

# London Borough of Havering ***COUNCIL MEETING***

**7.30pm WEDNESDAY, 1 MARCH 2006  
AT HAVERING TOWN HALL  
MAIN ROAD, ROMFORD**

**Members of the Council of the London Borough of Havering are hereby summoned to attend a meeting of the Council as shown to set the Council Tax for 2006/07**



**Chief Executive**

**For information about the meeting please contact:**

**Ian Buckmaster (01708) 432431**

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## **NOTES ABOUT THE MEETING**

### **1. HEALTH AND SAFETY**

**The Council is committed to protecting the health and safety of everyone who attends its meetings.**

**At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

### **2. MOBILE COMMUNICATIONS DEVICES**

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting of the Council can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

### **3. CONDUCT AT THE MEETING**

**Although members of the public are welcome to attend meetings of the Council, they have no right to speak at them. Seating for the public is, however, limited and the Council cannot guarantee that everyone who wants to be present in the public areas of the Council Chamber can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Council will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.**

**PLEASE REMEMBER THAT THE MAYOR MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.**

**Council, 8 February 2006 - Agenda**

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the Council Chamber.



# INFORMATION FOR MEMBERS

## Commencement of Meeting

As an aid to Members, a single ring of the division bell will sound 5 minutes before the meeting is due to begin, followed by a double ring at 2 minutes before, at which time Members are asked please to take their seats for the commencement of the meeting.

## Control of microphones

Members are reminded that, at Council meetings, the microphones are controlled centrally under the direction of the Mayor. Consequently, Members do not need to press the **MIC ON** button in order to speak, nor to turn off the microphone when they have finished.

The Mayor would find it helpful, however if Members would press the **MIC ON** button to indicate that they wish:

- to speak in the course of debate on any motion (including movers and seconders)
- to rise to a point of order, of information or in personal explanation

## Voting

When the Mayor calls a division, the division bell will sound briefly. In order to ensure that votes are recorded correctly, Members are asked to wait until the division bell has finished ringing before pressing the appropriate voting button.

Members are, of course, free to change their vote as they choose at any time until the Mayor directs that the votes be counted. Once a count has been called, however, no further change is possible. In the event that a Member's vote appears not to have been recorded, the clerks should be informed immediately, before the result is declared, so that account can be taken of the vote.

**Council (Council Tax meeting), 1 March 2006 - Agenda**

**AGENDA**

1 **PRAYERS**

2 To receive apologies for absence (if any)

3 **MINUTES**

To sign as a true record the minutes of the Meeting of the Council held on 8 February 2006

4 **ANNOUNCEMENTS BY THE MAYOR OR THE LEADER OF THE COUNCIL**

5 **PROCEDURE**

Any procedural motion in relation to the conduct of business for this meeting

6 **CORPORATE PLANNING AND MEDIUM TERM FINANCIAL STRATEGY:  
2006/07 BUDGET**

To consider the report of the Cabinet, 15 February 2006 (attached); to agree a budget for 2006/07; and then to set the Council Tax 2006/07.

**ALL MEMBERS ARE ASKED TO BRING WITH THEM  
THE REPORT TO CABINET ON 15 FEBRUARY  
FOR REFERENCE AT THIS MEETING**

**IMPORTANT  
PLEASE REFER TO NOTES OVERLEAF**

## Council (Council Tax meeting), 1 March 2006 - Agenda

### Notes

- (1) The Council has a legal obligation to set a Council Tax for 2006/07.
- (2) Section 106 of the Local Government Finance Act 1992 imposes restriction on voting in respect of any Member by whom any Council Tax has remained unpaid for at least two months.

**Any Member in doubt as to the position may seek advice before the meeting from the Group Director, Finance & Commercial or the Assistant Chief Executive, Legal & Democratic Services.**

- (3) Council Procedure Rule 3 applies to the order of business at this meeting.
- (4) By Council Procedure Rule 13.4(iv), the speech of any Group Leader (or Member nominated to speak on behalf of a Group Leader: any Group Leader should announce any such nomination when the Mayor invites that Leader to speak) on any motion or amendment relating to the Council Tax should not exceed **twenty minutes**. Members seconding a motion or amendment may speak for eight minutes and participants in general debate for five.
- (5) Council Procedure Rule 13.9(ii) provides that any amendment must be such that the amendment would, if passed, enable a robust budget to be set in the view of the Chief Financial Officer [as it is imperative that there is a level playing field, any new base information relating to or affecting Council tax that comes to light after the Cabinet has made its Council tax recommendations will be supplied to all Groups at the same time by the Section 151 Officer].
- (6) **Any amendment to the Council Budget must be received by the Chief Executive no later than midnight, Monday 27 February.**



**MINUTES OF THE MEETING OF THE COUNCIL OF THE  
LONDON BOROUGH OF HAVERING  
Havering Town Hall, Romford  
8 February 2006 (7.30 p.m. – 8.30 p.m.)**

**Present:** The Mayor (Councillor John Mylod) in the Chair.

Councillors June Alexander, Mike Armstrong, Jeffrey Brace, Wendy Brice-Thompson, Malvin Brown, Edward Cahill, Eileen Cameron, Ivor Cameron, \*Graham Carr, \*Yve Cornell, Andrew Curtin, \*Jan Davis, \*Tony Ellis, Gillian Ford, Georgina Galpin, Peter Gardner, Jean Gower, \*Ray Harris, \*Bill Harrison, Linda Hawthorn, Steven Kelly, Len Long, Andrew Mann, \*Nigel Meyer, Wilf Mills, Raymond Morgon, Eric Munday, Pat Mylod, Barry Oddy, Denis O'Flynn, Graham Price, Roger Ramsey, Natasha Ratty, Barbara Reith, Paul Rochford, Louise Sinclair, Alex Smith, Martin Smith, Geoffrey Starns, Jeff Stafford, Alby Tebbutt, Barry Tebbutt, Frederick Thompson, Owen Ware, \*Harry Webb, Joseph Webster, Michael White, Reg Whitney, Daryl Williams and Mike Winter

\* for part of meeting

Apologies for absence was received on behalf of Councillors Keith Darvill, Chris Oliver and Jeffrey Tucker.

25 guests, members of public and press also attended.

The Mayor advised Members and the public of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

Captain Richard Borrett of the Salvation Army led those present in an opening prayer.

The Mayor expressed condolences to the families of former Council members Stanley Heath Coleman, who was Mayor in 1973-74, and Jean Frost, who was Mayor in 1978-79, both of whom had passed away since the last Council meeting. Members stood in silence for a minute in their memory.

Councillors Roger Ramsey, Louise Sinclair and Wilf Mills paid tribute to their work for the Council and the community.



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**59 MINUTES (Agenda Item 3)**

It was **RESOLVED** –

**That the minutes of the meeting of the Council held on 7 December 2005 be signed as a true record.**

**60 DECLARATIONS OF INTEREST (Agenda Item 4) -**

Some members sought advice on whether their interest as retired employees in the Pensions Scheme motion (Agenda item 10) as they were members of the LGPS meant that they should consider declaring an interest. Members noted advice to the effect that members' interest was remote to the motion proposed and that on the face of it there would not appear to be any reason why they should declare an interest under the Members' Code of Conduct.

**61 MAYOR'S ANNOUNCEMENTS (Agenda Item 5)**

The Mayor's announcements are set out at **Appendix 1 to these minutes**.

There were no announcements by the Leader of the Council.

**62 PROCEDURE**

The Mayor allowed the Leader of the Labour group to make a statement. Attention was drawn to the note on the agenda

'The Mayor has agreed pursuant to Council Procedure Rule 11.4(ii) that the motion on Elderly Care Homes, of which notice was previously given in the Revised Agenda, should not be included on this agenda as, in the particular circumstances, it is considered to be inappropriate.'

The Leader of the Labour Group indicated that in protest over this decision Labour Group members would be leaving the Chamber and asked that their motions be withdrawn.

The Mayor also allowed the Deputy Mayor to make a statement on this issue (he remained in the Chamber), and when several members had left the Chamber, the Leader of the Opposition also made a statement.

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With the consent of the Council the following motions were withdrawn

**Standards Committee** (Agenda item 8)  
**Respect Campaign** (Agenda item 9)  
**Local Government Pensions** (Agenda item 10)

**63 LOCAL DEVELOPMENT FRAMEWORK: ADOPTION OF STATEMENT OF COMMUNITY INVOLVEMENT (Agenda Item 6)**

Council considered the report of the Chief Executive on the outcome of an Independent Examination into Havering's Statement of Community Involvement. The purpose of the examination was for an Inspector appointed by the Secretary of State to test the 'soundness' of Havering's Statement and determine whether it was suitable for adoption.

It was noted that the Inspector's Report (included with the agenda papers) required a number of changes to the document to make it 'sound' and that these have been incorporated in the final Statement attached as Appendix 1 to the report.

The recommendation in the report was **AGREED** without going to the vote and it was -

**RESOLVED**

**That the final Statement of Community Involvement attached as Appendix 1 to the report of the Chief Executive be adopted.**

**64 MEMBERS' QUESTIONS (Agenda Item 7)**

Six questions were listed and four were asked under the Council Procedure Rules. As the relevant questioner and Group Leader were absent, questions 5 and 6 were dealt with as if they had been submitted for written answer. The questions and answers are set out in **Appendix 2 to these minutes.**

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**65 CARE PACKAGES: IMPROVING CUSTOMER SERVICE (Agenda item 11)**

**Motion submitted on behalf of the Residents' Group**

In the interest of improved Customer Service for those dealing with a range of providers through their care packages, this Council will explore with its partners a method whereby our clients have a one telephone number, or one name, to contact whenever they have a problem or query.

The motion was **AGREED** without going to the vote and it was -

**RESOLVED**

**In the interest of improved Customer Service for those dealing with a range of providers through their care packages, this Council will explore with its partners a method whereby our clients have a one telephone number, or one name, to contact whenever they have a problem or query.**

**66 REMOVAL OF FOOTWAY OBSTRUCTIONS (Agenda Item 12)**

Following a statement by the Cabinet Member for StreetCare, Councillor Andrew Mann undertaking to take action in this regard, and a statement by the Leader of the Opposition, with the consent of the Council, the motion was withdrawn.

**67 TACKLING GRAFFITI**

**Motion submitted on behalf of the Residents' Group**

This Council reinforces pride in our communities by challenging service providers within Havering, including BT, Network Rail and Cable TV to deal with graffiti and fly posting with sympathy for the local environment; their boxes blight our streets being covered in graffiti and fly posters, and our railway bridges (many of which form part of our heritage) are having graffiti dealt with by Network Rail by painting out in a matt tan colour, which provides a fresh 'canvas' for more vandalism.

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The motion was **AGREED** without going to the vote and it was -

**RESOLVED**

**This Council reinforces pride in our communities by challenging service providers within Havering, including BT, Network Rail and Cable TV to deal with graffiti and fly posting with sympathy for the local environment; their boxes blight our streets being covered in graffiti and fly posters, and our railway bridges (many of which form part of our heritage) are having graffiti dealt with by Network Rail by painting out in a matt tan colour, which provides a fresh 'canvas' for more vandalism.**

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**APPENDIX 1**  
**(See minute 61)**

**MAYOR'S ANNOUNCEMENTS**

There are a number of announcements I am both pleased and proud to be making tonight.

Before I share with you some of our successes since we last met, I would like to take some time to pay our respects to the people who perished or suffered in the Holocaust and other conflicts throughout the world. The Holocaust Memorial Day Service of Remembrance in Coronation Gardens and the reception that followed proved a very moving experience. The theme of the Holocaust Memorial Day was One Person Can Make a Difference - it is up to each and every one of us to ensure that we do.

Thank you.

I would now like to welcome Andrew Ireland, the Council's new Children's Services Group Director to the chamber. Andrew comes to us from Kent County Council and his appointment completes the make-up of the Strategic Management Team.

I hope you will join with me in thanking our housing, leisure, communications and emergency planning staff. They worked tirelessly alongside the Metropolitan Police, the London Fire Brigade and the National Grid to ensure the Harold Hill residents, who had their gas supply cut off as a result of two serious incidents in the area, were kept safe, warm and informed.

I would also like to take this opportunity to congratulate the members of the Education Services Management Team. They have been shortlisted for the management team award in the prestigious annual Local Government Chronicle national awards. This is particularly pleasing as Havering is one of only six councils and the only London borough to be shortlisted in this category.

As an indication of their first class team work, the borough's record for education excellence is once again a cause for celebration with the high performance of pupils and schools continuing to keep Havering at the top. Our GCSE examination results are well above all key indicators in the Department for Education and Skills performance tables, placing the borough in the top fifteen per cent of all local authorities.

It's all good news tonight as I say well done to both staff and residents for encouraging and improving upon our recycling output. Figures published by the Department for Environment, Food and Rural Affairs for 2004/2005, show that recycling has increased by nearly six per cent on the previous year. However, we still need to encourage more of our residents to recycle.

It's also good to hear that the facilities at Central Park Leisure Centre have received capital acclaim. The London Pools Campaign has named it as having one of London's top ten pools in a recent survey. The centre is a great showpiece for the borough and popular with both residents and visitors.

I hope you have all heard the good news about my chosen appeal. My heartfelt congratulations go to First Step that has reached its fundraising target of one million pounds. The playgroup charity that helps special needs children and their families can now expand their services and renovate the former RJ Mitchell School building in Elm Park. This is a tremendous achievement for everyone involved.

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I would now like to make a very special presentation to a very special person - Arthur Rackley, Pearly King of Upminster. Arthur is an extremely popular character, often seen at numerous charity events raising buckets of money. His dedicated charity fundraising for over 25 years was honoured in the New Year's Day Parade where he was VIP for the day. I am pleased to present to Arthur the parade's official winners' medal and platter. I hope you will all join me in congratulating such a worthy recipient. (The Mayor then presented a medal and plate and Members and guests applauded as the presentation was made).

May I also thank everyone that ensured that the borough was well represented in the parade. The council's float was based on the borough's 40<sup>th</sup> anniversary celebrations, celebrating the past, present and future.

There is no statement from the Leader of the Council and so we will move onto agenda item 6 on the Local Development Framework.

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**APPENDIX 2  
(See Minute 64)**

**QUESTIONS AND ANSWERS**

**1 LICENSING APPLICATIONS – NOTICE TO RESIDENTS**

**To the Cabinet Member for Resources  
(Councillor Roger Ramsey)**

By Councillor Malvin Brown

Motions were passed by this Council in October & December 2005 to ensure that residents are kept informed of pending Licensing applications.

The 7 December 2005 Council meeting instructed officers to 'give advance written notice to residents and occupiers of property in near proximity to a site which is the subject of a Licensing application'.

How many applications will have been adjudicated on by the Licensing Committee since the last full Council?

Were residents and occupiers of property in near proximity to a site which was/is the subject of Licensing application, written to in all cases since 7 December 2005, in advance of consideration of the subject application?

If not, why not?

How much advance written warning are residents given to enable them to register their support or otherwise, for an application, should they wish to do so?

The motion of the 7 December 2005 did not specify how many neighbours should be written to, but it was envisaged by the proposer of the motion that it would mean perhaps six properties north, south, east and west of the subject site.

In terms of how many neighbours are informed, how has that been interpreted by officers? In the absence of a specific instruction from Council what is the guideline number of residents and/or occupiers that have been given advance written notice, in each case?

**Response**

1. The Licensing Committee has heard 18 applications since the 7<sup>th</sup> Dec 2005.
2. The Motion presented on 7 December was agreed without debate. It is the Council's intention to fully comply with it but its implementation has, unfortunately, had to be delayed due to recruitment difficulties and resource constraints.

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The Council will be taking steps to prepare a protocol to consult interested parties (residents and businesses) within, initially, a 50 metre radius of the applicant premises. Each application will need to be considered on its merits (depending on the likely impact on the area) and, where necessary, the area of consultation will be extended. In any event, this should mean that, in urban parts of the borough, the numbers of properties aspired by the Proposer to be consulted will, in normal circumstances, be exceeded.

Havering has been chosen as one of the Scrutiny Councils by the DCMS to help monitor and evaluate the new licensing regime. One of the specific issues for consideration is the advertising requirements for applicants and whether or not authorities can separately inform local people of applications. The issue of writing to residents is under consideration, as is the determination of vicinity. The measures the Council proposes may, therefore, have to be modified once clarification and further guidance has been published by the DCMS later this year. Currently Licensing Authorities are not adopting a consistent approach to consultation and it is anticipated that the new guidance will redress this.

3. Applicants have to advertise their application on the premises and in the newspaper. The Council also has a list of premises applications on its website which is updated to include details of license conditions when the license is granted. Residents have 28 days to register their support or objection to an application from the date of application.

An advert is due to appear in the March 2006 edition of the Council's *Living* magazine advising residents and interested parties where they can view applications and how they can make representations.

4. The licensing team is currently carrying one vacancy (20% of complement). The vacancy was very recently advertised. Two agency staff have been working full time in the Licensing Team since September 2005 to assist with the heavy workload and they will continue to do so until at least the end of this financial year. There is a back log of licences to issue and the priority is to issue them. This process is extremely time consuming
5. It is anticipated that we will commence public consultation from the 1<sup>st</sup> April 2006, subject to the licensing technician post being filled.

## 2 **UPMINSTER LIBRARY: PASC OPENING TIMES**

### **To the Leader of the Council (Councillor Michael White)**

By Councillor Malvin Brown

The Library at Upminster is open during specified times. The Library does not close for lunch. It is therefore surprising to find that the PASC at the Library does close for one hour during the busy period. There at least two staff on duty at any one time and so staggering their lunch break should pose no problem.

In view of the inconvenience that the current arrangement has caused to some, will the lead member consider staggering the lunch break so that in future we offer a smooth unbroken service during the overall opening times?

### **Response**

Thank you for this feedback. This arrangement was put in place so that new staff could be supported during their induction. Staff rota arrangements at Upminster Library have now been reviewed and the PASC will now no longer close for lunch.



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3 **BOYD HALL, UPMINSTER**

**To the Champion for the Historic Environment (Councillor Andrew Curtin)**

By Councillor Linda Hawthorn

As the Historic Champion, you have doubtless heard of the listed building in Cranham known as 'Boyd Hall' is approx 130 years old, and was listed in Dec 2000 because, in the words of English Heritage 'It is a good virtually unaltered example of an 1870 primary school'. I understand that there are plans for the Hall to be de-listed. What is your opinion about this?

**Response**

As Boyd Hall is one of only a handful of mid-Victorian school buildings left in London, it has a social and architectural significance for the capital as a whole which amply justifies its position on the national, rather than the local, list of buildings of historic or architectural interest. As well as this it has great local importance as a landmark of the development of life in the Cranham area.

Modern thought recognises that the historic environment plays a central role in key social goals such as better quality local jobs, better quality educational attainment, better quality public health and better quality community safety, when supported by properly resourced partner services, such as local studies library services. This also enables it to form one of the most important contributory factors to an inclusive sense of community identity and community involvement.

Boyd Hall has a significance beyond the boundaries of Havering and, consequently, the attempt to remove it from the national list is, at best, misguided. If the social benefits which such buildings bring to their local community are borne in mind, however, some may feel that the attempt to take it off of the national list might tell us something rather worrying about the attitude of those behind the attempt to local communities.

4 **USE OF RESIDENTS' PARKING BAYS**

**To the Cabinet Member for StreetCare (Councillor Andrew Mann)**

By Councillor Mike Winter

Given the current increase of companies looking into purchasing business voucher parking bays for their employees, or where voucher bays have to be taken out to provide access to a new development's off street parking facility, can you give an assurance that no residents parking bays will be given over to either business voucher holders or commuters?

**Response**

I confess myself surprised at the question. I would have thought that the Councillor would have been aware that I am in no position to offer any such assurance. Under the Council's Constitution matters such as these are decided by the Area Committees who have the autonomy to come to their own view unimpeded by my role as Cabinet Member.

To assist however I will give my personal view. It would be foolish for any such blanket assurance to be given since that can only serve to box the Council into a corner. The generality will, of course, be that residents parking bays are retained for that use but it is important that each situation is taken on its merits and responds to the local parking situation. It may well be that there are particular areas where the balance of advantage does lie in accepting the loss of a few residents parking spaces for the provision of voucher parking

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bays. I stress again however that this is a matter for the Area Committee and a decision that would be made in the light of widespread local consultation.

I do not think that I need to offer very much in the way of background. I would say that if anything the trend has been to change voucher bays to residents bays rather than the other way and that, whilst this does not have any bearing on the use of any particular voucher bay, it is worth noting that we have twice as many voucher bays as we sell vouchers for.

**[Note The remaining questions were dealt with under the written replies procedure]**

## 5 HOUSING FOR TEACHERS

### **To the Cabinet Member for Housing (Councillor Michael Armstrong)**

By Councillor Tony Ellis

I understand that in the past the Council has in appropriate cases provided rented accommodation for teaching staff working in the borough's schools. Can the member confirm this understanding and advise me whether there has been any change in policy on this and when such change occurred?

### **Response**

Thank you for asking the question and giving me an opportunity to demonstrate how housing policies and practice are being modernised and brought into line with best practice.

In the past the Council has, when experiencing particular recruitment pressures, adopted a practice of offering council rented accommodation to teachers moving into the borough to take up employment. Housing legislation enables the Council to offer non-secure tenancies in such circumstances. This approach was never formally written into the Council's allocations policy which, officers advise me, left the old approach open to legal challenge.

The Housing Service revised its lettings policy, which was introduced in April 2005. Our new policy enables the Housing Service to offer accommodation to applicants where housing need and waiting time are not the key components of the application. The scheme allows for applicants to be considered where, for example, there is 'a special nomination agreement with another Council Service' in place such as teaching staff or social workers.

Officers in the Housing Service recognise that it is vital, in maintaining our high educational standards, to ease difficulties in recruiting teaching staff especially when they cannot afford London prices.

Officers are working on the details of the Allocations Scheme right now to enable the Housing Service to assist Children' Services in recruiting teachers by enabling them to offer non-secure tenancies to new recruits moving to the borough when this is felt essential for recruitment.

The new scheme will be implemented through officers' delegated powers within the Constitution.

## 6 WALKING FOR HEALTH INITIATIVE

### **To the Cabinet Member for Adult Services (Councillor Steven Kelly)**

By Councillor Jeff Stafford

This scheme was introduced in Havering in 2003, funded by the Countryside Agency and Havering Primary Care Trust. It has been an enormous success in the rehabilitation of people suffering from heart complaints but now the funding from the Countryside Agency is due to cease. Has the lead member considered funding this very important initiative?

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**Response**

As part of a national programme, Havering Council, in partnership with the Havering Primary Care Trust, successfully bid for funding for three years from the Countryside Agency and the Primary Care Trust to set up the Walking to Health Initiative. The scheme has been administered by a part time Walks Co-ordinator initially employed until the end of November 2005. However, the utilization of funds from recruitment drag elsewhere in the Council has allowed this contract to be extended until March 2006.

A fundamental part of the scheme has been the training of volunteer walk leaders with a view to making the scheme sustainable into the future. The scheme has been successful, however given the current financial situation, the Council is not in a position to allocate funds at this time. However, the Havering Primary Care Trust have offered to continue their level of contribution for a further year subject to the development of a Service Level Agreement. This will enable the continued employment of a co-ordinator albeit on a reduced hours basis. In the meantime staff will continue to investigate other sources of funding.



## COUNCIL

1 MARCH 2006

# 6

### REPORT OF CABINET 15 February 2006

#### CORPORATE PLANNING AND MEDIUM TERM FINANCIAL STRATEGY 2006/07 BUDGET

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 specific grant and other sources
- the difference between the two, being the amount which the Council needs for its own services to be paid from the collection fund
- external finance from the Government,
- and any surplus/deficit on the collection fund
- the Council Tax for each band for the net position of all these figures, including precepts

**Members are asked to bring their copy of the Cabinet reports and appendices on the Corporate Plan including the 2006/07 budget and the Housing Revenue Account, with them to the meeting.**

Attached to this report are:

- the Council Tax statement, marked as Appendix D
- Annex A to this report which provides supporting information to the resolutions
- Annex B which sets out the approach to budget robustness required by the Local Government Act 2003
- Annex C which are the minutes of 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 this resolution would be to set the Council Tax for a band D property at £1,380**

## RECOMMENDATIONS

1. That the following as submitted in the report to Cabinet be approved:
  - a) The revenue estimates for 2006/2007.
  - b) The capital programme for 2006/2007.
2. That it be noted that under delegation the Chief Finance Officer has calculated the amount of 87,032 (called T in the regulations) as its Council Tax base for the year 2006/2007 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.
3. That the following amounts be now calculated by the Council for the year 2006/2007 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
  - a) 466,112,621 being the aggregate of the amounts which the Council estimates for the items set out in section 32(2)(a) to (e) of the Act.
  - b) 323,199,302 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
  - c) 142,913,319 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with section 32(4) of the Act, as its budget requirement of the year.

This figure is R in the regulations.
  - d) 47,927,465 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant (increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97 (3) of the Local Government Finance Act 1988) or (reduced by the amount of the sums which the Council estimates will be transferred in the year from its general fund to its collection fund in accordance with Section 97(4) of the local Government Finance Act 1988) and (increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its general fund pursuant to the directions under Section

98(4) of the Local Government Finance Act 1988) or (reduced by the amount of any sum which the Council estimates will be transferred from its general fund to its collection fund pursuant to the directions under Section 98(5) of the Local Government Finance Act 1988) and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 1999.

This figure is P in the regulations.

- e) 94,985,854 being the amount at 3(c) above less the amount at 3(d) above, which is then divided by the amount at 2 above, calculated by the Council, in accordance with Section 33(1) of the Local Government Finance Act 1992, as the basic amount of its Council Tax for the year.

f)

<b>Valuation Bands London Borough of Havering</b>	
	<b>£ p</b>
A	727.59
B	848.86
C	970.13
D	1,091.39
E	1,333.92
F	1,576.45
G	1,818.98
H	2,182.78

being the amount given by multiplying the amount at 3(e) above by the number which, in the proportion set out in Section 5(1) of the 1992 regulations, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in differing valuation bands.

4. That it be noted for the year 2006/07 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.

Valuation Bands	Greater London Authority
	£ p
A	192.41
B	224.47
C	256.54
D	288.61
E	352.75
F	416.88
G	481.02
H	577.22

5. That, having calculated the aggregate in each case of the amounts at 3(f) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2006/07 for each of the categories of dwellings shown below:

Valuation Bands	£ p
A	920.00
B	1,073.33
C	1,226.67
D	1,380.00
E	1,686.67
F	1,993.33
G	2,300.00
H	2,760.00

**The effect of adopting this resolution would be to set the Council Tax for a band D property at £1,380**

6. 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 31<sup>st</sup> March 2007, who is served with a demand notice under Regulation 20(2) of The Council Tax (Administration and Enforcement) Regulations 1992 and who makes payment to the Authority of the full balance of the estimated amount shown on that demand by 1<sup>st</sup> April 2006, 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.
7. Cabinet noted that a Housing Revenue Account standstill budget would leave a deficit of £1.651 million, and agreed the recommended pressures and efficiency savings set out in Section 10 and Tables 4 and 5 of the report to balance the

budget and leave a working balance currently estimated at £1.9 million. It is recommended that Council approve the Housing Revenue Account for 2006/07 as set out in Column E, Table 3 of the budget report to Cabinet.

8. Recommend in respect of Treasury Management and the Prudential Code, as per the Cabinet Report of the 15<sup>th</sup> February, that Council:
  - I. Re-affirms the Treasury Policy Statement set out in Section 2 of Appendix L.
  - II. Approves the Treasury Management Strategy set out in Section 3 of Appendix L together with the Prudential Indicators for Treasury Management and External Debt.
  - III. Approves the Annual Investment Strategy set out in Section 4 of Appendix L.
  - IV. Notes the Treasury Management budget for 2006/07 set out in Section 6 of Appendix L), which has been included in the overall Council budget.
  - V. Approves the prudential indicators for capital finance set out in Section 7 of Appendix L) as required under the Regulations.
9. Recommend that Council approves the Corporate Plan as per the Cabinet Report of the 15<sup>th</sup> February and authorises the Chief Executive to make any necessary changes and additions prior to its publication.



**LONDON BOROUGH OF HAVERING  
COUNCIL TAX STATEMENT – 2006/07 BUDGET**

Estimate 2005/06 £	Havering's Expenditure	Estimate 2006/07 £
251,221,140	Committee expenditure	265,228,000
1,000,000	Provision for ill health retirements/exit costs	1,000,000
2,013,923	General Contingency	1,997,584
<u>254,235,063</u>		<u>268,225,584</u>
<b>254,235,063</b>	<b>Havering's Own Expenditure</b>	<b>268,225,584</b>
	<b>Levies</b>	
7,832,000	East London Waste Authority	8,117,000 Final
149,094	Environment Agency (Thames)	93,654 Final
13,002	Environment Agency (Anglia)	11,308 Final
252,608	Lee Valley Regional Park Authority	258,568 Final
232,921	London Pensions Fund Authority	237,268 Final
<u>8,479,625</u>	<b>Sub Total – Levies</b>	<u>8,717,798</u>
<u>262,714,688</u>	<b>Sub Total – Total Expenditure</b>	<u>276,943,382</u>
	<b>External Finance</b>	
-94,625,724	Revenue Support Grant	-7,714,312
-74,840,000	National Non Domestic Rate	-39,963,153
0	Amending Report 2004/05 – 2005/06	-10,063
0	Dedicated Schools Grant	-134,020,000
<u>-169,465,724</u>	<b>Sub Total – External Finance</b>	<u>-181,707,528</u>
<u>-79,580</u>	Collection Fund Surplus	-250,000
<b>93,169,384</b>	<b>Havering's Precept on the Collection Fund</b>	<b>94,985,584</b>

Estimate 2005/06		Estimate 2006/07	
£	£ p	£	£ p
<b>A. _____</b>			
<b>B. _____ The Collection Fund</b>			
<b>Expenditure</b>		<b>Precepts</b>	
93,169,384	1,073.38	94,985,854	1,091.39
22,101,016	254.62	25,118,306	288.61
59,075,713	680.59	56,857,486	653.30
283,625	3.27	283,962	3.26
<u>174,629,738</u>	<u>2,011.86</u>	<u>177,245,608</u>	<u>2,036.56</u>
<b>Total Expenditure</b>		<b>Total Income</b>	
		National Non-Domestic Rate	
		NNDR receivable	
		-57,141,448	-656.56
<u>-59,359,338</u>	<u>-683.86</u>	<u>120,104,160</u>	<u>1,380.00</u>
<b>115,270,400</b>	<b>1,328.00</b>	<b>COUNCIL TAX per Band D property</b>	
<b>Council Tax percentage increase 3.9%</b>			
<b>2005/06</b>		<b>2006/07</b>	
<b>86,800</b>		<b>87,032</b>	
<b>Council Tax Base</b>			
<b>Council Taxes Per Property Band</b>			
<b>Valuation as at 1/4/91</b>		<b>Increase</b>	
	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Under £40,000	885.33	920.00	34.67
£40,000 - £52,000	1,032.89	1,073.33	40.44
£52,001 - £68,000	1,180.44	1,226.67	46.23
£68,001 - £88,000	1,328.00	1,380.00	52.00
£88,001 - £120,000	1,623.11	1,686.67	63.56
£120,001 - £160,000	1,918.21	1,993.33	75.12

**Council (Council Tax meeting), 1 March 2006**

£160,001 - £320,000	2,213.34	Band G	2,300.00	86.66
Over £320,000	2,656.00	Band H	2,760.00	104.00

**BUDGET AND CORPORATE PLAN AND COUNCIL TAX 2006/07**

**SUPPLEMENTARY INFORMATION**

**A. THE COUNCIL TAX AND NON-DOMESTIC RATING  
(DEMAND NOTICES) (ENGLAND) REGULATIONS 2003**

This is 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. It includes:

**Statement of How the Council's Budget has Changed**

Following consultation with the residents of the borough, Havering's spending will total £276.9m.

**Change in Council's Budget**

	£m	£m
2005/2006 Budget	262.7	
2006/2007 Budget	<u>276.9</u>	
		<u>14.2</u>
<b>Education</b>		
Dedicated Schools Budget		8.9
<b>Other Services</b>		
Inflation	3.2	
Pressures	4.7	
Adjustments resulting from transfers in	2.3	
Increase in Levies/Other Issues	<u>0.5</u>	<u>10.7</u>
<b>Sub Total</b>		<b>19.6</b>
Efficiencies and Savings		<u>-5.4</u>
		<b>14.2</b>

**B. EXPLANATORY BREAKDOWN OF THE STATUTORY CALCULATIONS**

In connection with the statutory calculations, the estimates used are set out below for information. To the extent that any amendment carried at the Council meeting changes any of the following it would be recorded in the minutes accordingly.

3 (a) <u>Estimates for calculation under Section 32 (2) (a) to (e)</u>		
		<b>£</b>
Section 32 (2) (a)	Gross expenditure including levies	463,115,037
Section 32 (2) (b)	Contingency provisions	2,997,584
Section 32 (2) (c)	Financial reserves raised to meet future expenditure	
Section 32 (2) (d)	Financial reserves raised to meet deficit for any earlier financial years	
Section 32 (2) (e)	Transfer to Collection Fund, as directed by the Secretary of State, under Section 98 (5) of the 1988 Act	
Total		<u>466,112,621</u>
3(b) <u>Estimate for Calculation under Section 32 (3) (a) to (c)</u>		
Section 32 (3) (a)	Gross income	322,414,302
Section 32 (3) (b)	Transfer from Collection Fund as directed by the Secretary of State, under Section 98 (4) of the 1988 Act	
Section 32 (3) (c)	Use of financial reserves	785,000
Total		<u>323,199,302</u>
3(c) <u>Section 32(4) Calculation</u>		
Aggregate of the amounts for the items set out in Section 32(2)(a) to (e)		466,112,621
<u>Less</u>		
Aggregate of the amounts for the items set out in Section 32(3)(a) to (c)		323,199,302
<b>Budget Requirement</b>		<u><b>142,913,319</b></u>

3 (d) Section 33(1) Calculation

Aggregate of the sums estimated to be receivable in respect of redistributed National Non-Domestic Rate, (£39,963,153) Revenue Support Grant, (£7,714,312) surplus on the Collection Fund at 31.3.2006 in accordance with Section 97(3) of the 1988 Act (£250,000) and the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund under section 98(4) of the Act. (NIL) and pursuant to the Local Authority (Alteration of Requisite Calculations) Regulations 1999.

**External finance and Collection Fund surplus** 47,927,465

The Council Tax for a Band D property is given by the formula:

$$\frac{\text{Budget requirement - external finance and Collection Fund surplus}}{\text{Council Tax Base}}$$

which gives:

$$\frac{\underline{\pounds 94,985,854}}{87,032} = \pounds 1,091.39 \text{ for a Band D property}$$

To the basic amount of tax must be added the equivalent figure for the Greater London Authority (£288.61) giving a total Council Tax for a Band D property of **£1,380.**

**LOCAL GOVERNMENT ACT 2003  
BUDGET ROBUSTNESS**

**1. BACKGROUND**

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

**2. REPORT OF CFO ON ROBUSTNESS OF THE ESTIMATES AND THE**

## **ADEQUACY OF RESERVES**

2.1 The budget has been prepared using the Medium Term Financial Strategy. This Strategy has been:

**To:**

- allocate resources to the areas where they are most needed whilst also meeting the needs of the community as a whole and providing financial stability

**in order to:**

- promote financial efficiency and value for money
- improve the quality of our services
- make Havering a better place in which to live and work

**taking account of**

- legislative requirements
- customer care needs
- resource constraints
- views of the whole community

**by**

- managing the organisation in the most cost effective way
- providing the high quality services required and continually striving to improve these
- working in partnership to maximise effectiveness in the use of all available resources
- valuing staff and promoting equal opportunities.

2.2 The results have then all been the subject of several reviews and challenge by Heads of Service, Group Directors, Lead Members and the Lead Member for Resources.

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

All the proposals have been developed alongside service planning.

Furthermore:

- a) In respect of pressures, the Council has reviewed its pressures alongside those announced by LGA to provide a cross check/challenge.
- b) in respect of savings, the proposals will be risk assessed against the following criteria to inform in year monitoring:

### Risk Ratings

	£0-£25k	£25k-£250k	£250k+
Saving that has been raised previously and not delivered	1	1	1
Affected by factors outside of our control, e.g. income and demand	1	1	1
Value of savings option	1	2	3
Human resources and industrial relations issues	1	2	3
Responsibility for delivery across parties	1	2	3

This has led to a grading as follows:

- high risk – 8+
- medium risk – 4-7
- low risk – 3 and below

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

- a) staffing establishment;
- b) inflation;
- c) existing budgets;
- d) current year budget performance.

2.4 The final budget includes a contingency that will provide a reasonable level for unforeseen issues that could arise during the year. This also has due regard to a risk assessment. Further information on the basis of this is included in the main body of the report under the section relating to the contingency or the attachment.

2.5 The budget will be drawn up to provide financial stability and a platform for 2007/08 and future years. The detailed proposals include a number of specific efficiency savings for which detailed project plans are being prepared. No general efficiency gains are included because:

- this would not provide financial stability – how, danger of non delivery
- it takes no account of priority areas
- all viable efficiency savings are within the Administration's proposal
- it may mean policy/service changes which could not be delivered for a full year
- across the board savings in the past have not been delivered
- the savings plan will already need strong monitoring and management

2.6 The Medium Term Financial Strategy will continue to roll forward having regard to the pressures, issues and priorities of Havering. For example, work continues on a complete review of fees and charges and until this is completed and considered in detail in the context of the overall impact; fundamental changes in overall policy should not take place as these will have the same risks as across the board efficiency savings. The authority is also exploring funding opportunities



and partnership working.

### **3. The Adequacy of Reserves**

- 3.1 Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Chief Finance Officer, taking into account all local relevant circumstances.
- 3.2 The Audit Commission's Corporate Performance Assessment (CPA) takes account in assessing an authority's use of resources, the level of financial reserves. The use of resources model requires a risk assessment to be carried out to determine the level of reserves. They also expect a good authority to review their reserves on an annual basis.
- 3.3 The Strategy agreed by Council sets out that the minimum level for the authority will be £10m. This has been reviewed as part of the budget finalisation. The risk assessment is attached and the Chief Finance Officer's advice is that the minimum level should remain.
- 3.4 The working balances as at 31/3/05 amounted to £11.2m. However, after taking account of the projection in the current year, this could fall to around the minimum level of £10m recommended by the CFO. Whilst the projected overspend based on experience in the past could reduce, the Authority must plan on the latest information available. Whilst Members may consider this a considerable level of reserves, these reserves support any issues on both revenue and capital and the Capital Programme is reliant predominantly on the delivery of capital receipts.
- 3.5 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund ongoing spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough Council Tax capping regime, which will limit council tax rises in future years to pay for one-off use of balances.

As a general rule, the Council should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Council decides to use balances to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years. All members must be mindful of their stewardship responsibility to the Council.

- 3.6 Having regard to the above and the current years projected outturn, no use of general reserves/working balances is therefore recommended.

3.7 The Council maintains earmarked funds for specific purposes and their use is planned and approved for specific purposes, often to conform with accounting policies, manage arrangements across financial years, or to fund known future commitments.

The most significant are:

- (a) Insurance Reserve (£1.4m as at 31/3/05), which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed.
- (b) Capital and Revenue Support Fund (£1m as at 31/3/05) and being used to provide bridge funding for schemes such as the Property Strategy.
- (c) VAT Reserve (£1m as at 31/3/05) held to protect the Council in the event that it loses its exempt VAT concession.

Other reserves continue to be expended/planned in accordance with the approvals/purpose. Progress is reported to Members on specific ones periodically and a review has taken place of these as part of the budget finalisation.

3.8 The working balances of the HRA are also subject to a risk assessment.

3.9 Information on how the contingency level was arrived at is also incorporated into the attached risk assessment.

**MINUTES: CABINET, 15 FEBRUARY 2006**

**89 CORPORATE PLAN INCLUDING 2006/07 BUDGET & ASSOCIATED MATTERS**

*Councillor Roger Ramsey, Cabinet Member for Resources, introduced the report.*

Cabinet received a report outlining the context within which the 2006/07 budget was being set and, together with the Corporate Plan and Best Value Performance Plan, set out the Council's overall policy direction, statutory duties and financial strategy.

Effective Councils had robust medium term corporate planning processes that allocated resources to priorities and drive performance. The Council's Medium Term Financial Strategy (MTFS) provided the resources to support the delivery of the Council's Corporate Plan which set out the Council's priorities and high level actions. The Corporate Plan was underpinned by strategic plans and service plans specifying action in more detail and, ultimately, individual work plans for staff set through Personal Development and Performance Appraisals.

Details of budget pressures and savings proposals had been released for formal consultation in January and, as part of this process, had been submitted to the Overview and Scrutiny Committees, whose comments were incorporated in the report. The report set out the factors being recommended for inclusion within the 2006/07 budget.

If agreed, the Havering element of the Council Tax would increase by 1.7% and the Greater London Authority element by 13.3% (7.8% of which related to the 2012 Olympics).

The report provided details of the various components of the budget in a series of appendices.

**Reasons for the decision:**

The Council was obliged annually to set a budget and to agree the Council Tax level. Cabinet was obliged to make recommendations accordingly.

**Other options considered:**

None. The Cabinet's budget and Council Tax proposals set out in the report had been developed in the light of service needs and the outcome of various consultations.

Members expressed appreciation of the work done by staff in developing the budget proposals and thanked the Overview & Scrutiny Committees for their contributions. Cabinet noted that the Trade Unions had not commented adversely

on the proposals set out in the report.

On behalf of their respective Groups, the Leaders of the Opposition and of the Labour Group reserved their position.

**Cabinet decided:**

- A. In view of the need to balance the Council's policies, statutory requirements, government initiatives, inspection regimes and Council Tax levels, having regard to the advice of the Chief Finance Officer as set out in Appendix J when recommending the Council budget and taking into account the comments received during the consultation exercise:**
- attached as Appendix N to the report
  - from the Overview and Scrutiny Committees in Appendix M
- 1 To approve the Council's draft budget as set out in Appendix D, formulated on the basis of:**
    - an ELWA levy based on the ELWA Board papers
    - the budget pressures/investment and savings proposals shown at Appendices F and G
    - the other assumptions set out in the report.
  - 2 To approve the capital proposals, including the funding proposals within the revenue budget, as set out in Appendix K.**
  - 3 To authorise the Chief Executive and Group Directors to implement the capital and revenue proposals once approved by Council unless further reports are required as detailed.**
  - 4 To authorise Cabinet Members to approve expenditure plans on specific grants as set out in Appendix B.**
  - 5 To note the virement and contingency rules set out in Appendix I.**
  - 6 To agree that the final Greater London Authority precept and levies (when known) be incorporated, by making an appropriate adjustment to the contingency provision, subject to any changes being minor, to enable the Council Tax to be levied in round pounds and that, if necessary, the Chief Executive report the revised recommended resolutions needed to give effect to this to Council on 1 March 2006.**
  - 7 To agree that if there are major changes to the GLA precept and/or levies, that the Chief Executive be authorised to amend the recommended resolutions accordingly and report**

these to Council on the 1 March 2006.

- 8 To agree 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.
  - 9 To agree that the Group Director Finance and Commercial amends the Annual Investment Management Strategy set out in Appendix L in the light of any new information and that such changes be reported to Investment Committee.
  - 10 To authorise the Chief Executive to make any necessary changes and additions to the Corporate Plan during its finalisation.
  - 11 To authorise the Leader and Lead Member Resources to allocate funds from the specific provision set aside for matters still being resolved.
- B. 1 To RECOMMEND to Council:**
- (a) Subject to 3 above, the Council Tax for Band D properties as set out in Appendix D (and for other Bands of properties as also set out in Appendix D), as revised and circulated incorporating the Greater London Authority precept.
  - (b) That a resolution be passed based on the proposals as set out in this report and its addendums in order to set the Council Tax.
  - (c) That a resolution be passed as set out in section 8.4 of the report to enable Council Tax discounts to be given at the existing level.
  - (d) In respect of Treasury Management and the Prudential Code that:
    - (i) the Treasury Policy Statement set out in Section 2 of Appendix L be re-affirmed.
    - (ii) the Treasury Management Strategy set out in Section 3 of Appendix L, together with the Prudential Indicators for Treasury Management and External Debt, be approved.
    - (iii) the Annual Investment Strategy set out in Section 4 of Appendix L be approved.
- 2 To approve:**

- (a) the Treasury Management budget for 2006/07 set out in Section 6 of Appendix L, which has been included in the overall Council budget.
- (b) the prudential indicators for capital finance set out in Section 7 of Appendix L as required under the Regulations.

3 To RECOMMEND the Corporate Plan to Council having regard to resolution A10 above.

**C. To note:**

- 1. The monitoring arrangement for 2006/07 and the prospects for 2007/08 and beyond.
- 2. That the Government has provisionally set the multiplier for National Non Domestic Rate at 43.3p in the pound standard and 42.6p in the pound for small businesses.
- 3. The effect of Council Procedure with regard to the moving of any amendment to the Council Tax Setting report.
- 4. That consultation with the Trades Unions will continue in respect of any proposals within the Budget that have an impact on staff.



MEETING	DATE	ITEM
CABINET	15 FEBRUARY 2006	6

**Cabinet Member:  
Councillor Roger Ramsey**

**Relevant Overview & Scrutiny Committee:  
All**

**ALL MEMBERS ARE ASKED TO RETAIN THIS  
REPORT AND ITS APPENDICES FOR REFERENCE  
AT THE COUNCIL TAX MEETING ON 1 MARCH 2006**

## **REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: CORPORATE PLAN INCLUDING 2006/07 BUDGET AND  
ASSOCIATED MATTERS**

### **SUMMARY**

This report outlines the context within which the 2006/07 budget is being set and, together with the Corporate Plan and Best Value Performance Plan, sets out the Council's overall policy direction, statutory duties and financial strategy.

Effective councils have robust medium term corporate planning processes that allocate resources to priorities and drive performance. The MTFs provides the resources to support the delivery of the Council's Corporate Plan which sets out the Council's priorities and high level actions. The Corporate Plan is underpinned by strategic plans and service plans specifying action in more detail and ultimately individual work plans for staff set through Personal Development and Performance Appraisals.

Information in respect of budget pressures and savings proposals was released for formal consultation in January and as part of this process was submitted to the Overview and Scrutiny Committees. The results of this consultation are, where possible, set out in this report. The comments from those Committees meeting after the despatch of this report will be submitted as an addendum or verbally reported. Subject to any further changes made by Cabinet arising from the consultation and scrutiny, this report sets out the factors being recommended for inclusion within the 2006/07 budget.

The current position is that the Havering element of the Council Tax would increase by 1.7% assuming the ELWA levy is agreed as recommended to the Board. Final confirmation of the GLA precept is not expected until 15<sup>th</sup> February and whilst an increase of 16.6% has been consulted on, the Mayor is suggesting this will be reduced. For this reason, the total increase cannot be reported at this stage, but as soon as the GLA position is clear an addendum paper will follow.

This report provides details of the various components of the budget with appendices. The detailed draft budgets are included as an annex to the January report and Members are requested to use that copy for reference purposes.

## **RECOMMENDATION**

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

1. Consider the advice of the Chief Finance Officer as set out in Appendix J when recommending the Council budget.
2. Consider the comments received:
  - during the consultation exercise, which are attached as Appendix N to this report
  - from the Overview and Scrutiny Committees which are attached as Appendix M
  - as addendums or verbally where not included in the reportwhen recommending the total Council budget.
3. Approve the Council's draft budget as set out in Appendix D, formulated on the basis of:
  - an ELWA levy based on the ELWA Board papers
  - the budget pressures/investment and savings proposals shown at Appendices F and G
  - the other assumptions set out in this report.
4. Approve the capital proposals, including the funding proposals within the revenue budget, as set out in Appendix K.
5. Authorise the Chief Executive and Group Directors to implement the capital and revenue proposals once approved by Council unless further reports are required as detailed.



6. Authorise Lead Members to approve expenditure plans on specific grants as set out in Appendix B.
7. Notes the virement and contingency rules set out in Appendix I.
8. Agree that the final Greater London Authority precept and levies (when known) be incorporated, by making an appropriate adjustment to the contingency provision, subject to any changes being minor, to enable the Council Tax to be levied in round pounds and that, if necessary, the Chief Executive report the revised recommended resolutions needed to give effect to this to Council on 1<sup>st</sup> March 2006.
9. Agree that if there are major changes to the GLA precept and/or levies, that the Chief Executive be authorised to amend the recommended resolutions accordingly and report these to Council on the 1<sup>st</sup> March 2006.
10. Agree 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.
11. Agree that the Group Director Finance and Commercial amends the Annual Investment Management Strategy set out in Appendix L in the light of any new information and that such changes be reported to Investment Committee.
12. Authorise the Chief Executive to make any necessary changes and additions to the Corporate Plan during its finalisation.
13. Authorise the Leader and Lead Member Resources to allocate funds from the specific provision set aside for matters still being resolved.

**That Cabinet:**

1. Recommend, subject to 3 above, to Council the Council Tax for Band D properties as set out in Appendix D (and for other Bands of properties as also set out in Appendix D), as revised and circulated for the Greater London Authority.
2. Recommend to Council that a resolution be passed based on the proposals as set out in this report and its addendums in order to set the Council Tax - the exact text/figures to be included within the report to Council once the GLA position is known.
3. Recommend 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.
4. Recommend to Council in respect of Treasury Management and the Prudential Code that Council:
  - (i) Re-affirms the Treasury Policy Statement set out in Section 2 of Appendix L.

**Cabinet, 15 February 2006**

- (ii) Approves the Treasury Management Strategy set out in Section 3 of Appendix L together with the Prudential Indicators for Treasury Management and External Debt.
  - (iii) Approves the Annual Investment Strategy set out in Section 4 of Appendix L.
  - (iv) Notes the Treasury Management budget for 2006/07 set out in Section 6 of Appendix L, which has been included in the overall Council budget.
  - (v) Approves the prudential indicators for capital finance set out in Section 7 of Appendix L as required under the Regulations.
5. Recommend the Corporate Plan to Council having regard to recommendation 12 above.

**That Cabinet note:**

- 1. The monitoring arrangement for 2006/07 and the prospects for 2007/08 and beyond.
- 2. That the Government has provisionally set the multiplier for National Non Domestic Rate at 43.3p in the pound standard and 42.6p in the pound for small businesses.
- 3. The effect of Council Procedure with regard to the moving of any amendment to the Council Tax Setting report.
- 4. That consultation with the Trades Unions will continue in respect of any proposals within the Budget that have an impact on staff.

<b>REPORT DETAIL</b>
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This report is split into the following parts:

- 1. Overall Policy Direction and Strategy
- 2. Consultation and the Overview and Scrutiny Committees
- 3. Havering's Revenue Budget and Council Tax
- 4. Capital Programme
- 5. Treasury Management Strategy
- 6. GLA Budget
- 7. Overall Council Tax impact
- 8. Other matters
- 9. Prospects for 2007/08 and beyond
- 10. Housing Revenue Account

Appendices provide more information in certain areas and are cross referenced to the relevant text below.

## **1. Overall Policy Direction and Strategy**

1.1. The Council is committed to improving the quality of services it provides and promoting the well-being of Havering's residents. The Council's three year financial and strategic planning process is designed to deliver these priorities and objectives. This business planning process includes:

- The Community Strategy – a joint statement by public, private and community partners of their vision for Havering.
- The Corporate Plan – sets out the Council's vision and priorities and where its improvements will be focussed. This is attached at Appendix E. This has been put together in the light of national and local priorities, service plan objectives, consultation and the results of this year's CPA process.
- The Medium Term Financial Strategy – sets out how resources will be deployed in support of the vision and priorities and to deliver service improvement targets set. This was agreed by Cabinet in June. Appendix A1 sets out the context and the approach as agreed in that Strategy.
- The Performance Plan – reports annually on the Council's performance.

One of the prime aims of the MTFs is to ensure that resources are allocated in line with the Council's priorities and objectives as set out in the Corporate Plan. These are:

- To promote efficiency and value for money
- To improve the quality of our services
- To make Havering a better place to live and work

1.2. This process drives service plans across all directorates and through Personal Development and Performance Appraisals, identifies how individual members of staff will be contributing to improving services in the Borough.

The proposals in these papers for next year's budget set out how the Council intends to ensure that resources are allied to local priorities as defined by the Administration in the light of a range of factors including the results of public consultation. A summary of this is set out in Appendix A2.

1.3. It is important to note that the strategy is only part of the MTFs process which is iterative, taking on board a wide variety of issues and enabling forward planning. These issues include:

- Ensuring that the Council's policy priorities drive resource allocations;
- Ensuring there remain clear links between revenue and capital budgets;
- Continuing to ensure that all budgets have defined outputs;
- Initiatives identified for more detailed analysis which can be used to work with partners;
- Continuing to benchmark and deliver value for money.
- Seeking funding from external agencies and/or partners;
- Other changes, e.g. balance of funding and Council Tax revaluation.

- 1.4. There will continue to be difficult decisions to make. However, the overall planning process will ensure these decisions will take place in an informed manner to ensure resource allocation matches policy and service priorities.
- 1.5. It is important for the Council that our financial strategy continues the success achieved in recent years and the thrust therefore continues so that it:
- ensures the level of reserves is appropriate
  - links service planning with financial planning
  - identifies service delivery trends, changes in legislation etc. that will have a financial impact
  - accurately predicts levels of spend in the future to avoid further overspends
  - identifies revenue costs resulting from capital expenditure
  - matches resources to priorities
  - costs areas of new or increased priority
  - provides savings to balance the books
  - provides savings to fund new investment and areas of increased priority
  - costs new investment and estimates any subsequent payback
  - increases value for money
  - manages risk and uses risk assessment to inform decision making
  - ensures all projects are adequately funded and resourced.
- 1.6. Partnership working is a key consideration and is alluded to in the above. Significantly more work has taken place on this. Services are identifying with other authorities and organisations how to deliver more efficient services and this is evidenced by many of the proposed savings. The Council is carefully considering governance arrangements in planning the joint delivery of services including:
- establishing shared objectives;
  - pooling financial resources; and
  - monitoring and reviewing partnership activities.
- 1.7. There are a number of pressures being identified across all Councils and Havering has contributed to case studies and papers.
- 1.8. A fundamental part of Government thinking is the review of efficiency in the public sector. The Government has made it clear that, in view of the tighter fiscal position, efficiency improvements are essential if it is to deliver improved services. This review aims to release significant resources for front-line services that will address what the Government sees as the public's highest priorities. The Government is looking for large potential savings in:
- Procurement through shared procurement strategies, use of electronic purchasing, and the development of capacity in contract management.
  - The corporate back office, exploiting opportunities to provide shared services across public sector bodies on activities such as finance, human resources management, and procurement.

- Transactional services such as payments of benefits and tax – between people, business and the public sector and investment in more efficient communication channels such as web interfaces and call centres.

The council is well on track to deliver the targets set as part of the Gershon efficiency agenda.

- 1.9. The position of the Council is that Havering is likely to have severe resource constraints for the next few years, and beyond, which will restrict the resources for services even further and/or require further savings plans and/or result in higher council taxes, i.e. a continuation of the experience of recent years. The aim of the planning process is being achieved i.e. to establish a stable financial position, to adopt a prudent approach to the continuing development of the Council's MTFS, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council's control.
- 1.10. It is evident that this process means the Council is business driven. The Council is able to demonstrate that it is prioritising finance according to its business objectives as set out in its annual performance plan and Corporate Plan.

## **2. Consultation and Overview and Scrutiny Committees**

- 2.1. There continues to be extensive consultation with the community and other stakeholders on priorities and Council Tax levels for the current budget. This includes:

- Mori Surveys and Focus Groups;
- requesting information through questionnaires from the community;
- presentations to Areas Committees and Partners;
- articles in Living in Havering and Business Focus;

Further information on the results of the consultation so far (January 2006) is contained in Appendix N.

A meeting has been held with the trades unions on the proposals for the Budget 2006/07 in addition to separate Group Directorate/Service meetings where appropriate. The Trades Unions have been invited to submit written comments and any comments received will be circulated at the meeting of Cabinet.

Information has also been provided to local businesses with a request to feed in any comments.

### **2.2. Overview and Scrutiny Committees**

The draft 2006/07 budgets, all budgetary pressures and savings proposals were presented to the Committees in January and early February, with the overall

Strategy having been considered in June by Corporate Overview and Scrutiny Committee prior to it being agreed by full Council.

The comments made by the Committees when reviewing the budget are set out in Appendix M, along with how these have been taken on board.

Where possible, the proposals in this report take account of the views made and recommend investment in key local priorities. As mentioned, oral updates will be given to Cabinet where meetings have been held after this report was finalised.

### **3. Havering's Revenue Budget and Council Tax**

#### **3.1. Introduction**

Mindful of the outcome of the consultation on the proposals, set out below are the issues and factors taken into account in developing the 2006/07 budget. As well as the results of the consultation and budget finalisation, it is important to note that the position on the levies if significantly different from the provisional sums, could affect the final level of the Havering Council Tax.

The impact of the Greater London Authority precept is covered separately in section 6.

#### **3.2. Government Grant**

3.2.1. The final settlement was announced at the end of January. Appendix B contains information in respect of the final settlement, however there is no change in the overall grant increase, however the adjusted base did reduce by £19k.

Key settlement matters are:

- (a) There is a complete change in methodology with a move to a sum of money rather than indicative level of spend.
- (b) A meeting took place with Ministers attended by all Group Leaders, the Deputy Leader, the Lead Member for Resources, the Chief Executive and the Group Director Finance and Commercial. Key issues for Havering were highlighted, including:
  - Having a higher Council Tax than other similar or more affluent boroughs.
  - Having one of the lowest spends per head of population.
  - Receiving far less grant than the London average and neighbouring authorities.
  - Having an increasing elderly population whose needs were not being reflected in resource distribution.

Despite the representations made, no increase was provided.

- (c) Havering remains floored for grant purposes.

### **3.2.2. Specific Grants**

There are a number of specific grants that are received outside the general grant. Specific grants are provided for specific purposes and most are subject to external audit verification prior to claim submission. They are not for mainstream funding and, hence, increased levels of specific grants will not assist in reducing the overall Council Tax level. These change year on year and often the details are not known until after Council Tax setting. For schools, any changes in respect of specific grants have to be managed within the context of the overall budget available to schools.

A schedule of specific grants as compared to the 2005/06 financial year is included within Appendix B. The budget is based on services managing with the new levels of specific grant and, hence, amending spending plans accordingly unless the grant has been subsumed into mainstream funding, in which case the related expenditure appears as a pressure to offset the additional grant.

It is recommended that plans for committing expenditure against the increased grant level will be agreed with the relevant Lead Member, where appropriate. It is anticipated this will be in the period March to May. The attached schedule in Appendix B identifies those grants where approval of the Lead Member will be required.

### **3.3. General Inflation**

The key assumption being used in the budget is a 2.95% increase on salary budgets, in line with the pay settlement and a 1.5% increase on other budgets. The Members Special Responsibility Allowance budget is assumed as being cash limited at the current level, i.e. no inflation increase. This level of inflation equates to around £3m for non-schools budgets and has been used as part of the detailed budget formulation.

The expectation is all inflation is met at a service level through efficiency and other savings.

### **3.4. Levying Bodies**

The levies are part of the Local Government settlement and therefore need to be taken into account when setting the Havering element of the Council Tax.

The latest information in respect of levies is set out in Appendix C, at this stage all of these figures are provisional.

There are a number of levies, but the predominant levy relates to ELWA. The overall levy budget is around £8.7m, of which ELWA accounts for just over £8 million. There is a 25 year PFI contract now operating, however waste volumes and potential significant increases in landfill tax mean that a substantial increase

in the levy is forecast for the next three years covered by ELWA's budget. This can be reduced by improving waste management and is a key consideration for the Council in the development of its waste strategy on an invest to save principle.

### **3.5. Schools Budget**

3.5.1. New arrangements on school funding are to be introduced from April 2006 as advised in the Cabinet report in January. Members are asked to refer to the January report and related appendix for more detailed information. The key points to note are:

- Schools in Havering will still benefit from the historical funding above FSS.
- Havering itself loses potential grant via an increased floor because of the decision to protect authorities spending below schools FSS as part of the overall floor protection.

### **3.6. Proposals – Budget Pressures / Investment and Savings**

3.6.1. These are set out for each Group/ACE area in Appendix F and those assessed as Corporate are included in Appendix G. These proposals continue to be reviewed against Council priorities and work continues to identify new opportunities as part of preparing for MTFS 2007-10.

3.6.2. Budget pressures consist of those arising from local influences and decisions made by the Council and within the Council's control and those pressures resulting from Government initiatives, changes to grant funding arrangements and other pressures driven by external factors beyond the Council's control.

3.6.3. Expansions are where there are areas identified for real service improvement in accordance with service priorities.

3.6.4. Proposals for savings are also set out. The schedules are linked to the efficiency agenda classifications. Some of them are also linked to Invest to Save proposals.

3.6.5. The detailed schedules include classifications of pressures, investment and savings. A table explaining these is set out in Appendix H.

3.6.6. The Council agreed a £300k CPA Improvement Fund as part of the 2005/06 budget. This will be used to fund the following, which are set out in the Schedules.

	£
▪ Creating a budget to provide for minor works to be undertaken to improve our Community halls.	20k
▪ Creating a budget to enable improved repairs and maintenance to fencing in parks.	30k
▪ Creating a budget to provide improved repairs and maintenance/match funding for external bids to improve historic	20k



buildings.

- Streetcare Improvement Project. 150k

3.6.7. The budget assumes the use of earmarked funds of £385k held for grant repayment purposes which has been confirmed as not being required to support the general budget. In addition, it assumes no change on the current licensing expenditure.

3.6.8. In finalising the proposals, the following changes have been incorporated from those presented in January:

- The reflection of the actual impact of the ELWA levy.
- A reduction in the saving to be achieved via a review of the Fair Access to care criteria.
- The removal of a saving in respect of administrative savings related to the issue of concessionary fares.
- The inclusion of a specific provision of £1m to offset issues that are likely to have base budget implications, but which are still being resolved, including:
  - the creation of the ALMO for Housing;
  - funding agreements with the Primary Care Trust;
  - transitional costs in relation to the Reprovisioning Care project;
  - Children's placements, which requires other management action in addition to the specific actions on commissioning, charging and fostering to remain within budget;
  - special educational transport needs;
  - Adult Mental Health placements pressure;

This provision will also be used to address any base budget issues that arise from the finalisation of the leisure outsourcing, although it is intended that this will be met wherever possible from existing resources.

Should this not be needed, the Council will utilise this fund as a Service Improvement Fund within the context of the Corporate Plan. Any allocations from this provision will be agreed by the Leader and Lead Member Resources.

- The inclusion of savings generated from additional interest on investments held.
- The surplus which has arisen on the Collection Fund from the debt management and exemption review process.

### **3.6.9. Children's Social Services and Adults Budget Position**

There continues to be considerable concern around the Social Services budget position in 2005/06, the implications for 2006/07 and the extent of the growth

required in the attached papers. However, these have been subject to robust review and management action is in place. These, along with the provision above, should provide a robust budget position.

### **3.7. Detailed Budgets and Fees & Charges**

The detailed budgets were attached as an Annex to the January Cabinet report and were also presented to the Overview and Scrutiny Committees.

The fees and charges will all increase by 1.5%, unless there are specific proposals set out in the Schedules. An up to date Fees and Charges Schedule will be placed on the Intranet.

### **3.8. Provision To Meet Redeployment and Redundancy/Early Retirement Costs**

Should any redeployment, redundancy or early retirement costs arise from implementation of the budget proposals, these will be capitalised where possible using the allocation held for revenue support. The capitalisation will require the Secretary of State's permission and, where such costs cannot be capitalised or permission is not forthcoming, these will be met from the specific provision.

The specific provision will also be used to fund costs relating to the management realignment, which took place in 2005. A full report on this will be presented to Cabinet in due course.

### **3.9. Contingency**

The level of contingency has been reviewed in the context of the budget set out for Cabinet. The Section 151 officer has set this by having due regard to:

- (a) the budget as proposed;
- (b) an assessment of unquantifiable pressures and unforeseen events that could arise during the 2006/07 financial year;
- (c) the experience in 2005/06.

A risk assessment is set out for Members within Appendix J, having due regard to the controls in place that will mitigate both the severity and likelihood of the risk happening. In arriving at the risks included, consideration has also been given to such factors as the:

- Financial risks in any significant new funding partnership arrangements
- Treatment and delivery of efficiency gains
- Level and timing of capital receipts
- Arrangements for budget and financial management
- Adequacy of the authority's insurance arrangements
- Overall financial standing of the authority
- Capacity to manage in year budget pressures.

The result of the assessment is that it is the view of the Chief Finance Officer that a sum of £2m continues to provide a sufficient contingency having regard to the level of risks and the mitigating factors. This has regard to the specific provision and, on the basis of experience in 2005/06 with respect to such matters as utility prices, it will continue to need careful monitoring during the year.

The Constitution of the Council incorporates specific requirements in respect of budget virements and use of the contingency; full details are repeated in Appendix I for Members to note.

### **3.10. Budget Robustness/Reserves Position**

3.10.1. The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget and the adequacy of reserves. The Act requires the Chief Finance Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its council tax or precept. The Act also suggests the advice should be given prior to the formal statutory calculation. This advice is therefore being given to both Cabinet in formulating proposals and to members of Overview and Scrutiny in considering the proposals. The Act also gives the Secretary of State the power to specify a minimum level of reserves that an authority must provide for when setting its budget, although there have been no indications yet that the Secretary of State will use this power.

In line with the requirements of the Act, the formal report of the CFO is appended as Appendix J. The authority is required to take the report into account when making the calculations.

3.10.2. The MTFs, as agreed by Council, sets out that the minimum level of reserves held will be £10m. A review of this has taken place for budget purposes and is set out in Appendix J, which confirms that this should continue as a minimum level for 2006/07. This also provides information on reserves being held for specific purposes.

After having regard to the need to consider the impact on reserves of the 2005/06 budget, which at Period 8 was indicating a possible overspend of £1.5m and which at Period 9 is still suggesting a call on reserves, the existing reserves are likely to be just sufficient to maintain this level. For information, this provides a level of reserves which gives limited cover for unforeseen circumstances that may have financial consequences either one off or across financial years.

The more detailed advice of the Chief Finance Officer in respect of reserves is also set out in the Appendix J.

### **3.11. Maximising Benefits Take Up**

The strategy continues with quarterly meetings of all partners.

A report has been produced to identify which geographical areas to target

specific benefit take up and this will form the core element of work in the forthcoming year.

### **3.12. Increase in Havering Council Tax Precept for 2006/07**

On the basis of the levies being those as set out in Appendix C, the increase in the Havering element of the Council Tax would be 1.7%. A summary statement, along with further information to support the setting of Council Tax is set out in Appendix D. This excludes the GLA.

### **3.13. Expenditure Restriction by Government**

The Government has stated that it will use its capping powers where necessary and that it does not expect increases above 5%. It is, therefore, for individual authorities to decide their budget requirement and the level of Council Tax which they feel is appropriate for their circumstances having regard to the results of consultation, local priorities, spending pressures and national priorities. However, the Government has made it clear that it will cap and has shown this to be the case in 2004/05 and 2005/06.

'Excessive' Council Tax increases, and 'excessive' budget requirements are particularly considered in determining whether to use the reserve powers. The Deputy Prime Minister (DPM), in deciding that a budget requirement is excessive, must do this in relation to a set of principles. Council Tax increases are not referred to specifically in legislation but they have been used in deciding which authorities to 'warn' and could be used to help determine whether, in the Deputy Prime Minister's view, a budget is excessive.

If the Government were to cap the authority through designation, i.e in respect of the 2006/07 financial year, there would be the prospect of having to make budget reductions to cover the reduction in income arising from the reduced Council Tax as well as funding the rebilling costs.

If the Government were to cap the authority through nomination, i.e. in respect of the 2007/08 financial year, the Financial Strategy would need to have regard to this as it was rolled forward.

In making final budget decisions, a balance must be drawn between sustaining services and the implications if the authority was capped. For information, the following sets out the information in respect of Havering in recent years:

	<b>Budget Requirement</b>		<b>Havering's Council Tax</b>	
	<b>£m</b>	<b>%</b>	<b>£</b>	<b>%</b>
2004/05	252.1		1,043	
<b>Annual change</b>	<b>12.1</b>	<b>5.0%</b>	<b>52</b>	<b>5.2%</b>
2005/06	262.7		1,073	
<b>Annual change</b>	<b>10.6</b>	<b>4.2%</b>	<b>30</b>	<b>2.9%</b>
2006/07	277.0		1,092	
<b>Annual change</b>	<b>14.3</b>	<b>5.4%</b>	<b>19</b>	<b>1.7%</b>

	Budget Requirement		Havering's Council Tax	
	£m	%	£	%
<b>Average annual change last three years</b>	<b>12.3</b>	<b>4.9%</b>	<b>34</b>	<b>3.3%</b>

A letter from the Minister responsible has stated "There is following my announcement no excuse for excessive increases in Council Tax in 2006/07 and 2007/08. We expect the average Council Tax increase in England in both 2006/07 and 2007/08 to be less than 5%. Local Government should be under no illusions that we will use our capping powers to deal with excessive increases, as we have done over the last two years. This applies to all Authorities, including Police and Fire Authorities. Authorities should not use previous capping principles as a guide for 2006/07 or 2007/08".

In addition, Members may also wish to note that the budget requirement per head of population as compared to other Outer London authorities is as follows:

Authority	Budget Requirement 2005/06
	£
Havering	1172
Redbridge	1206
Barking & Dagenham	1388
Newham	1735

With such a small grant increase, there is very little resource for Council services that, during the consultation, were considered high priorities by the community. These include roads and pavements, litter, crime and caring for more vulnerable people. Inflation alone amounts to £3m.

The level of Council Tax proposed amounts to an increase of 1.7%. This report goes on to indicate that the aim for future years will be to continue the Medium Term Financial strategy in order to continue with a stable financial position and a prudent approach to the continuing development of the Council's MTFs, as well as reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council's control.

#### **4. Capital Programme**

In accordance with the Council's Capital Strategy, an assessment of needs was undertaken for 2004/07 and these needs were examined on a prioritised basis. From this, a capital programme was compiled and agreed for the 3 years commencing 2004/05, having regard to the resources available, existing programmes and Council priorities. The programme was further enhanced as part of the 2005/06 budget and the development of the MTFs for 2006/07.

The later included ensuring that a three year programme continued and was further enhanced by Cabinet providing broad indications of priorities and funding levels.

The proposals for expansion are set out in Appendix K, which also shows the existing programme referred to above.

There has been careful consideration of the ability that borrowing under the Prudential Code provides. The pressure on reducing the Council Tax, however, means that this flexibility will only be used if the scheme is an Invest to Save.

## **5. Treasury Management Strategy**

The Council is required to agree annually a Treasury Management Strategy including the setting of borrowing limits, and to reaffirm the Council's Policy. The Strategy is set out in Appendix L, along with the Policy. This also includes the prudential indicators required by the Prudential Code. Cabinet is being asked to recommend that Council agree the Treasury Management Strategy, to reaffirm its agreement to the Treasury Management Policy, and to approve the prudential indicators for 2006/07. The review commenced during the year and continues by Investment Committee, which is considering investment opportunities along with investment management options to ensure returns to the Council are optimised having regard to the risks involved.

## **6. Greater London Authority**

The Greater London Authority (GLA) precept covers services of the Metropolitan Police, the London Fire and Emergency Planning Authority, the London Development Agency, as well as the core functions of the GLA and Transport for London.

This precept is outside of the control of the Council and as such does not form part of the strategy of the Council. The Council is concerned with the budget and level of Council Tax and of course lobbied to ensure any precept increases are reasonable and add value to the community of Havering.

The GLA budget was published for consultation in mid December and proposes an increase of 16.6% comprising of 7.8% for the Olympics and 8.8% for the Greater London Authority. The Mayor has, however, indicated that he expects the latter to be reduced to 5.5%.

The final precept decision will not be known until 15<sup>th</sup> February 2006, however budget papers are due to be issued on the 7<sup>th</sup> February 2006 and hence an addendum paper will be issued.

## **7. Overall Council Tax for 2006/07**

The table below summarises the position.

	£	% Increase	% Contributing
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GLA Precept, excluding Olympics	*	*	*
Olympics	*	*	*
<b>Sub Total</b>	*	*	*
Havering Precept		1.7	
<b>Total</b>			

\* Given the Mayor has announced he is aiming to change his proposals, an addendum will be issued once the position is more clear.

## **8. Other Matters**

### **8.1. Council Tax Bill**

The Council Tax bill will show the charges for Council services and the Greater London Authority as well as make clear the cost of the Olympics included in the precept.

It must be served on or as soon as practicable after the day the Council Tax is set, and at least 14 days before the first instalment is due where the bill requires payment of instalments.

### **8.2. Restriction On Voting**

Section 106 of the Local Government Finance Act 1992 imposes restrictions on voting in respect of any Member for whom any Council Tax has remained unpaid for at least two months. This affects voting (but not speaking) on any calculation required for the Council Tax and on any recommendation, resolution or other decision which might affect the making of any such calculation

**Any Member in doubt as to the position may seek advice from the Group Director, Finance & Commercial, or the Assistant Chief Executive, Legal & Democratic Services, before the meeting.**

### **8.3. Effect Of Standing Orders**

A Member wishing to move an amendment to this report of Cabinet which is recommending the Council Tax to the Council must be mindful of the provisions in Council Procedure Rules:

“Any amendment to the Council Tax and budget must be specified in sufficient detail to show the service, financial and staffing effects of any proposals in order that staff may report to the Council on the likely effect of the amendment upon the budget.”

Amendment to a motion/report on the annual Council Tax setting must be submitted no later than midnight on the Monday before the Council Tax setting meeting and must be such that it would, if passed, enable a robust budget to be set in the view of the Chief Financial Officer.

This means that **Midnight on Monday 27<sup>th</sup> February 2006** is the deadline for amendments to the Council Tax Setting and Budget Report.

#### **8.4. Discount For Council Tax Payers Paying In Full**

The Council has agreed in the past, to offer a discount to Council Tax payers who pay their Council Tax in full. It is necessary for Cabinet to recommend Council to agree a specific resolution for this purpose or for any change proposed as the current assumption is that the discount remains at 1.5%.

##### **Resolution**

“Any Council Tax payer who is liable to pay an amount of Council Tax to the authority in respect to the year ending on 31<sup>st</sup> March 2007, who is served with a demand notice under Article 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 and who makes payment to the authority of the full balance of the estimated amount shown on that demand by 1<sup>st</sup> April 2006, may deduct a sum equivalent to 1.5% from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount”.

#### **8.5. Resolution for Council Tax**

The Council meeting in March will receive a resolution in the form required reflecting the recommendations of Cabinet.

#### **8.6. Managing the 2006/07 budget**

As illustrated in the approach adopted to the setting of the revenue budget, the Council is committed to continuing the robust financial management of the current financial year. This includes:

- Significant budgets being linked with outcome activity;
- Financial and non financial information, i.e service outputs, being monitored together;
- Using risk assessments to inform budget monitoring activity and detail;
- Monitoring delivery of the savings programme;
- Monitoring income separately;
- Maximising income recovery;
- Monitoring and taking action to mitigate risks identified.

### **9. Prospects for 2007/08 and beyond**

- 9.1. Havering is likely to have severe resource constraints for the next few years, and beyond, which will either restrict the resources for services even further and/or require further savings plans and/or result in higher council taxes, i.e. a continuation of the experience of recent years. Information on the pressures and savings already planned in forthcoming years is also set out in the attached, along with the majority of the specific grants. The Government Grant increase has been advised as being £1.3m, which means that Havering will need to identify more



savings or reduce pressures to set a reasonable Council Tax. At this stage it would, however, be imprudent to forecast any Council Tax increase given the work that is continuing. However the aim continues to be to establish a stable financial position, to adopt a prudent approach to the continuing development of the Council's MTFs, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council's control.

- 9.2. The expectation is that the Council will continue to be floored in future years, receiving only the minimum increase.
- 9.3. The Council must also consider and be mindful in planning of the potential for significant changes to Local Government Finance resulting from the Lyons Inquiry into the Balance of Funding.

This is in addition to having regard to the local impact of the Council Tax Revaluation.

- 9.4. The Council is progressing well in demonstrating delivery of value for money and the whole MTFs is predicated on the principle of efficiency.
- 9.5. The Council will continue to take the MTFs forward, taking account of a wide variety of other issues and principles set out in the first section.
- 9.6. The Council has made no assumptions in relation to the possible changes on licensing reducing burdens etc. at this stage.
- 9.7. The Council will continue to contribute to national papers.
- 9.8. **Conclusion**

The primary aim continues to be to ensure the Council can demonstrate that it is prioritising finance according to its business objectives as set out in its annual performance plan.

## **10. Housing Revenue Account**

- 10.1. A report elsewhere on the agenda explains the position.

### **Financial Implications and Risks**

These are included above.

### **Legal Implications and Risks**

Any implications are set out above, or in the appendices.

Section 106 of the Local Government Finance Act 1992 imposes restrictions on voting in respect of any Member for whom any Council Tax has remained unpaid for at least two months.

**Any Member in doubt as to the position may seek advice from the Group Director, Finance & Commercial, or the Assistant Chief Executive, Legal & Democratic Services, before the meeting.**

### **Human Resource Implications and Risks**

The proposals contained in this document are likely to have an impact on employees. Any impact will be dealt with in accordance with the Council's HR policies and procedures.

The Corporate Plan includes information on the workforce planning that is taking place.

### **Reasons for the Decision**

The Council is required to set a budget for 2006/07 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

### **Alternative Options Considered**

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

Staff Contact: **Rita Greenwood** Title: **Group Director  
Finance and Commercial**

Telephone: **01708 432218**

**STEPHEN EVANS  
Chief Executive**

### **Background Papers**

Attached as appendices.

Various Government and other body correspondence.

**APPENDICES**

**A MEDIUM TERM FINANCIAL STRATEGY**

**A1 Overview**

**A2 Summary of How the Budget is Delivering Priorities**

**B GOVERNMENT GRANTS AND ASSOCIATED MATTERS**

**C LEVIES**

**D COUNCIL TAX STATEMENT AND SUPPORTING INFORMATION**

**E CORPORATE PLAN**

**F SERVICE BUDGET PRESSURES / INVESTMENT AND SAVINGS PROPOSALS**

**G CORPORATE BUDGET PRESSURES / INVESTMENT AND SAVINGS PROPOSALS**

**H TABLE OF CLASSIFICATIONS**

**I VIREMENT AND CONTINGENCY RULES**

**J BUDGET ROBUSTNESS AND RESERVES**

**K CAPITAL PROGRAMME**

**L TREASURY MANAGEMENT POLICY AND STRATEGY AND ANNUAL INVESTMENT STRATEGY**

**M COMMENTS FROM THE OVERVIEW & SCRUTINY COMMITTEES**

**N     CONSULTATION MATTERS**

## OVERVIEW OF THE MTFS

### 1. WHY

- Manage Resources in Medium Term
- Determine Priorities
- Improve Service
- Promote Financial Efficiency and Value for Money
- Decide Council Tax

### 2. PROSPECTS

- Likely to be floored
- Pressures continue
- Efficiencies are expected
- Grant increases likely to have to go to schools

### 3. PRINCIPLES

- Ensure compliance with all legal duties and maintain public/staff safety first and foremost
- Focus on services, environment, customer and the community
- Think strategically
- Be staff orientated
- Maintain equality

### 4. METHODOLOGY FOR REVENUE

#### 4.1 All services must

- Justify resources/performance
- Show how manage with resources they have
- Demonstrate use in delivery of priorities

#### 4.2 Service performance and initial proposals having been scrutinised by a series of Star Chambers

#### 4.3 There will be a Reward Pot to reward good performance

### 5. METHODOLOGY FOR CAPITAL

#### 5.1 Havering has a Capital Strategy and it is this that forms the basis of any expansion to the programme to:

- maintain current asset
- develop new facilities

5.2 Key drivers are to:

- Cover essential maintenance covered
- Provide for Health and Safety
- Respond to inspections
- Ensure any investment has key outputs

5.3 Factors that need to be considered are:

- Revenue consequences
- Capital Resources
- Deliverability
- How to Procure
- Government interpretations
- Invest to Save possibilities

**6. AIMS**

6.1 It is about

- Reviewing services fundamentally
- Linking resources to Service Planning
- Showing how resources are delivering priorities
- Looking at efficiencies, income generation, increasing capacity
- Managers managing within resources and controlling destiny
- Rewarding good performance
- Partnering

6.2 Issues that the Council are also considering are:

- (a) How do we know services are as efficient as they could be? For the present this is being achieved by services being expected to fund the pay award, any investment wishes and pressures through savings.

The Council is however developing a methodology with which to assess service efficiencies having regard to budget changes; outputs; performance and benchmarks.

This will assist the Council in the 2005 CPA where value for money is going to become a key factor in the use of resources and provide information to Members on the efficiency of individual services.

- (b) How do we ensure resources are directed at Council priorities? A cornerstone of the strategy is to ensure this is the case. Officers in formulating proposals have been mindful of this and the papers clearly show this. The available resource from any increase in Council Tax whilst needing to support some corporate issues is also available to fund priorities be it in extra funding for services or to prevent savings being required in particular services.

- (c) The overall position placing the Council at a risk of capping. There are still many unknowns including the grant position however all are mindful of this and that if there are difficulties; additional savings may need to be made. It is however vital that this is done in clear stages to accord with Members' agreed strategy.

## **7. CONSULTATION**

Themes will continue as last year.

## **8. CONCLUSION**

This process provides

- Informed decision making
- Integrated Planning Service
- Balance all priorities
- Difficult decisions
- Financial stability
- Efficiency and Value for Money
- Capital and Revenue together

**BUSINESS DRIVES FINANCE**

**SUMMARY OF HOW THE BUDGET IS DELIVERING SERVICE PRIORITIES**

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Most of local expenditure is funded by government grant and this year the Government increased Havering’s grant for its non-school budgets by only £945,000 for 2006-2007.

This will place huge pressure on the council’s budget as inflation alone will cost an additional £3m (excluding schools) and the £945,000 increase has to be spread across all of the Authority’s other services – last year these amounted to around £125m.

The council will be lobbying hard for a fairer settlement in future years. However, it recognises that it has to “make do with what it has” and use all its resources effectively to meet local needs. This may involve doing things differently, stopping doing things or working with others.

Over the last three years the council has delivered some £15m in efficiencies. Over the next three it is planning to deliver a further £17m and re-invest some of that in meeting local priorities.

Following extensive budget consultations in recent years, local residents have told us their priorities:

- The need to keep council tax increases low
- A preference for charging for services rather than increasing council tax
- The need for improvements to roads and pavements and cleaner streets
- More investment in parks, sports centres and libraries
- Continued effort to tackle anti-social behaviour and promote community safety

While aiming to keep council tax rises low, the council will seek to meet those local priorities by investing money from other areas, using efficiency savings and all the funding sources available to it to invest funds where there are local needs. The council’s investment plans for the next three years, set out in its medium term financial strategy, are as follows:

	2006/07	2006-2009
Street and highways improvements	£2.9m  [Plus £3m successful allocation from Transport for London]	£8.8m
Parks, libraries and sports centres	£1.9m	£2.9m
Community safety	£660,000	£1.4m

These figures tell only part of the story; the investment will deliver tangible improvements on the ground.



**Cabinet, 15 February 2006**

- As part of its investment in streets and highways there will be: improved street cleansing; enhanced trunk road and junction cleaning, better enforcement and support for additional cleaning vehicles. Action against graffiti. There will also be capital investment in highways and footways improvements. In addition the council has successfully bid for over £3m from Transport for London to provide a range of improvements to the boroughs roads and transport.
- As parts of its investment in parks and libraries there will be: refurbishment of libraries and improved safety and maintenance in better parks.
- As part of its investment in community safety there will be an expansion of CCTV in the Borough, action against gun and knife sales and better enforcement against anti-social activity.

In addition the council will invest an additional £1.3m next year to improve the lives of Havering's older people – nearly £7m over three years. This is in recognition of the fact that Havering has the highest proportion of over 65s in London.

The council will also support the borough's most vulnerable people:

- An additional £670,000 next year and £2m over three years for children – the council takes its Corporate Parent role very seriously
- £200,000 next year for Havering's learning disabled - £1m over three years; and
- £777,000 over three years for Havering's homeless and other vulnerable people to achieve improvements to its "supporting people" regime as required by national government.

In addition the council will invest an additional £7m capital to help improve school buildings so that they can continue to provide an excellent service to Havering's young people. This is in addition to the separate allocation of £4.8m for Redden Court School.



# CORPORATE PLAN

2006 – 2009

1<sup>st</sup> Draft



# London Borough of Havering

## CORPORATE PLAN

### Introduction – Cllr Michael White, Leader

“I am very pleased to introduce Havering’s Corporate Plan for 2006-2009, which sets out our priorities and future plans to improve.

It is essential to the quality of the lives of residents that we deliver a high standard of services. There have been many improvements in Havering in recent years, and the Council will continue working to upgrade our services, so that they live up to the needs and expectations of residents.

The purpose of the Corporate Plan is to:

- set out the Council’s vision, values, strategic direction and key priorities for action up to 2009;
- outline the Council’s contribution to the delivery of the Community Strategy priorities
- report the key improvements to be delivered to enable the Council to continue to improve on its reputation and profile.

As ever, it is a challenging agenda and rightly so. I am confident that the Council can build on its recent achievements, within its available resources, to further improve on its services to the community. “

We would welcome any views you have on our vision and priorities. Please e-mail: [corporateperformance@haverling.gov.uk](mailto:corporateperformance@haverling.gov.uk)

*Michael White*

## HAVERING THE PLACE

Havering is a great place to live and has a long history of which it is justly proud. It has low levels of crime, a good environment, excellent transport links to central London and the rest of the country, reasonable health, a strong economy, relatively affluent residents and strong educational performance by its young people. Its cultural and sporting roots are strong.

We have a good understanding of the quality of life in Havering at a borough level and at a local community level. Whilst the quality is currently high we recognise that it can be improved, especially for some people.

Every locality will be striving for the same positive outcomes for the area: safety, community cohesion, good health, and prosperity. But every area is unique in the challenges and opportunities that define the road to improved quality of life.

Havering’s opportunities are many. It is a green borough, with 108 parks and open spaces and a number of ponds and lakes in them. It is a prosperous borough, where just fewer than 80% of residents own their own homes; over 30% have 2 or more cars. There is 80.6% employment and only 7.2% of the population are on income related benefits. Resident salaries are only slightly below the London average but well above the UK average. Educational attainment is excellent at all key stages, including GCSE and A-level, and Havering’s schools are rightly recognised as excellent, some even exceptional. The area is well equipped with cultural and sporting facilities and there are large numbers of community groups actively engaged in a wide range of sports and leisure pursuits. The Queen’s Theatre is a major attraction and the borough’s shopping centres are some of the best in London. Health is reasonable – in

2000 Havering's mortality ratio was exactly that of the England average and the infant mortality rate was below both London and England. Life expectancy was average for both genders. The population here is stable – population movement between the 1991 and 2001 census was below the UK average, and far below the London average. Havering is the 3<sup>rd</sup> safest borough in London, and crime in most areas has fallen.

But there are also challenges that demand solutions, which the council is ambitious to achieve.

- Havering's population is currently stable. At the time of the 2001 Census the ethnic minority, or BME (Black and Minority Ethnic) population in Havering increased from 7,300 in 1991 to 10,800 in 2001, an increase of 3,500. This was the lowest increase in London, with the exception of the City of London. The Greater London Authority (GLA) projections for 2011 show the ethnic minority population in Havering increasing to 12,500 (5.4%) out of a total of 231,400. This is the lowest projected ethnic minority population in London, with the exception of the City of London. As London shifts eastward our population will become more diverse.
- The Council wants to encourage more younger people and people from diverse communities to stay and come to live in the borough. This will provide an exciting opportunity to ensure Havering's future is as bright as its past. Havering is a key part of London's exciting future especially with the Thames Gateway development and the 2012 Olympic sites only minutes away.
- People are happy to live in the borough. As the borough changes the Council will have to work to ensure all communities feel included and that community cohesion is maintained and enhanced. The Council will have to work to develop services and facilities to support these new communities and ensure cohesion and inclusion.
- Havering has the largest population of over 65s of any London borough and many residents provide unpaid care. The Council needs to support older people to live independent lives in their own homes and to encourage the voluntary sector.
- Education in Havering is excellent with its children achieving magnificent results and the Council is committed to continuing to support that. However, fewer people take the opportunities to access lifelong learning subsequently and only a little more than 14% of the population have qualifications at NVQ 4 or above. The council is already providing excellent schools, but the council must now influence the community to raise their expectations and ambitions to value further and higher education and build on the educational foundations provided by our schools.
- Havering is an affluent borough with an average rank of 214 out of 354 (where 354 is the least deprived authority) in the Indices of Multiple Deprivation 2004. However, there are significant pockets of deprivation and jobs available within the borough are low paying, with salaries for those who work in the borough a third below the London average. This means that for local workers, local house prices are relatively unaffordable. The house price to income ratio based on average household incomes is 4.30. But for a two-earner household where both earners are on average salaries and work in the borough, that rises to 5.12. For a single earner that rises to 10.23. The Council will work to nurture the development of local businesses and encourage new businesses so that local wage rates improve.
- Residents regularly raise the issue of transport and congestion. The council is lobbying hard for improved public transport within the borough and the rest of London and will also need to address the issue of congestion and balance local economic needs with the needs of the local environment and sustainability.

- Crime may be low but fear of crime is high and small relative numbers of race hate crimes mask a high proportion of attacks on a small community. Independent surveys also show high levels of homophobic attacks. Residents are concerned about anti-social behaviour, particularly linked to the nightlife in Havering's regenerated town centres. The Council will work with partners to reduce the fear of crime in the borough and tackle anti-social behaviour.
- A major challenge for the Council is to persuade national governments to adequately resource the pressures and challenges facing Havering. The Council regularly receives poor financial settlement and receives a much lower grant per head than many other boroughs. This makes it challenging to deliver the quality services Havering residents demand.

### **The Council's vision is:**

Havering's Vision, set out in the Community Strategy is shared and supported by the Council:

***"To create a safe, welcoming, healthier and more prosperous place where people choose to live, work and visit."***

This vision is being delivered with the support of council services and through our Local Public Service Agreement and our developing Local Area Agreement. The Community Strategy (developed by the Havering Strategic Partnership (HSP) in consultation with the community) sets out under six themes a number of outcomes to deliver this vision. There are specific objectives and targets to deliver these outcomes set out in supporting delivery plans.

For the council this vision means establishing Havering as an inclusive, creative and prosperous borough.

The following develops this headline vision and outlines what it means for the council.

### ***The Council wants a Havering:***

- Which is recognised as one of the most exciting boroughs in London with a bright future as the Thames Gateway and London 2012 come on line.
- Where there are excellent transport links within the borough and to the rest of the capital and beyond
- Which has a strong cultural life with the excellence of its cultural facilities recognised
- Where its distinctive urban areas (Hornchurch, Upminster and the south of the Borough) offer a high quality of life and easy access to an excellent environment of parks and green spaces
- Where regeneration activity has created a thriving economy where there are high quality jobs and opportunities for all and where the borough's entrepreneurial spirit is nurtured and business supported including new hi-tech and cultural industries
- Which is more culturally diverse and inclusive, with a younger population profile and where there is a strong cultural life for all in inclusive, cohesive communities.
- Where there are innovative public and private buildings and where heritage is valued
- Where housing is of a high quality with a good mix of tenures to ensure housing is affordable for all
- Where the public realm is clean - streets kept tidy and parks well maintained and used
- Where the inequalities between communities have been reduced
- Where the Council is well run and respected providing value for money services in partnership with others
- Where fear of crime is reduced
- Where children and young people get the best start in life and everyone takes advantage of learning opportunities with higher participation rates in further and higher education
- Where older people are able to benefit from the opportunities in the borough and able to live independent lives at home

## WHAT ARE THE COUNCIL'S PRIORITIES AND AMBITIONS FOR HAVERING?

The Council has set itself *three* corporate priorities to support the delivery of this vision.

### **Priority One: To promote financial efficiency and value for money**

*The public have made it very clear that Council Tax increases need to be kept to the minimum and the Council needs to be more efficient in the use of their money.*

#### **To deliver this priority our ambitions are:**

- to increase resident satisfaction with overall council performance to the London average by 2010 and to ten percent above the London average by 2020
- to keep council tax increases in the lowest third in London
- to make annual efficiency savings of £4.929m (both cashable and non-cashable)
- to reduce staff sickness levels to an average of 7 days by 2008.

#### **How We Measure the Delivery of Our Ambitions**

- increase public satisfaction to 55% in line with MORI 'Frontiers & performance'
- BV9:- Council tax collection rate. (ODPM target is to get into top quartile)
- BV 10:- (ODPM target is to get into top quartile)
- BV 12 - reduce staff sickness levels to an average of 7 days by 2008.

### **Priority Two: To improve the quality of our services**

*Havering's residents rightly expect high quality services. We know, and inspectors and customers tell us, that some services need to improve. Others need to be developed because of changes in expectations and requirements.*

*For the medium term our improvement focus will be on developing:*

- Housing
- Supporting people
- Adult services
- Ensuring that the Council as a whole embraces the challenge of Every Child Matters and the Children's Plan
- Cultural services

#### **To deliver this priority the ambitions are:**

- To improve the Council's performance as demonstrated by over 50% of our services to be top performing by 2010 (as measured by the Government's best value performance indicators)
- to support our Children's Services to maintain their level of performance through the significant changes required by the Every Child Matters agenda and the Children Act
- to make our housing service one of the best in London

#### **How We Measure the Delivery of Our Ambitions**

- Adult Service – PAF 29-31 indicators (Helping people to live at home)  
Physical disabilities, Learning Disabilities, Mental Health
- Housing Service: ALMO (1) –(reducing the %age of non-decent homes  
Non-ALMO (2) BV 24 – Tenants satisfaction  
BV 183 :- reducing length of stay in temporary accommodation

### **Priority Three: To make Havering a better place in which to live and work**

*The Council wants to ensure the residents of the borough benefit from its regeneration potential and live in an environment that is safe and clean. Where residents are proud to live and where enforcement action is taken against anti-social behaviour. These actions will help deliver the Community Strategy's six key themes*

#### **To deliver this priority our ambitions are:**

- to regenerate our town centres and South Havering through key developments that will put Havering into a different league competitively. We will support developments that will deliver regeneration such as a regional casino in Rainham, technology companies in Harold Hill, and advanced and hi-tech manufacturing and construction in south Havering.
- We will support the vitality of our secondary shopping areas
- We will lobby for improved transport links (*Community Strategy theme – A more Prosperous Community*)
- to increase resident satisfaction with standards of cleanliness by 2010 (*Community Strategy theme – Protect and improve the Environment*)
- to reduce incidents of drink-related disorder by 2010 (*Community Strategy theme – A Safer community*)
- to increase the number of young people going on to higher education by 2010 (*Community Strategy theme – Improved Lifelong Learning*)
- to reduce the degree of health inequality in this borough. Residents in some wards are more likely to die prematurely than residents in others. We will work to reduce this disparity by 2010 (*Community Strategy theme – Better Health & Welfare*)
- to see our community grow more diverse in a confident and inclusive way. We will work to reduce the number of racially motivated and other hate crimes by 2010 (*Community Strategy theme – Increased Community Participation*)

### **How We Measure the Delivery of Our Ambitions**

- BV199 - ENCAMS Survey
- BV 89 – Residents satisfaction on street cleanliness
- Increase the %age of people who feel safe in the streets of Havering at night to 65% (55% in 2005) by 2009

## **HOW WE MANAGE OUR RESOURCES TO DELIVER OUR PRIORITIES**

### **The Medium Term Financial Strategy (MTFS)**

#### **Purpose**

The MTFS sets out how resources will be deployed in support of the vision, ambitions and priorities and to deliver the service improvement targets we have set.

The purpose of the Medium Term Financial Strategy (MTFS) is to set in context an approach to deliver improved services and value for money during this three year period. The detailed budget planning process follows this and results in the annual budget and Council Tax setting, and is an integral part of the MTFS. The major policy and financial decisions that flow from this process, including the level of the Council Tax, reflect a careful consideration of potential pressures and savings that must be addressed if the Council is to continue to deliver efficient and effective services to residents, businesses and visitors.

#### **How the MTFS is delivering local priorities**



Most of local expenditure is funded by government grant and this year the Government increased Havering's grant for its non-school budgets by only £945,000 for 2006-2007.

This will place huge pressure on the council's budget as inflation alone will cost an additional £3m (excluding schools) and the £945,000 increase has to be spread across all of the Authority's other services – last year these amounted to around £125m.

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Investment Area	2006/07	2006-2009
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- £777,000 over three years for Havering’s homeless and other vulnerable people to achieve improvements to its “supporting people” regime as required by national government.

In addition the council will invest an additional £7m capital to help improve school buildings so that they can continue to provide an excellent service to Havering’s young people. This is in addition to the separate allocation of £4.8m for Redden Court School. The Council will continue to use its resources effectively to provide services local people want.

## WORKFORCE DEVELOPMENT PLAN

### Purpose

The document will be the first organisation-wide Workforce Plan. The overall purpose of the Plan is to identify the key challenges facing the Council over the next three years in recruiting and retaining the workforce it requires, and suggesting actions that can be taken in response.

The Council recognises the value of recruiting, retaining and developing an able workforce to respond to the demands of service delivery. A Council priority is to continue to improve the support given to our staff to enable them to deliver first class services.

### What it Involves

It involves identifying the gaps between the current workforce and the one the Council both wants and needs in the future, and provides the opportunity for longer term thinking about future service pressures and needs, and what the Council can do to develop workable strategies.

### Why undertake Workforce Planning?

This workforce development plan addresses the five priority areas set out by The Pay and Workforce Strategy 2003, developed by the Office of the Deputy Prime Minister and the Employer’s Organisation that are critical to the improvement of local authorities and to improve the delivery of customer focused services :

- i) **Developing Leadership Capacity** – among both officers and members, including attracting effective leaders into local government from outside the sector.
- ii) **Developing the skills and capacity of the workforce** – across the corporate centre of authorities, specific services, management and the frontline workforce.
- iii) **Developing the organisation** – to achieve excellence in people and performance management, partnership working and the delivery of customer focused services.
- iv) **Resourcing local government** – ensuring that authorities recruit, train and retain the staff they need and address diversity and equality issues
- v) **Pay and Rewards** – having pay and reward structures that attract, retain and develop a skilled and flexible workforce while achieving value for money in service delivery.

The challenging action plan contained within the plan will ensure that Havering has a modern workforce, able to respond quickly to change and deliver quality services to its customers.

## **Progress and Achievements**

The Council is already delivering some aspects of the above within its 'Building a Healthy Organisation' agenda including :

- Significant improvements in sickness absence levels through proactive case management;
- A commitment to delivering three days training and development per annum to each member of staff;
- Implementation of additional staff benefits which will assist with recruitment and retention;
- Joint working parties with trade unions to ensure that employees maintain a work/life balance;
- New ways of working which have led to improvements in employee relations and slicker, modern systems.

These key areas are further addressed in the following documents which are contained within the plan :

### **1. Human Resources Strategy**

- enabling the Council to attract and develop the staff it requires;
- identifying the staff skills and attributes the Council needs now and in the foreseeable future;
- working positively within the local employment market;
- working in partnership with education and training bodies to ensure the workforce expertise needed for the future;
- promoting best staff performance and conduct through effective rewards and employment arrangements, corporate standards and HR policies;

- ensuring timely and effective staff communications and consultations on those things that effect their work and the Council.
- ensuring a detailed breakdown of the Council's workforce and identifying 'hotspot' areas

### **2. Workforce Profile**

- A detailed breakdown of the Council's workforce identifying 'hotspot' areas

### **3. Learning & Development Plan**

- Member Development
- Senior Manager Development
- 3<sup>rd</sup> & 4<sup>th</sup> Tier Manager Development
- Supervisory Development
- Basic Skills
- Talent Management – Grow your own
  - National Graduate Trainees
  - Modern Apprenticeships
- Institute of Customer Services
- Investors in People

# HAVERING COMMUNITY STRATEGY UPDATE 2005

## About the strategy

Havering's Community Strategy creates a framework for improving the quality of life for all people in Havering. The strategy has been developed by the Havering Strategic Partnership (HSP) in consultation with the community. The HSP brings together local stakeholders, community and voluntary groups, local businesses and partnerships.

The HSP will work together with the whole community and partnerships to achieve our shared ten year vision and priorities captured within this strategy. The HSP will strive to increase the diversity of people actively involved in and contributing to the development of sustainable communities.

## Vision

The HSP vision for Havering is to create a safe, welcoming, healthier and more prosperous place where people choose to live, work and visit.

In drawing up the strategy the HSP recognises, values and embraces the diversity of cultures within Havering, and the communities that make up the borough. The HSP is committed to ensuring that services and activities benefit all communities, particularly those who are disadvantaged and hard to reach.

<b>HSP Mission</b>	<b>HSP Values</b>
<ul style="list-style-type: none"> <li>• Create a thriving successful and healthy community for all</li> <li>• Make Havering an inclusive place in which to live, work and visit</li> <li>• Create a dynamic, prosperous economy driven by a well educated and trained workforce</li> <li>• Create a good quality of life in Havering for now and the future, through actions that contribute locally, nationally and internationally to sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage local communities and reflect local needs and aspirations in policies and plans</li> <li>• Coordinate actions of HSP members to meet the needs of the community in an efficient and effective way</li> <li>• Achieve sustainable development and local improvements</li> <li>• Promote the development of a cohesive safe community.</li> <li>• Encourage the development of coordinated and joint service plans.</li> </ul>

## Key Priorities

This strategy is a living document which will be continually reviewed. It builds on the strong foundations laid by the first strategy published in 2002 and the six themes which remain relevant:

<ul style="list-style-type: none"> <li>• Better health and welfare</li> <li>• Increased community participation</li> <li>• A more prosperous community</li> </ul>	<ul style="list-style-type: none"> <li>• Protect and Improve the Environment</li> <li>• A safer community</li> <li>• Improved lifelong learning</li> </ul>
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The delivery plans that underpin the strategy translate the vision and priorities into high level commitments and actions. They are regularly monitored and progress is reported to the community.

The Council supports the delivery of the Community Strategy through the Corporate Plan. This link is clearly demonstrated within the ambitions of the Council's priorities discussed at page xx under '*what are the Council's priorities and ambitions for Havering*'.

More information on Havering Community Strategy can be found at: [www.hspnetwork.org.uk](http://www.hspnetwork.org.uk).

## HOW IS THE COUNCIL PERFORMING AND WHERE DOES IT NEED TO IMPROVE?

### The Government's View

Since 2002 central government has been continually reviewing local government services and the way they affect their local communities – under the Comprehensive Performance Assessment (CPA). These assessments allow stakeholders including residents to compare the service provided locally with near neighbours and other local authorities. Details of the assessments which took place during 2004/5 and the overall performance assessments given in December 2005 are as follows:

### DIRECTION OF TRAVEL – 2005

The Direction of Travel Statement is an Audit Commission assessment report on the progress the Council has made in the last year.

The Audit Commission concluded that Havering Council is improving well (scoring 3 out of 4). It noted the following:

*'Improved service outcomes in corporate priorities have been achieved. These address areas of lower public satisfaction, for example in children's social care, housing and the environment. Improvements include better community based services and increased user satisfaction with housing management, street cleaning and waste management. Managerial capacity and systems have been strengthened, leading to an improved focus on performance. Improved cross-party support and governance have assisted this process. Workforce development has been recognised by corporate Investors in People accreditation and has contributed to best quartile performance for sickness absence. Havering's*

*overall spend remains low and service costs compare well to similar boroughs. Better external focus has resulted in improved partnership collaboration. Investment has been made in economic regeneration to improve access and quality of services for vulnerable groups. Cross cutting reviews are showing early signs of better outcomes for 'hard to reach' groups and older people. The quality of some service delivery plans need to be improved to focus more clearly on targets and outcomes. Greater synergy is evident in corporate and community planning, for example, the Strategic Partnership's action plans.'*

The Council will continue to strengthen its performance management system to address the identified improvement areas. Monthly performance information reports progress on how we are delivering our high level actions.'

Full details of our Direction of Travel submission is at:  
[www.havering.gov.uk/cpa](http://www.havering.gov.uk/cpa)

### USE OF RESOURCES

The Audit Commission concluded that overall the Council's management of its use of resources is "adequate and meets minimum standards". It also stated that the Council has "a strong and embedded medium term financial planning process and its Asset Management planning is well developed".

The use of resources assessment comprised five elements: financial management, financial standing, internal control, financial reporting and value for money.

Each of these themes are scored on a 1-4 scale as follows:

Theme	score	What it means
Financial Reporting	2	Adequate performance
Financial Management	2	Adequate performance
Financial Standing	2	Adequate performance
Internal Control	2	Adequate performance
Value for Money	3	Performing well – consistently above minimum standards
<b>Overall Score</b>	<b>2</b>	<b>Adequate performance</b>

### Value for Money (VFM)

The Audit Commission’s strategic plan highlights the importance of VFM issues as a core element underpinning any area of our future work.

The Audit Commission concluded that (as shown above in the table) ‘the council is performing well and consistently above minimum standards in delivering VFM, and its overall spend is low and service costs compare well with similar boroughs’. It also stated that ‘there are some areas of good performance with low spend, and investment is being made in areas of previous under funding to improve poorly performing services.’

More recent MORI survey results confirm an overall increase in user satisfaction in areas where specific resource have been allocated. The Council’s Gershon submission saw Havering placed eleventh in London, in order of proportion of budget saved.

Furthermore, the overall picture emerging from the VFM profiles (produced by CIPFA) is that Havering council is performing well in the context of the resources available.

### What We Will Do To Achieve VFM

The Council is strengthening its overall VFM approach by setting itself the following objectives:

- integrate the VFM principles within existing performance management and monitoring processes (including Commissioner Board, Star Chamber and MTFS submissions)
- ensure that VFM reviews are undertaken on areas of activity identified via the monitoring process e.g. Commissioner Board
- provide a framework to benchmark our services activities and costs against other similar activities or services (*where this is considered useful*)
- respond to opportunities through the increase use of the council’s Alternative Service Delivery (ASD) initiatives
- promote a culture of continuous improvement
- demonstrate actively (with outcomes) to stakeholders that VFM is being achieved or VFM activities are being undertaken
- ensure that all staff recognise their continuing obligation to seek VFM for the Council as part of their routine activities

### How We Demonstrate VFM in Service Areas

All service areas are required to deliver and demonstrate the test of value for money as part of service planning. These include:

- Evidence of cost management (e.g. streamlining processes, partnership and procurement).
- Set targets to improve VFM
- Ensure costs compare well with others – benchmarking material is available and used
- Ensure high spending areas are identified and addressed
- Deliver tangible outcomes of VFM activity (impact on users, efficiency gains, etc)

- Ensure procurement and other spending decisions take account of full long-term costs
- Consistently improve satisfaction rating through service quality

For full details of Havering's VFM submission, please visit: [lbh\\_web/CPA/VFM/ValueForMoneySelfAssessmentForm-2Aug-Final.doc](#)

## THE ANNUAL AUDIT LETTER 2005

The letter summarises the conclusions and significant issues arising from recent audit and inspections work undertaken by the Audit Commission.

Separate reports have been issued during the year identifying improvement areas. Various action plans have been drawn up to implement the recommendation.

Further information on the key messages, our overall performance and the audit report issued for 2004/5 can be found in the Annual Audit and Inspection Letter on the Council's website: [www.havering.gov.uk](http://www.havering.gov.uk)

## SERVICE ASSESSMENTS

Up till December 2004 the Audit Commission has been reviewing core service performance in the service areas shown below. Each service is scored on a scale of 1 to 4, with 1 being the lowest and 4 being the highest.

Core Service Area	Score 2004	Score 2003	Score 2002
Education	4	4	3
Social Care	2	2	2
Environment	2	1	1
Housing	1	1	1
Libraries and Leisure	2	2	2
Benefits	3	3	3
Use of Resources	3	3	2
Corporate Assessment '02	2	2	2

In December 2005 the Audit Commission continued to review core service areas but under the new scoring criteria published as the CPA "the Harder Test". This was much more prescriptive and the resulting scores are in no way related to previous assessments. Because this is a 'harder test', the score indicate that overall, the council is improving service delivery.

The following table shows the Council's service performances

### CPA Score Card- 2005

Element	Assessment Score 2005
Direction of Travel Judgement	Improving well (3 out of 4)
Overall Performance	One Star (1 out of 4)

Current Performance	Score out of 4
Children and young people' Services	4
Social Care - Adult	2
Environment	2
Housing	1
Libraries and Leisure	2
Benefits	3
Culture	2
Use of Resources	2
<b>Corporate Assessment 2002</b>	<b>2 out of 4</b>

We report on headline comments made by the various inspectorates following the assessments.

### Children's Services

Havering was one of only 11 Councils nationally to be awarded the Audit Commission's highest assessment rating for children service

The Annual Performance Assessment 2005 concluded that "the local authority's education services deliver well above minimum



requirements for users, and the council's capacity to further improve its services for children and young people is excellent“.

Significant progress has also been made in services to children resulting in an improved rating by the Commission for Social Care Inspection in 2005 (scoring 3 out of 4). Inspectors concluded that “the council has embarked upon a fundamental exercise to strengthen the management of its services to children.”

### **Social Care - Adult**

The recent assessment of the Commission for Social Care Inspectorate (CSCI) concluded that “overall, there has been some key strategic developments and progress made to support older people to live independently and the development of a wider range of community services, including supported housing options and the delivery of equipment and adaptations. Similarly, the range of intermediate care options has developed and hospital delays have been managed effectively and reduced.” It scored 2 out of 4.

CSCI concluded that “these factors indicate that the balance of care is beginning to shift in the right direction towards the promotion of independence although some improvement areas have been identified”. The council will continue to address these areas.

However, improvement areas have been identified, for example, the quality of assessment reviews, cost management and direct payments. Work is underway to address them.

### **Cultural, Libraries and Leisure Services**

The Council continues to focus on improving this area in response to residents' priorities. New developments have recently been delivered, for example the new Central Park Leisure Centre and a capital investment in our parks of nearly £1 million. Further major changes are underway to ensure continuous improvement. This could make a difference and improve satisfaction levels.

A Leisure inspection took place in September 2002. It was assessed as “providing a ‘fair’, (one star) service that has uncertain prospects for improvement.

### **Environmental Services**

The most recent results from the ENCAMS surveys show real progress. Havering's streets have recorded a substantial 13% increase in cleanliness, confirmed by ENCAMS as ‘the best improvement in London’. In a research conducted by MORI in 2005, satisfaction levels on standards of cleanliness and waste recycling rose by about 6%. Satisfaction with streets is up 12%. There has been a 39% decrease in customer complaints. The condition of Havering's roads and pavements are further improved. A survey of London boroughs principal road conditions placed Havering 11<sup>th</sup> best in 2004/05.

Improvement areas identified include the amount of waste passed for recycling and/or composted in order to meet the central government standard which has been agreed for Havering. The Waste Management Service was inspected in July 2002 and was judged to be a ‘fair’ (one star) service that has promising prospects for improvement.

The Planning Service is now one of the strongest in London. All three government targets for speed of decisions are being met. It was short-listed for the ‘Best Public Sector Planning Organisation.’ The Planning Service was inspected in October 2004 and was judged to be providing a ‘fair’ (one star) service and has promising prospects for improvement.

### **Housing**

The Council continues to give priority to its housing service as a key area for service improvement. The concerted effort to address identified areas has resulted in noticeable improvements. For

instance performance in relation to rent collection is amongst the best for London authorities; and it also continues to improve empty property re-let times. The Housing Strategy is rated “fit for purpose”.

The Supporting People Programme was inspected in May 2005 and was judged to be providing a ‘poor’ service that has uncertain prospects for improvement. Improvement areas identified included the level of consistency in the treatment of waiting list and transfer list applicants, delivery arrangements and work plan for the Supporting People Programme. Key actions have been identified to deliver improvements.

The Housing Service was also inspected in June 2005 and was judged to be providing a ‘fair’ (one star) service and has promising prospects for improvement. Plans are in place to build on the achievements in order to improve.

### **Benefits Service**

The service continues to provide a “Good Service.” The council has met 6 of the 12 performance measures set and 47 of the 65 enablers. This resulted in a score of 3 out of 4. There were a number of positive aspects demonstrated by the service. Effective performance management continues to be embedded in its operations. The Benefit Fraud Inspectorate stated that the service “had clear procedures for prioritising changes of circumstances that may lead to overpayment, for dealing with overpayments and write off and maintained an audit trail on all decisions on recovery and classification.”

A number of improvements areas have been identified to enable the Council to fully meet performance standards and the Government’s Public Sector Agreements.

For each of these there are detailed action plans in place to improve services to the people of Havering and these will continue to be delivered.

Further information on these inspections can be found on the website, in the section ‘Reviews and Inspections’.

## **PERFORMANCE INDICATORS**

Performance indicators provide meaningful comparison with all authorities. In the first year of best value (2001/02), 24% of our indicators were among the best in London. This is now improved to 35%. A total Of 54% of our indicators would have shown an above average performance as the table shows.

### ***Quartile Assessments vs London Boroughs***

<b>Quartile</b>	<b>2001/02</b>	<b>2004/05</b>
1	24%	35%
2	16%	19%
3	21%	23%
4	39%	23%
Based on:	114 indicators	100 indicators

### **Improvement Action**

Service areas are fully aware of the need to embed and maintain high performance and to develop action plans to improve performance indicators; especially in bottom quartile figures.

There is a requirement to include these in the MTFs and to make specific reference to improvement actions within service plans. Performance indicators are also reported in submissions to the



Commissioner Board where Heads of Service report on performance matters to the Cabinet. The monthly performance packs, which are seen by Members and discussed at Overview and Scrutiny Committees, also contains reports on the progress on CPA sensitive indicators.

Full information on this year's performance can be found on the website, in the 'How we are performing' section.

## **CORPORATE AND FINANCIAL PLANNING CYCLE**

Our corporate planning processes are the way in which we plan effectively for the future and ensure that we use our resources to maximum effect for local people.

In order to do this we need to be clear about what we achieve, know when we achieve it and take any action needed if things are not on track.

Our corporate planning, performance and financial process sets out a framework that we can all follow to make sure that we:

- Work with our partners to deliver our shared vision
- Set clear priorities for achieving this vision
- Set ourselves clear and challenging targets to help us achieve the vision
- Identify resources to achieve our priorities and goals
- Learn from our customers, partners, staff and our performance in our drive for continuous improvement
- Integrate all elements of our planning processes to ensure linkages between service and financial planning

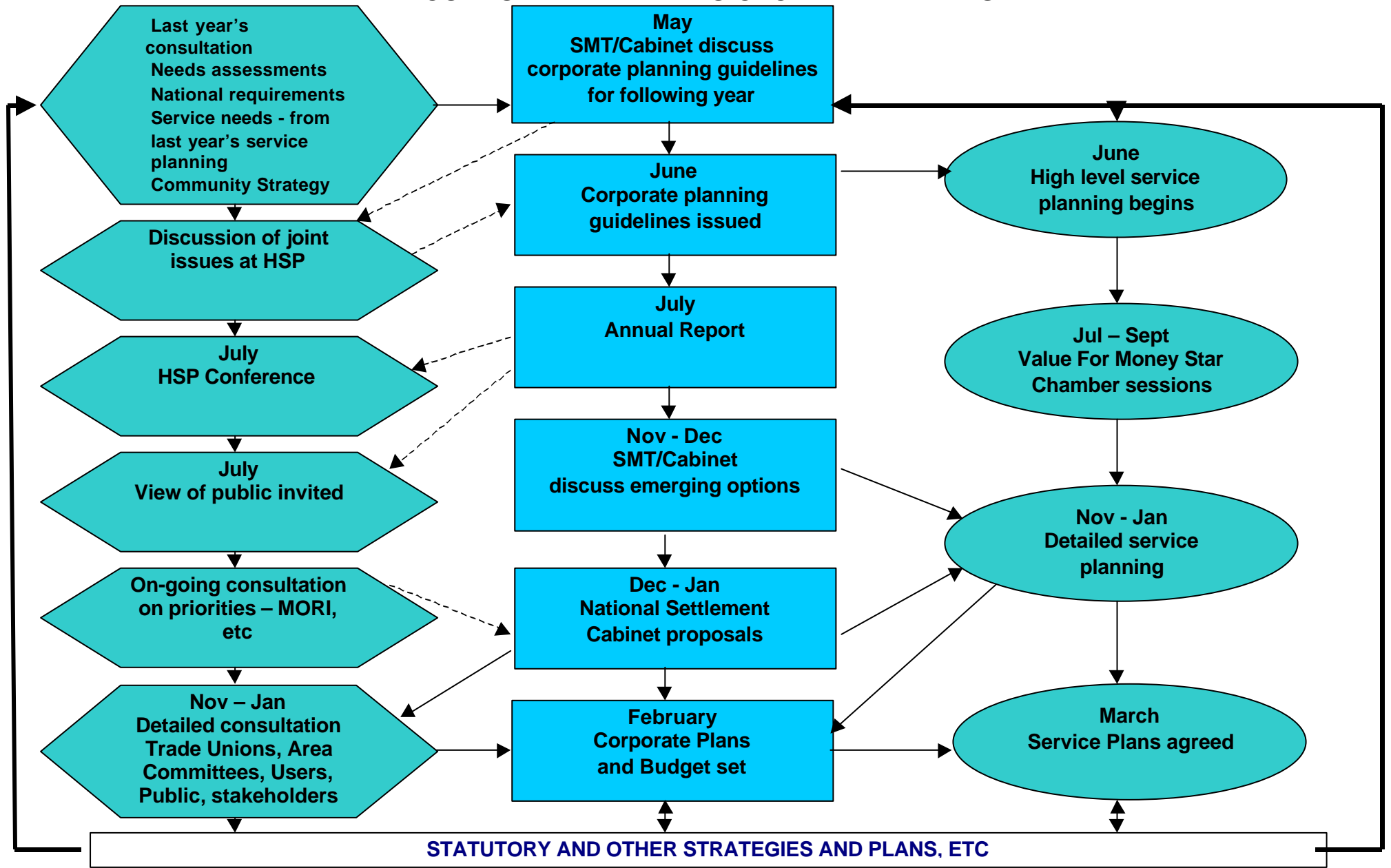
- Ensure our corporate planning process supports the achievement of our key priorities
- Work together across services and departments with a common purpose
- Take account of national and local influences for change

This planning will cover all funding streams available to the Council including those through partnerships.

Our planning process is informed through consultation with the community and our partners and the outcomes of this consultation are considered during the annual planning cycle.

The diagram below provides a graphic illustration of the process of our planning cycle.

## CORPORATE PLANNING CYCLE IN HAVERING



## **COUNCIL PRIORITIES AND AMBITIONS**

The Council has set itself three corporate priorities (as explained from the outset) to support the delivery of its vision. The next section reports on our ambitions for these priorities and our high level actions to deliver them from 2006 -2009.

## **1. To promote financial efficiency & value for money**

### **Ambitions**

Our ambitions to deliver financial efficiency and value for money include:

- to increase resident satisfaction with overall council performance to the London average by 2010 and to ten percent above the London average by 2020
- to keep council tax increases in the lowest third in London
- to make efficiency savings in excess of Gershon targets
- to reduce staff sickness levels to an average of 7 days per year

### **Key Achievements**

Achievements for 2005/06 are reported in our Direction of Travel statements and the monthly performance monitoring packs. The following are some highlights:

- The Audit Commission concluded that the council's performance on delivering value for money services is "consistently above minimum standards"
- overall spend is low and service costs compare well with similar boroughs
- Havering's efficiency savings for 2004/05 were ranked 11th out of 33 London boroughs for proportion of budget saved. Havering's efficiency savings totalled nearly £5m, of which £4m was cashable. 45% of these savings were being achieved from corporate services, slightly more than the London average of 43%.
- Sickness absence is now one of the lowest in London .
- Council Tax collection rates are now 1.5% higher than London average
- Workforce development has been recognised by corporate Investors in People accreditation and the Two Ticks Disability Symbol
- New advice and service centres opened in Romford and Upminster
- Management capacity and performance management strengthened

### **Future Plans**

Our high level actions to deliver this priority are shown next under:

- Robust financial planning
- effective monitoring and management of performance
- communicate effectively with customers, residents and staff so that they are better informed about what service standards to expect and how they can influence their delivery

## 1. (A) ROBUST FINANCIAL PLANNING

2006/07

### Description of High Level Actions

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Develop potential partnership arrangement for other services, including Parking, Technical services, and Environment.</li> <li>• Continue to improve Debt Management - 30% of the debt outstanding at 31st March 2006 will be cleared by 31st March 2007.</li> <li>• Introduce alternative payment dates for Council Tax for direct debit payers - Increased direct debit take-up and improved collection rate for council Tax</li> <li>• Undertake review of Revenues and Benefit Service - Report produced with recommendations for the future provision of the service.</li> <li>• Sustain improvement in benefit processing and review practices to see if benefits could be processed on the front line - New claims processed in 30 days</li> <li>• Continue to deliver Procurement Strategy and outsourcing of failing/poor services.</li> <li>• Continue to improve Procurement arrangements generally.</li> <li>• Expand implementation of electronic procurement system across all services.</li> <li>• Implement long term approach to delivery of internal audit service through partnership and/or other arrangements.</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to implement the new government agenda of delivering identifiable 'Efficiency Gains' and reporting 'Annual Efficiency Statement' (Gershon Review).</li> <li>• Purchase and develop system and processes to enable implementation of manager/employee self service for Payroll.</li> <li>• Continue to improve budget setting and financial management and links to service planning.</li> <li>• Continue to improve close down processes and implement whole of government accounts requirements.</li> <li>• Continue to improve on the %age and quality of grant claims submitted for audit on time and seek opportunities to increase level of grant funding.</li> <li>• Work with external groups to further improve benefit take-up</li> <li>• Establish basis for long-term budget development in light of Government proposals for local government finance.</li> <li>• Introduce new arrangements for delivering Technical and Surveying Services</li> <li>• Continue to integrate financial management and service performance.</li> <li>• Implement new services finance structure and co-locate services teams.</li> <li>• Implement recommendations to improve Use of Resources assessment.</li> </ul> |
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2007/08

- |                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Continuation of partnership programme</li> <li>• Set up partnering arrangements in key areas</li> <li>• Continue to improve Debt Management</li> <li>• Continue to improve budget setting and financial management</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to implement the new government agenda of delivering identifiable 'Efficiency Gains' and reporting 'Annual Efficiency Statement' (Gershon Review).</li> <li>• Continue to improve Procurement arrangements generally.</li> <li>• Ongoing development of long-term budgets.</li> </ul> |
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<b>2008/09</b>	
<ul style="list-style-type: none"> <li>• Continuation of partnership programme</li> <li>• Continue to set up partnering arrangements in key areas</li> <li>• Continue to improve Debt Management</li> <li>• Continue to improve budget setting and financial management</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to implement the new government agenda of delivering identifiable 'Efficiency Gains' and reporting 'Annual Efficiency Statement' (Gershon Review).</li> <li>• Continue to improve Procurement arrangements generally.</li> </ul>

**We will be inserting the latest relevant performance information Eg Council Tax Collection Rate**

## 1. (B) EFFECTIVE MONITORING AND MANAGEMENT OF PERFORMANCE

### What we will do over the next three years

**2006/07**

#### Description of High Level Actions

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Continue to focus attention on improving weaker services.</li> <li>• Drive service improvements and Value for Money (VFM) across all services.</li> <li>• Further embed Performance Management systems.</li> <li>• Continue to work with councillors to promote good working and mutual understanding of respective roles.</li> <li>• Continue to improve project management across the Council</li> <li>• Develop IT options for monitoring performance.</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to improve the Comprehensive Performance Assessment (CPA) score</li> <li>• Review the Havering Technical Partnership and future provision of technical services.</li> <li>• Further improve and cascade risk management mechanisms.</li> <li>• Continue to improve target setting and measurable outcomes'</li> <li>• Implement recommendations arising from independent inspections</li> </ul> |
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**2007/08**

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| <ul style="list-style-type: none"> <li>• Continue to improve Performance Management Systems.</li> <li>• Continue to improve project management across the Council.</li> <li>• Further develop a corporate process for delivering Value for Money</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to cascade risk management mechanisms</li> <li>• Continue focus on improving services</li> <li>• Implement recommendations arising from independent inspections</li> </ul> |
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**2008/09**

- |                                                                                                                                                                                                                          |                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Continue to embed Performance Management Systems.</li> <li>• Continue to improve project management across the Council.</li> <li>• Continue to embed risk management</li> </ul> | <ul style="list-style-type: none"> <li>• Continue focus on improving services</li> <li>• Implement recommendations arising from independent inspections</li> <li>• Further embed Value for Money process</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**1 ( C ) COMMUNICATE EFFECTIVELY WITH CUSTOMERS, RESIDENTS AND STAFF SO THAT THEY ARE BETTER INFORMED ABOUT WHAT SERVICE STANDARDS TO EXPECT AND HOW THEY CAN INFLUENCE THEIR DELIVERY**

**What we will do over the next three years**

**2006/07**

**Description of High Level Actions**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <ul style="list-style-type: none"> <li>• Conduct annual review of Community Strategy</li> <li>• Develop communication work programme for HSP</li> <li>• Review HSP activities to ensure it is fit for purpose</li> <li>• Close down LPSA 1; evaluate programme and claim performance grant money</li> <li>• Provide planning, education and social care advice from the Romford PASC</li> <li>• Establish a general telephone enquiry service supported by a council wide information system</li> <li>• Establish a proper internal charging mechanism for Customer Services</li> <li>• Improve complaint handling by rolling out Customer Relationship Manager (CRM) wider.</li> <li>• Promote fairer access to services for difficult to reach groups</li> <li>• Continue to implement corporate consultation strategy.</li> <li>• Improve electronic access to council services, including for example, providing information, collecting revenue, procurement and paying for goods and services.</li> <li>• Improve communication and consultation of spending, choices and performance with our Community.</li> <li>• Consult effectively on resident's spending priorities</li> </ul> | <ul style="list-style-type: none"> <li>• Implement Disaster Recovery solutions to support Business Continuity.</li> <li>• Deliver technology and partnership activities to support Gershon efficiency targets.</li> <li>• Undertake staff survey.</li> <li>• Implement recommendations arising from Audit Commission inspection of Customer Access to Services and User Focus inspection.</li> <li>• Deliver LPSA target to extend access to public services to Havering residents.</li> <li>• Improve profile of Havering</li> <li>• Implementing Electronic Government (IEG) deliverables to improve e-Government, in particular, priority service outcomes and BVPI 157 100% compliance.</li> <li>• Continue website development.</li> <li>• Further develop and implement civic pride campaign (Better Havering)</li> <li>• Relaunch the Council's Intranet</li> <li>• Review 'Living in Havering' magazine</li> <li>• Undertake best value general survey</li> <li>• Produce A-Z of Council services</li> </ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**2007/08**

- |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• continue to develop customer access to services</li> <li>• continue website development</li> <li>• Conduct annual review of Community Strategy</li> <li>• Develop and implement Local Annual Agreement (LPSA 2)</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to implement recommendations arising from Audit Commission inspection of Customer Access to Services and User Focus inspection.</li> <li>• Continue to deliver LPSA targets to extend access to public services to Havering residents.</li> </ul> |
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<ul style="list-style-type: none"> <li>• undertake MORI survey to monitor customer perceptions of the council and its services</li> <li>• Produce A-Z of Council services</li> <li>• Consult effectively on resident's spending priorities</li> </ul>	<ul style="list-style-type: none"> <li>• continue to improve profile of Havering</li> <li>• improve customer consultation</li> </ul>
<b>2008/09</b>	
<ul style="list-style-type: none"> <li>• Establish a networks of Public Access Service Centres across the borough (Rainham, Hornchurch, Harold Hill, Collier Row, Upminster, Romford.)</li> <li>• Produce A-Z of Council services</li> <li>• Consult effectively on resident's spending priorities</li> <li>• Continue to implement recommendations arising from Audit Commission inspection of Customer Access to Services and User Focus inspection.</li> </ul>	<ul style="list-style-type: none"> <li>• continue to develop customer access to services</li> <li>• continue website development</li> <li>• improve customer consultation</li> <li>• continue to improve profile of Havering</li> <li>• Continue to deliver LPSA targets to extend access to public services to Havering residents.</li> <li>• undertake MORI survey to monitor customer perceptions of the council and its services</li> </ul>

Attach PASC – Number of Customers seen

Attach PASC – Average waiting time

## 1. (D) MAKE MORE EFFECTIVE USE OF THE SKILL AND COMMITMENT OF OUR WORKFORCE

### What we will do over the next three years

**2006/07**

#### Description of High Level Actions

- Review the Council's performance on all 5 levels of the Equality standards.
- Achieve Levels 2 & 3 of the Equality Standards for Local government.
- Publish a Disability Scheme
- Publish Race Equality Scheme
- Produce LBH Work Force Development Plan
- Develop Centre of Excellence for HR policy formulation.
- Identify collaborative partners to continue to transform HR and build a Shared Services Model.

- Develop plan to enable employees and managers to access and manage their own personal details.
- Implement Single Status.
- Review the member & manager development programme and recommend further developments.
- Design & deliver a member induction programme.
- Complete (2<sup>nd</sup> year) H&S review programmes.
- Continue to monitor and improve absence management.
- Continue to develop trainee programme

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- Evaluate the impact of the Equalities and Diversity training.
- Achieve Level 4 of the Equality Standards for Local government.
- Simplify online user friendly Human Resources (HR) policies and processes.
- Continue to develop trainee programme

- Identify partners to develop shared services model.
- Continue to monitor and improve absence management.
- Enhancement of "blended learning" approach.
- Research and develop leading edge development programmes.
- Re-launch Health & Safety review programme.

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- E-HR system implemented across the Council
- Development of talent management strategies
- Continue to develop trainee programme
- Achieve Level 5 of the Equality Standards for Local government.

- Explore partnership opportunities with Thames Corridor partners to enhance development opportunities
- Actively pursue opportunities for partnership working to ensure efficiency savings achieved in line with Gershon requirements
- Development of shared services model

Insert graph on BV12 - sickness

## Corporate Priorities To Deliver Improvement

### 2. To improve the quality of our services

#### Ambitions

##### Our ambitions to improve the quality of our services include:

- to reduce the number of Performance Indicators in the bottom quartile nationally to 10% by 2010 and none by 2020
- to support our Children's Services to maintain their level of performance through the significant changes required by the Every Child Matters agenda and the Children Act
- to make our housing service one of the best in London

#### Key Achievements

Achievements for 2005/06 include are reported in our Direction of Travel statements and the monthly performance packs.

Examples include:

- Turn round of planning applications target is now one of the best in London
- New claims processing for Benefits has improved from 74 days in 03/04 to 40 days in 04/05
- Improvement in street cleanliness recognised by ENCAMS (the environmental charity) who found that public spaces below standard cleanliness levels had fallen from 43% in 2003/04 to 37% in 2004/05
- A survey of street cleanliness, shows a 9 point improvement for 2004/5. Havering is now rated as 7th highest in London.
- The 2005 MORI survey identified the following improvements in residents' views between October 2003 and February 2005: The proportion of residents satisfied with the overall performance of the Council leapt by 10% from 37% to 47%. Satisfaction with the cleanliness of the borough improved from 42% to 48%. This is backed-up by an ENCAMS survey showing a 6% improvement between 2003/04 and 2004/05
- Housing service was judged to have promising prospects for improvement . Received accreditation from GoL for 'fit for purpose ' Housing Strategy and HRA business plan.
- Education: Havering's LEA is the best in the country with an all-comprehensive system. It regularly outperforms statistical neighbours. At key Stage 1 and Key Stage 2 Havering is the second highest performing LEA in London.
- £1M capital investment in parks infrastructure – including childrens' play areas, teen areas, fencing & litter bins; delivered on time, in budget

- Completion of the new Central Park Leisure Centre;
- Completion of phase 1 works relative to the development of the Fairkytes Arts Centre;
- Successful management of the Council' events programme; including the Hornchurch Festival & Havering Show;
- Successful running of school summer holiday programmes, involving young people in heritage, arts & sports activities; the Havering team winning the London Youth Games;
- The redevelopment of the all weather running track at Hornchurch Stadium;
- Inclusion of the swimming pool at Central Park Leisure Centre in the 'Top Ten' pools in London; the recent independent London Swimming Pools Survey refers;
- Completion of £600,000+ refurbishment programme at Hornchurch Sport Centre on time and within budget.

## 2. (A) DEVELOP THE COUNCIL'S COMMUNITY LEADERSHIP CAPACITY SO THAT IT HAS AN OUTWARD LOOKING FOCUS AND DELIVERS SERVICE IMPROVEMENT

### What we will do over the next three years

2006/07	
<b>Description of High Level Actions</b>	
<ul style="list-style-type: none"> <li>• Continue to enhance leadership capacity.</li> <li>• Implement Best Value Review of Leadership and Engagement Action Plan.</li> <li>• Implement the recommendations of the 'Services for Older People' Best Value review.</li> <li>• Improve links with voluntary organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain and increase external customer base.</li> <li>• Promote and identify alternative methods of service delivery.</li> <li>• Review the delivery of future LPSAs.</li> <li>• Develop Local Area Agreement framework</li> <li>• Contribute towards delivering the Community Strategy.</li> </ul>
2007/08	
<ul style="list-style-type: none"> <li>• Continue to enhance community leadership across the council.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to deliver Community Strategy and LPSA</li> </ul>
2008/09	
<ul style="list-style-type: none"> <li>• <b>As above</b></li> </ul>	

**2. (B) EVERY SERVICE WILL SET OUT STANDARDS FOR DELIVERY OF SERVICE AND PERFORMANCE TARGETS TO IMPROVE SERVICES AS PART OF THE SERVICE PLANNING PROCESS**

**2. (B) i. HOUSING ACTIVITY**

**What we will do over the next three years**

<b>2006/07</b>	
<b>Description of High Level Actions</b>	
<ul style="list-style-type: none"> <li>Carry out ballot of tenants and leaseholders on the Mardyke Estate (South Hornchurch) to agree a stock transfer to the Circle-Anglia Housing Trust.</li> <li>Review Supported Housing Service for the Elderly with the aim to introduce a mobile warden service that can be expanded from just Council tenants to those in need in private sector housing.</li> <li>Review the Homeless Hostel service so that processes are improved.</li> <li>New Housing Strategy for 2007 – 2010 to be submitted to Government Office for London (or Greater London Authority) for a “Fit for Purpose” assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Implement 5-year Supporting People Strategy</li> <li>Prepare for the re-inspection of the Supporting People service in June 2006 – October 2006. Aim is 1* with Promising Prospects for Improvement and deliver any actions arising.</li> <li>Raise profile of Supporting People through the Local Strategic Partnership.</li> <li>Launch Choice Based Lettings in partnership with the East London Lettings Company.</li> <li>Through effective partnership with Development Control to deliver *** units of new/converted Registered Social Landlord (RSL) units where Havering will have nomination rights.</li> </ul>
<b>2007</b>	<b>2008</b>
<ul style="list-style-type: none"> <li>Stock Transfer of the Mardyke Estate on assumption that ballot is positive and the First Secretary of State has approved Section 27 Notice.</li> <li>Undertake external assessment of Community Housing Service in line with the KLOEs and implement action plan.</li> </ul>	<ul style="list-style-type: none"> <li>Increase savings and efficiency by considering partnership with other London Borough providers.</li> <li>Implement New Housing Strategy for 2008 – 2010.</li> <li>Identify Homeless Hostel buildings that can receive investment.</li> </ul>
<b>2008</b>	<b>2009</b>
<ul style="list-style-type: none"> <li>Implement recommendations from Community Housing Inspection.</li> <li>Implement New Housing Strategy for 2008 – 2010.</li> </ul>	<ul style="list-style-type: none"> <li>Consider regeneration opportunities with ALMO on estates, particularly on Harold Hill.</li> </ul>

Insert graphs on average Void to relet time

Insert graphs on current Rent arrears

## 2.(B) ii. SOCIAL CARE - ADULTS

### What we will do over the next three years

2006/07

#### Description of High Level Actions

<ul style="list-style-type: none"> <li>• In order to meet the Government agenda develop a strategy to promote cross directorate working</li> <li>• Continue to improve PAF and BV performance indicators</li> <li>• Devise, deliver and monitor action plans which result from CSCI Inspections</li> <li>• Improve partnership arrangements with PCT via Joint Commissioning Strategy</li> <li>• Further improvements in the quality, equality and cost effectiveness of externally purchased care services.</li> <li>• Review, renew and evaluate plans to achieve better income generation</li> <li>• Review Fairer Access to Care criteria and make changes based on recommendations</li> <li>• Increase take up of Direct Payments and pilot Individualised Budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain improvements in staff recruitment and retention.</li> <li>• Build career pathways for staff in line with service modernisation agenda</li> <li>• Increase user and carer participation in the planning of services by developing a strategy for user involvement</li> <li>• Begin the work on planning a modernised Home Care Service</li> <li>• Establishment of Extra Care Sheltered Housing Unit</li> <li>• Completion of re-provision programme for accommodation for people with learning disabilities.</li> <li>• Undertake more enhanced work with the PCT on Hospital Discharge</li> <li>• Undertake value for money exercise of transport services</li> <li>• Develop a strategy for promoting Telecare across service areas</li> </ul>
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2007/08

<ul style="list-style-type: none"> <li>• Evaluate previous years progress</li> <li>• Further improvements in the quality, equality and cost-effectiveness of externally purchased care services.</li> <li>• Completion of re-provision programme for Older People's Homes.</li> <li>• Transport improvements from plan devised from value for money exercise</li> <li>• Introduce plans to re-shape home care service to move towards the promotion of independence.</li> </ul>	<ul style="list-style-type: none"> <li>• Further improvements in staff recruitment and retention.</li> <li>• Continue to improve PAF and BV performance indicators.</li> <li>• Continue to Increase Direct Payments and introduce Individualised Budgets across Services</li> <li>• Establish transition beds for hospital discharge</li> <li>• Deliver and monitor the user participation strategy across service areas</li> <li>• Devise, deliver and monitor action plans which result from CSCI Inspections</li> </ul>
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<ul style="list-style-type: none"> <li>Promote the Telecare strategy</li> </ul>	
<b>2008/09</b>	
<ul style="list-style-type: none"> <li>Evaluate previous years progress</li> <li>Continue to improve the quality, equality and cost effectiveness of externally purchased care services</li> <li>Further improvements in staff recruitment and retention</li> <li>Evaluate Telecare strategy</li> <li>Evaluate the user participation strategy</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve PAF and BV performance</li> <li>Improve and monitor staff recruitment and retention</li> <li>Devise, deliver and monitor action plans which result from CSCI Inspections</li> </ul>

Attach number people whose discharge from hospital was delayed

## 2. (B) iii. CHILDREN SERVICES

### What we will do over the next three years

<b>2006/07</b>	
<b>Description of High Level Actions</b>	
<ul style="list-style-type: none"> <li>• Continue to develop the children trust arrangements.</li> <li>• Joint area Review (replacing inspection by Ofsted).</li> <li>• Workforce remodelling.</li> <li>• Co-ordination of school based locally provided services.</li> <li>• Establish Children Centres.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare 2007 Children and Young People's Plan.</li> <li>• Implement the priority national targets and other indicators from Every Child Matters –outcomes.</li> <li>• Implement LPSA (2) targets.</li> </ul>
<b>2007/08</b>	
<ul style="list-style-type: none"> <li>• Continue to develop the children trust arrangements.</li> <li>• Joint Area Review (replacing inspection by Ofsted).</li> <li>• Continue workforce remodelling.</li> <li>• Co-ordination of school based locally provided services.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the priority national targets and other indicators from Every Child Matters outcomes.</li> <li>• Establish Children Centres.</li> <li>• Monitor delivery of LPSA (2) targets.</li> </ul>
<b>2008/09</b>	
<ul style="list-style-type: none"> <li>• As above</li> </ul>	<ul style="list-style-type: none"> <li>• Building Schools for the Future programme</li> </ul>

Attach key stage 2, English, maths and science tests sum of % reaching level 4	Attach key stage 3, English, maths and science test sum of % reaching level 5	Attach GCSE, % of pupils gaining 5 or more GCSE's grade C or above	Attach number of children on the child protection register and those allocated a key worker	Attach Key stage 1, reading, writing and maths test sum of % reaching level 2
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## 2 (B) iv. ENVIRONMENTAL ACTIVITY - improving the quality of the local environment and public places

### What we will do over the next three years

2006/07

#### Description of High Level Actions

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| <ul style="list-style-type: none"> <li>• complete tendering process for additional StreetCare services.</li> <li>• Complete the final phase of the APC re-provision.</li> <li>• Implement the fully revised Food Standards Agency Food Safety Act 1990.</li> <li>• Continue to improve performance of Planning Control and Enforcement to exceed 2005/06 BVPI 109 targets.</li> <li>• Continue to implement liveability initiatives</li> <li>• Feasibility study for compliance with new emission criteria under Environmental Protection Act</li> <li>• Revise method of performance management system</li> <li>• Evaluation of the increased mechanisation sweeping system</li> <li>• Prepare Rights of Way Improvement Plan</li> <li>• Implement highway safety schemes so as to help meet the Borough's targets for reducing numbers killed and seriously injured on Havering's roads.</li> </ul> | <ul style="list-style-type: none"> <li>• 23% of household waste recycled or composted by March 2007.</li> <li>• Shanks East London complete building of the "Bio-MRF" on Frog Island in September 2007.</li> <li>• Take full enforcement responsibility, post transition, for the provisions of the Licensing Act.</li> <li>• Introduction of a Noise Services Plan.</li> <li>• Act on outcomes of national strategy for e-TSN.</li> <li>• Achieve an approved level of parking compliance (bus lanes, around schools, etc).</li> <li>• Remaining APC locations to be agreed, units ordered and commissioned</li> <li>• Achieve and improved level of parking compliance (bus lanes, around schools etc)</li> <li>• Introduce Shaw Trust Project to provide horticultural training programme for people with learning needs in Cems and Crematorium grounds</li> </ul> |
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2007/08

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| <ul style="list-style-type: none"> <li>• Take full enforcement responsibility, post transition, for the provisions of the Gambling Act.</li> <li>• Extend partnership working with other North East London TS Service. (Along the same lines as the Metrology Partnership).</li> <li>• Complete implementation of the provisions of the CCA Category One and Two Responders.</li> <li>• Continue to improve performance of Planning Control and Enforcement to exceed 2006/07 BVPI 109 targets.</li> <li>• Continue to implement highway safety schemes so as to help meet the Borough's targets for reducing numbers killed and seriously injured on Havering's roads.</li> <li>• Achieve Green Mark Level 1 Accreditation for Cems and Crem</li> </ul> | <ul style="list-style-type: none"> <li>• Control the environmental health impacts associated with major infrastructure developments.</li> <li>• Reviewing the Private Sector Housing Strategy in light of new stock condition and housing needs surveys.</li> <li>• 100% of memorial safety inspection complete.</li> <li>• Achieve Final Year spend against three-year Health &amp; Safety programme.</li> <li>• Achieve on-street camera enforcement operations for the management of moving traffic parking contraventions.</li> <li>• Extend Upminster Cemetery</li> <li>• Improve internal signage for Cems &amp; Crem</li> <li>• Ensure effective performance management of the StreetCare</li> </ul> |
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<ul style="list-style-type: none"> <li>• To have achieved on-street camera enforcement operations for the management of moving traffic parking contraventions.</li> <li>• Achieve on-street camera enforcement operations for the management of moving traffic parking contraventions</li> <li>• Liveability initiatives continued</li> </ul>	<p>service provider/s whether internal or external.</p> <ul style="list-style-type: none"> <li>• Continue to implement highway safety schemes so as to help meet the Borough's targets for reducing numbers killed and seriously injured on Havering's roads.</li> </ul>
<b>2008/09</b>	
<ul style="list-style-type: none"> <li>• Implement proposals for compliance with EPA for C&amp;Cs</li> </ul>	

Attach number of fly tips removed by streetcare	Average number of days taken to remove fly tips	Attach % planning applications determined within target	Attach completed programmed food inspections against monthly targets
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Attach average day to remove an abandoned / untaxed vehicle	Attach outcome of nuisance vehicle reports
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## 2. (B) V. CULTURAL SERVICES

### What we will do over the next three years

2006/07

#### Description of High Level Actions

<ul style="list-style-type: none"> <li>• Increase opportunities for leisure activities.</li> <li>• Capital programme to improve parks.</li> <li>• Refurbish libraries and open local service centres.</li> <li>• Improve stock management in libraries.</li> <li>• Market test Grounds Maintenance Service.</li> <li>• Obtain national accreditation (QUEST) for Sports Development in Havering</li> <li>• Feasibility study for compliance with new emission criteria under Environmental Protection Act</li> <li>• Commence the implementation of Havering's Cultural Strategy</li> <li>• Complete the development of the new Artificial Turf pitch</li> <li>• Recast the relationship with the Queen's Theatre &amp; investigate alternative models for the provision of the Arts Service.</li> <li>• Develop proposals for the refurbishment of the Council's Heritage assets</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve further 3 Green Flag awards for Parks.</li> <li>• Secure funding for refurbishment of Langtons and make better use of Langtons House and Gardens.</li> <li>• Improve customer satisfaction for Customer Service activities to upper quartile nationally.</li> <li>• Secure partners &amp; funding for development of Romford Ice Rink site &amp; leisure facilities for southern part of Borough.</li> <li>• Develop the library service as the primary gateway to lifelong learning and basic skills training in the borough by March 2007</li> <li>• Complete the development of the Havering Museum</li> <li>• Achieve Green Flag status for Upminster &amp; Bedford's Parks</li> <li>• Develop positive partnership &amp; working relationship with the newly appointed leisure management contractor</li> <li>• Provide planning, education and social care advice from the Romford PASC.</li> </ul>
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2007/08

<ul style="list-style-type: none"> <li>• Achieve further 3 Green Flag awards for Parks.</li> <li>• Implement proposals for Romford Ice Rink site.</li> <li>• Implement proposal for improved leisure provision for southern part of the Borough.</li> <li>• Complete the refurbishment of Hornchurch and Romford Libraries by March 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Increase opportunities for leisure activities.</li> <li>• Capital programme to improve parks.</li> <li>• Refurbish libraries and open local service centres.</li> <li>• Improve stock management in Libraries.</li> <li>• Develop specification for the market testing of the Grounds Maintenance Service</li> </ul>
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2008/09

<ul style="list-style-type: none"> <li>• Implement outcome of market testing of the Grounds Maintenance Service</li> <li>• Re-provide Rainham and Elm Park Libraries by March 2009</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to implement highway safety schemes so as to help meet the Borough's targets for reducing numbers killed and seriously injured on Havering's roads.</li> </ul>
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Attach library issues

Attach use of leisure facilities per month

## Corporate Priorities To Deliver Improvement

### 3. To make Havering a better place in which to live and work

#### Ambitions

**Our ambitions to make Havering a better place in which to live and work include:**

- to regenerate our town centres and South Havering through key developments that will put Havering into a different league competitively. We will work to see a regional casino in Rainham, technology companies in Harold Hill, and advanced and hi-tech manufacturing and construction in south Havering and lobby for improved transport links (*Community Strategy theme – A more Prosperous Community*)
- to increase resident satisfaction with standards of cleanliness by 2010 (*Community Strategy theme – Protect and improve the Environment*)
- to reduce incidents of drink-related disorder by 2010 (*Community Strategy theme – A Safer community*)
- to increase the number of young people going on to higher education by 2010 (*Community Strategy theme – Improved Lifelong Learning*)
- to reduce the degree of health inequality in this borough. Residents in some wards are more likely to die prematurely than residents in others.
- We will work to reduce this disparity by 2010 (*Community Strategy theme – Better Health & Welfare*)
- to see our community grow more diverse in a confident and inclusive way. We will work to reduce the number of racially motivated and other hate crimes by 2010(*Community Strategy theme – Increased Community Participation*)

#### Key Achievements

Key Achievements for 2005/06 include are reported in our Direction of Travel statements and the monthly performance packs. Some examples include:

- Local Development Framework – approval of Local Development Scheme, Statement of Community Involvement (first in London), consultation on Core Strategy policies and allocations, Romford Action Plan commenced.
- Transport Local Implementation Plan prepared, and increased transport funding secured through Borough Spending Plan.
- London Riverside – community consultation on Development Options; work with UDC on Regeneration Framework;

delivered Rainham to Purfleet Path Phase 1, Gateway roundabouts, village and industrial estate improvements; secured funding for C2C 12-car upgrade and Rainham interchange; hosted several high profile promotional visits (eg Rt Hon Keith Hill MP, Beijing delegation).

- Promoted regional casino and entertainment complex as the catalyst for regeneration of Rainham and wider Thames Gateway.
- Romford – Urban Strategy approved and developed into Interim Planning Guidance; Joint Marketing Plan implemented; outdoor alcohol controls secured; managed impacts of Dolphin and North Side redevelopments; delivered church path, station sign, market electricals and banners; feasibility on variable message signing for car parks; petition against Crossrail.
- Hornchurch Urban Strategy progressed through consultation to draft for Council approval.
- Regeneration programmes delivered in Collier Row, Elm Park, Harold Hill, Upminster.
- Walking and cycling strategies approved for the borough, provided cycle parking facilities in town centres.
- Havering Business Awards established and very successful in first year.
- Secured £3.4m external funding for Havering in 2004/5. External Funding Service now fully accessible on line.
- Completed major cross-cutting BV Review, “Future Services for the South of the Borough”, looking at community leadership in an area of unprecedented changes, and innovative ways of adapting services to the needs of existing and future communities
- Shortlisted for national LGC Sustainable Communities award for partnership working on London Riverside.
- Mardyke Youth and Community Centre project completed, highly commended in regional RICS community regeneration award.
- Social Economy Support Unit recognised as best practice at European and regional levels, achieved Customer First award.
- Audit Commission Planning Services Inspection found a “fair” service with “promising prospects”: praised regeneration work.
- Agreed plans to improve accommodation for Adult Education in refurbished Central Library and extension to London Riverside Centre at Brittons School – ceased use of three unsuitable premises.
- First cohort of teaching assistants achieved 100% success at NVQ levels 2 and 3 through the Adult College.
- Adult College established partnership with Hall Mead School to deliver European Computer Driving Licence courses.
- Several community safety initiatives have been set up to reduce the fear of crime and anti-social behaviour . For instance, Home Office funding aided the development of the very successful ‘Havering HomeSafe’ HandyVan scheme, which has fitted additional security to the homes of over 1,700 older Havering residents, completely free of charge, since it was launched. Police statistics have shown a 3% fall in disorder calls since the 1<sup>st</sup> of April 2005.

### 3. (A) REGENERATE THE BOROUGH AND ENHANCE ITS TOWN CENTRES

#### What we will do over the next three years

2006/07

#### Description of High Level Actions

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| <ul style="list-style-type: none"> <li>• Encourage business and improve economic opportunities including the establishment of a business centre.</li> <li>• Support the Regeneration of London Riverside.</li> <li>• Continue to promote the regeneration of Romford Town Centre through the implementation of the Urban Strategy.</li> <li>• Promote the cultural and economic regeneration of Hornchurch through the adoption of the Urban Strategy</li> <li>• Promote area based improvements in district centres and priority locations.</li> <li>• Continue to implement recommendation of 'Making Havering a Better Place in which to Live and work' best value review.</li> <li>• Promote the conditions for securing adequate housing development for the Borough</li> <li>• Implement 'Older People' best value review recommendations.</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to attract additional external funding to Havering including LDA, EU, Lottery and the Urban Development Corporation</li> <li>• Continue to develop and support the voluntary and community sector in Havering, and promote high priority community initiatives.</li> <li>• Maximise transport grant funding from transport of London to implement Local Implementation Plan proposals.             <ul style="list-style-type: none"> <li>◦ Local Development Framework on Deposit</li> </ul> </li> <li>• Maximise the benefit of the borough and strategic public transport infrastructure proposals.</li> <li>• Implement recommendations of the 'Services to the South of the Borough' Best Value review.</li> <li>• Promote high Quality design in development proposals at all locations</li> </ul> |
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2007/08

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| <ul style="list-style-type: none"> <li>• Continue to encourage business and improve economic opportunities.</li> <li>• Support the Regeneration of London Riverside.</li> <li>• Continue to promote the regeneration of Romford Town Centre.</li> <li>• Promote area based improvements in district centres and priority locations.</li> <li>• Lead role in benefit promotion.</li> <li>• Continue to attract additional external funding to Havering.</li> </ul> | <ul style="list-style-type: none"> <li>• Continue to develop and support the voluntary and community sector in Havering, and promote high priority community initiatives.</li> <li>• Continue to pursue a proactive strategy to meet the property requirements of the Council and the community, and to improve the management of the Council's assets.</li> <li>• Maximise the benefit of the borough and strategic public transport infrastructure proposals.</li> <li>• Continue to implement recommendations of the 'Services to the South of the Borough' Best Value review.</li> </ul> |
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<ul style="list-style-type: none"> <li>• Implement the Local Development Framework</li> </ul>	
<b>2008/09</b>	
<ul style="list-style-type: none"> <li>• Continue to encourage business and improve economic opportunities.</li> <li>• Support the Regeneration of London Riverside.</li> <li>• Continue to promote the regeneration of Romford Town Centre.</li> <li>• Promote area based improvements in district centres and priority locations.</li> <li>• Lead role in benefit promotion.</li> <li>• Continue to attract additional external funding to Havering.</li> <li>• Implement the Local Development Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to develop and support the voluntary and community sector in Havering, and promote high priority community initiatives.</li> <li>• Continue to pursue a proactive strategy to meet the property requirements of the Council and the community, and to improve the management of the Council's assets.</li> <li>• Maximise the benefit of the borough and strategic public transport infrastructure proposals.</li> <li>• Continue to implement recommendations of the 'Services to the South of the Borough' Best Value review.</li> </ul>

### 3. (B) PROMOTE COMMUNITY SAFETY

#### What we will do over the next three years

#### What we will do over the next three years

**2006/07**

#### Description of High Level Actions

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| <ul style="list-style-type: none"> <li>• Lead on the partnership delivery of 'Respect and Responsibility', the Havering Crime, Disorder and Drugs Reduction Strategy 2005-8</li> <li>• Develop and implement a new Havering Anti-Social Behaviour Strategy 2006-8</li> </ul> | <ul style="list-style-type: none"> <li>• Reduce the fear of crime amongst key community groups and within key geographic areas through the delivery of the Fear of Crime Strategy 2005-8</li> <li>• Lead on the delivery of the Mainstreaming Community Safety Action Plan 2006/7 to ensure compliance with S.17 of the Crime and Disorder Act 1998.</li> </ul> |
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**2007/08**

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| <ul style="list-style-type: none"> <li>• Develop a comprehensive Community Engagement Strategy to encourage community participation in the community safety agenda.</li> <li>• Lead on the delivery of the Safer and Stronger block of the Local Area Agreement 2007-8</li> </ul> | <ul style="list-style-type: none"> <li>• Develop the operation of the CCTV and Mobile Patrol Service to further respond to the Borough's emerging anti-social behaviour agenda.</li> <li>• Support the delivery of the Comprehensive enforcement strategy.</li> </ul> |
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**2008/09**

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| <ul style="list-style-type: none"> <li>• Support the delivery of the Comprehensive enforcement strategy.</li> </ul> | <ul style="list-style-type: none"> <li>• Lead on the delivery of the Safer and Stronger block of the Local Area Agreement 2007-8</li> </ul> |
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Attach all London borough total number of offences for the previous 12 months



## Supporting Plans And Strategies – Delivering the Council’s Values

The Council’s integrated planning and performance management framework covers all its business. The main components of this are shown below. These are available on the intranet and are frequently updated in the light of circumstances.

Havering’s Community Strategy	Sets out the ambitions for Havering (following extensive consultation) and multi-agency actions to meet them.	2002 -.2007
LBH Council Plan:		
• Corporate Plan	Sets out direction of Council and priority areas of change	2006 – 2009
• Best Value Performance Plan	Reports on performance and set targets for future	2006 – 2009
• Medium Term Financial Strategy	Sets out resourcing plans to support Council policy	2006 – 2009
Functional Plans	Separate documents setting out in detail the Council’s strategy and policy for a number of areas	
Statutory Plans	These are required by Government	
Service Plans	These set out at Head of Service level how the Council’s priorities and services will be delivered	
Personal Development Performance Appraisals	This is the process by which each Council employees knows what they have to do to deliver the Council’s vision and how their performance will be monitored.	

These plans are underpinned by the Council’s values.

### The Council’s Values

- Put people first
- Ensure local people receive good services
- Use residents’ money effectively to provide services local people want
- Work closely with communities and other organisations to ensure good services for the public
- Show care and respect for customers, citizens and staff
- Promote equality
- Learn, innovate and improve to give Havering’s public the quality services they deserve.

Further details on these values are set out in supporting corporate strategies, which all services must take into account when developing and delivering services:

- The council's Communication Strategy (Contact: Jonathan Owen. Tel. 01708 432074)
- The Council's Community Safety Strategy (Contact: Deborah Luff. Tel 01708 432260)
- The Council's Response to the Comprehensive Performance Assessment (Contact: Jonathan Owen. Tel. 01708 432074)
- The Council's Customer Care Strategy. (Contact: Dylan Champion. Tel. 01708 432532).
- The Council's Environment Strategy. (Contact: Peter Williams. Tel. 01708 432585).
- The Council's Commitment to Equality and Diversity. (Contact: Simon Debanya. Tel. 01708 432120).
- The Council's Health and Safety Policy. (Contact: Colin Welch. Tel. 01708 434320).
- The Council's Implementing Electronic Government Strategy. (Contact: Ray Whitehouse. Tel. 01708 432226).
- The Council's Property Strategy. (Contact: Garry Green. Tel. 01708 432566).
- The Council's Risk Management Strategy. (Contact: Mike Stringer. Tel. 01708 432101).

## **CONTRACTS STATEMENT**

### **(Code of Practice on Workforce matters in local government service contracts)**

Contracts involving a transfer of staff were awarded during 2005/2006.

*The council does, however, certify that workforce matters within each, contract are being handled in accordance with best value requirements and in compliance with the transfer of Undertakings (Protection of Employment) Regulations ("TUPE"). The Council is ensuring that either admission body status is secured for the external provider/contractor (allowing the transferred staff to remain in the Local Government Pensions Scheme post the transfer) or that the provider/contractor provides a comparable pension for the transferred staff.*

## TABLE OF CLASSIFICATIONS

### MTFS TEMPLATE KEY

#### Pressure Type

Statutory or regulatory change	Stat
Demographic change	Demo
Inbuilt Growth	Inbuilt
Other	Other

#### Saving Classification

Housekeeping	House
Partnership	Part
Opportunity	Opp
Income generation	Inc gen
Service / activity review	Review

#### Savings Risk

Achievable with little or no difficulty	Low
Achievable with some difficulty	Medium
Achievable with great difficulty	High

#### Pressure Priority

Unavoidable growth	High
Service re-organisation or review	Medium
Desirable service improvement	Low

### Delivery of Priorities and Objectives

#### Priority 1 – to promote financial efficiency & value for money

#### Priority

Robust financial planning	1A
Effective monitoring & management of performance	1B
Effective communication	1C
People management skills & cultural change	1D

#### Priority 2 – to improve service quality

Develop community leadership capacity	2A
Set out standards for service delivery & performance targets	2B
Alternative methods of service delivery	2C
Focused improvements to housing, social care, environment and culture & leisure	2D
Develop project management & large projects	2E

#### Priority 3 – to make Havering a better place to live & work

Regenerate the borough & town centres	3A
Improve quality of local environment & public places	3B
Promote community safety	3C

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

**Revenue Virements**

Individual virements within a service will be permissible over £250,000 and up to and including £999,999 subject to the written confirmation of the relevant Group Director, the Group Director Finance and Planning and the Lead Member Finance and the appropriate Lead Member.

Virements between services over £250,000 and up to and including £999,999 will require a Cabinet decision.

Any virement in excess of £1million will require a Cabinet decision and will be a key decision requiring notification in the Forward Plan.

All other virements within and between services will be undertaken by staff and those in excess of £100,000 and up to £250,000 will be reported in the Revenue Monitoring Report to Members.

Virements within and between services under £100,000 require compliance with the Financial Framework and Financial Procedure Rules and the approval of the Group Director Finance and Commercial.

Virements cannot be used for releasing any money out of the contingency fund.

**Use of Contingency Funds**

The Group Director, Finance and Commercial may set up a central contingency fund. There will only be one such fund for the entire Council.

The Group Director, Finance and Commercial is authorised to release sums from the contingency if:

- The amounts are not greater than £25,000 and the item is deemed by her as unforeseen and a relevant use of the contingency;
- Where an item of expenditure has been approved by Members subject to confirmation of the amounts involved;
- If the item is urgent (e.g. an emergency or threat to life) and there is insufficient time to consult with the Lead Member Resources.

The Lead Member Resources on a Lead Member Protocol can release sums from the contingency.

**Cabinet, 15 February 2006**

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

**LOCAL GOVERNMENT ACT 2003  
BUDGET ROBUSTNESS**

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**1. BACKGROUND**

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

**2. REPORT OF CFO ON ROBUSTNESS OF THE ESTIMATES**

2.1 The budget has been prepared using the Medium Term Financial Strategy. This Strategy has been:

**To:**

- allocate resources to the areas where they are most needed whilst also meeting the needs of the community as a whole and providing financial stability

**in order to:**

- promote financial efficiency and value for money
- improve the quality of our services
- make Havering a better place in which to live and work

**taking account of**

- legislative requirements
- customer care needs
- resource constraints
- views of the whole community

**by**

- managing the organisation in the most cost effective way
- providing the high quality services required and continually striving to improve these
- working in partnership to maximise effectiveness in the use of all available resources
- valuing staff and promoting equal opportunities.

2.2 The results have then all been the subject of several reviews and challenge by Heads of Service, Group Directors, Lead Members and the Lead Member for Resources.

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

All the proposals have been developed alongside service planning. Furthermore:

- a) In respect of pressures, the Council has reviewed its pressures alongside those announced by LGA to provide a cross check/challenge.
- b) In respect of savings, the proposals will be risk assessed against the following criteria to inform in year monitoring.

**Risk Ratings**



	£0-£25k	£25k-£250k	£250k+
Saving that has been raised previously and not delivered	1	1	1
Affected by factors outside of our control, e.g. income and demand	1	1	1
Value of savings option	1	2	3
Human resources and industrial relations issues	1	2	3
Responsibility for delivery across parties	1	2	3

This has led to a grading as follows:

- high risk – 8+
  - medium risk – 4-7
  - low risk – 3 and below
- c) A general issues log has been maintained and checked as part of the budget formulation to ensure all matters have been considered.
- d) A review of all legislation has taken place to assess possible implications and this is attached as an Annex.

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

- a) staffing establishment;
- b) inflation;
- c) existing budgets;
- d) current year budget performance.

2.4 The budget includes a contingency that will provide a reasonable level for unforeseen issues that could arise during the year. This has had due regard to a risk assessment. Further information on the basis of this is included in the main body of the report under the section relating to the contingency or the attachment.

2.5 The budget will be drawn up to provide financial stability and a platform for 2007/08 and future years. The detailed proposals include a number of specific efficiency savings for which detailed project plans are being prepared. No general efficiency gains are included because:

- this would not provide financial stability – how, danger of non delivery
- it takes no account of priority areas
- all viable efficiency savings are within the Administration's proposal
- it may mean policy/service changes which could not be delivered for a full year
- across the board savings in the past have not been delivered
- the savings plan will already need strong monitoring and management

- 2.6 The Medium Term Financial Strategy will continue to roll forward having regard to the pressures, issues and priorities of Havering. For example, work continues on a complete review of fees and charges and until this is completed and considered in detail in the context of the overall impact; fundamental changes in overall policy should not take place as these will have the same risks as across the board efficiency savings.

### **3. THE ADEQUACY OF RESERVES**

- 3.1 Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Chief Finance Officer, taking into account all local relevant circumstances.
- 3.2 The Audit Commission's Corporate Performance Assessment (CPA) takes account in assessing an authority's use of resources, the level of financial reserves. The use of resources model requires a risk assessment to be carried out to determine the level of reserves. They also expect a good authority to review their reserves on an annual basis.
- 3.3 The Strategy agreed by Council sets out that the minimum level for the authority will be £10m. This has been reviewed as part of the budget finalisation. The risk assessment is attached and the Chief Finance Officer's advice is that the minimum level should remain.
- 3.4 The working balances as at 31/3/05 amounted to £11.2m. However, after taking account of the projection in the current year, this could fall to around the minimum level of £10m recommended by the CFO. Whilst the projected overspend based on experience in the past could reduce, the Authority must plan on the latest information available. Whilst Members may consider this a considerable level of reserves, these reserves support any issues on both revenue and capital and the Capital Programme is reliant predominantly on the delivery of capital receipts.
- 3.5 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough council Tax capping regime, which will limit council tax rises in future years to pay for one-off use of balances.

As a general rule, the Council should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Council decides to use balances to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years.

All members must be mindful of their stewardship responsibility to the Council.

- 3.6 Having regard to the above and the current years projected outturn, no use of general reserves/working balances is therefore recommended.
- 3.7 The Council maintains earmarked funds for specific purposes and their use is planned and approved for specific purposes, often to conform with accounting policies, manage arrangements across financial years, or to fund known future commitments.

The most significant are:

- (a) Insurance Reserve (£1.4m as at 31/3/05), which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed.
- (b) Capital and Revenue Support Fund (£1m as at 31/3/05) and being used to provide bridge funding for schemes such as the Property Strategy.
- (c) VAT Reserve (£1m as at 31/3/05) held to protect the Council in the event that it loses its exempt VAT concession.

Other reserves continue to be expended/planned in accordance with the approvals/purpose. Progress is reported in the Member Pack on specific ones periodically and a review has taken place of these as part of the budget finalisation.

- 3.8 The working balances of the HRA are also subject to a risk assessment.
- 3.9 Information on how the contingency level was arrived at is also incorporated into the attached risk assessment.

## Legislation and consultation monitoring

### 1. Monitoring of Legislation and consultation relevant to the London Borough of Havering

- 1.1 Havering has a clear process to track legislation and consultation from its inception in parliament to implementation in the council.
- 1.2 There is a monthly Legislation and Consultation Update to notify the council, staff and members, of white papers, legislation and other consultations, through the current parliamentary session. The Update is sent to all senior managers, is included on the Calendar Brief, Intranet and is taken bi-monthly to SMT.
- 1.3 It is the clear responsibility of Group Directors, Assistant Chief Executives and Heads of Service to ensure that the Council is prepared to meet any new responsibilities and to brief colleagues and members of any corporate issues.
- 1.4 The system consists of:
  - Monitoring announcements of new legislative programmes.
  - Tracking legislation through parliament.
  - Identifying the financial implications through the MTFS.
  - Identifying any constitutional changes necessary.
  - Identifying legal requirements arising from specific pieces of legislation.
  - Monitoring progress to meet legal requirements by specified implementation timetables.
  - Monitoring of legislative developments for a specific piece of legislation after the bill has become an act – this includes regulations and guidance.

### 2. Monitoring Legislation

#### Phase 1

Corporate Strategy identify past month changes – identifying new bills, draft bills, acts, regulations & guidance and draft regulations &



Legislation and Consultation Update sent to senior managers and Calendar Brief.



#### Phase 2

Services assess new piece of legislation and identify all requirements and timetable.

Group Directors to brief SMT if there are corporate or cross-service implications.

Any financial implications to be flagged up through MTFS.

Service areas notify Legal Services if specific legal advice is needed or if there is likely to be any constitutional change.



#### Phase 3

Services prepare to meet implementation timetable.

**TREASURY MANAGEMENT POLICY**

**TREASURY MANAGEMENT STRATEGY STATEMENT- 2006/07  
ANNUAL INVESTMENT STRATEGY – 2006/07  
PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2006/07 TO 2008/09**

**Summary**

This report sets out four items related to treasury management and capital finance for approval by Council as part of the setting the budget for the Authority for 2006/07. These are:

**1.1 Treasury Management Policy (Section 2)**

The Council undertakes its Treasury Management activities under the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 27 February 2002. Under this Code the Council is required to reaffirm its Treasury Management Policy Statement on an annual basis.

**1.2 Treasury Management Strategy Statement 2006/07 (Section 3)**

1.2.1 The 2003 Prudential Code for Capital Finance in local authorities has introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy.

1.2.2 The Prudential Code requires the Council to set a number of Prudential Indicators, certain of which replace the overall and variable borrowing limits previously determined as part of the strategy statement, whilst also extending the period covered from one to at least three years. This report therefore incorporates the indicators to which regard should be given when determining the Council's treasury management strategy for the next 3 financial years.

1.2.3 The suggested strategy for 2006/07 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor. The strategy covers:

- the current treasury position;
- prospects for interest rates;
- treasury limits in force which will limit the treasury risk and activities of the Council;
- the borrowing requirement and strategy;
- the extent of debt rescheduling opportunities;
- leasing;
- the investment strategy (see 1.3 and section 4); and
- some specific policy proposals put forward by the Council's consultants to be delegated to the Investment Committee for consideration & approval (see section 5).

**1.3 Annual Investment Strategy 2006/07 (Section 4)**

1.3.1 As part of the replacement of all the capital controls under the 1989 Act, the Government has repealed the Local Authorities (Capital Finance)(Approved Investments) Regulations 1990 with effect from 1st April 2004. The 2003 Local Government Act requires all local authorities to have regard to the CIPFA Prudential Code. In March 2004, the Secretary of State at the ODPM issued specific guidance on Local Government Investments under

section 15 (1) (a) of the 2003 Act: the general policy objective is that local authorities should invest their surplus funds **prudently**. The guidance requires each authority to produce an Annual Investment Strategy to be approved by the full Council before the start of each financial year.

#### **1.4 Prudential Indicators for Capital Finance (Section 6)**

1.4.1 Local Authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Prudential Code was developed as a professional code of practice to support local authorities in taking their decisions on capital investment in fixed assets that are central to the delivery of quality public services.

1.4.2 The Code requires that the Council set a number of prudential indicators to demonstrate that its capital investment plans are affordable, prudent and sustainable.

#### **1.5 It is recommended that Members:**

- (i) Reaffirm the Treasury Policy Statement set out in Section 2 below**
- (ii) Approve the Treasury Management Strategy set out in Section 3 together with the Prudential Indicators for Treasury Management and External Debt.**
- (iii) Delegate in year amendments to the Treasury Management Strategy to the Group Director Finance and Commercial which will be reported to Investment Committee as part of normal monitoring.**
- (iv) Approve the Annual Investment Strategy set out in Section 4.**
- (v) Note the Treasury Management budget for 2006/07 set out in section 6, which has been included in the overall Council budget.**
- (vi) Approve the prudential indicators for capital finance set out in Section 7 as required under the Regulations.**

## **2. TREASURY MANAGEMENT POLICY STATEMENT**

2.1 This organisation defines its treasury management activities as:

“The management of the authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

2.2 This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

2.3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

### 3. TREASURY MANAGEMENT STRATEGY STATEMENT

#### 3.1 Treasury Limits for 2005/06 to 2008/09

3.1.1 It is a statutory duty under S.3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

3.1.2 The Council must have regard to the Prudential Code when setting their Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax/rent levels is 'acceptable'.

3.1.3 Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. These are set out overleaf within the Indicators.

#### 3.2 Prudential Indicators, Performance Measurement and Reporting for Treasury Management

##### 3.2.1 Prudential Indicators for Treasury Management 2005/06 – 2008/09 incorporating Limits

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy. The adoption of *the CIPFA Code of Practice for Treasury Management in the Public Services* is the first required indicator for treasury management: the Council adopted the Code in February 2002. The next set relates to external debt indicators.

	2004/5 £000 Actual	2005/6 £000 Revised	2006/7 £000 Estimate	2007/8 £000 Estimate	2008/9 £000 Estimate
<b>Capital Financing Requirement (at 31 March)</b>					
HRA	(5,871)	(3,757)	(1,643)	471	2,585
Non-HRA	36,165	41,610	43,870	44,213	44,508
<b>TOTAL</b>	30,294	37,853	42,227	44,684	47,093
<b>Authorised Limit for External Debt</b>					
Borrowing	65,000	65,000	65,000	65,000	65,000
Other Long-term liabilities	200	2,000	2,000	2,000	2,000
<b>TOTAL (£m)</b>	65,200	67,000	67,000	67,000	67,000
<b>Operational Boundary for External Debt</b>					
Borrowing	50,000	52,500	52,500	52,500	52,500
Other Long-term liabilities	140	2,000	2,000	2,000	2,000
<b>TOTAL</b>	50,140	54,500	54,500	54,500	54,500
<b>Upper Limit for Net Fixed Rate Borrowing</b>	65,000	65,000	65,000	65,000	65,000
<b>Upper Limit for Net Variable Rate Borrowing</b>	65,000	65,000	65,000	65,000	65,000
<b>Upper Limit for Maturity of Total Principal Sums Invested beyond 364 days</b>	15,000	15,000	15,000	15,000	15,000

Actual external debt at the end of 2004/05 was as follows:

	<b>31 March 2005</b>
	<b>£000</b>
Borrowing	35,146
Other Long-term Liabilities	0
<b>Total</b>	<b>35,146</b>

The prudential indicator for actual external debt is not directly comparable to the authorised limit and operational boundary since the actual external debt is the position at a particular date whereas the limits relate to a whole financial year.

<b>Maturity Structure of Fixed Rate Borrowing during 2006/7</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	40%	0%
12 months and within 2 years	40%	0%
2 years and within 5 years	60%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

### **3.3 Other Performance Measurement Indicators**

The annual Treasury Management Report will indicate Havering's performance relative to

-

- the prior year's actual results
- the forecasts made in this report and in the 2006/2007 Budget
- appropriate benchmarks for local authority investment returns
- comparative statistics for other local authorities' debt management performance, particularly for London Boroughs.

### **3.4 Reporting**

In accordance with Treasury Management Practice 6,

- the analysis and review of the final outturn position for 2005/2006 and 2006/07 will be included in the Treasury Management Report in the Statement of Accounts to be presented to the Council by the end of June 2006 in respect of 2005/06 and by the end of June 2007, in respect of 2006/07.
- Weekly monitoring reports will be made to the Head of Financial Services on adherence to this strategy and to the prudential limits.
- Quarterly reports will continue to be made to the Investment Committee on treasury management activities and performance.
- Recommendations for exceptional or emergency changes in Havering's borrowing limits must be reported to and approved by the Council.

### **3.5. Current Portfolio Position**

The Council's treasury portfolio position at 16<sup>th</sup> January 2006 comprised:

	<b>Principal</b>		<b>Ave</b>
	<b>£000</b>	<b>£000</b>	<b>Rate</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>



<b>BORROWING</b>				
Fixed Rate Loans	PWLB	Long-term	28,797	5.51%
	Market	Long-term	7,000	3.60%
			35,797	5.14%
Variable Rate Loans	Market & Local	Short-term	1,317	4.42%
<b>TOTAL BORROWING</b>			<b>37,114</b>	<b>5.11%</b>
<b>INVESTMENTS</b>				
	Internally managed		83,639	4.67%
	Externally managed		20,128	4.96%
<b>TOTAL INVESTMENTS</b>			<b>103,767</b>	<b>4.73%</b>

### 3.6 Borrowing requirement

The table below shows the Council's borrowing requirement over the medium term.

	2005/6	2006/7	2007/8	2008/9
	£000	£000	£000	£000
New borrowing for capital	8,457	5,514	3,714	3,714
Replacement borrowing				7,000
Less Minimum Revenue Provision for Debt Repayment	-889	-1,129	-1,245	-1,291
<b>Net New Requirement</b>	<b>7,568</b>	<b>4,385</b>	<b>2,469</b>	<b>9,423</b>

### 3.7 Economic Background and Prospects for Interest Rates

#### 3.7.1 Economic background

##### UK

GDP growth weakened from 3.2% in 2004 to 1.7% in 2005 under the impact of monetary and fiscal tightening and the oil price shock depressing household spending. Growth is expected to recover weakly to about 2.0% in 2006 and then return to the long term trend rate of 2.5% in 2007. House price inflation has fallen to low levels and may now stabilise. Inflation is forecast to stay around target despite hike in oil prices. The MPC is on alert for cost pressures, primarily from oil price increases, feeding through into output prices and then into retail prices. The public sector deficit is expected to decline steadily over next few years as the Government cuts back on the rate of growth of its expenditure.

##### International

The boom in world commodity prices driven by strong growth in China and India creates the potential for further increases in prices but supply side increases and improvements in technology are likely to reduce prices in the medium term. The inability of oil producers to spend their huge cash surpluses and the reluctance of Asian economies to run current account deficits will suppress world demand and dampen world growth. In the US, the Federal Reserve is nearing the end of a phase of measured rate rises - their rate may now peak at 4.5%. US GDP growth expected to weaken from 4.2% 2004 to 3.5% 2005 and 3.0% 2006. The European Central Bank had held their repo rate at 2.00% since June 2003 before the increase in December to 2.25%. Further increases are expected as the economic outlook improves but Eurozone GDP growth is expected to rise weakly and to continue to under-perform the UK and US economies.

**3.7.2 Sector View interest rate forecast – January 2006**

The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Sector draws together a number of current City forecasts for short term or variable (the base rate or repo rate) and longer fixed interest rates and forms a view on interest rate prospects including the new 50-year PWLB rate introduced in December 2005. The following table gives the Sector central view:

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>Base Rate</b>	4.50	4.25	4.25	4.00	4.25	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
<b>5yr Gilt Yield</b>	4.00	4.00	4.00	4.25	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
<b>10yr PWLB</b>	4.25	4.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75	5.00	4.75	4.50
<b>25yr PWLB</b>	4.50	4.50	4.50	4.75	4.75	4.75	5.00	4.75	4.75	4.75	4.75	4.75	4.75	4.50
<b>50yr PWLB</b>	4.00	4.00	4.00	4.25	4.25	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.50	4.25

**3.8. Capital Borrowings and the Borrowing Portfolio Strategy**

3.8.1 As outlined above, the new 50-year PWLB rate will remain flat at 4% until Q4 2006 when it will rise to 4.25% with a further increase to 4.5% in Q2 2007. As the Sector forecast is in 0.25% segments there is obviously scope for the rate to move away slightly from 4.0% without affecting this overall forecast. Similarly the 25-30 year PWLB rate will remain flat at 4.25% until Q4 2006 when it will rise to 4.50% with a further increase to 4.75% in Q2 2007. The 10 year PWLB rate will stay at 4.25% in the first two quarters of 2006 but will then rise to reach 4.50% in Q3 2006 and then 4.75% in Q1 2007. 5 year gilt yields will follow base rate down to a low of 4.00% by the end of Q3 2006. Yields will then rise to 4.25% in Q4 2006, 4.5% in Q1 2007 and to 4.75% in Q2 2007 as the interest rate cycle turns up again.

This forecast indicates, therefore, that the borrowing strategy for 2006/07 should be set to take any long-dated borrowings in the first three quarters of the calendar year 2006 before PWLB rates rise. This applies particularly to the 50-year area where we forecast the rate to remain at 4.00% until Q3 2006. Variable rate borrowing and borrowing in the five year area will also be attractive in the second and third quarter of the calendar year while the repo rate is on a falling trend.

3.8.2 These interest rate expectations provide a variety of options.

With 50-year PWLB rates at 4%, any borrowing in this area of the market should be made in Q1 to Q3 of 2006. This rate will be lower than the forecast rates for shorter

maturities in the 5-year and 10-year area. A suitable trigger point for considering new fixed rate long-term borrowing, therefore, would be 4.0%. However, to maintain a suitable maturity profile, some short-term fixed and variable borrowing should be considered as well and this should be undertaken in the second and third quarters of the financial year as the repo rate declines.

Longer-term fixed funding will be taken if it is believed that there is a risk that the average variable rate over the budget forecast period is going to be higher than the longer term fixed rate. However, over the longer term there may be periods where short term/variable rates are lower than longer term fixed rates.

Against this background caution will be adopted with the 2006/07 treasury operations. The Director of Finance will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to committee at the next available opportunity

**3.8.3 Sensitivity of the forecast** - The main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or inflation, then the portfolio position would be re-appraised with the likely action that fixed rate funding would be drawn whilst interest rates were still relatively cheap.*
- *if it were felt that there was a significant risk of a sharp fall in long and short term rates, due for example to growth rates remaining low or weakening, then long-term borrowings would be postponed, and any rescheduling from fixed rate funding into variable or short rate funding would be exercised.*

#### **3.8.4 Debt Rescheduling**

Opportunities may exist for restructuring long-term debt into short-term or variable rate debt to produce savings later in the year. With variable rate borrowing rates likely to fall significantly during 2006/07, it will be best to avoid restructuring into fixed borrowing for short periods (e.g. one year). Long-term fixed rates are not expected to rise back above 4.75% during 2006/07. Consequently long-term debt rates at or above 4.75% would warrant reviewing the potential for undertaking debt restructuring. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 3.8.1 above. Opportunities may also arise this year for restructuring some 15-25 year debt into 50-year debt to secure interest savings, taking advantage of the favourable differential between the projected rates.

The reasons for any rescheduling to take place will include:

- the generation of cash savings at minimum risk;
- in order to help fulfil the strategy outlined in paragraphs 3.8.1 to 3.8.2 above; and
- in order to enhance the balance of the long-term portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to Investment Committee at the meeting following its implementation.

#### **3.9 Leasing**

Leases to finance the purchase of vehicles, plant and equipment will continue to be an

option available to the Council. This option will be used when it can be demonstrated that it represents best value in terms of rates offered in comparison to other sources of finance including using in-house investment. Any new finance leases will be undertaken within the overall authorised limit for external debt and other long-term liabilities. The authorised and operational limits for other long-term liabilities have been set to permit some discretion with regard to the funding of vehicles & plant and school computer equipment. However the method of funding selected will be based on what represents best value.

#### **4. ANNUAL INVESTMENT STRATEGY 2006/07**

4.1 In its investment strategy and activities, Havering will comply with the guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 as well as the requirements of CIPFA's Treasury Management Code and of the Council's approved treasury management practices.

The prudent investment of surplus funds not immediately required for capital or revenue purposes will be undertaken to:-

- obtain the best returns consistent with the proper security of the investment and the authority's liquidity requirements;
- adhere to the currently approved list of organisations for investment and credit limits;
- to maintain policy flexibility in circumstances where debt redemption or avoidance of new borrowing may be a more prudent use of surplus funds than short-term lending.

The Council will not undertake the borrowing of money purely to invest or on-lend and make a return: this is unlawful.

#### **Priority to Security and Liquidity of Investments over Returns**

#### **4.2 Liquidity of Investments**

4.2.1 Estimated overall investment balances over the next 3 years are shown below.

	<b>31 March 2006 £000</b>	<b>31 March 2007 £000</b>	<b>31 March 2008 £000</b>	<b>31 March 2009 £000</b>
Estimated Total Investments at Year End	72,220	60,523	60,112	56,778
Maximum Long-term Investments in Year	45,000	45,000	40,000	40,000
Minimum Short-term Investments in Year	20,000	20,000	20,000	20,000

4.2.2 To ensure that adequate funds are available to the Council at short notice, the recommended minimum level in short-term (less than 365 days) investments at any one time is shown. In practice, the actual operational levels of short-term investments will be higher.

4.2.3 To minimise the higher risk associated with longer-term investments, the recommended maximum at any one time (including the external manager's maximum gilt portfolio) is shown for investments over 364 days.

### 4.3 Security of Investments

#### 4.3.1 Specified Investments

The majority of Havering's in-house managed investments will be "specified investments", i.e. investments in sterling for less than a year or on notice with the UK Government, with other local authorities or with bodies or schemes awarded a high credit rating by Fitch Ratings Ltd, Standard and Poor's or Moody's Investors Service Ltd.

Sector provides a service that enables the authority to establish a lending list based on minimum credit rating criteria. For lending to banks and building societies, the following matrices based on Fitch short-term, long-term, individual and support ratings are used.

Only banks and building societies that have ratings in the shaded areas in the matrices qualify for Havering investments. The lighter shading indicates an adequate rating for investments up to 364 days and the darker shading an adequate rating for investments up to 3 months.

Short-term rating of F1+  
Long-term rating AAA, AA+, AA, AA-

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

Short-term rating of F1  
Long-term rating A+, A

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

Havering's lending list is updated as and when credit rating changes are received.

Only Money Market Funds with at least a rating of AAA qualify for investment by Havering.

Havering's external cash manager maintains a lending list for short-term investments which only includes counterparties with a minimum short-term rating of F1+ according to the current Fitch IBCA listing.

#### 4.3.2 Non-specified Investments

Non-specified investments are all other possible investments by local authorities whether with bodies not included in Specified Investments above or for periods longer than 364 days or in currencies other than sterling.

The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 ceased to have effect on 1<sup>st</sup> April 2004. There is therefore no longer a restriction on authorities with debt to limit their investments to periods up to 364 days.

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 define as capital expenditure the acquisition of **share capital or loan capital** in any body corporate. This continues the existing provisions under the 1989 Act. Any such investments have to be funded from revenue or from capital resources but when sold the resources generated are purely capital.

No investments will be placed other than in sterling.

With regard to investment in UK Government bonds, the external cash managers are authorised under the terms of the investment management agreement to place up to 50% of the funds entrusted to them in such investments but the average maturity period of their whole portfolio must not exceed three years. The in-house manager will only place funds in such investments (UK Government bonds) on the basis of qualified professional advice and with the approval of the Group Director, Finance and Commercial.

Investment in the sterling bonds of supranational bodies will continue to be an option for surplus funds. Such investments will only be placed by the in-house manager on the advice of Sector and with approval of the Group Director, Finance and Commercial. The external manager has the theoretical option to invest in supranational bonds but is unlikely to do so in practice because of the relative illiquidity of the market.

Investment in other bonds will only be in institutions with at least an AA rating. Such investments will only be placed on the advice of Sector and with approval of the Group Director Finance and Commercial. Investment in corporate bonds would count as capital expenditure and is therefore not an option without approval for inclusion in the capital programme. Investment in the sterling bonds of other governments is an option provided their rating is at least AA.

The following table shows the upper limit for non-specified investments in 2005/06. At present it is envisaged that the only non-specified investments will be long-term deposits with banks or building societies for over 12 months or UK government bonds but, to ensure flexibility in investment options, limits have been set for other bonds.

	<b>2006/07</b>
	<b>£000s</b>
Maximum Non-specified Investments in Year	<b>45,000</b>
Maximum Long-term Deposits	<b>45,000</b>
Maximum UK Government Bonds	<b>30,000</b>
Maximum Supranational Bonds	<b>30,000</b>
Maximum Other Sovereign Bonds (AA rated or better)	<b>30,000</b>

With regard to any long-term deposit with a bank or building society, the following 2 matrices show the minimum Fitch credit rating criteria to be applied. The dark shading indicates the criteria for investments between 1 and 5 years and the lighter shading for investments between 1 and 2 years.

Short-term rating of F1+

Long-term rating AAA, AA+, AA

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

Short-term rating of F1+  
Long-term rating AA-

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

#### 4.4 Investment Strategy

The Council's surpluses for investment are mainly attributable to:

- its revenue reserves & provisions;
- its unapplied capital receipts;
- its unapplied capital grants and contributions; and
- its short-term cash inflows.

Investments have to be made with regard to the likely duration of the above balances. This in turn depends on the pace of delivery of the capital programme and the use of receipts & grants to fund it, on the timing of new capital receipts and grants and on the use of balances in the revenue budget.

Sector is forecasting base rates to be on a falling trend from 4.50% in Q1 2006 to 4% in Q4 of 2006 before rising to 4.75% in Q3 2007. The Council will therefore be seeking opportunities to lock into higher rates (4.5% to 4.75%) for some element of its investment portfolio which represents the longer-term balances above.

The trigger point for consideration of new in-house longer-term investments is a yield of 4.65%. This trigger point will be kept under review and discussed with Sector so that investments can be made at the appropriate time.

The Council already has the following in-house managed longer-term non-specified investments:

Counter-party	Amount	Maturity	Rate
CALYON	£5,000,000	April 2007	5.11%
HSBC	£5,000,000	February 2010 *	5.30%

\* This is a callable deposit which is likely to be repaid by HSBC in February 2006 if rates remain lower than 5%.

The external manager currently has some longer-term investments in the form of UK Treasury Stock.

For its short-term cash flow generated balances, the Council will continue to utilise its business reserve accounts and short-term deposits for up to 3 months in order to benefit from the compounding of interest and to meet likely cash flow deficits for salaries, tax, precepts etc.

The Authority has appointed Investec as an external fund manager. Their current strategy is based on the assumption that the economy will maintain steady but uninspiring growth in 2006/07 and base rate will remain at 4.5% for some time before rising to 4.75% in spring 2007. Against this background Investec will take advantage of favourable short-term movements in the gilt market to add value to the fund but will otherwise concentrate their activities in shorter-term money market assets (certificates of deposit).

## **5. STRATEGY OPTIONS FOR CONSIDERATION BY INVESTMENT COMMITTEE**

- 5.1 Within the new framework of the 2003 Act and the Prudential Code, various new options are now available to the Council that may be of benefit in managing budget pressures.
- 5.2 Firstly, it is now possible to set aside usable capital receipts not immediately needed for the capital programme to reduce the capital financing requirement and hence the minimum revenue provision to repay debt, without affecting the Council's ability to incur capital expenditure in future years. For every reduction of £1 million in the capital financing requirement in any financial year, the minimum revenue provision for debt repayment charged in the following financial year will fall by £40,000. As and when the £1 million is spent on capital schemes, the capital financing requirement rises again and the minimum revenue provision increases in the year following the expenditure. Through setting aside receipts it is possible, in addition to the interest already earned, to gain a saving in debt repayment until the expenditure for which the receipts are intended is eventually incurred. Some limited advantage was taken of this option in 2004/05 when some £10m was set aside from capital receipts partly to support the property strategy and partly to deliver a planned budget saving for 2005/06.
- 5.3 Secondly, the Prudential Code does not preclude gross external debt being higher than the capital financing requirement at any time. The requirement is that net borrowing (borrowing net of investments) should not exceed the capital financing requirement over the medium term. This permits a considerable degree of flexibility in managing the debt and investment portfolios. For example, provided that the Council has identified, on the basis of the current programme, that its capital financing requirement will be £47,000,000 by 2008/09, gross borrowing could be increased in advance by £10,000,000 from the current £37,000,000. The timing of the new borrowing can be judged in the light of the likely interest rate cycle. Borrowing in advance of anticipated expenditure generates additional cash for investment and the interest rate on this cash needs to be at least as good as that on the new borrowing. Some saving should be generated in the period if new long-term borrowing can be combined with medium-term investments at better rates.
- 5.4 Thirdly, under the specific guidance on Local Government Investments under section 15 (1) (a) of the 2003 Act, councils have greater freedom in investing surplus cash. This greater freedom comprises the ability to lend for periods of longer than a year and to invest in a wider range of instruments and institutions. The Investment Strategy in section 4 sets out the overall framework for Havering's investments from 2005/06 to 2008/09. Within this framework, a number of issues need to be reviewed including:



- the balance between internal & external management of investments;
- the performance of the external manager;
- the merits of direct investment in fixed interest securities or other instruments.

5.5 It is proposed that, in the event of any of these options being carried out by the Corporate Director of Finance and Commercial a full report will be made to Investment Committee confirming the options taken and confirming the benefits and associated risks.

## **6. TREASURY MANAGEMENT BUDGET 2006/07**

The estimated revenue costs and income associated with treasury management are set out below:

### **6.1 Estimated Interest to be paid to Lenders**

	<b>2005/06 Budget (£)</b>	<b>2006/07 Budget (£)</b>
<b>Long-term Borrowing Costs</b>		
Loan Interest	1,808,530	1,838,780
Premium/Discounts	344,290	266,130
<b>Total Cost of Long-term Finance</b>	<b>2,152,820</b>	<b>2,104,910</b>
Interest on Short-term Borrowing	387,530	144,190
<b>Total External Loan Interest</b>	<b>2,540,350</b>	<b>2,249,100</b>

This estimate is sensitive to changes in interest rates. As a guide, an increase or fall of 1% in base rates above or below the currently anticipated average levels would cost or save approximately £35,000.

### **6.2 Estimate of Investment Income in the Budget**

	<b>2005/06 Budget (£)</b>	<b>2006/07 Budget (£)</b>
Income from Externally Managed Funds	922,600	897,170
Interest on Internally Managed Deposits	1,899,670	1,985,200
<b>Total Investment Income</b>	<b>2,822,270</b>	<b>2,882,370</b>

This estimate is sensitive to changes in interest rates. As a guide, an increase or fall of 1% in returns above or below the currently anticipated average levels would earn or cost Havering approximately £617,000.

On a net basis, therefore, Havering would gain £582,000 if rates of interest and returns proved to be 1% higher on average in 2006/07 than assumed in the budget, or lose £582,000 if they proved to be 1% lower.

This estimate is also sensitive to variations in cash flow from that assumed in the budget. As a rough guide, an average variation of £1,000,000 at the current short-term rate earns or loses an extra £45,000 in a year.

### **6.3 Estimate of Cost of Treasury Management Function**

In addition to the external interest and premium payments to lenders, Havering incurs other ongoing costs for managing its debt and investments. Under the CIPFA Code, it is recommended that these costs be brought together in one cost centre. The charges are

recovered from the General Fund and Housing Revenue Account in proportion to the balance sheet value of their fixed assets.

For 2006/2007, the costs of treasury management have been estimated as follows:

	<b>Budget (£)</b>
Treasury Management Costs on Borrowing & Investments	103,280
Estimated Average External Debt + Average Investments	91,876,000
Estimated Treasury Management Rate	0.112%

Budget provision has been made for £45,460 in the General Fund and £57,820 in the Housing Revenue Account.

## **7. PRUDENTIAL INDICATORS FOR CAPITAL FINANCE**

### **7.1 Statutory Framework & Governance**

7.1.1 The key objectives of the Prudential Code (the Code) are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The prudential indicators required by the Code are designed to support and record local decision making.

7.1.2 The Code sets out a clear governance procedure for the setting and revising of prudential indicators: it will be done by the same body that takes the decisions for the local authority's budget, i.e. the full Council.

7.1.3 The Group Director Finance and Commercial will be responsible for ensuring that all matters required to be taken into account are reported to the Council for consideration and for establishing procedures to monitor performance.

7.1.4 Prudential indicators for previous years will be taken directly from information in the Statement of Accounts. If any item within the Statement that is relied on for an indicator is the subject of audit qualification, this must be highlighted when the prudential indicators are set or revised.

### **7.2. Matters to be taken into account**

- 7.2.1 In setting or revising its prudential indicators, Havering has regard to:
- affordability, e.g. implications for Council Tax and housing rents
  - prudence and sustainability, e.g. implications for external borrowing
  - value for money, e.g. option appraisal
  - stewardship of assets, e.g. asset management planning
  - service objectives, e.g. strategic planning for the authority
  - practicality, e.g. achievability of the forward plans

### **7.3 THE PRUDENTIAL INDICATORS**

#### *7.3.1 Affordability Indicators*

**The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the total capital investment of the Authority remains within sustainable limits, with particular reference to its impact**

**on the local authority's Council Tax levels and rent levels.**

- **Ratio of capital financing costs to net revenue stream**

These ratios are intended to indicate the relative affordability of financing the authority's capital commitments against its overall revenue costs chargeable to Council Taxpayers and rent payers.

The actual ratios of financing costs to net revenue stream for 2004/05 and the estimated ratios for the current and future years are as follows:

	<b>2004/05 Actual</b>	<b>2005/06 Estimate</b>	<b>2006/07 Estimate</b>	<b>2007/08 Estimate</b>	<b>2008/09 Estimate</b>
HRA	26.65%	25.27%	25.13%	24.02%	22.89%
Non-HRA	-0.24%	-0.26%	0.28%	0.42%	0.45%
<b>Total</b>	<b>2.65%</b>	<b>2.42%</b>	<b>2.85%</b>	<b>2.80%</b>	<b>2.66%</b>

- **Estimate of incremental impact of new capital investment decisions on Council Tax and average weekly housing rents**

A fundamental indicator of affordability is the impact of capital investment decisions on Council Tax and HRA housing rents. The indicator includes all the incremental revenue costs of capital schemes not just financing costs but also allows for self-financing or grant support. If any incremental changes affect years beyond 2008/09, these must also be shown.

Having calculated, on the basis of the best information available and on reasonable assumptions, the total HRA and non-HRA budgetary requirements for Havering for the next three years with and without the changes proposed to the capital programme, the Group Director Finance & Commercial estimates the following cumulative incremental changes to Council Tax and housing rents arising from the capital investment decisions:

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Increase in Band D Council tax arising from New Capital Investment decisions	£3.23	£6.46	£9.00	£10.76
Increase in Average Weekly Housing Rent arising from New Capital Investment decisions	£0.00	£0.00	£0.00	£0.00

### 7.3.2 Prudence Indicators

- **Net external borrowing and the capital financing requirement**

In accordance with best professional practice, Havering does not associate borrowing with particular items or types of expenditure. External borrowing arises as a consequence of all the authority's financial transactions whether capital or revenue.

The Prudential Code sets as a key indicator that net borrowing over the medium term should only be for capital. The Code provides that net external borrowing (borrowing net of investments) should not exceed the total capital financing requirement in the preceding year plus any estimates of additional capital financing requirement for the current and next two years.

The Authority had no difficulty in meeting this requirement in 2004/05 (Havering is currently a net lender) and existing commitments and plans in the Budget can be accommodated within this limit.

	<b>31/03/05</b> <b>£000</b> <b>Actual</b>	<b>31/03/06</b> <b>£000</b> <b>Estimate</b>	<b>31/03/07</b> <b>£000</b> <b>Estimate</b>	<b>31/03/08</b> <b>£000</b> <b>Estimate</b>	<b>31/03/09</b> <b>£000</b> <b>Estimate</b>
Net external borrowing/(lending)	(52,602)	(35,216)	(18,543)	(15,912)	(10,477)
Capital Financing Requirement	30,294	37,853	42,227	44,684	47,093

### **7.3.3 Indicators for capital expenditure**

- **Capital expenditure**

The actual capital expenditure that was incurred in 2004/05 and the estimates for the current and future years recommended for approval are:

	<b>2004/05</b> <b>£000</b> <b>Actual</b>	<b>2005/06</b> <b>£000</b> <b>Estimate</b>	<b>2006/07</b> <b>£000</b> <b>Estimate</b>	<b>2007/08</b> <b>£000</b> <b>Estimate</b>	<b>2008/09</b> <b>£000</b> <b>Estimate</b>
HRA	11,354	11,520	10,297	9,949	9,635
Non-HRA	34,070	49,704	37,242	18,160	9,063
<b>Total</b>	<b>44,954</b>	<b>61,224</b>	<b>47,539</b>	<b>28,109</b>	<b>18,698</b>

- **Capital Financing Requirement**

The capital financing requirement measures the authority's underlying need to borrow for capital purposes but does not reflect any need to fund day to day movements in revenue cash flows. It is calculated as the aggregate of:

*Fixed Assets + Intangible Assets - Fixed Asset Restatement Account - Capital Financing Account - Grants Deferred.*

The government prescribes the definition of the HRA capital financing requirement in regulations issued under the 2003 Act. These are a continuation of the ring-fenced item 8 determinations under the 1989 Act.

The actual capital financing requirement at 31st March 2004 and the estimated requirements at the end of the current and future years are set out in section 3.2.1.

### **7.3.4 Indicators for External Debt and Treasury**

- The following indicators are included within the Treasury Management Strategy Statement included in Section 3 above:
  - Capital financing requirement
  - Authorised limit for external debt
  - Operational boundary for external debt
  - Actual external debt
  - Adoption of the Cipfa Code of Treasury Management Practice
  - Interest rate exposures
  - Maturity structure of borrowing
  - Maturity structure of long-term investments

### **7.3.5 Monitoring**

**Cabinet, 15 February 2006**

- The Group Director Finance and Commercial has established procedures to monitor performance against all forward-looking indicators, a measurement and reporting process that highlights significant deviations from expectations.
- Where the Group Director forms the view that the authorised limit for external debt is likely to be breached, a report to Investment Committee will be made.
- The indicators for the operational boundary and the ratio of financing costs to net revenue stream are estimates. A sustained trend above the operational boundary will lead to further investigation and action.
- Regular monitoring will be undertaken in-year against the measures of affordability & sustainability.
- Greater emphasis will be put on monitoring cash flow.

## FORMAL COMMENTS FROM OVERVIEW & SCRUTINY COMMITTEES ON DETAILED ESTIMATES

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The following comments were agreed by the Committees for consideration by the Cabinet:

### **Adult Services & Health**

The Committee was satisfied with the outlined plans in relation to the budget but concerned about planned savings on line 146 (Review of Fair Access to Care criteria- older peoples services). The Committee asked the Lead Member and Officers to revisit this item.

There was also some reservation on line 141 -Review provision of buses for Ravensbourne School.

The Committee made no formal comment for Cabinet to consider

### **Corporate**

Members raised a number of concerns:

- Relating to fostering out of borough, Members were informed that costs had risen from £30k to £60k.
- Havering's "floor" set by the government in relation to its financial settlement, prevented the borough from receiving additional funds. It also meant that Havering would receive something. The Council could have lost a further £3.5 million.
- Havering had the lowest average wage in London and had the highest proportion of over 65's, yet there was no additional direct funding.
- Some Members expressed concern that it was difficult to follow the audit trail across a range of pages and asked officers present if the budget could have a summary sheet for ease of reference and where different sets of figures were being brought together involving different parts of the budget document, would it be possible to ensure that the links were identified in some way.

The Committee made no formal comment for Cabinet to consider

### **Culture & Regeneration**

- Reference was made to the poor state of the Council's Christmas Decorations. Members commented that alternative funding methods from local businesses should be explored. Mention was made as to how other neighbouring boroughs raised funds from local businesses, it was suggested that this Council follow their lead.
- Chairman announced she was happy with increased budgets and improvements in Cultural Services such as Halls.

The Committee made no formal comment for Cabinet to consider

## **Children's Services**

The Committee made no formal comment for Cabinet to consider

## **Environment**

The following issues were raised:

- with regards to the grass verges on the A127, the Cabinet Member for StreetCare explained that both TfL and the Council shared the ownership of it and that the Council had recognised the need to be in dialogue with TfL.
- Regarding Utility boards digging up the road, Members suggested that there be agreements between the Council and the essential services as to when they would finish their work, the Cabinet Member responded that this was already being pursued.
- On the issue of Street furniture especially lamp posts, part of the liveability project was to get rid of all street furniture not being used.
- Another member wanted to know how often the streets were swept. It was explained that this happened every two weeks on most streets, some main roads were however swept daily.
- A Member wanted to know what would happen to the new rubbish bins if they got damaged, would they be repaired or removed. The Cabinet Member for StreetCare responded that the new ones were quite sturdy, hence should not get damaged easily and that they would also be affixed to the ground. There was however, a small budget to replace damaged bins if it did happen. It was noted that the Head of StreetCare was the first point of contact if any damaged bins were found, including those at bus-stops as these were the responsibility of the Council.

There were no matters upon which the Committee wished formally to comment to the Cabinet.

## **Housing**

- Members raised a number of concerns regarding the proposed caretaking surcharge. Members were concerned that Council tenants would be paying for a service that already exists. Members considered that the costs should be born by the General Fund, and not by Council tenants. Members also commented that if there were to be a surcharge then Council tenants needed to be assured that there would be visible benefits
- There was also a general comment from a Member that housing services provided by the general fund should not continually be subsidised by the housing revenue account.
- A Member also commented that the £5k saving in privatising the pest control service should be reconsidered.

The Committee made no formal comment for Cabinet to consider.

## CONSULTATION MATTERS

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### INVESTING IN LOCAL SERVICES – CONSULTATION RESULTS

At each of the Area Committees, the Leader of the Council or a member of the Cabinet gave a presentation on the budget proposals, at the end of which members of the public present were invited to ask questions or offer comments.

Although a few questions of purely local interest were put, the majority of points addressed common issues as follows:

- Why was Havering's grant settlement always so low? Residents pay Council Tax and expect a fair return for their money
- The GLA precept is exorbitant
- Why should the Council Tax payer be expected to contribute to the cost of the Olympic Games in 2012?
- The improvement in StreetCare activity was welcomed
- The cost to the Council Tax payer of supporting the Council's Pension Fund is considered excessive.





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MEETING

DATE

ITEM

CABINET

15 FEBRUARY 2005

**6**

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SUPPLEMENTARY

**Cabinet Members:**  
Councillor Roger Ramsey

**Relevant Overview & Scrutiny Committees:**

All

**SUPPLEMENTARY REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: CORPORATE PLAN INCLUDING 2006/07 BUDGET AND ASSOCIATED MATTERS**

**MEMBERS ARE ASKED TO RETAIN THESE PAPERS WITH THE BUDGET REPORT FOR REFERENCE AT THE COUNCIL TAX MEETING ON 1 MARCH 2006**

**6. Greater London Authority**

The Greater London Authority (GLA) precept covers services of the Metropolitan Police, the London Fire and Emergency Planning Authority, the London Development Agency, as well as the core functions of the GLA and Transport for London.

This precept is outside of the control of the Council and as such does not form part of the strategy of the Council. The Council is concerned with the budget and level of Council Tax and of course lobbied to

ensure any precept increases are reasonable and add value to the community of Havering.

The GLA budget was published for consultation in mid December and proposes an increase of 16.6% comprising of 7.8% for the Olympics and 8.8% for the Greater London Authority. The Mayor subsequently indicated that he expected the latter to be reduced to 5.5%.

The final precept decision will not be known until 15<sup>th</sup> February 2005, however the Mayor's final proposals were issued on the 7<sup>th</sup> February 2006. These now propose an increase of 5.5% in the GLA element and 13.3% overall.

## **7. Overall Council Tax for 2006/07**

The table below summarises the position.

	<b>£</b>	<b>% Increase</b>	<b>% Contributing</b>
GLA Precept, excluding Olympics	268.61	*	*
Olympics	20.00	*	*
<b>Sub Total</b>	288.61	13.3	2.6
Havering Precept	1,091.39	1.7	1.3
<b>Total</b>	1,380.00	3.9	3.9

**Note:**

There may be rounding changes once the written confirmation is received from the GLA.

Stephen Evans  
Chief Executive