

REPORT OF THE CABINET

The purpose of this report is to enable the Council to calculate and set the Council Tax for 2013/14.

The Localism Act 2011 made significant changes to the Local Government Finance Act 1992 ("the Act"), and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

The Council has to formally resolve that it calculates certain figures, which broadly are:

- its gross expenditure, including contingency and levies (but not precepts)
- its gross income from fees & charges and other sources, specific grants, external finance from the Government, and any surplus/deficit on the collection fund
- the difference between the two, being the amount which the Council needs for its own services to be paid from the collection fund, defined as the Council Tax requirement
- the basic amount of Council Tax for the net position of all these figures, including precepts, and
- the amount of Council Tax for each other category of dwelling.

The Council is also required to formally approve the management of the Council's treasury management functions, including the Treasury Management Strategy, and the proposed revenue budget for both the General Fund and schools' delegated budgets, and the capital programme.

Members are asked to bring their copy of the Cabinet reports including the appendices and supplementary paper with them to the meeting, as the recommendations before Council make specific reference to these reports.

Attached to this report are:

- a revised Council Tax statement, originally provided in the Cabinet report marked as Appendix E, amended following the final notification of the levies
- Annex A to this report which provides supporting information to the resolutions
- Annex B which are the draft minutes of the Cabinet meeting.

The Treasury Management Strategy and related documents were reported to Cabinet separately but are being submitted to Council as part of this report for approval, as they are directly related to the budget. The Capital Programme was originally provided in the Cabinet report marked as Appendix I. A separate report also covers the proposed Members Allowances scheme for 2013/14.

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The HRA Budget for 2013/14 and HRA Capital Programme 2013/14 – 2014/15 were also reported separately to Cabinet. The HRA Capital Programme was originally provided in the Cabinet report on the HRA budget as Appendices 2 and 3. The report is referred to as the “HRA Budget report”.

Members are advised that there are no changes to the Cabinet report as a result of the Trade Union consultation undertaken after the Cabinet meeting.

In the light of the above **Cabinet recommends the Council to adopt the following resolutions as set out below.**

The effect of adopting these resolutions would be to set the Council Tax for a Band D property at £1,498.18

RECOMMENDATIONS

1. That the following as submitted in the report to Cabinet be approved:
 - a) The General Fund revenue budget for 2013/14, as set out in the revised Appendix E attached to this report.
 - b) The delegated schools' budget for 2013/14, as set out in Appendix E of the report to Cabinet.
 - c) The Capital Programme for 2013/14, as set out in Annexes 2, 3 and 4 of Appendix I of the report to Cabinet.
2. That, in accepting recommendation 1, Council is mindful of the advice of the Chief Finance Officer as set out in Appendix H of the report to Cabinet.
3. That it be noted that under delegated powers the Chief Finance Officer has calculated the amount of 79,401 (called T in the Act and Regulations) as its Council Tax base for the year 2013/14 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) made under Section 31B of the Local Government Finance Act 1992 as amended.
4. That the amount of £94,898,487 be now calculated as the Council Tax requirement for the Council's own purposes for 2013/14.
5. That the following amounts be now calculated by the Council for the year 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

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(a)	£448,440,793	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	(£353,542,306)	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£94,898,487	being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d)	£1,195.18	being the amount at 5(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in the table below as the amounts of Council Tax for 2013/14 for each of the categories of dwellings.

Valuation Bands London Borough of Havering	
	£ p
A	796.78
B	929.59
C	1,062.38
D	1,195.18
E	1,460.77
F	1,726.37
G	1,991.97
H	2,390.36

7. That it be noted for the year 2013/14 the major precepting authority (the GLA) has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below as proposed by the Mayor and as due to be considered by the London Assembly at its meeting on 25th February 2013.

Valuation Bands Greater London Authority	
	£ p
A	202.00
B	235.67
C	269.33
D	303.00
E	370.33
F	437.67
G	505.00
H	606.00

8. That, having calculated the aggregate in each case of the amounts at 6 and 7 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013/14 for each of the categories of dwellings shown below:

Valuation Bands	£ p
A	998.78
B	1,165.26
C	1,331.71
D	1,498.18
E	1,831.10
F	2,164.04
G	2,496.97
H	2,996.36

The effect of adopting this resolution would be to set the Council Tax for a Band D property at £1,498.18

8. That Council having considered the principles approved under the Local Government Finance Act 1992 by the Secretary of State concludes that the Council's basic relevant amount of Council Tax for 2013/14 is not excessive.
9. That any Council Tax payer who is liable to pay an amount of Council Tax to the Authority in respect to the year ending on 31st March 2014, who is served with a demand notice under Regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 as amended and who makes payment to the Authority of the full balance of the estimated amount shown on that demand by 1st April 2013, may deduct a sum equivalent to 1.5% of and from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount.
10. That Council agrees that the Capital Programme be expanded for schemes during the year which are funded via additional external funding under the authority of the Cabinet Member Value and the relevant service area Cabinet Members.
11. That Council approves the Treasury Management Strategy Statement, the Minimum Revenue Provision Strategy and the Annual Investment Strategy 2013/14.
12. That Council agrees the proposed HRA Capital Programmes for 2013/4 and 2014/15, as set out in Appendices 2 and 3 of the HRA Budget report.

REPORT DETAIL

As set out in the reports to Cabinet of the 13th February 2013 and the attached Annexes.

**LONDON BOROUGH OF HAVERING
PROVISIONAL COUNCIL TAX STATEMENT – 2013/14 BUDGET**

Estimate 2012/13 £		Estimate 2013/14 £	
171,782,580	Havering's Expenditure	167,525,909	
2,000,000	Service Expenditure	2,000,000	
<u>173,782,580</u>	General Contingency	<u>169,525,909</u>	
	Havering's Own Expenditure		
10,956,000	Levies		
163,574	East London Waste Authority	11,653,000	Final
16,091	Environment Agency (Thames)	172,766	Final
258,783	Environment Agency (Anglia)	17,367	Final
304,600	Lee Valley Regional Park Authority	260,569	Final
	London Pensions Fund Authority (LPFA)	318,236	Final
<u>11,699,048</u>	Sub Total – Levies	<u>12,421,938</u>	
-22,698,196	Unringfenced Grant	-12,374,328	
<u>162,783,432</u>	Sub Total – Total Expenditure	<u>169,573,519</u>	
	External Finance		
-1,027,691	Revenue Support Grant	-45,378,456	
N/A	Business Rates Top-up	-9,032,069	
-53,015,411	National Non Domestic Rate	-20,741,507	
<u>-54,043,102</u>	Sub Total – External Finance	<u>-75,152,032</u>	
-1,008,000	Collection Fund Deficit/(Surplus)	477,000	
<u>107,732,330</u>	Havering's Precept on the Collection Fund	<u>94,898,487</u>	

<u>The Collection Fund</u>				
Estimate 2012/13 £		Estimate 2013/14 £		
	Expenditure			
	Precepts			
107,732,330	London Borough of Havering	94,898,487	1,195.18	
27,647,434	Greater London Authority (provisional 2013/14)	24,058,503	303.00	
	London Borough of Havering – Retained Business Rates (Final)	20,741,507	261.22	
	Greater London Authority – Retained Business Rates (Final)	13,827,671	174.15	
	Central Government – Retained Business Rates (Final)	34,569,179	435.37	
67,589,650	Contribution to NNDR pool	0	0.00	
272,933	Cost of NNDR collection	274,180	3.45	
<u>203,242,347</u>	Total Expenditure	<u>188,369,528</u>	<u>2,372.38</u>	
	Total Income			
-67,862,583	National Non-Domestic Rate	-69,412,537	-874.20	
135,379,764	NNDR receivable			
<u>90,139</u>	COUNCIL TAX per Band D property	<u>118,956,990</u>	<u>1,498.18</u>	
	Council Tax Base	79,401		
				Council Tax percentage change (0.2)%

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Valuation as at 1/4/91	Council Taxes Per Property Band			Change £ p
	£	p	£ p	
Under £40,000	1,001.26	Band A	998.78	(2.48)
£40,000 - £52,000	1,168.15	Band B	1,165.26	(2.89)
£52,001 - £68,000	1,335.02	Band C	1,331.71	(3.31)
£68,001 - £88,000	1,501.90	Band D	1,498.18	(3.72)
£88,001 - £120,000	1,835.65	Band E	1,831.10	(4.55)
£120,001- £160,000	2,169.41	Band F	2,164.04	(5.37)
£160,001- £320,000	2,503.17	Band G	2,496.97	(6.20)
Over £320,000	3,003.80	Band H	2,996.36	(7.44)

ANNEX A

BUDGET AND CORPORATE PLAN AND COUNCIL TAX 2013/14

SUPPLEMENTARY INFORMATION

A. THE GREATER LONDON AUTHORITY AND LEVIES

The Greater London Authority precept proposed by the Mayor was advised as being £303.00 per Band D property (1.2% decrease). The London Assembly was due to consider this budget and precept on 25th February 2013. Confirmation of formal approval to the budget is awaited and a supplementary paper will be issued prior to the Council meeting.

Information on the other levies is as set out in the report to Cabinet or as subsequently advised to Council as part of this report, and is reflected accordingly in the revised Appendix E.

B. THE COUNCIL TAX (DEMAND NOTICES) (ENGLAND) REGULATIONS 2011 AND 2012

The Regulations set out the information which the billing authority must supply with the Council Tax Demand Notice, and the National Non-domestic Rate Notice as well as matters required to be contained in those Notices.

The 2011 Regulations require the following information to be provided within the Demand Notice:

Amounts of gross expenditure

The gross expenditure of—

- (a) the billing authority,
- (b) each relevant precepting authority, and
- (c) each relevant levying body,

for the relevant year (ie the year for which the budget is being set) and the preceding year.

Amounts of council tax requirement

The council tax requirement of—

- (a) the billing authority, and
- (b) each relevant precepting authority,

for the relevant year and the preceding year.

Statements concerning gross expenditure and council tax requirement

The billing authority's reasons for any difference between the amounts stated in respect of the gross expenditure and council tax requirement for the billing authority and each precepting authority for the same year.

The billing authority's opinion of the effect that its gross expenditure has on the level of council tax set for the relevant year.

Each relevant precepting authority's opinion of the effect that its gross expenditure has on the level of its precept issued for the relevant year.

In accordance with these Regulations, these calculations are as follows:

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	2012/13	2013/14
	£	£
Amounts of Gross Expenditure		
Aggregate of the items which are attributable to the services administered by the Authority during the year	447,298,449	448,440,793
excluding allowances for contingencies	2,000,000	2,000,000
and contributions to financial reserves	<u>1,077,620</u>	<u>499,579</u>
Gross Expenditure	<u>444,220,829</u>	<u>445,941,214</u>
 Amounts of Council Tax Requirement		
LBH element of the Council Tax Band D for a Property	1,195.18	1,195.18
multiplied by the Council Tax Base	<u>90,139</u>	<u>79,401</u>
Council Tax Requirement	<u>107,732,330</u>	<u>94,898,487</u>
 Statements concerning Gross Expenditure and Council Tax Requirement		
Gross Expenditure	444,220,829	445,914,214
less Council Tax Requirement	<u>107,732,330</u>	<u>94,898,487</u>
	<u>336,488,499</u>	<u>351,042,727</u>
 Reason for Difference		
Gross income	284,515,017	278,867,274
Retained Business Rate	53,015,411	20,741,507
Business Rate Baseline (Top-Up)	0	9,032,069
Revenue Support Grant	1,027,691	45,378,456
Collection Fund Deficit/Surplus	<u>1,008,000</u>	<u>-477,000</u>
	339,566,119	353,542,306
Less contingencies and contribution to reserves	<u>-3,077,620</u>	<u>-2,499,579</u>
	<u>336,488,499</u>	<u>351,042,727</u>

An additional calculation, setting out an explanatory breakdown of the statutory calculations, was required under the Local Government Finance Act 1992, but has been superseded by the changes brought about by the Localism Act 2011. Details of the calculation are as set out above.

The 2012 Regulations do not impact on the setting of the Council Tax but include a requirement that:

- Demand notices refer to reductions and premiums through introduction of local council tax reduction schemes and local premiums for long term empty dwellings
- A new statement should be included on a demand notice where a reduction under a local scheme or a local premium applies explaining the amount of the reduction or premium, the reasons for it and the possible consequences of failing to comply with duties to notify the billing authority of relevant changes in circumstance
- Demand notices include a statement of the procedure by which a person may request to pay their council tax in 12 monthly instalments and makes certain other consequential amendments
- Demand notices include another statement where the billing authority has published certain information which must be supplied with demand notices on

its website to explain that and to give the address where that information can be found.

C. CALCULATION OF CHANGE IN HAVERING'S EXPENDITURE

The following calculation was previously required under Council Tax (Demand Notice) Regulations, known as the budget requirement, and is included here to set out how the Council's expenditure, prior to taking into account Government funding, has changed. These figures reflect the significant changes caused by the new funding system and the impact of the localisation of Council Tax support.

Change in Council's Expenditure

	£m
2012/13 Budget	162.8
2013/14 Budget	169.6
Net Increase	6.8
Budget Pressures	1.4
Inflation	1.7
Increase in Levies	0.7
Provisions & Other Issues (including Grant & Funding Changes)	20.3
Sub Total	24.1
Efficiencies/Savings	-17.3
Net Total	6.8

D. REFERENDUMS RELATING TO COUNCIL TAX RISES

Schedule 5 of the Localism Act 2011 makes provision for Council Tax referendums to be held if an authority increases its basic relevant amount of Council Tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

A Council Tax referendum will be required in 2013/14 if the increase in the basic relevant amount of Council Tax set by an authority exceeds the Council Tax excessiveness principle which applies to that year. The Secretary of State has proposed that, for that year, an authority will be required to seek the approval of their local electorate if, compared with 2012/13, an increase in that amount exceeds 2% for local authorities.

Under section 52ZE of the 1992 Act, the Secretary of State can make a report specifying an amount ("an alternative notional amount, or ANA") which he considers should be used by an authority as the basis of any comparison in an authority's basic relevant amount of Council Tax for the preceding year, in this case 2012/13. Owing to the changes resulting from the localisation of Council Tax support, the Secretary of State has proposed ANAs for affected authorities in relation to 2012/13. Those local authorities which have been set an ANA need to use this figure as a comparison of whether their increase in their basic relevant amount of Council Tax in 2013/14 is excessive.

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The definition of *basic relevant amount of Council Tax* is set out in section 52ZX of the 1992 Act. It is essentially an adjusted Band D amount which is derived from a calculation of the authority's basic amount of Council Tax which has been modified by omitting local precepts issued to or anticipated by a local authority, and levies issued to or anticipated by an authority, from the calculation.

The calculations for Havering are as follows:

Basic relevant amount of Council Tax 2012/13	£1,195.18
Alternative Notional Amount of Council Tax 2012/13, as specified by the Secretary of State	£1,046.38
ANA for 2013/14, as calculated below	£1,038.73
Percentage change in the ANA	-0.7%

On the basis of this calculation, the relative change in the Council's ANA resulting from its budget proposals is below the level set by the Secretary of State. Accordingly, the amount of Council Tax cannot be considered as excessive.

The calculation for Havering for 2013/14 is as follows:

Council Tax Requirement	94,898,487
Less levies	12,421,938
	<hr/>
	82,476,549
Council Tax Base	79,401
ANA	1,038.73

Method for calculation of alternative notional amounts

The alternative notional amount for each authority is calculated in accordance with the formula:

$$\frac{(R - (P + L + A))}{(T - (A \div B))}$$

where –

A is the notional amount allocated to the authority in relation to the financial year 2012/13 for the localisation of council tax support, being its share of the CTB amount for 2012/13 allocated in the same manner as is set out in Annex E to the Local Government Finance Report 2013/2014 in relation to 2013/14 including any local precept issued to it in relation to that year;

B is the basic amount of the authority's council tax for the financial year 2012/13 in relation to a band D dwelling in its area excluding any local precept issued to it, that is, the amount calculated in accordance with section 31B(1) or 42B(1) of the 1992 Act in relation to that year;

L is the amount of any levies and special levies –

(a) issued to the authority for 2012/13; or

(b) anticipated by it for that financial year in pursuance of regulations under section 74 or 75 of the 1988 Act, being the figures for such levies for that year supplied to the Secretary of

State pursuant to section 52ZY(2) of the 1992 Act;

P is the amount of any precepts –

(a) issued to the authority for 2012/13 by local precepting authorities; or

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(b) anticipated by it for that financial year in pursuance of regulations under section 41 of the 1992 Act, being the figure listed in relation to that authority in the Council Tax statistics document;

R is the authority's council tax requirement calculated by it for 2012/13, being the figure listed in relation to that authority in the Council Tax statistics document;

T is the authority's council tax base for 2012/13, that is, item T in the formula in section 31B(1) or 42B(1) of the 1992 Act (expressed as a number of band D dwellings in the authority's area) being the figure listed in relation to that authority in the Council Tax statistics document.

DRAFT MINUTES OF THE CABINET MEETING 13 FEBRUARY 2013

44 THE COUNCIL'S BUDGET 2013/14 - including the setting of fees & charges

Councillor Roger Ramsey, Cabinet Member for Value, introduced the report

The report before Cabinet outlined the context within which the 2013/14 budget was due to be set and identified the Council's overall policy direction, statutory duties and financial strategy.

It was reported that the Council's budget needed to reflect the level of funding allocated to it by the Government. It was noted that since the 2010 General Election, the Government had made a series of announcements, with the most recent being the Autumn Budget Statement, which preceded the announcement of the provisional Local Government Settlement. This saw the introduction of fundamental and complex changes to the funding regime for local authorities, probably the biggest in 20 years. Whilst this reflected the localisation of responsibilities, it also brought increased financial risk, and this had to be reflected as part of a robust budget setting process.

In anticipation of the changes that these various announcements had brought about, and in response to the Emergency Budget announced in 2010, Cabinet had previously agreed a range of savings proposals in July 2010, and again in July 2011, designed to deliver savings approaching £36m. These proposals were in the process of being implemented, subject to consultation where appropriate.

It was noted that the provisional settlement had been announced on 19 December, the details of which had been included in the previous report to Cabinet in January. Interpretation of the impact of the settlement had been extremely difficult due to the continual flow of information from central government. More recently, there had been speculation that the final settlement would not be available until mid-February. Supplementary papers were issued which provided further detailed information on the final local government financial settlement and other levies. It was noted that the final settlement provided a 1.1% reduction in funding. The delay in the announcement had increased the level of uncertainty at a time when the pressure on public sector budgets continued to grow.

In the light of the ongoing financial climate, and with the prospects for "more of the same" for the foreseeable future, information on a small number of budget pressures and savings proposals was released for formal consultation in January and as part of this process, was submitted to the joint Overview and Scrutiny Committee. The results of this consultation were set out in the report. Subject to any further changes made by Cabinet arising from the consultation and scrutiny, the report set out the factors being recommended for inclusion within the 2013/14 budget.

It was noted that there was no proposed increase to the Havering element of the Council Tax, which would enable the Council to take advantage of the new Council Tax freeze grant on offer.

Final confirmation of the Greater London Authority (GLA) precept was not expected until the day on which the London Assembly was due to meet, which was two days prior to the Council budget setting meeting. It was reported that the Mayor had proposed a small reduction in the current precept, and this had been the subject of a similar consultation process. On the assumption that this was approved by the London

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Assembly, there would be a small overall reduction in Council Tax. The band D figure would reduce to £1,498.18.

The report provided details of the various components of the budget with appendices also included.

Reasons for the Decision

The Council is required to set a budget for 2013/14 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

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

Members praised staff for their hard work in drafting the report in difficult circumstances given the inaccuracies in the final settlement delivered by central government.

The Cabinet Member emphasised the challenging financial circumstances that the Council found itself in, particularly as further savings were required in the next financial year and beyond.

Cabinet, in view of the need to balance the Council's policies, statutory requirements, government initiatives, inspection regimes and Council Tax levels:

1. Noted the advice of the Chief Finance Officer as set out in Appendix H when recommending the Council budget.
2. Noted the comments received during the consultation exercise, which are set out in the report from the joint Overview and Scrutiny Committee, which is attached as Appendix J to this report, when recommending the total Council budget.
3. Approved the Council's General Fund draft budget for 2013/14 as set out in Appendix E of the report, formulated on the basis of:
 - an ELWA levy based on the anticipated budget and levy increase
 - the budget items shown at Appendix F of the report
 - the other assumptions set out in this report.
4. Approved the delegated schools' draft budget as set out in Appendix E.
5. Delegated to the Leader and the Cabinet Member for Value authority to approve spending plans for new sources of grant funding or for confirmed amounts where estimates have previously been used, as set out in paragraph 3.3.5 of the report, for both revenue and capital grant funding.
6. Delegated to the Cabinet Member for Children's Services, in conjunction with the Cabinet Member for Value, authority to take action to reduce Council spend resulting from the further transition of schools to academy status, as set out in paragraph 3.4.22 of the report.

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7. Delegate to the Chief Executive and Group Directors to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
8. Approved, with effect from 1 April 2013, that the financial assets and liabilities of the commercial properties currently held in the Housing Revenue Account be appropriated to the General Fund, the final list of properties appropriated to be agreed by the Group Director Finance & Commerce.
9. Approved the schedule of Fees and Charges set out in Appendix L, with any recommended changes in year being implemented under Cabinet Member delegation.
10. Approved the Capital Programme for 2013/14 as set out in Annexes 2, 3 and 4 of Appendix I of the report.
11. Delegated to the Chief Executive and Group Directors to implement the 2013/14 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities were required as detailed.
12. Agreed that if there were any changes to the GLA precept and/or levies, that the Group Director Finance & Commerce (in the absence of the Chief Executive) be authorised to amend the recommended resolutions accordingly and report these to Council on 27 February 2013.
13. Agreed that information be made available to members of the public, staff, trade unions, etc. explaining the decisions made by Cabinet, and the final decision on the Council Tax setting.
14. Delegated to the Cabinet Member Value and the relevant service area Cabinet Members authority to commence tender processes and accept tenders where these relate to Capital schemes within the Capital Programme.
15. Delegated to the Chief Executive authority to consider the comments of the trade unions and to reflect any changes and/or comments in the recommendations to Council.

Cabinet:

16. Recommends to Council, subject to recommendation 3 above, the General Fund budget, and the Council Tax for Band D properties, and for other Bands of properties, all as set out in Appendix E, as revised and circulated for the Greater London Authority (GLA) Council Tax.
17. Recommends to Council the delegated schools' budget, also as set out in Appendix E.
18. Recommends to Council that a resolution be passed based on the proposals as set out in this report in order to set the Council Tax – the final text/figures to be advised to Council once the final GLA position is known.
19. Recommends to Council to pass a resolution as set out in section 8.4 of this report to enable Council Tax discounts to be given at the existing level

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20. Recommends to Council the Capital Programme for 2013/14 as set out in Annexes 2, 3 and 4 of Appendix I.
21. Recommends to Council to agree that the Capital Programme be expanded for schemes during the year which are funded via grant funding under the authority of the Leader and the Cabinet Member Value.

Cabinet Noted:

22. The monitoring arrangements for 2013/14.
23. The prospects for 2014/15 and beyond, which indicate a very challenging financial environment still lies ahead, with the continuation of the Government's austerity programme, and that the need for continued financial prudence is especially important.
24. The likely date for the announcement of the final settlement and the potential need for a further report, should the figures be materially different.
25. That supplementary information would be provided to Cabinet where information was awaited, such as from external bodies such as the GLA and the other levying bodies, as well as the final settlement itself.
26. That any further reductions in grant funding introduced by the Government subsequent to the setting of the budget would be reported back to Cabinet, together with any consequent recommendations on maintaining financial stability.
27. That a further report would be brought to Cabinet setting out proposals to reduce spend associated with Early Intervention activities, in line with the reduced funding provided by Government.
28. That a report would be brought to Cabinet in March setting out the Council's proposed policy for dealing with business rates relief.
29. The effect of Council Procedure Rules with regard to the moving of any amendment to the Council Tax Setting report.
30. That consultation with the Trades Unions would continue in respect of any proposals within the Budget that have an impact on staff.
31. The virement and contingency rules set out in Appendix G.
32. That it had previously agreed that any future underspends from the Corporate Contingency Fund, from the Transformation budget, and from any service revenue underspends, were allocated to the Strategic Reserve.
33. The indicative Capital Programme for 2014/15 as set out in the report and Appendix I.
34. That the Treasury Management Strategy was being presented to Cabinet concurrently with this report as a separate agenda item.
35. That **Midnight on Monday 18 February 2013** is the deadline for amendments to the Council Tax Setting and Budget Report.

45 **HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2013/14 AND HRA CAPITAL PROGRAMME 2013/14 – 2014/15**

Councillor Lesley Kelly, Cabinet Member for Housing & Public Protection, introduced the report

The report before Cabinet detailed a budget for the Council's Housing Revenue Account (HRA) and HRA Capital Programme. It was explained that from 2012 the position of the HRA had changed as a result of the introduction of Self Financing HRAs. An update to the HRA Business Plan was provided as an appendix to the report.

It was noted that the HRA remains a ring-fenced account that is used to manage the Council's own housing stock. The proposed budget would enable the Council to manage the stock to a reasonable standard and to deliver the next phase of the Council's Decent Homes Programme. The report sets out the income resources the Council has available to spend on housing; it also set out the current HRA financial position and proposed spending plans for 2013/14.

In addition, the report detailed the proposed rents, service charges and other charges for Council tenants for the year 2013/14.

Reasons for the Decision

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989.

Other Options Considered

There were no alternative options in so far as setting a budget was concerned. However, there were options in respect of the various elements of the budget. These were considered in preparing the budget and cover such matters as the rent and service charge increase, budget growth and capital programme proposals.

A view was expressed that the above-inflation increases in rents and service charges would have a detrimental effect on the living standards of the poorer sections of society. Members were reminded that the rents in Havering were the lowest across Greater London and that any increase in rents and service charges would be reinvested into the Decent Homes fund.

Cabinet:

1. Agreed the Housing Revenue Account Budget as detailed in Appendix 1.
2. Agreed that the average rent for Council properties owned by the London Borough of Havering be increased by £4.55, from £81.21 to £85.76 (5.60%) with effect from 1 April 2013, in line with the Government's policy to restructure rents. This means in effect that rents would increase as set out in the table below:

Council (Council Tax and Budget), 27 February 2013

	Rent 2012/13 – 52 weeks	Rent 2013/14 – 52 weeks	Increase (£)	% increase
Bedsit	£62.96	£66.55	£3.59	5.70%
1 Bed	£67.49	£71.91	£4.42	6.55%
2 Bed	£80.11	£84.58	£4.47	5.58%
3 Bed	£97.29	£102.16	£4.87	5.01%
4 Bed	£110.90	£116.17	£5.27	4.75%
5 Bed	£122.20	£127.68	£5.48	4.48%
Average Rent	£81.21	£85.76	£4.55	5.60%

3. Agreed that the rent free weeks for 2013/14 be w/c 26 August 2013, the two weeks commencing 23 December 2013, and the week commencing 31 March 2014.
4. Agreed that tenants' service charges and heating and hot water charges for 2012/13 be increased or decreased as follows:

Service Charges reviewed and recommended	2012/13 Weekly Charge – 52 weeks	2013/14 Weekly Charge – 52 weeks	Increase (decrease)	% increase (decrease)
Caretaking	£3.41	£3.33	(£0.08)	(2.3%)
Internal Block Cleaning	£0.71	£1.02	£0.31	43.7%
Bulk Refuse Collection	£0.49	£0.45	(£0.04)	(8.1%)
CCTV - Mobile Service	£0.55	£0.55	£0.00	0%
CCTV - Static Service	£1.30	£1.38	£0.08	6.2%
Neighbourhood Wardens	£0.85	£0.83	(£0.02)	(2.4%)
Door Entry	£1.38	£1.38	£0.00	0%
Ground Maintenance	£2.57	£2.39	(£0.18)	(7.0%)
Sheltered Cleaning	£2.67	£2.93	£0.26	9.7%
TV access	£1.25	£1.32	£0.07	5.6%
Heating	£10.85	£9.52	(£1.33)	(12.3%)
Hot Water	£8.22	£6.02	(£2.20)	(24.3%)

5. Agreed that the service charge for homeless households accommodated in the Council's hostels be increased by 3.1% to £24.15 a week.
6. Agreed that charges for high and medium demand garages be increased by 2.6% and that rents for low demand garages be frozen.
7. Agreed that support charges for mobile support for older people be increased by 3.1% as follows:

Service	Weekly support charge in 2012/13 – 52 weeks	Weekly support charge in 2013/14 – 52 weeks
Support – low level	£5.12	£5.28
Support – medium level	£10.24	£10.56
Support – high level	£12.81	£13.21
Community support (previously called 'Itinerant round')	£1.10	£1.13

8. Agreed that the Careline support charge be increased by 3.1% as follows:

Service	Weekly support charge in 2012/13 – 52 weeks	Weekly support charge in 2013/14 – 52 weeks
Careline – sheltered tenants	£4.10	£4.23
Careline – community users	£4.37	£4.51

9. Agreed that Telecare support charges be increased by 3.1% as set out below:

Service	Weekly support charge in 2012/13 – 52 weeks	Weekly support charge in 2013/14 – 52 weeks
Telecare – base unit plus two sensors	£6.37	£6.57
Additional Telecare sensor	£1.06	£1.09

10. Agreed to maintain the transitional arrangements to correct the undercharging, by £4.18 increase plus inflation a week, of tenants in the former Hornchurch mobile support pilot scheme, whereby the full charge will be gradually increased over the five year period 2012/13 to 2016/17 inclusive for the 13 tenants paying for this service; for 2013/14 this amounts to an increase to the weekly charge (52 weeks) of £0.87.
11. Agreed the detailed expenditure items in the 2013/14 and 2014/15 HRA Capital Programmes, based on total resources of £35.7m and £43.781m respectively, as presented in Appendix 2 & 3 and agreed to refer the Programmes to Council for final approval for expenditure.
12. Approved the development of an affordable housing scheme consisting of nine bungalows for older people at the Garrick House sheltered scheme in Hornchurch, (the funding for which was included in detail in the exempt Appendix 5), consisting of capital grant from the GLA under the Mayor of London's Care and Support Specialised Housing Fund, subject to the successful outcome of a bid made in January 2013. Also included were right-to-buy receipts allocated to new building housing under the agreement signed with the Department for Communities and Local Government in 2012, and s106 commuted sums to meet the remainder, the exact amount being dependent on the level of GLA grant allocated.

46 **TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2013/14**

Councillor Roger Ramsey, Cabinet Member for Value, introduced the report

Each year the Council receives and approves, as a minimum, three main reports which incorporate a variety of policies, estimates and actuals. It was noted that such reports were scrutinised by the Audit Committee before presented to Cabinet for recommendation to Council.

The subject of the report before Cabinet members was the 'Prudential and Treasury Indicators and Treasury Strategy'. The report covered the following areas:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure was charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings were organised) including treasury indicators; and
- an investment strategy (the parameters on how investments were managed).

The Treasury Management Strategy Statement, which incorporates the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy, were attached as an appendix to the report.

Reasons for the decision:

The statutory Codes set out that the Council ought to approve a Treasury Management Strategy Statement, the MRP Strategy and the Annual Investment Strategy for 2013/14.

Other options considered:

There were no good reasons to depart from the provisions of the relevant Codes.

Cabinet agreed the Treasury Management Strategy Statement (TMSS) which incorporated the MRP Strategy and the Annual Investment Strategy 2013/14, and recommends to Council that the TMSS be approved.