we can build a new customer engagement forms.</p> <p>This is a joint project with Newham and the project management costs will be shared. A capital allocation has been set aside for this project in the updated capital programme (see section 6 of the report). A detailed business case will be presented to Cabinet in the New Year.</p>	<p>Ongoing Savings: £231k</p> <p>One-off Cost: £1.8m to be funded from capital receipts under the government's scheme to allow Transformation projects to be capitalised</p>

Debt Management and enforcement	<p>This project aims to increase income and reduce bad debt through improved processes and service collaboration.</p> <p>The project will focus on six areas:</p> <ol style="list-style-type: none"> (1) Reviewing whether the number of invoices raised could be reduced through on-line charging. (2) Automating processes through Oracle where possible, including looking at whether a new bespoke system or bolt-ons to Oracle can lead to greater automation. (3) Consideration to recovery of historic debts, including former tenant arrears, former temporary accommodation charges and housing service charges. (4) Work with services to set up more direct debits which will reduce cost. (5) Increasing income by securing new business across the public sector for the One Source Enforcement team. (6) Providing more self-service facilities for debtors to pay which will reduce customer contact. <p>If agreed, the work would start across Havering and Newham from March 2019 with an overall projected cost saving of £546,000, of which Havering's share would be £182k.</p> <p>The project will require a project manager, business analysts and investment in IT infrastructure. This will be funded from existing resources within oneSource and the cost will be shared between Havering, Newham and Bexley.</p>	<p>Ongoing Savings: £182k</p> <p>One-off Cost: £250k (split across Havering, Newham and Bexley and funded from within existing oneSource resources)</p>
Full cost recovery	<p>The project aims to increase transparency, strengthen business principles and improve decision-making when it comes to fees and charges that are imposed internally and externally.</p> <p>The project is divided into three sections focused on different aspects of charging:</p> <ul style="list-style-type: none"> • Fees and charges to the public, whether they are statutory or discretionary services. • Internal charges for services provided on a traded basis. • Support services recharged across the organisation. <p>The council sets its fees and charges each year as part of the budget and council tax setting process. A corporate increase on income is generally agreed as part of the Medium Term Financial Strategy, with exemptions for those fees and charges that are statutory or controlled, or where a business case informed by market knowledge justifies a variation. For 2018/19 that level of assumed increase in levels was 3%. The fees and charges set as part of the 2018/19 budget are available on the council's website.</p> <p>The project will focus on the following workstreams:-</p>	<p>Ongoing Savings: £700k</p>

	<p>(1) For fees and charges to the public it will demonstrate the relationship between the costs of service delivery and the charges made for them, clarify the reasons for the method of charging, and give a context for making decisions on how the fees and charges are set going forward.</p> <p>(2) The internal trading recharges represent cases when a service is operated centrally for the whole organisation such as printing or mobile telephone services, and then these costs are charged out based on usage or other relevant bases. The project will clarify the relationship between the cost of the service and the charge made, how the trading operation has established the charging rates, and also look at the efficiency of the processes for undertaking those recharges.</p> <p>(3) The central support allocation process, which takes the costs of support services such as finance, legal and HR, and recharges them across the organisation on a reasonable and transparent basis. As part of the budget process, we will review the bases for the apportionment of services and the allocation across the core services. This is particularly important in light of the recharges that are made outside the general fund, for example to the HRA and DSG, and the requirement not to cross subsidise the separate funds of the council. The saving of £250k identified for 2019/20 is associated with this workstream.</p> <p>The project will be resources from within the existing Finance Team in oneSource.</p>	
Process Automation and Virtual Workforce	<p>We want to reduce process time across our services and created more efficient ways of working through increased automation which takes advantage of growth areas like the development of Artificial Intelligence and robotics</p> <p>The project will span four years to identify and determine:</p> <ul style="list-style-type: none"> • Process automation which can reduce repetitive tasks such as keying in data, which includes synchronisation of systems, data migration and data extraction. • Deployment of Virtual Workforce technology that will enable the reduction of human intervention. • Workforce learning and development to deploy automation. <p>As a separate project, but linked, is the future of the Oracle IT system with a potential move to a Cloud-based system which could support the shift to automation.</p> <p>An initial investment of £75,000 will be required to look at the development of Virtual Workforce, taking it to a Proof of Value (POV) stage.</p>	<p>Ongoing Savings: £300k</p> <p>One-off Cost: £75k</p>

	<p>The project will span the council's organisational boundaries, underpinning our priorities and aligned with the digital strategy. It will support service reviews and wider transformation – therefore savings have not been included to avoid duplication.</p>	
<p>Asset optimisation</p>	<p>By developing a more strategic approach to our assets we want to optimise their use to increase income and save money.</p> <p>We will seek to develop a four-year property review and asset management plan which will:</p> <ul style="list-style-type: none"> • Support the delivery of council-wide plans, adopting a smart working approach. • Increase the use of buildings to maximise income or explore asset transfers to a third party to reduce cost. • Improve the condition of our retained buildings while making sure that they are energy efficient. • To promote acquisitions in areas of long-term value growth in support of the Borough's regeneration, housing agenda and planning for new school places • Review options for one-stop shops and One Public Estate initiatives to improve the customer experience and drive down cost, in line with the council's wider community strategy. • To ascertain operating principles to support the delivery of key objectives <p>Based on the Corporate Asset Management Plan 2015 – 2019, the majority of the Council's operational assets (i.e. those held for the purposes of service delivery) were valued in excess of £371m, with the remaining commercial properties (i.e. non-operational) values in excess of £45m. The portfolio is diverse, includes schools, day centres, children's centres, libraries, care homes, waste facilities, parks, and open spaces, etc.</p> <p>Work is currently underway by the Director of Asset Management to develop a new Asset Management Strategy and Action Plan 2018-2022. Operational buildings with mainly office accommodation are being reviewed as a priority, alongside key sites identified in consultation with the Leader of the Council and Chief Executive.</p> <p>The new Asset Management Strategy and Plan will refocus the Council's approach to surplus assets, considering in the first instance how assets be reused to meet need such as housing, schools provision, economic development and regeneration. This will help the Council generate savings and new revenue through investment and disposal will be a last and final resort in line with good asset management practice.</p>	<p>Ongoing Saving: To be confirmed</p> <p>One-off Cost: £125k</p>

	<p>A new Corporate Asset Management Board will develop a communication platform to ensure stakeholders be informed about the review of assets. The Asset Management Strategy and Plan will help ensure consistency in decision-making in relation to assets, particularly where these may not be part of the operational estate moving forward.</p> <p>Projects costs of £125K, have already been identified, which includes £50K for a programme manager, £50K for a Town Hall and Mercury House concept plans and options and £25K to develop a community hubs vision.</p>	
Review of Front Doors	<p>The council owns a large number of public buildings where the public receive a face-to-face service. Our desire is to move to a 'Community Hub' model which will mean fewer buildings but more services delivered.</p> <p>This will free up some buildings which could be used for community-run services, other public services or they could be sold to reduce cost to taxpayers, while ploughing back some of the receipts to improve our other buildings.</p> <p>Eventually, we have an ambition to move to a "Library-Plus" offer with potentially more community use, better ICT and more books being made available.</p> <p>For Children's Centres our intention is to invest in children's centres that are well used, ensuring that a greater range of services are available overall.</p> <p>We are also analysing the usage of the buildings accommodating Youth Services.</p> <p>We have made good progress on the overall Review of Front Doors and expect to be able to go to consultation on proposals very early in 2019. However, there are still some important analyses that need to be undertaken before the consultation can commence. It is anticipated that the consultation proposals will be publically available well before the Council Tax Setting Council in February 2019.</p> <p>There are savings included in the Departmental Savings list that it is anticipated will also be delivered via this project:-</p> <ul style="list-style-type: none"> • Children's Centres Review in 2019/20 - £440k • Youth Services Review in 2019/20 - £130k <p>Project management costs of £200k are required to manage this project.</p>	<p>Ongoing Saving: £193k</p> <p>One-off Cost: £200k</p>

Community Hubs	<p>The aim of the Community Hubs programme is to ensure that the council's buildings are fully optimised while reducing revenue cost by delivering multiple services under one roof.</p> <p>Through the approach we want to strengthen community resilience by encouraging greater community involvement in the delivery of services.</p> <p>The project aims to:</p> <ul style="list-style-type: none"> • Design and implement a new Community Hub model and ways of working that: <ul style="list-style-type: none"> – enables the Council to facilitate community resilience and development – makes best use of assets and capabilities to develop local solutions • Establish new Community Hub facilities, providing a physical space and focal point for the new model and ways of working to be delivered. • Involve community stakeholders in programme management and co-development of the design, implementation and operating solution to ensure that cultural changes are achieved and owned. • Provide an operational focus for other projects to realise their financial and non-financial benefits: <ul style="list-style-type: none"> – utilisation and / or rationalisation of assets (asset utilisation project) – early intervention and prevention work (locality working project) – streamlined and flexible working by Council teams • Provide learning to be used to inform the development of Community Hubs. • Piloting locality working alongside Community Hubs (operating from within the facilities). <p>The development of the Community Hubs is taking place alongside a transformation of other services, notably Libraries, Housing, Environmental Services and Locality Working. It also directly supports the Councils Asset Management approach, optimising use of council owned and underutilised buildings and should complement investment through the Councils Regeneration Strategy.</p>	Savings and investment costs to be defined as the project is developed, options appraised and final proposals agreed.
Service redesign reviews	<p>We are proposing a 3-year programme of reviews to ensure that services are being delivered in the most efficient and effective way, while maximising opportunities posed through increased use of technology, automation and business intelligence to drive down cost.</p> <p>The reviews would be carried out and led by service areas with support and co-ordination from the central transformation team. Through this approach we hope to embed a wider skill base and new ways of working with reviews conducted in three phases</p> <ul style="list-style-type: none"> • Scoping review 	<p>Ongoing Saving: £3.447m</p> <p>One-off Cost: £1.5m</p>

- Service redesign
- Commissioning

Reviews would be carried out on a concurrent rolling programme basis with each tranche of service reviews lasting an initial four months which will include the design phase, identification of quick wins and 'getting the basics right'. Each of these reviews would then move into delivery for the remainder of Year 1 and we expect the majority of 'Transformation' will be realised in the second year. Those services reviewed in Year 2 will follow a similar pattern with the design stage, quick wins and 'getting the basics right' being delivered in year and transformational change in Year 3.

The joint review team will be formed to include support from services, finance, HR, legal, transformation and programme management, which may include external experts where these are deemed essential to getting a positive result. A challenge team is also proposed to involve SLT and CLT in each review, with the final review findings, proposed targets for improvement or efficiencies and a business case (which will include recommendations, phasing and benefits to be realised from change) presented to SLT and Members.

Project costs include the identification of internal and external resources to support each review, including the potential back-filling of internal posts, covering:

- External Challenge resources as required (short-term, this may be one – headcount – per service area for up to 10 weeks)
- 1 x Project Manager
- 1 x Business Analyst
- 1 x Programme Manager
- 1 x Programme Support

Additional support will be required from HR, finance and legal to support the review.

<p>Improving traffic flows</p>	<p>Reducing traffic congestion and improving the quality of our roads and pavements is one of the major priorities of the council – responding to what our residents say is one of their biggest issues.</p> <p>Our aim is to</p> <ol style="list-style-type: none"> (1) Improve the quality of roads and pavements through significant investment. (2) Reduce congestion and traffic delays while also promoting public transport. (3) Protect parking for residents by reducing the number of commuters who park in residential streets or housing estates. (4) Improve air quality. <p>To achieve this our proposed programme is designed to:</p> <ul style="list-style-type: none"> • Significantly increase capital investment in roads and pavement maintenance by fixing potholes and resurfacing roads and pavements. • Increase resident parking through the introduction of a wider CPZ. • Deter bad driving which leads to unnecessary delays through the introduction of camera enforcement at key box junction locations. • Align PCN charges for all contraventions to ensure greater consistency • Simplify parking charges across the borough, while increasing revenue to support the long-term highways maintenance and investment programme. <p>Overall, the increase in revenue is dwarfed by the planned wider investment to improve our roads and pavements.</p> <p>Road and pavement maintenance improvements</p> <p>Our residents cite traffic congestion and the quality of road and pavement maintenance has the biggest issue facing the borough, according to this year’s Annual Resident Survey. Currently 76% of residents say there is too much traffic congestion while only 30% are satisfied with the quality of our roads (the lowest satisfaction score across the council).</p> <p>Already £3.2m is being spent in 2018/19 improving our roads and pavements. Our intention is to significantly upscale this by spending £10m per year on top of the existing budget for the next four years.</p>	<p>Ongoing Savings: £3.658m</p> <p>One-off Cost £1.763m funded from additional income raised through the project.</p>
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Improving resident parking

A number of factors are behind increased demand for parking across the borough, including an increase in residential properties and the number of cars on our roads. Free commuter parking in residential streets is available in a relatively short distance of the key commuter stations with evidence that people are prepared to walk up to 15 minutes for free parking. Many roads are at a minimum of 80% parking capacity, a situation which will be exacerbated by the introduction of Crossrail.

We are therefore proposing to consult on the expansion of the existing 10 CPZs through a large-scale CPZ covering a 1km radius around commuter hubs. To avoid displacement we would need to look at including housing estates while charging the same fee as on-street charging in car parks in parks that are within the radius.

The cost of implementing the scheme would be in the region of £1.42m with an estimated income of £500K per year, part of which could be used to fund grass verge conversions to increase resident parking.

Enforcement of box junctions

Havering has 10 yellow box junctions which play an important role in keeping traffic moving and reducing congestion. However, unlike neighbouring boroughs, none of them are enforced.

We want to deter irresponsible driving, which causes needless delays, through enforcement activity. It is therefore proposed to invest in four moveable cameras which can be used to enforce four locations at a time.

The enforcement of box junctions will increase road safety by reducing traffic build up at key junctions. It will also ensure the free-flow of traffic which will mitigate traffic congestion problems in the borough particularly during peak times.

The changes will require a one-off investment and an ongoing cost to maintain and review the cameras. This includes a £160,000 one-off cost to pay for the new cameras (£80,000), resurfacing and marking of four box junctions (£80,000) and a £45,000 annual cost to maintain and review footage from the cameras. Annual revenue is expected to be £250,000.

This investment can be funded from the additional revenue that is expected to be raised through this programme.

Changing the free parking period

The 30 minute free option was introduced in April 2015. This option is available at all on and off-street car parking spaces outside Romford. There is no free charging option inside of Romford or in off street car parks. During the year 2017/18 there were 1,437,996 free 30 minute transactions in the borough.

It is proposed to reduce the 30-minute period to 20 minutes in local areas and remove free parking in town centre locations to bring them in line with Romford. These are:

- Hornchurch Town Centre
- Hornchurch Station Area
- Upminster Town Centre
- Elm Park

This will result in fair and consistent parking charges across all the main shopping areas in Havering.

The switch from 30 minutes to 20 minute free parking in local areas will allow more drivers to use the spaces, particularly where there is high demand.

The total one-off cost of the changes is £55,500 to cover new notices and software updates, against an annual revenue projection of £1.166 million.

Reduction of P&D machines

There are 215 Pay and Display machines in the borough which require frequent emptying which incurs cost while they are also subject to vandalism and break-ins.

This option looks at removing P&D machines and replacing them with 61 machines in town centres that take contactless payment only, either through a debit or credit card or payment by phone. While some areas in London have introduced mobile phone-only payment, commonly through an App, this is often found to be inconvenient therefore we would want to expand payment options to include debit and credit card.

The strategy would replace machines that are identified as the lowest used and most prone to vandalism or theft.

The one-off cost of removing 154 machines would be £77,000, while the cost of converting the remaining 61 to contactless would be £244,000. This is against a projected annual revenue saving of £263,513.95 which includes a reduction of six staff and other back-office costs.

P&D tariff change

We want to simplify parking across the borough by charging a consistent amount that is in line with neighbouring boroughs. Currently there are four different tariffs with different charges for the same period. The proposed tariffs are:

On street:

	Current Tariff	Proposal A1
12 mins	£0.20	NA
30 mins	£0.60	£0.00
1hr	£1.00	£2.00
1hr30mins	£1.60	NA
2hrs	£2.00	£2.50

Off street:

	Current Tariff	Proposal A1
20mins	£0.00	£0.00
30 mins	NA	£0.00
1hr	£0.60	£2.00
2hrs	£1.20	£2.50
3hrs	£2.40	£3.50
4hrs	£3.00	£4.50
5hrs	£6.00	£5.50
6hrs	£7.00	£6.50
7hrs	£8.00	£10.50
8hrs	£9.00	£11.50
Over 8hrs	£10.00	£12.50

	<p>The changes would create revenue of £700,000 which would be used to help fund the highways programme, with a one-off cost of £55,000 to fund changes in software and signs.</p> <p>Overnight charge for car parks</p> <p>Haverling does not currently charge people to use car parks overnight. While there are no figures for the number of people who use car parks overnight, it is considered that a £1.50 fee applied across 17 car parks would be a reasonable contribution towards the cost of maintaining them.</p> <p>Sunday Charging</p> <p>There is no charging for parking on Sundays currently yet Sunday is one of the busiest shopping days which means there is a high demand for parking spaces. Subject to public consultation, the proposal is to introduce a flat fee of £1.50 in town centre areas to encourage the turnover of spaces. The areas include Romford, Hornchurch Town, Hornchurch Station and Elm Park.</p> <p>PCN banding</p> <p>There is an option to align Penalty Charge Notices across the borough to encourage greater compliance. Currently there are 2 levels of PCN banding, a higher level for more serious offences and a lower for more minor offences. It is felt that consistency needs to be applied and an offence needs to be treated as an offence with the higher rate applied across the board which should lead to greater compliance. Typically a higher PCN is £130 and lower would be £80; if paid within 14 days then this amount is reduced by 50%.</p>	
Registration and Bereavement Services Review	<p>We are proposing to increase income and generate savings for the service by widening the number of services that are available to the public, while making modest increases to fees and charges and making other changes to provide a more efficient service overall.</p> <p>The proposals include:</p> <ul style="list-style-type: none"> Expansion of bereavement services by extending the product range to include pre-cast bricked graves and family plots as part of phase 2 and 3 of cemetery expansion which is due to open in April 2020. This will produce a saving of £14k. 	Ongoing Savings: £469k

	<ul style="list-style-type: none"> • Employment of a pool of Witness Committal Officers which is an increasingly popular service, especially at weekends, providing short and simple ceremonies to commit ashes to be laid to rest in our grounds. The creation of a pool of staff to carry out these duties on zero hours contracts could create £80k of additional income per annum. • Discontinuation of organist services at cremation following a reduction in demand from families for the service. Take up of the service is now at 25% rendering it increasingly unviable. This will produce a saving of £40k. • It may be possible to discontinue the Medical Referees service by 2020/21. This is a group of GPs who authorise paperwork before cremations can take place. New legislation deems that the NHS must appoint and fund a 'Medical Examiner to replace the Medical Referee. This would equate to £37k of potential savings. • A restructure of staff at management level is possible following a retirement, with a savings of £43k per year. 	
Transforming post and print services	<p>The project aims to reduce incoming and outgoing post costs through utilising other channels of communication, digitalisation and improving traditional post which cannot be digitised.</p> <p>The Council sends and receives post in either paper form or physical items through the post service. This is both expensive and inefficient. Projected spend in 18/19 is £164k.</p> <p>The project, which is intended to run in conjunction with Newham Council to reduce the implementation and provision of service costs, aims to explore options to digitalise post services as much as possible. Initial scoping suggests that 60% could be sent and received digitally.</p> <p>The project will have the added benefit of reducing duplication, streamlining processes and increasing productivity whilst ensuring GDPR compliance.</p> <p>The options include enhancing our existing services in-house or providing these services through an external specialist service provider. The third option is 'do nothing' which may reduce post items by 5% due to utilising other means of communication.</p> <ol style="list-style-type: none"> (1) Enhancing our existing services would involve investment in equipment, upskilling and training of staff and securing premises. This requires an upfront investment cost of £180,110. The annual revenue saving is anticipated to be £31,880 this takes into account reduced running costs of £128,350 after full implementation. (2) Engaging the services of an external specialist service provider to provide a fully managed hosted solution, with the expectation to digitalise 60% of incoming and outgoing post. This is expected to require an upfront implementation cost of £149,100 with an annual saving of £49,830, this takes into account reduced running costs of £114,050 after full implementation. 	<p>On-going Savings: £50k</p> <p>One-off Cost: £164k</p>

Review of Transport	<p>Adults and Children's Services face significant budgetary challenges and demand pressures over the next 5 years and need to identify how to support reducing the Council's budget gap between 2019/20 and 2022/23.</p> <p>Expenditure on the Passenger Transport Service (PTS) across Children and Adults Services expenditure has seen an overall year-on-year rise, due to demand pressures and rising unit costs. In Children's Services this has been a notable factor in the overall overspend.</p> <p>Havering's overall population has steadily expanded since 2002 with a 12.3% rise to 2016 - the largest net inflow in London of children between 2011 and 2016 - and, compared to 2017, is projecting a 19.2% increase in those of school age (5-16) by 2023. Further similar growth is also projected for future years.</p> <p>Despite an initial reduction in 2014/15, the volume of children requiring transport provision (minibus or taxi) rose again from 2016/17 with the 2018/19 academic year representing a 16% increase in total from 2017/18 (the largest annual jump in recent years).</p> <p>In order to mitigate against the overspend, delivering cost efficiencies and savings, there is a need to understand the factors which are causing an impact (particularly in regards to the demand) and this may lead to the design and implementation of alternative policies, practices and business processes to reduce costs.</p> <p>In the first instance, in 2019/20, it is anticipated that a saving can be realised by reviewing the current taxi contracts.</p>	Saving: £180k
Review of Charging Policy	<p>Unlike health care, adults have to pay, or contribute towards the cost of social care. By social care we mean both residential and non-residential services and support, such as domiciliary care, direct payments, respite, extra care, personal assistants, placements and personal budgets, which support adults to remain independent at home and residential care when they are no longer able to remain at home. Councils have then used these contributions to the cost of care to re-invest in social care services they would otherwise not be able to provide.</p> <p>From April 2016, Sections 14 and 17 of the Care Act 2014 give local authorities discretionary powers to charge for care and support services provided to service users and carers. Where a local authority applies the discretion to charge it must follow the Care and Support (Charging and Assessment Resources) Regulations 2014 and have regard to the Care and Support Statutory Guidance (October 2014) in determining its charging policy.</p> <p>Current policy is that charges will not be backdated and will apply from first Monday following issue of a letter advising of assessment outcome.</p>	Saving: £43k

	<p>Current analysis of 2017/18 data from the Financial Assessment Team shows that all new people financially assessed for non-residential care services and where the outcome of the financial assessment is not nil, received free provision up to an estimated £43k due to not backdating the charge from first point of receiving services.</p> <p>This proposal is to start the client contribution (where applicable) from the start of the community care package, rather than the first Monday following the completion of the financial assessment.</p>	
Bretons	See report elsewhere on the agenda	Ongoing Savings: £500k
Public Conveniences	<p>There are currently 9 Automated Public Toilets (APCs) in Havering. 2 APCs sit within the JC Decaux advertising contract, expiring August 2019. The contract for the remaining 7 expires 31 December 2020. The running cost of the APCs is £160,000 per annum. It is proposed that upon the expiry of the contract(s), a Community Toilet Scheme (CTS) is introduced focused on town centres and high streets within Havering. This is expected to cost in the region of £45,000 per annum, presenting a saving of £115,000.</p> <p>A CTS operates by providing payments to local businesses in exchange for the public being permitted to use their toilet facilities free of charge. The fee is dependent on the size and number of conveniences offered. The scheme enables provision of cleaner, safer and more accessible toilets available in the Boroughs town centre and high street shopping parades.</p> <p>Members of the public can use the facilities during the premises opening hours with no obligation to make a purchase. Participating premises display a sticker in their window, which would show the type of facilities available (e.g. male, female, baby changing facilities and wheelchair accessible).</p> <p>The council would expect to engage up to 50 businesses within first 2 years, predominantly in places the APCs were located to ensure local toilet provisions is maintained and thereby meet local community expectations. This represents either an equal or improved level of toilet provision in the Borough.</p>	Savings included in the Departmental Savings list
Assistive Technology	<p>This proposal has two parts:</p> <ol style="list-style-type: none"> 1. To review the continuation of the Adult Social Care subsidy for residents who have assistive technology fully funded by Adult Social Care via the Better Care Fund (BCF). 2. To explore the introduction of new generation technology into the Assistive Technology offer for Havering residents to reduce the reliance on other statutory services. 	Savings included in the Departmental Savings list

	<p>Assistive Technology is funded through the Better Care Fund. There are approximately 2700 residents whose assistive technology is funded by Adult Social Care, of which just under 1700 do not receive any other adult social care package.</p> <p>A full care and support review programme, formal consultation and equalities impact assessment will be undertaken starting in early 2019 with residents who are affected by this proposal. The review process will determine whether or not those currently in receipt of ASC funded AT, remain eligible (as per the national eligibility criteria set out in the Care Act 2014). In some circumstances, some residents may be asked to pay for their Assistive Technology rather than this being funded by Adult Social Care.</p> <p>As part of this review process, ASC will also look at opportunities for introducing and trialling new generation technology with residents that will offer potentially more cost effective solutions to supporting people to live at home independently.</p> <p>As well as consultation and engagement with residents affected, as this is funded through the Better Care Fund, there will also need to be engagement with Barking Havering and Redbridge Clinical Commissioning Group.</p>	
Income Generation	<p>Avelon Road Resource Centre is a day opportunities centre for people with complex learning disabilities. It primarily caters for Havering residents however in recent years, has attracted clients from other boroughs where day opportunities provision has been lost or restricted, creating an income generation opportunity for the centre moving forward. Charges for non-Havering residents (or direct payment holders) is £70 per day exclusive of transport and community activity charges, and the daily charge is levied whether or not the person attends. Having reviewed capacity and occupancy/attendance at the centre, the service proposes to actively market in other boroughs for an additional 10 service users, offering 2-2.5 days per week on average (based attendance for 48 weeks of the year), which would generate income of £75k. Analysis of occupancy of places, shows lower attendance levels on Wednesdays, Thursdays and Fridays, therefore the service has determined that increasing the number of users from other boroughs can be delivered with minimal disruption to current Havering users. Full engagement with current centre users / families regarding the proposals will be undertaken.</p>	Savings included in the Departmental Savings list

Appendix E

Havering in 2018

Lewis Hill
Associate Director,
Ipsos MORI

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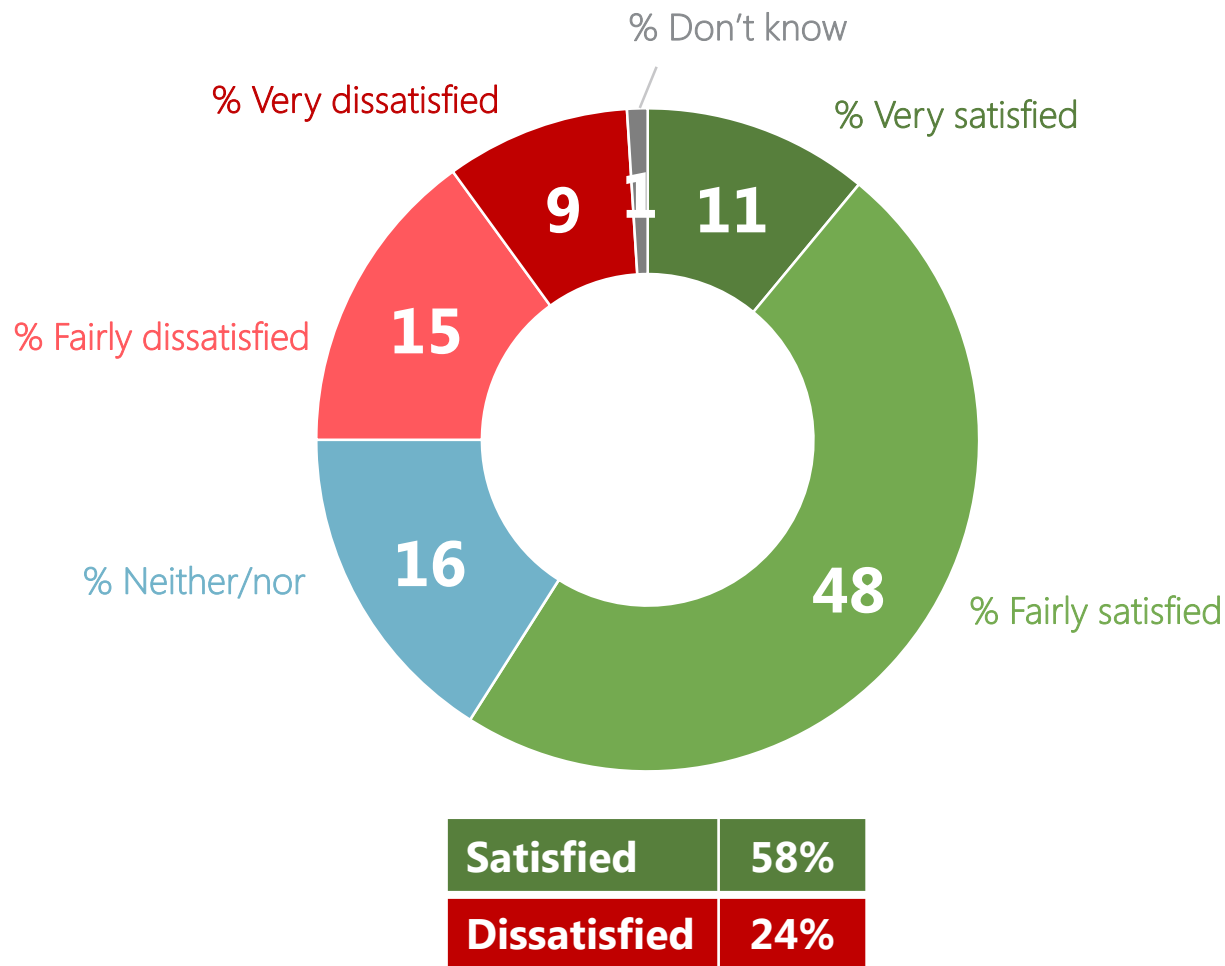


Ipsos Public Affairs



Majority of residents are satisfied with Havering Council

Q Overall, how satisfied or dissatisfied are you with the way Havering Council runs things?



Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018. Harold Hill booster (151) : Fieldwork dates: 8th – 15th October 2018.



Ipsos Public Affairs

By area of Havering

Romford, Collier Row and Gidea Park	28	55
Rainham and South Hornchurch	26	60
Hornchurch and Elm Park	16	67
Cranham, Upminster and Harold Wood	19	55
Harold Hill	32	50

By age

18-34	28	55
35-44	32	46
45-54	21	61
55-64	21	58
65+	21	67

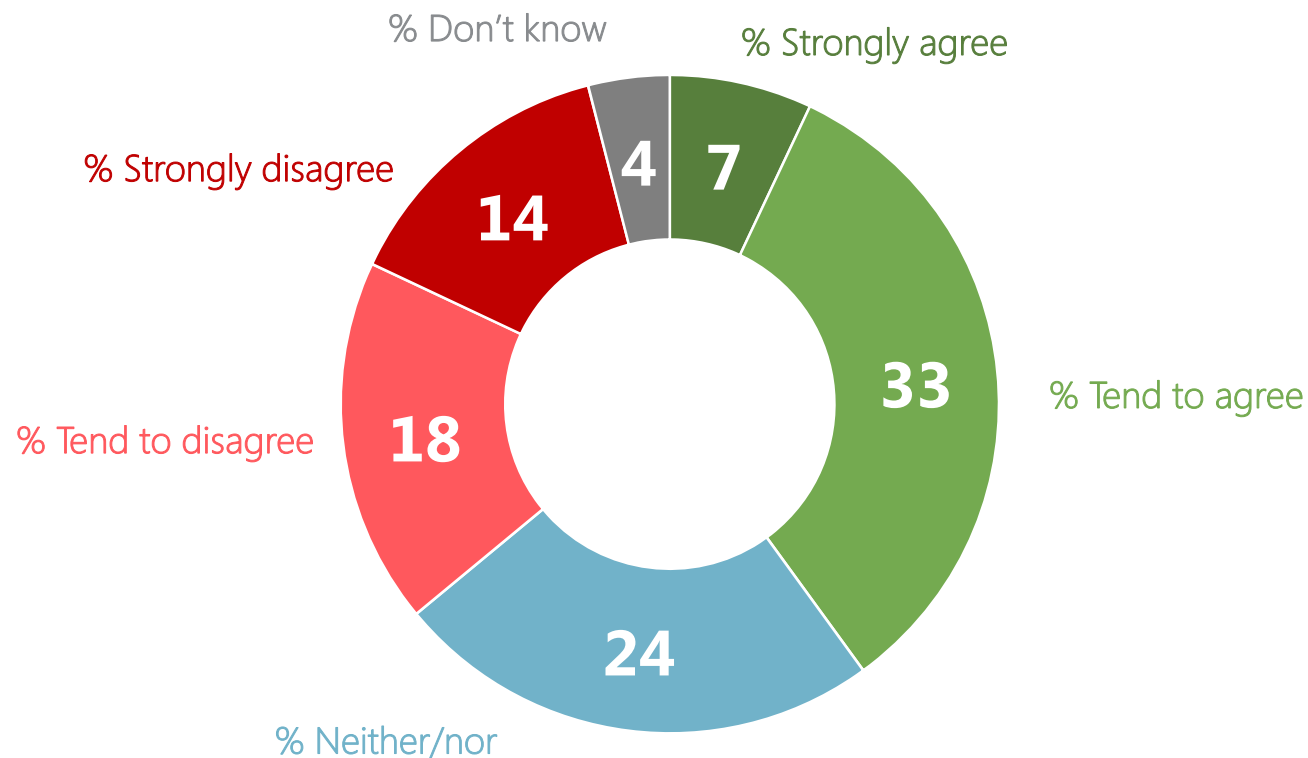
By working status

Working	24	55
Not working	23	64

Source: Ipsos MORI

...but less than half agree that the Council provides value for money

Q To what extent do you agree or disagree that Havering Council provides value for money?



Agree	40%
Disagree	32%

Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018

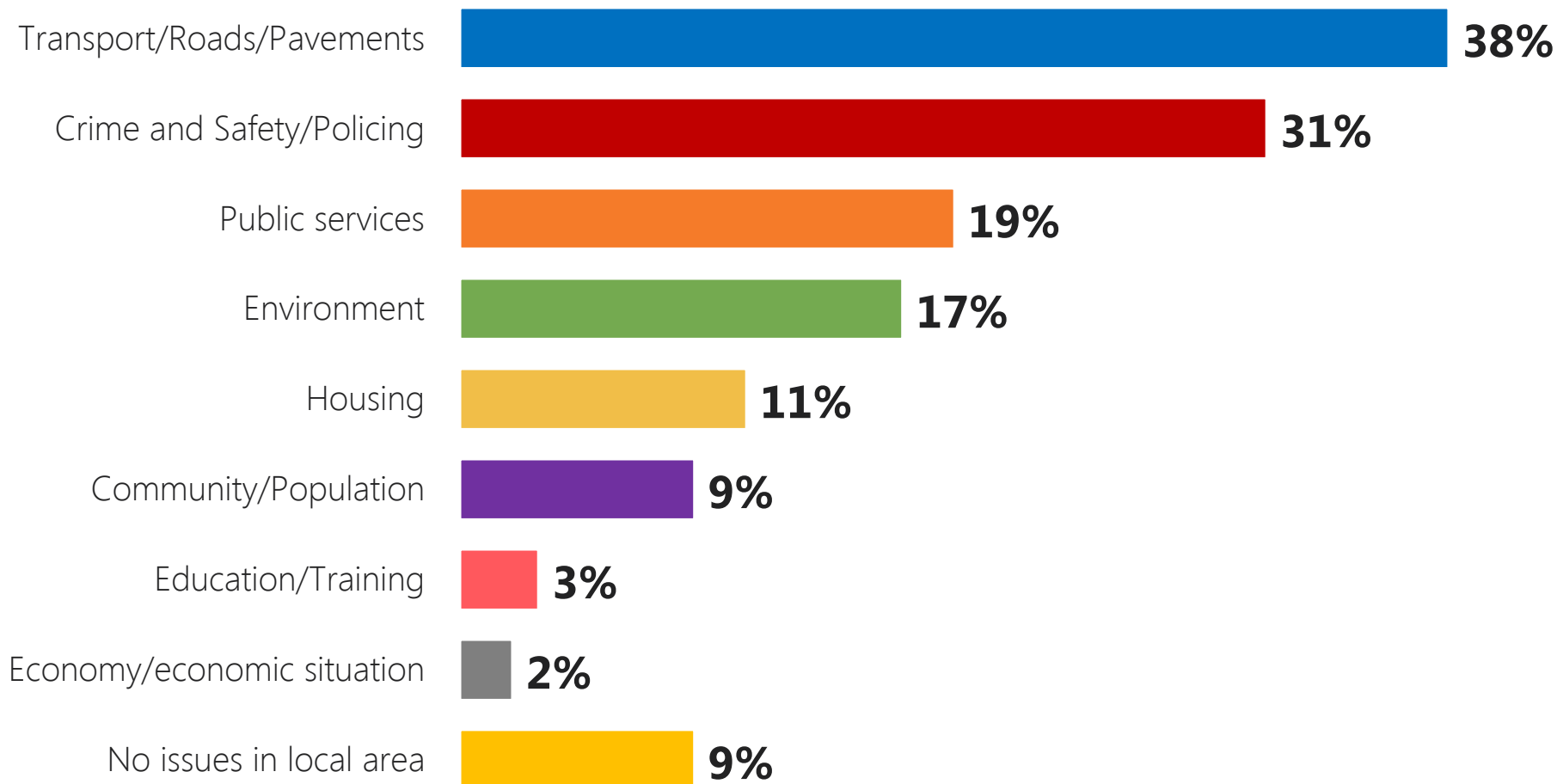


Ipsos Public Affairs

Source: Ipsos MORI

Transport and crime are cited as main problems...

Q What would you say are the biggest problems for you in your local area?



Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018



Ipsos Public Affairs

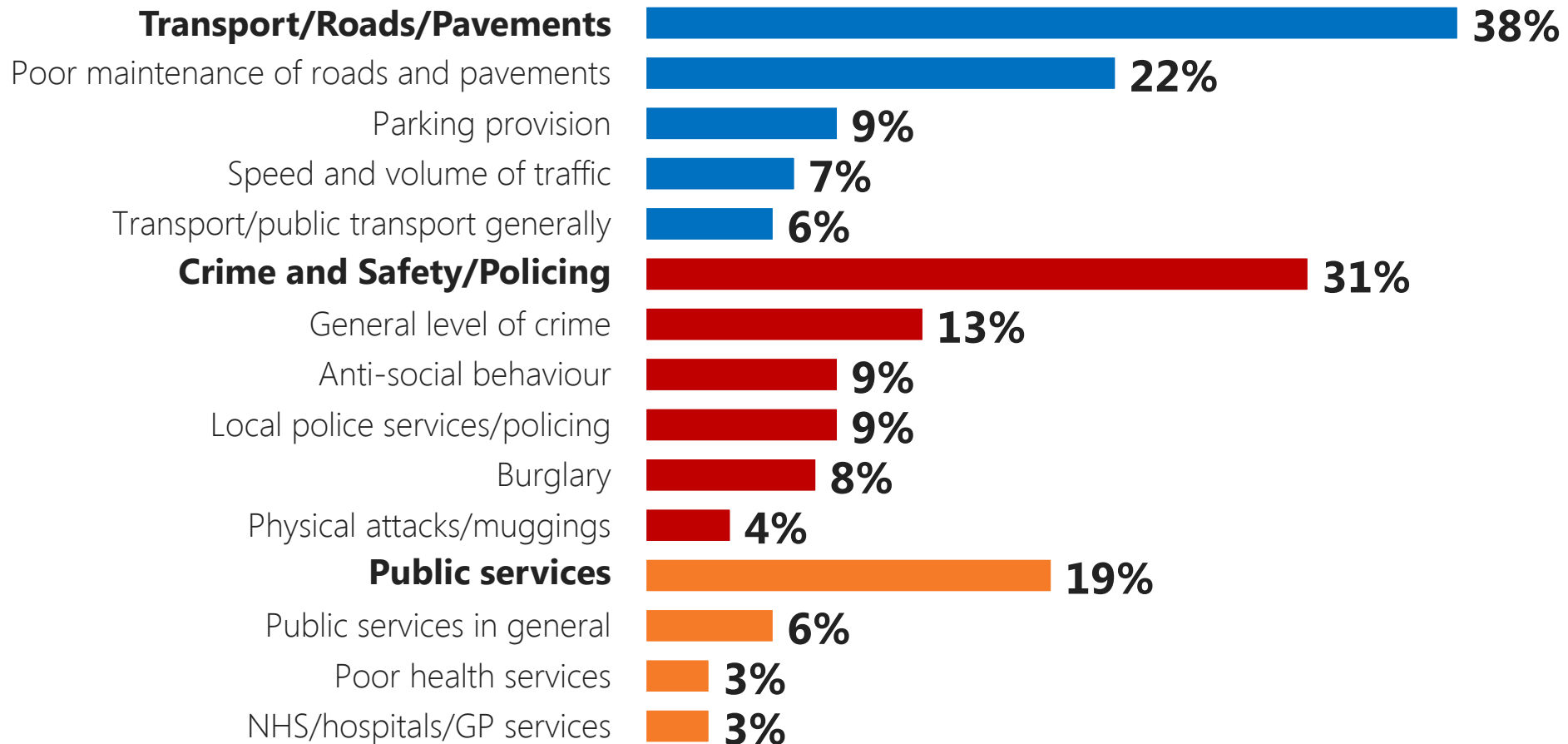
Source: Ipsos MORI

...more specifically road/pavement maintenance, and general unease about crime levels



What would you say are the biggest problems for you in your local area?

Top 12 mentions (within top 3 categories)



Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018

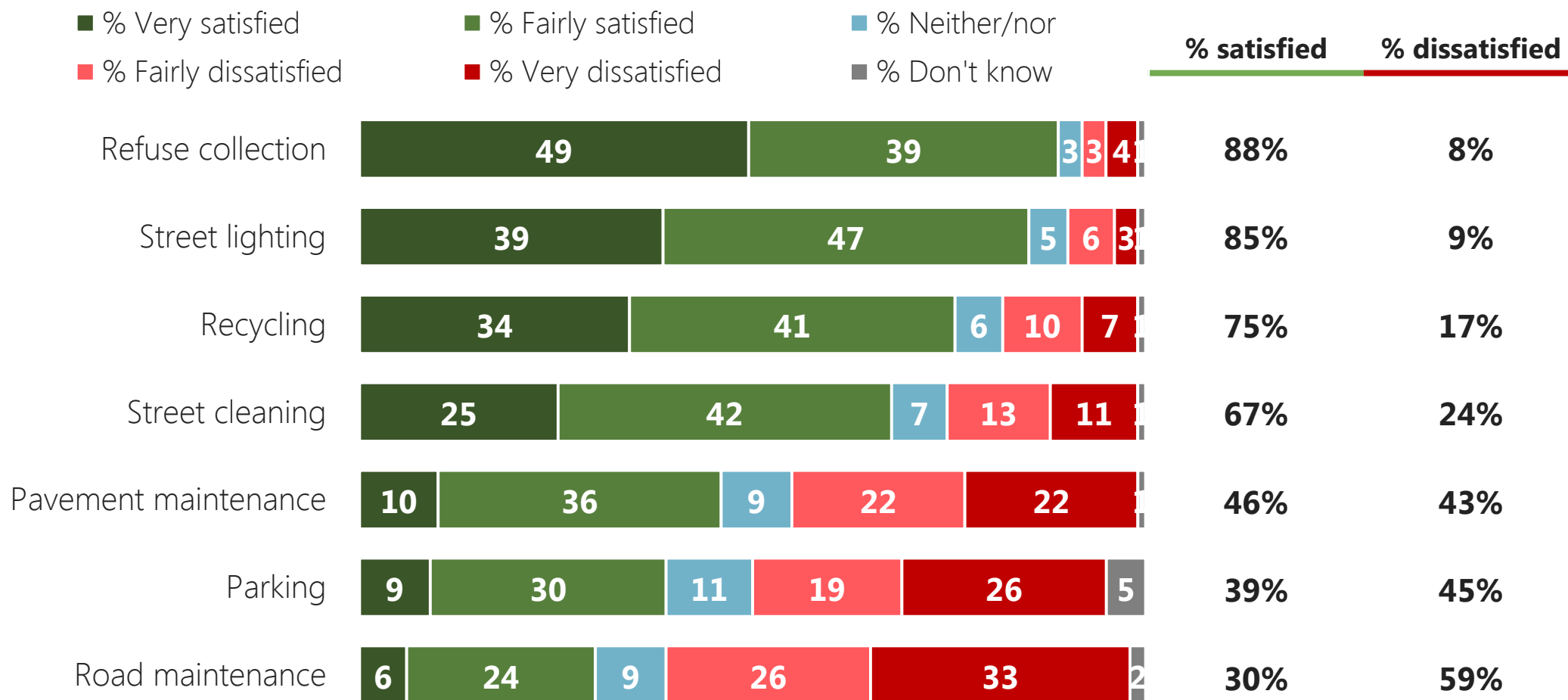


Ipsos Public Affairs

Source: Ipsos MORI

Satisfaction with universal services good, but not road/pavement maintenance and parking

Q How satisfied or dissatisfied you are with the quality of each of these in your local area?



Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018

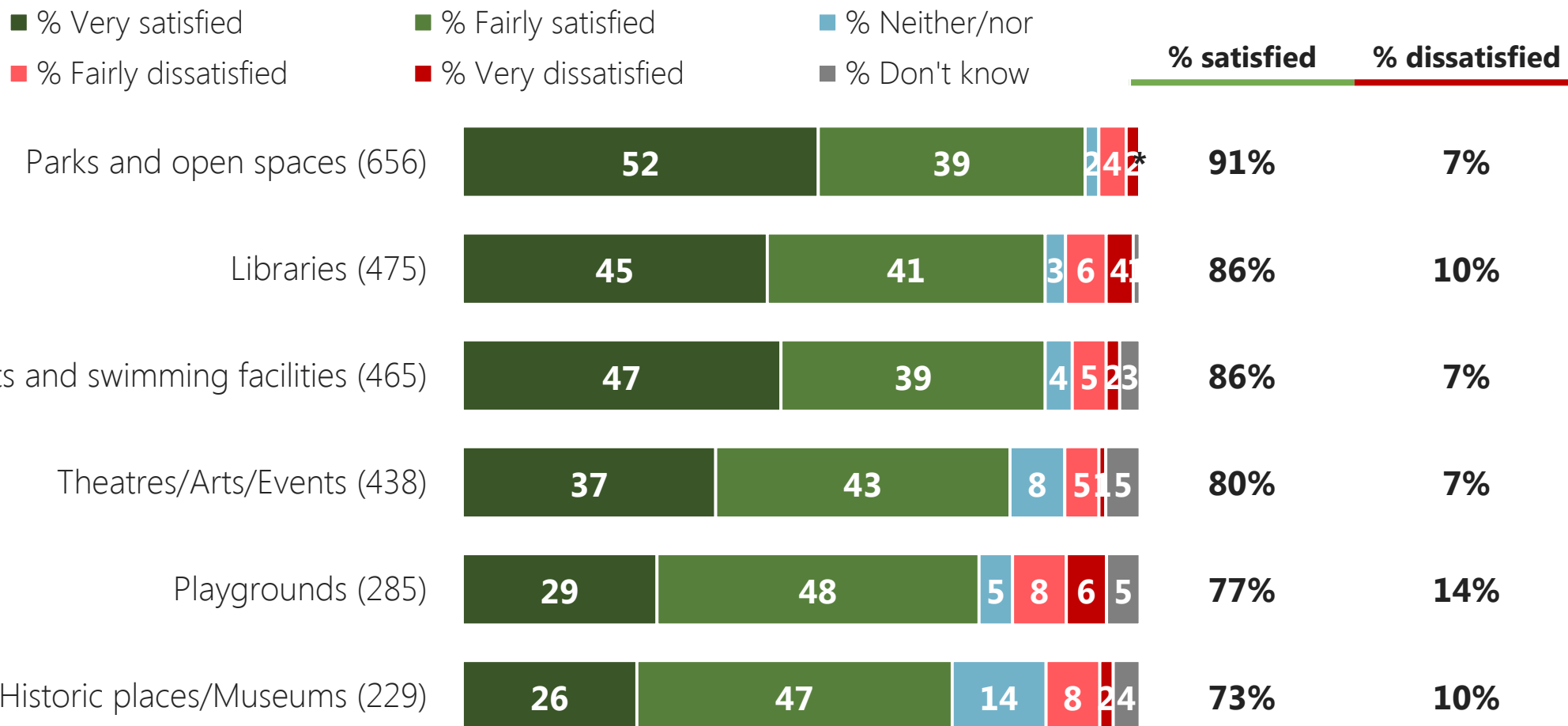


Ipsos Public Affairs

Source: Ipsos MORI

...with users especially positive about sports and recreational facilities

Q Any what about these services...How satisfied or dissatisfied are you with the quality of each of these in your local area?



Base: All service users (see above) : Fieldwork dates: 27th March – 26th April 2018

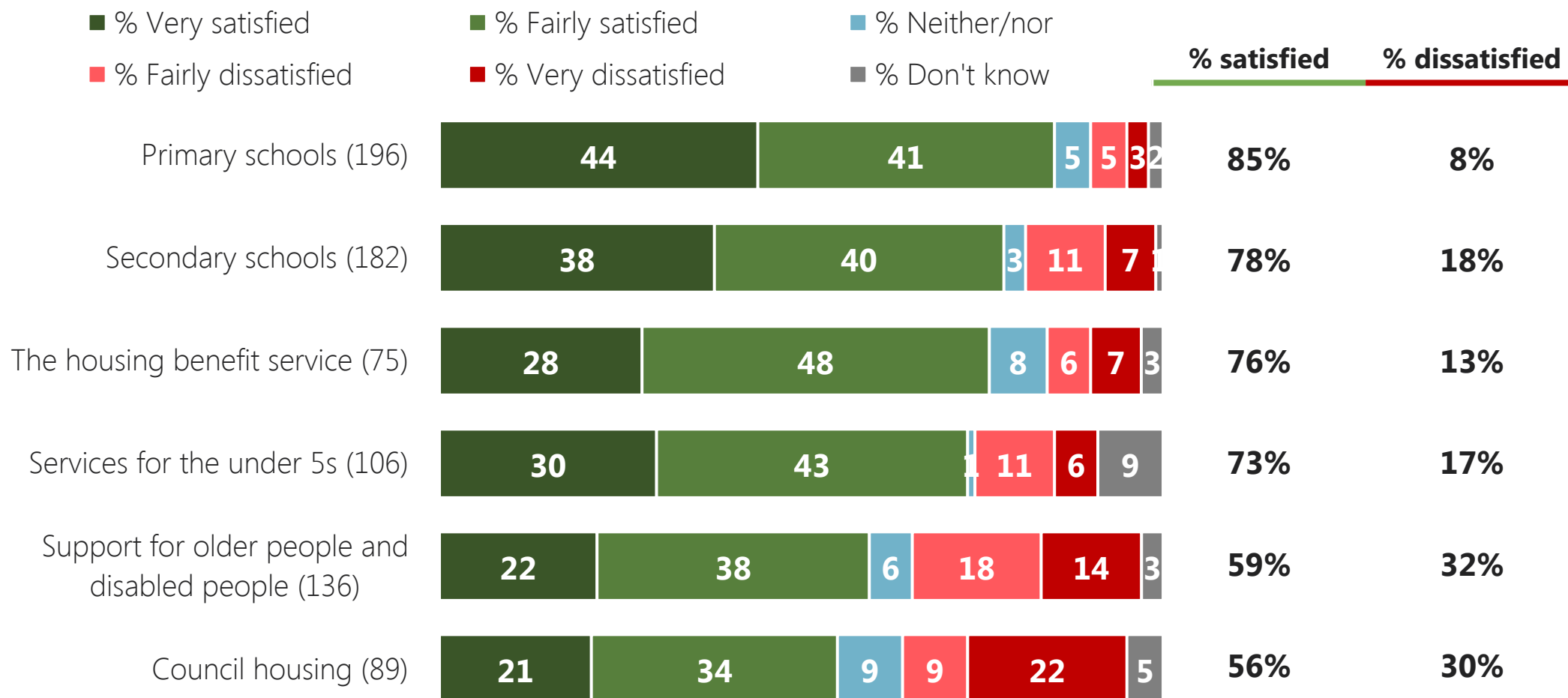


Ipsos Public Affairs

Source: Ipsos MORI

However, housing and social care are under pressure

Q And finally, what about these services...How satisfied or dissatisfied are you with the quality of each of these in your local area?



Base: All service users (see above) : Fieldwork dates: 27th March – 26th April 2018



Ipsos Public Affairs

Source: Ipsos MORI

A housing problem?

Q To what extent do you agree or disagree with each of the following statements about housing in Havering

■ % Strongly agree

■ % Tend to agree

■ % Neither/nor

■ % Tend to disagree

■ % Strongly disagree

■ % Don't know

% agree

% disagree

Young people are being priced out of the local housing market



89%

4%

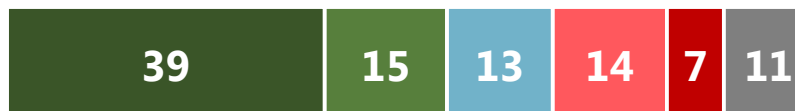
There is a need for more affordable housing in the borough, such as council housing



71%

17%

The types of housing being created in Havering are not really affordable for people like me



54%

22%

I have noticed an increase in homelessness in the borough in the last two years



46%

31%

More private housing developments would be a good thing for the borough



44%

39%

Base: All participants (800) : Fieldwork dates: 27th March – 26th April 2018



Ipsos Public Affairs

Source: Ipsos MORI



Havering
LONDON BOROUGH

Appendix F
Budget Consultation 2019-2023
Results and Analysis
October 2018



1,076 responses were received (250 paper, 826 online)

Question 2 – weighted ranking

Key Services rated as important (weighted ranking)

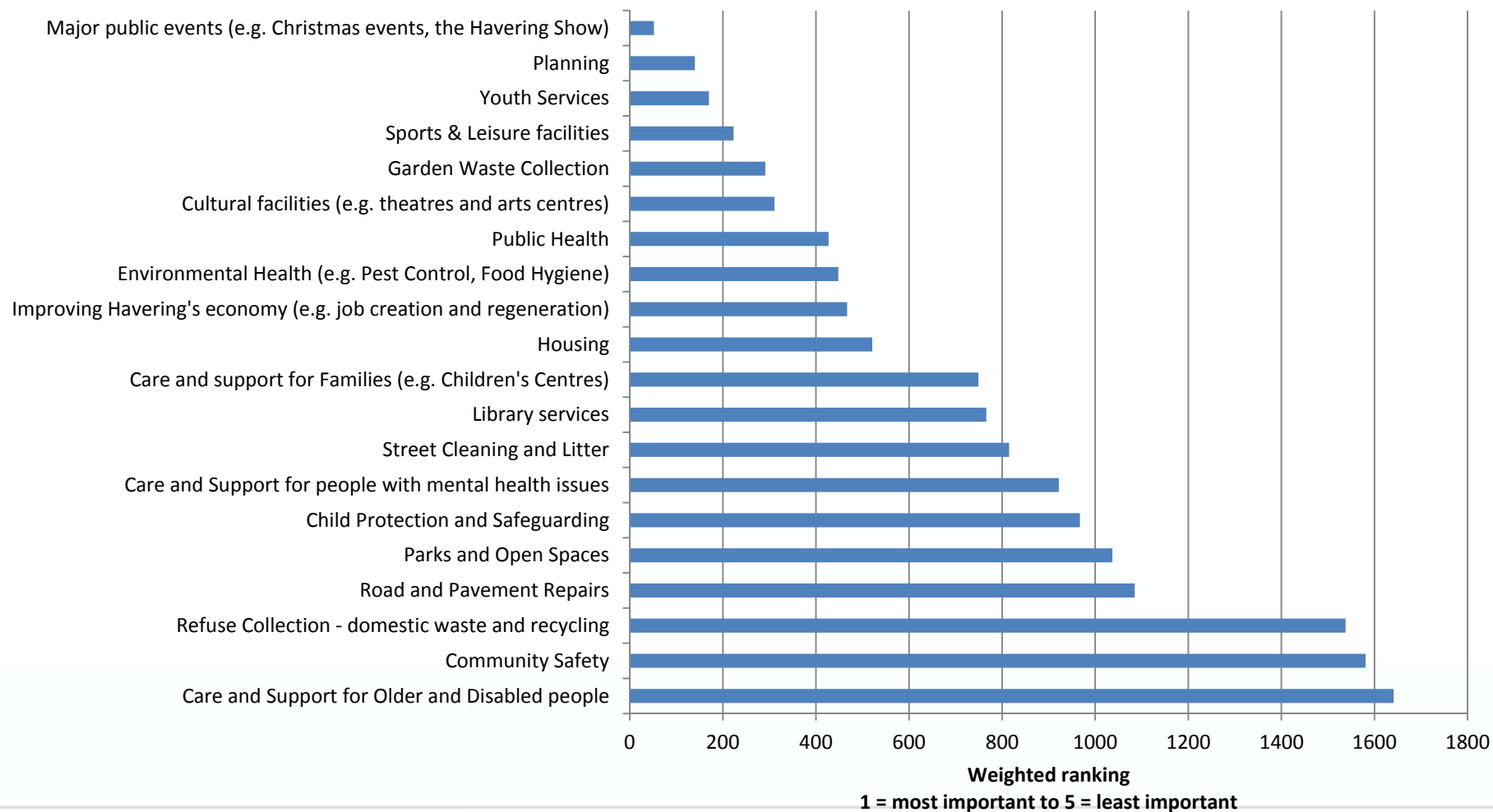


Chart shows weighted scores where rank 1 = 5 points, rank 2 = 4 points, rank 3 = 3 points, rank 4 = 2 points and rank 5 = 1 point.

Question 2 – number of responses per rank

Please rank in order up to five of Havering's key services that are most important to you (1 = most important). Please choose only one service for each rank, up to a maximum of five services.

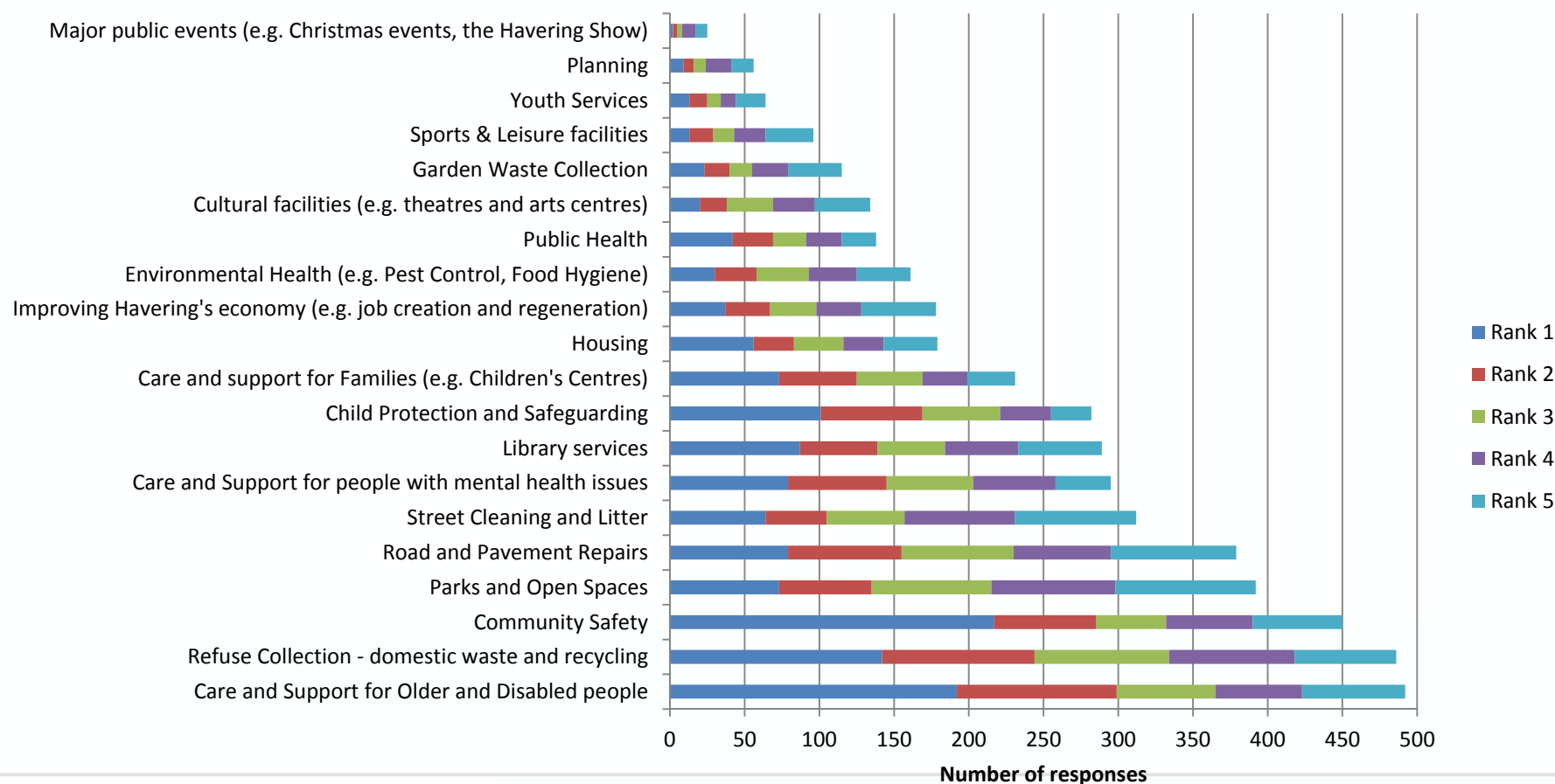
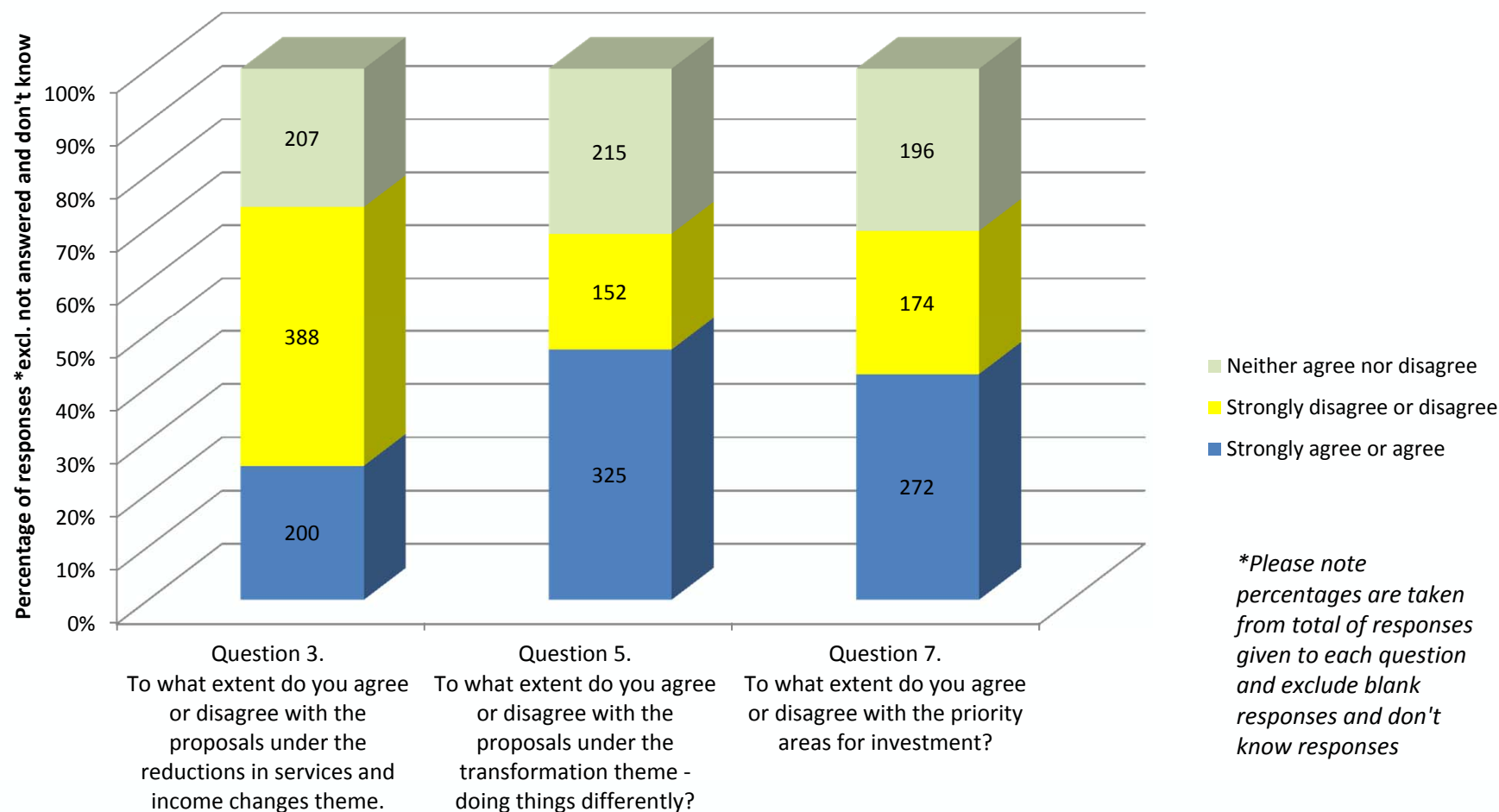


Chart shows number of responses per ranking.
Scores not weighted.

Questions 3, 5 and 7



Question 3(reductions in services and income changes): 25% of respondents either strongly agree or agree, 26% were neutral, and 49% either disagreed or strongly disagreed with the proposals. 281 respondents did not answer this question.

Question 5 (transformation): 47% of respondents either strongly agree or agree, 31% were neutral, and 22% either disagreed or strongly disagreed with the proposals. 384 respondents did not answer this question.

Question 7 (priority areas for investment): 42% of respondents either strongly agree or agree, 31% were neutral, and 27% either disagreed or strongly disagreed with the proposals. 434 respondents did not answer this question.

Question 4

Question 4 was analysed for the highest frequency words and phrases in the responses.

There were 491 responses in total.

The table shows only those key words and phrases that featured in greater than 5% of the responses.

What are your reasons for disagreeing with any individual proposals under the reductions in services and changes in income theme? What impact do you think this would have on you and your family?

*Of all responses under each theme –
how many were positive or negative*

Key word/phrase	Percentage of total responses	Positive responses / agree with proposals	Negative responses / disagree with proposals
Libraries and Front Door	18%	2%	98%
Street Lighting	13%	7%	93%
Toilets/conveniences	11%	4%	96%
Council Tax	8%	36%	64%
Council Tax support	4%	6%	94%
Brokerage/adult social care	5%	4%	96%
491 responses			

7% of responses mentioned children – this has not been split into positive and negative however comments can be read in the word document.

This question asked for the reasons for disagreeing with the proposals therefore this should be taken into account when reviewing the large number of negative responses.

The theme with the highest proportion of responses in agreement with the proposal was Council Tax.

Question 6

Question 6 was analysed for the highest frequency words and phrases in the responses.
There were 308 responses in total.
The two main themes featured in the responses are shown below.

What are your reasons for disagreeing with any individual proposals under the transformation theme - doing things differently? What impact do you think this would have on you and your family?

*Of all responses under each theme –
how many were positive or negative*

Key word/phrase	Percentage of total responses	Positive responses / agree with proposals	Negative responses / disagree with proposals
Library/libraries	9%	10%	90%
Community and community hubs	8%	26%	74%
308 responses			

This question asked for the reasons for disagreeing with the proposals therefore this should be taken into account when reviewing the large number of negative responses.
The theme with the highest proportion of responses in agreement with the proposal was Community Hubs.

Question 8

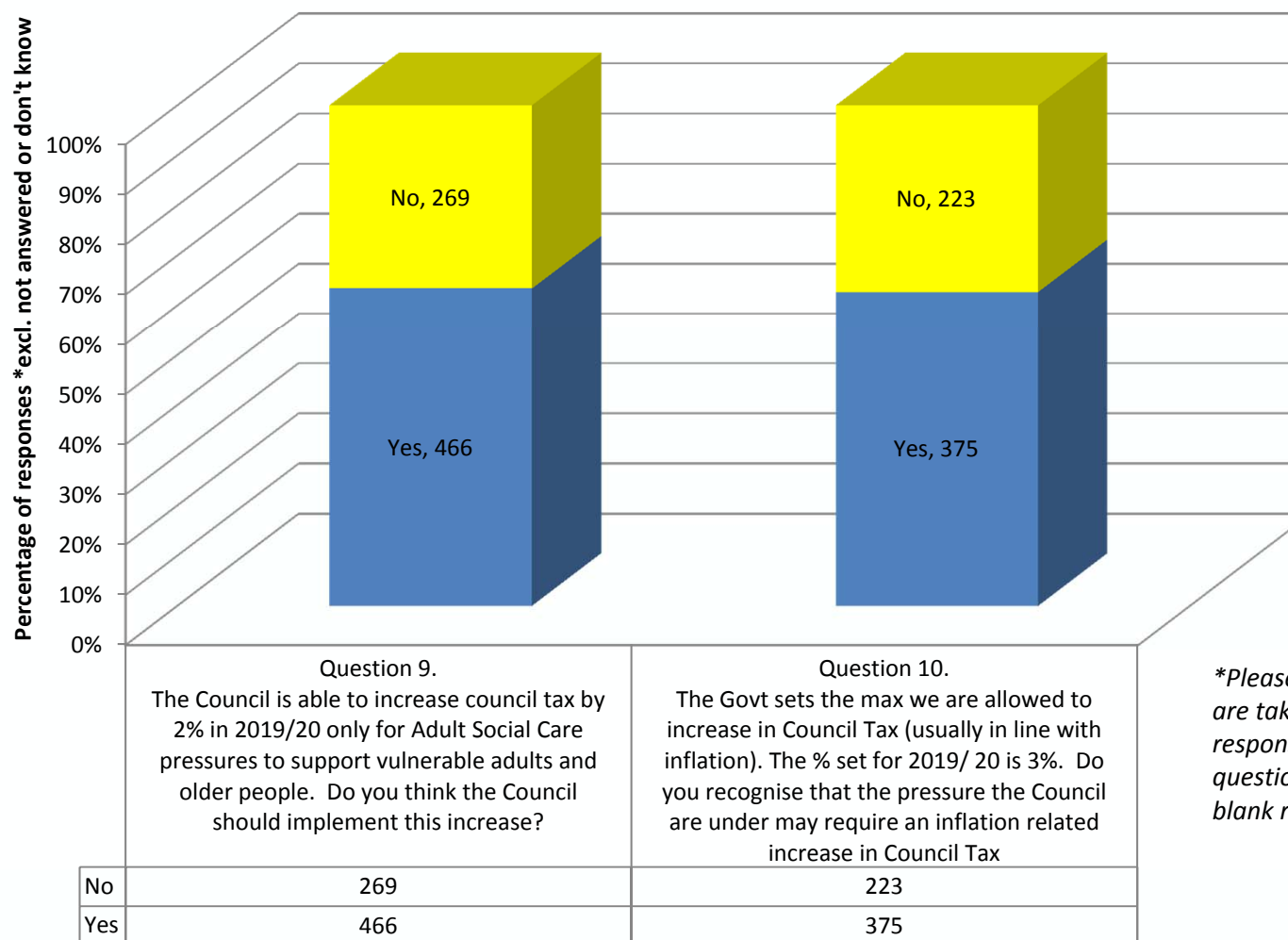
Question 8 was analysed for the highest frequency words and phrases in the responses.
There were 291 responses in total.
The main themes featured in the responses are shown below.

What are your reasons for disagreeing with any individual proposals under the priority areas for investment? What impact do you think this would have on you and your family?

Key word/phrase	Percentage of total responses	<i>Of all responses under each theme – how many were positive or negative</i>	
		Positive responses / agree with proposals	Negative responses / disagree with proposals
Romford Market	23%	3%	97%
Housing	13%	11%	89%
Police / Policing	9%	41%	59%
Foster Carers / Fostering	9%	4%	96%
Town Centre	7%	5%	95%
291 responses			

This question asked for the reasons for disagreeing with the proposals therefore this should be taken into account when reviewing the large number of negative responses.
The theme with the highest proportion of responses in agreement with the proposal was police / policing.

Questions 9 and 10



**Please note percentages are taken from total of responses given to each question and exclude blank responses*

Question 9: 63% respondents said yes to an increase in council tax for Adult Social Care, and 37% of respondents said no. 341 respondents did not answer this question

Question 10: 63% respondents said yes to an increase in council tax for inflation related purposes, and 37% of respondents said no. 478 respondents did not answer this question.