

London Borough of Havering
COUNCIL MEETING

**7.30pm WEDNESDAY, 28 FEBRUARY 2007
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 2007/08



Chief Executive

For information about the meeting please contact:

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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.

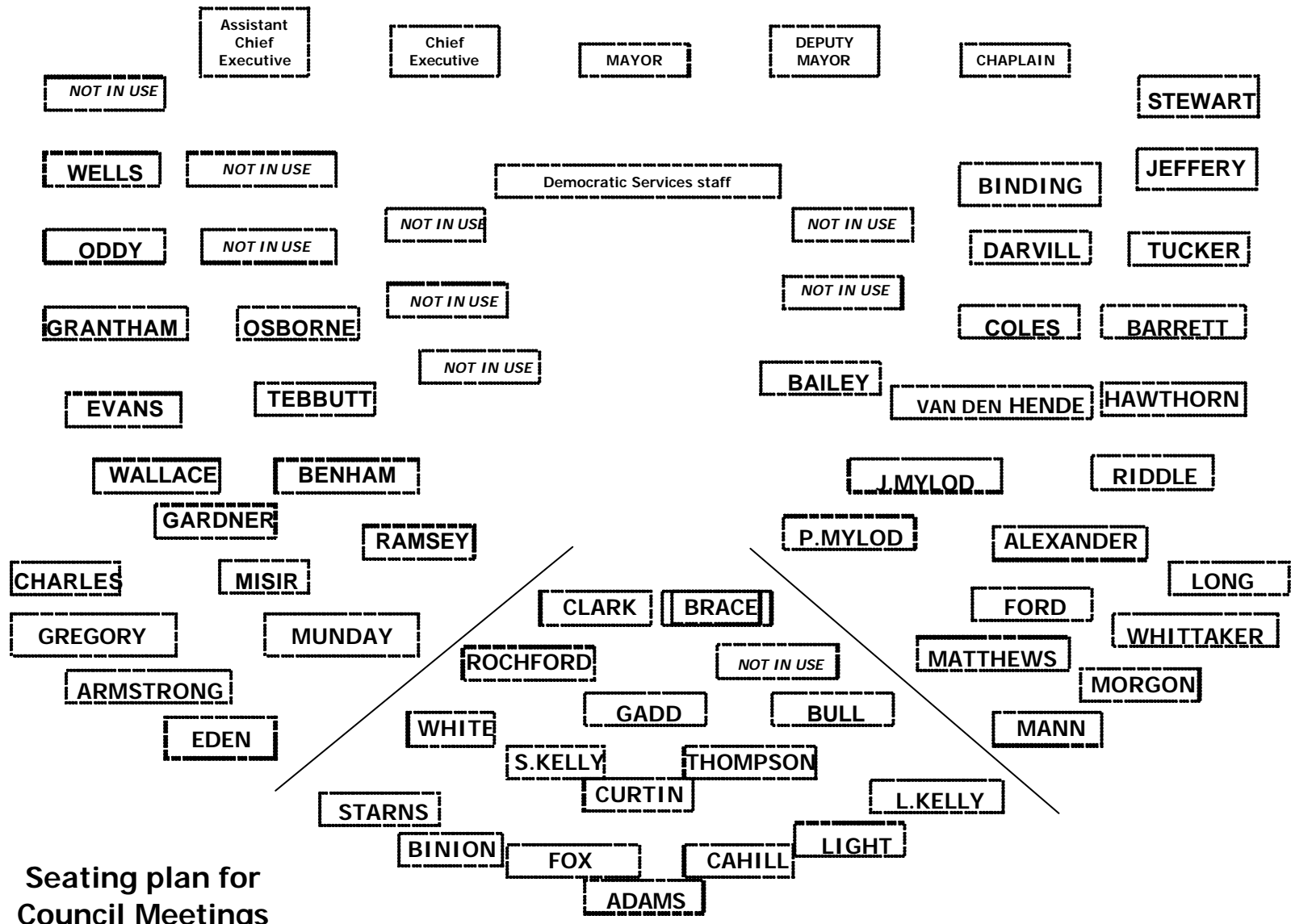
3. CONDUCT AT THE MEETING

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, 28 February 2007 - 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.



Seating plan for
Council Meetings

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), 28 February 2007 - 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 7 February 2007 (to follow when available)

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: 2007/08 BUDGET

To consider the report of the Cabinet, 14 February 2007 (attached); to agree a budget for 2007/08; and then to set the Council Tax 2007/08.

**ALL MEMBERS ARE ASKED TO BRING WITH THEM
THE REPORT TO CABINET ON 14 FEBRUARY
FOR REFERENCE AT THIS MEETING**

**IMPORTANT
PLEASE REFER TO NOTES OVERLEAF**

Council (Council Tax meeting), 28 February 2007 - Agenda

Notes

- (1) The Council has a legal obligation to set a Council Tax for 2007/08.
- (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 26 February.**

COUNCIL

28 FEBRUARY 2007

6

REPORT OF CABINET

14 February 2007

CORPORATE PLANNING AND MEDIUM TERM FINANCIAL STRATEGY 2007/08 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 report including the appendices with them to the meeting.

Attached to this report are:

- a revised Council Tax statement, originally provided in the Cabinet report marked as Appendix D, to be amended following the final notification of the levies
- 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 draft 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 £1,433.00

RECOMMENDATIONS

1. That the following as submitted in the report to Cabinet be approved:
 - a) The revenue budget for 2007/08.
 - b) The capital programme for 2007/08 and 2008/09.
2. That it be noted that under delegated powers the Chief Finance Officer has calculated the amount of 87,782 (called T in the regulations) as its Council Tax base for the year 2007/2008 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 2007/2008 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - a) 497,710,311 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) 349,277,880 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) 148,432,431 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) 49,316,019 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 2007.

This figure is P in the regulations.

- e) 99,116,412 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)

Valuation Bands London Borough of Havering	
	£ p
A	752.74
B	878.21
C	1,003.66
D	1,129.12
E	1,380.03
F	1,630.95
G	1,881.86
H	2,258.24

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 2007/08 the major precepting authority (the GLA) has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below as agreed by the Mayor and the London Assembly at its meeting on 14th February.

Valuation Bands	Greater London Authority
	£ p
A	202.59
B	236.35
C	270.12
D	303.88
E	371.41
F	438.94
G	506.47
H	607.76

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 2007/08 for each of the categories of dwellings shown below:

Valuation Bands	£ p
A	955.33
B	1,114.56
C	1,273.78
D	1,433.00
E	1,751.44
F	2,069.89
G	2,388.33
H	2,866.00

The effect of adopting this resolution would be to set the Council Tax for a band D property at £1,433.00

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 31st March 2008, 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 1st April 2007, 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. That in respect of Treasury Management and the Prudential Code the Council:
- (i) Re-affirms the Treasury Policy Statement set out in Section 2 of Appendix M.

- (ii) Approves the Treasury Management Strategy set out in Section 3 of Appendix M together with the Prudential Indicators for Treasury Management and External Debt.
 - (iii) Approves the Annual Investment Strategy set out in Section 4 of Appendix M.
 - (iv) Notes the Treasury Management budget for 2007/08 set out in Section 5 of Appendix M, which has been included in the overall Council budget.
 - (v) Approves the prudential indicators for capital finance set out in Section 6 of Appendix M as required under the Regulations.
8. That the Council approves the draft Corporate Plan and authorises the Chief Executive to make any necessary changes and additions prior to its publication.

REPORT DETAIL

As set out in the report to Cabinet of the 14th February 2007.

LONDON BOROUGH OF HAVERING
COUNCIL TAX STATEMENT – 2007/08 BUDGET

Estimate 2006/07 £		Estimate 2007/08 £	
265,228,000	Havering's Expenditure	277,995,797	
1,000,000	Committee expenditure	-	
-	Provision for ill health retirements/exit costs	1,000,000	
1,997,584	Strategic Provision	2,021,466	
268,225,584	Havering's Own Expenditure	281,017,263	
	Levies		
8,117,000	East London Waste Authority	8,556,000	Final
93,654	Environment Agency (Thames)	149,767	Provisional
11,308	Environment Agency (Anglia)	7,604	Provisional
258,568	Lee Valley Regional Park Authority	266,490	Provisional
237,268	London Pensions Fund Authority	262,307	Final
8,717,798	Sub Total – Levies	9,242,168	
276,943,382	Sub Total – Total Expenditure	290,259,431	
	External Finance		
-7,714,312	Revenue Support Grant	-7,015,063	
-39,963,153	National Non Domestic Rate	-41,800,956	
-10,063	Amending Report 2004/05 – 2005/06	-	
-134,020,000	Dedicated Schools Grant	-141,827,000	
-181,707,528	Sub Total – External Finance	-190,643,019	
-	Community Charge	-2,000	
-250,000	Collection Fund Surplus	-498,000	
94,985,584	Havering's Precept on the Collection Fund	99,116,412	

The Collection Fund					
Estimate 2006/07 £		Expenditure	Estimate 2007/08 £		
94,985,854	£ p	Precepts	99,116,412	£ p	
25,118,306	1,091.39	London Borough of Havering	26,675,194	1,129.12	
56,857,486	288.61	Greater London Authority	60,045,635	303.88	
283,962	653.30	Contribution to NNDR pool	283,252	684.03	
	3.26	Cost of NNDR collection		3.23	
177,245,608	2,036.56	Total Expenditure	186,120,493	2,120.26	
		Total Income			
-57,141,448	-656.56	National Non-Domestic Rate	-60,328,887	-687.26	
120,104,160	1,380.00	COUNCIL TAX per Band D property	125,791,606	1,433.00	
					Council Tax percentage increase 3.84%
87,032		Council Tax Base	87,782		
		Council Taxes Per Property Band		Increase	
Valuation as at 1/4/91	£ p		£ p	£ p	
Under £40,000	920.00	Band A	955.33	35.33	
£40,000 - £52,000	1,073.33	Band B	1,114.56	41.23	
£52,001 - £68,000	1,226.67	Band C	1,273.78	47.11	
£68,001 - £88,000	1,380.00	Band D	1,433.00	53.00	
£88,001 - £120,000	1,686.67	Band E	1,751.44	64.77	

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£120,001 - £160,000	1,993.33	Band F	2,069.89	76.56
£160,001 - £320,000	2,300.00	Band G	2,388.33	88.33
Over £320,000	2,760.00	Band H	2,866.00	106.00

BUDGET AND CORPORATE PLAN AND COUNCIL TAX 2007/08

SUPPLEMENTARY INFORMATION

A. THE GREATER LONDON AUTHORITY AND LEVIES

The Greater London Authority precept proposed by the Mayor was advised as being £303.88 per Band D property (5.3% increase). The London Assembly agreed this budget and precept on 14th February

B. 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 Requirement has Changed

Following consultation with the residents of the borough, Havering's spending will total £290.3m.

Change in Council's Budget Requirement

	£m	£m
2006/2007 Budget	276.9	
2007/2008 Budget	290.3	
		13.4
Education		
Dedicated Schools Budget		7.8
Other Services		
Inflation	2.7	
Pressures and Provisions	8.0	
Increase in Levies/Other Issues	0.6	11.3
Sub Total		19.1
Efficiencies and Savings		-5.7
		13.4

C. 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>		£
Section 32 (2) (a)	Gross expenditure including levies	494,388,845
Section 32 (2) (b)	Contingency provisions	3,021,466
Section 32 (2) (c)	Financial reserves raised to meet future expenditure	300,000
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>497,710,311</u>

3(b) <u>Estimate for Calculation under Section 32 (3) (a) to (c)</u>		
Section 32 (3) (a)	Gross income	348,953,810
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	324,070
Total		<u>349,277,880</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)		497,710,311
<u>Less</u>		
Aggregate of the amounts for the items set out in Section 32(3)(a) to (c)		349,277,880
Budget Requirement		<u>148,432,431</u>

3 (d) Section 33(1) Calculation

Aggregate of the sums estimated to be receivable in respect of redistributed National Non-Domestic Rate (£41,800,956), Revenue Support Grant (£7,015,063), surplus on the Collection Fund at 31.3.2005 in accordance with Section 97(3) of the 1988 Act (£500,000) 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 2007.

External Finance and Collection Fund surplus **49,316,019**

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:

$$\frac{\underline{\pounds 99,116,412}}{87,782} = \pounds 1,129.12 \text{ for a Band D property}$$

To the basic amount of tax must be added the equivalent figure for the Greater London Authority (£303.88) giving a total Council Tax for a Band D property of **£1,433.00**.

**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

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, Cabinet Members and the Cabinet 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 will lead 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) the proposals.

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 attachment.

2.5 A review of all 2006/07 key projected variations has taken place to assess any impact on the 2007/08 budget outside of the proposals in order to:

- (a) Ensure action plans are in place where a possible adverse variation could occur.
- (b) Use of any possible additional favourable variation is considered in the context of the overall strategy.
- (c) Inform the risk assessment of contingency and reserves.

2.6 Adults Social Services has, and continues to be, a concern for 2007/08. Systems are being implemented and the robustness is improving. However, until the work

has been completed and sustained, reliance cannot be placed on the systems.

The 2007/08 budget is based on clear assumptions and this will assist in improving analysing any variances. However, past experience has shown that overspends have consistently occurred, despite budget expansion. This continues to be a considerable risk for 2007/08, as does the impact of the judicial review. The contingency sum reflects this.

2.7 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 have or are being prepared. No general efficiency gains are included because:

- this would not provide financial stability – there is a 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.

2.8 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 in July 2006 set out that the minimum level for the authority will be £10m. As is the norm, a full review will take place as part of the MTFS. However, as part of the budget process, a provisional review has taken place. The risk assessment is attached at Annex 1 and the Chief Finance Officer's advice is that the minimum level should remain.

3.4 The working balances as at 31/3/06 amounted to £11.2m. 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 After taking account of the projection in the current year, this could fall to around £1m below the minimum level of £10m recommended by the CFO. This would suggest the need to build in to the 2007/08 budget a contribution to reserve. The CFO is, however, of the view this is not necessary because:
- (a) Historically the authority has indicated a potential overspend, however it tends to come in on target.
 - (b) Projections have been based on the best information available at the time, but in a prudent basis. The Strategic Management Team have identified that the position in many Service areas could be more favourable, however this is not being assumed because of concerns in the Adult Social Services.
 - (c) Interest receivable has traditionally been a fortuitous saving which has increased by the year end. An assessment of this would suggest this will be repeated in 2006/07.
 - (d) There remains a significant amount of contingency unallocated.
- 3.6 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough Council Tax capping regime, which will limit Council Tax rises in future years to pay for one-off use of balances.
- 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. For information, £1m equates to approximately 1% on the Council Tax.
- All Members must be mindful of their stewardship responsibility to the Council.
- 3.7 Having regard to the above and the current years projected outturn, no use of general reserves/working balances is therefore recommended.
- 3.8 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 amount to around £4m and are for the following:

- (a) Insurance Reserve, which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed.
- (b) Capital and Revenue Support Fund and being used to provide bridge funding for schemes such as the Property Strategy and the Leisure contract cash flow.
- (c) Strategic Reserve for employment issues.

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.

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

3.10 Information on how the contingency level was arrived at is also incorporated into the attached risk assessment (Annex 1).

RISK ASSESSMENT FOR RESERVES / CONTINGENCY 2007/08

Risk	Risk Control Measures (<i>new controls in italics</i>)	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
1. Income levels do not materialise, e.g. (a) Specific Grant withdrawal (b) Increasing arrears (c) Falling income (d) Capping.	<ul style="list-style-type: none"> • Knowledge of capping regime. • Professional staff in appropriate numbers. • Knowledge of grants and compliance with policy guidelines. • Professional networks. • Budget planning/monitoring. • <i>Debt Management Board.</i> • Robust collection process. • <i>Income recovery targets.</i> • Good public relations. • Publicity re. payment profiles and benefit arrangements. • Management action. 	Medium	Monthly Quarterly Annually	HoFS	250	125	2,500	1,250
2. Demand led services increase over budget assumptions, e.g. Children's placements, Adult's social care, reprovisioning project, SEN.	<ul style="list-style-type: none"> • Professional staff in appropriate numbers. • Regular reviews. • Professional networks. • Service planning. • <i>Use of key activity data.</i> • Budget planning/monitoring. • Management action. • <i>Project management.</i> 	High	Monthly	HoSs	1,500	750	4,000	2,250
3. Major projects/savings	<ul style="list-style-type: none"> • Project management. 	Low-longer	Monthly	HoSs	250	125	2,000	1,000

Council, 21 February 2007

Risk	Risk Control Measures (<i>new controls in italics</i>)	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
are not delivered in accordance with plans, e.g. reprocurement, capital or increase in tender costs.	<ul style="list-style-type: none"> Budget monitoring/control. <i>Project Board monitoring.</i> <i>Project management toolkit.</i> <i>Audit plan.</i> Medium Term Financial Strategy. 	term Med-short term as project management capacity develops						
4. Fines and costs incurred which are not budgeted for, e.g. petitioning and one off/VAT penalty, Health and Safety, major civil emergency.	<ul style="list-style-type: none"> Professional staff and maintenance of standards. Financial and service planning. Sound policy guidelines. <i>Health & safety groups.</i> <i>Risk management, risk assessments.</i> Monitoring. Professional networks. Service planning. 	Medium	Monthly	HoSs	250	125	750	375
5. Workforce issues, e.g. (a) Vacancies/cover needs resulting in higher cost (b) Support to statutory officers (c) Equal pay matters (d) Disputes (e) Recruitment/retention (f) Residual costs. (g) Succession Planning	<ul style="list-style-type: none"> Human resources management. Budgetary monitoring and control. Workforce strategy. Manager Development Plans. <i>Industrial relations.</i> <i>Shared intelligence.</i> <i>Market supplements.</i> 	Medium	Ongoing	ACE H/R	500	250	5,000	2,500
6. Changes in Capital Programme/cash flow assumptions, e.g. (a) Capital receipts are not	<ul style="list-style-type: none"> Professional staff in appropriate numbers. Asset management. Budget planning and 	Low as have netting off effect	Monthly	HoSs	-	-	1,000	250

Risk	Risk Control Measures (<i>new controls in italics</i>)	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
forthcoming in time. (b) Interest rate market works against Havering (c) Interests from Capital Programme slippage.	<ul style="list-style-type: none"> • monitoring. • Good cash management policy. • Professional networks. • Monitoring service management. • Capital Strategy. • <i>Project Board monitoring.</i> • <i>Project management toolkit.</i> 							
7. Increase in costs or financial risks in partnership arrangements.	<ul style="list-style-type: none"> • High quality tender documents. • Encourage competitive response. • Alternative Service Delivery Solutions. • Partnerships Map. • Partnership Risk Management. • <i>Development of partnership toolkit.</i> 	Medium in short term, but high in longer term as number increases	One off	EDE	250	125	500	250
8. Insurance claims exceed provision.	<ul style="list-style-type: none"> • Professional staff in appropriate numbers. • Clear policy guidelines. • Review of funding Risk Management arrangements. • RMG reviews. • <i>Actuarial review.</i> • <i>Shared intelligence.</i> 	Medium	Quarterly	HoFS / HoSs	250	125	1,000	500

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Risk	Risk Control Measures (<i>new controls in italics</i>)	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
9. Arrangements for budget and financial management, e.g. avoid overspends, prevent fraud/corruption	<ul style="list-style-type: none"> The increased focus on financial management and managing within resources provides a robust framework to manage budgets within. By way of example, as overspends have occurred, the council has taken mitigating action to reduce any overspends. CPA Review. Audit System/Plan. Annual review of FPR/FF. 	Medium	Ongoing	HOFS/HOSs	Within above		2,000	500
10. Increase in utility costs above rate of inflation	<ul style="list-style-type: none"> <i>Market intelligence.</i> <i>Procurement process.</i> <i>Invest to save schemes.</i> <i>Sustainability strategy.</i> 	Medium	Ongoing	HOFS/HOSs	250	125	250	125
11. Business continuity, eg flu pandemic, terrorism, network virus, legionella outbreak	<ul style="list-style-type: none"> <i>Emergency plan.</i> <i>Business continuity plans.</i> <i>Flu pandemic plan.</i> <i>Disaster recovery arrangements.</i> 	High	Ongoing	HoFS / HoSs	500	250	1,000	500
TOTAL POTENTIAL					4,000	2,000	20,000	10,000
ASSESSMENT HAVING REGARD TO RISK LIKELIHOOD		Overall Medium Risk				2,000		10,000

Note: Low 25%
Medium 50%

Council, 21 February 2007

High 75%

DRAFT MINUTES OF THE CABINET MEETING 14TH FEBRUARY 2007**67 CORPORATE PLAN INCLUDING 2007/08 BUDGET AND ASSOCIATED MATTERS**

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

The report outlined the context within which the 2007/08 budget was being set and identified the Council's overall policy direction, statutory duties and financial strategy.

Cabinet was reminded that effective Councils had robust medium term corporate planning processes that allocated resources to priorities and drove performance. The Council's MTFS provided the resources to support the delivery of its Corporate Plan, setting out priorities and high level actions. The Corporate Plan was underpinned by directorate and service plans, specifying action in more detail, and ultimately individual work plans for staff set through Personal Development and Performance Appraisals.

The Council's corporate planning process had been successful with the Audit Commission scoring the Council 3 out of a maximum 4 for the provision of value for money services. The Audit Commission's corporate assessment had also scored the Council 3 out of a maximum of 4, concluding "it has an integrated and robust approach to ensure that its expenditure is aligned to priorities." Those priorities were set after full consultation with residents, and savings and reprioritisation made to support them. The process in the previous year had identified £15m of savings to invest in the public's priorities, including £8.8m for street and highway improvements, £2.9m for parks, libraries and sports centres, and £1.4m for community safety. These investments had delivered, with the latest Ipsos MORI survey of public satisfaction showing marked improvement between 2003/04 and 2006:

- satisfaction with the Council overall up from 37% to 45%
- satisfaction with sports and leisure facilities up from 40% to 53%
- satisfaction with libraries up from 63% to 70%
- satisfaction with parks and open spaces up from 60% to 67%
- satisfaction with street cleanliness up from 42% to 63%
- satisfaction with recycling up from 59% to 70%
- satisfaction with the local tip up from 62% to 82%

Information in respect 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 and a series of presentations had been made to the public at Area Committees. The results of this consultation were set out in the report, which also set out the factors being recommended for inclusion within the 2007/08 budget.

The current position was that the Havering element of the Council Tax would increase by 3.5% (including the agreed ELWA levy) and the GLA precept (also now agreed) would increase by 5.3%.

Reasons for the decision:

The Council was required to set a budget for 2007/08 and, as part of that process, to undertake relevant consultation in respect of the proposals included within that budget.

Alternative options considered:

There were no other options insofar as setting a budget was concerned. However, there were options in respect of the various elements of the budget that had been 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.

Cabinet noted that the opposition groups wished to reserve their positions on the budget proposals at this stage.

Cabinet agreed:

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

1. To take account of the advice of the Chief Finance Officer as set out in Appendix K when recommending the Council budget.
2. To take account of the comments received:
 - during the consultation exercise, as reported in Appendix N
 - from the Overview and Scrutiny Committees (Appendix O) when recommending the total Council budget.
3. To approve the Council's draft budget as set out in Appendix D, formulated on the basis of:
 - the agreed ELWA levy
 - the agreed GLA precept
 - the budget pressures/investment and savings proposals shown at Appendices F and G
 - the schedule of LPSA funded items in Appendix H
 - the other assumptions set out in this report.
4. To approve the broad expansion to the 2007/08 and 2008/09 Capital Programme set out in Appendix L along with the funding proposals and for the detailed allocation to be agreed with the relevant Cabinet Member and Cabinet Member Resources, unless a full Cabinet report is required as stated in the Appendix.

5. To note that a separate report would be provided in respect of the Education Capital Programme.
6. 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.
7. To authorise Cabinet Members to approve expenditure plans on specific grants as set out in Appendix B.
8. To note the virement and contingency rules set out in Appendix J.
9. To agree that the final Greater London Authority precept and levies be incorporated, by making an appropriate adjustment to the contingency provision, subject to any changes being minor, to enable the band D 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 28 February 2007.
10. 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.
11. To authorise the Group Director Finance and Commercial to amend the Annual Investment Management Strategy set out in Appendix M in the light of any new information and that such changes be reported to the Cabinet Member Resources.
12. To authorise the Chief Executive to make any necessary changes and additions to the Corporate Plan during its finalisation.
13. To authorise the Leader and Cabinet Member Resources to allocate funds from the specific provision set aside for matters still being resolved.
14. To authorise the Leader and Cabinet Member Resources to agree the release of funds from LPSA monies in consultation with the Havering Strategic Partnership.
15. To delegate responsibility to the Cabinet Member Resources to approve the set of key financial health performance indicators that will be used to monitor the Council's performance during 2007/08.
16. To note that a detailed review of Fees and Charges is underway and the conclusions will be considered as part of the Medium Term Financial Strategy for 2008/11, with any recommended changes in year being implemented under Cabinet Member delegation.

B. To RECOMMEND to the Council:

1. That, subject to decision A.3 above, the Council Tax for Band D properties, and for other Bands of properties, as set out in Appendix D

2. That a resolution be passed based on the proposals as set out in this report in order to set the Council Tax
3. That a resolution be passed as set out in paragraph 8.4 of the report, to enable Council Tax discounts to be given at the existing level.
4. That, in respect of Treasury Management and the Prudential Code, Council:
 - (vi) Re-affirms the Treasury Policy Statement set out in Section 2 of Appendix M.
 - (vii) Approves the Treasury Management Strategy set out in Section 3 of Appendix M together with the Prudential Indicators for Treasury Management and External Debt.
 - (viii) Approves the Annual Investment Strategy set out in Section 4 of Appendix M.
 - (ix) Notes the Treasury Management budget for 2007/08 set out in Section 5 of Appendix M, included in the overall Council budget.
 - (x) Approves the prudential indicators for capital finance set out in Section 6 of Appendix M, as required under the Regulations.
5. That Council adopt the Corporate Plan, having regard to decision A.12 above.
6. That the Council adopt the proposed Capital Programme as set out in Appendix L.

C. To note:

1. The monitoring arrangements for 2007/08 and the prospects for 2008/09 and beyond.
2. That the Government has provisionally set the multiplier for National Non Domestic Rate at 44.4p in the pound standard and 44.1p 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.



COUNCIL

28 February 2007

SUPPLEMENTARY AGENDA

6 CORPORATE PLANNING AND MEDIUM TERM FINANCIAL STRATEGY: 2007/08 BUDGET

A Amendment to budget proposals by the Rainham & Wennington Independent Residents' Group

The following amendment has been submitted in accordance with the procedural requirements of Council Procedure Rules 13.8(vi) and 13.9(ii).

At the time of publication, the Chief Finance Officer (the Group Director, Finance & Commercial) has not been able to confirm that it conforms to the robustness requirements of CPR 13.9(ii) and so the amendment is set out subject to her confirmation that it so conforms. If that confirmation is not given, the Mayor will rule the amendment as being out of order and it will not be considered.

To amend the proposed Council Tax by:

- (a) Removing all Special Responsibility Allowances
- (b) Freezing the Basic Allowances at the current 2006/07 level.

Saving approximately £684k including the £160k growth thereby reducing the Council Tax by 0.5% on Band D to 3.3% overall

Council Meeting, 28 February 2007

(Havering only 2.74%)

B Amendment to budget proposals by the Residents' Group

An amendment was submitted on behalf of the Residents' Group, but as the full procedural requirements of Council Procedure Rules 13.6 and 13.9(ii) were not complied with, the Council will need to pass the procedural motion set out below if the amendment is to be debated.

At the time of publication, the Chief Finance Officer (the Group Director, Finance & Commercial) has not been able to confirm that it conforms to the robustness requirements of CPR 13.9(ii). If that confirmation is not given, the Mayor will rule the amendment as being out of order and it will not be considered.

If the procedural motion is passed, the Residents' Group amendment will be tabled.

To suspend Council Procedure Rule 13.6 to enable the amendment to the budget to be accepted and debated notwithstanding that it was only signed by one member of the Residents' Group

C Corporate Plan

The final draft of the Corporate Plan is attached.

Report of the Chief Executive on the Proposed Amendments to the Budget

<p style="text-align: center;">ADVICE IN RESPECT OF RAINHAM & WENNINGTON INDEPENDENT RESIDENT GROUP BUDGET AMENDMENTS</p>
--

These amendments are acceptable for consideration in accordance with the Procedure Rules.

Should the amendment be approved, Council on 21st March 2007 would need to agree a new Member Allowance Scheme which reflects the proposal.

The impact of the proposal would be a Council Tax at Band D as follows:

	£	%
Havering	1,121	2.74
GLA	<u>304</u>	<u>5.3</u>
Total	<u>1,425</u>	<u>3.3</u>

If the budget amendment was agreed, the Council resolution would need to be amended accordingly, requiring a small adjournment.



COUNCIL

28 February 2007

<p>SECOND SUPPLEMENTARY AGENDA</p>

6 CORPORATE PLANNING AND MEDIUM TERM FINANCIAL STRATEGY: 2007/08 BUDGET

B Amendment to budget proposals by the Residents' Group

To amend the budget by incorporation of the items attached thereby reducing the Council Tax by 0.5% on Band D to 3.34% overall.

[Note: see following tables]

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Council, 28 February 2007 – Residents' Group amendment

2007/08 COUNCIL TAX PROPOSAL

ADMINISTRATION PROPOSAL	Estimate 2007/08 £	Band D Rate 2007/08 £	
Expenditure Precepts			
London Borough of Havering	99,113,778		
Greater London Authority	26,677,828		
Contribution to NNDR Pool	60,045,635		
Cost of NNDR collection	<u>283,252</u>		
	186,120,493		
Income			
NNDR receivable	<u>-60,328,887</u>		% Increase
Council Tax per Band D property	<u>125,791,606</u>	1,433.00	3.84

RA PROPOSAL	Estimate 2007/08 £		
Expenditure Precepts			
London Borough of Havering	98,502,778		
Greater London Authority	26,677,828		
Contribution to NNDR Pool	60,045,635		
Cost of NNDR collection	<u>283,252</u>		
	185,509,493		
Income			
NNDR receivable	<u>-60,328,887</u>		% Increase
Council Tax per Band D property	<u>125,180,606</u>	1,426.04	3.34

<u>RA Budget Calculation</u>	
Administration LBH Budget	99,113,778
RA LBH Amendments (see summary)	-611,000
RA LBH Budget	98,502,778

Band D Rate in 2006/07	1,380.00
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2007/08 RA BUDGET AMENDMENTS SUMMARY

	£'000	£'000
PUBLIC REALM		
Culture & Leisure	64	
Customer Services	-100	
Technical Services	-31	
StreetCare	<u>-84</u>	
Total		-151
CHILDREN'S SERVICES		
Education LEA	<u>40</u>	
Total		40
FINANCE & COMMERCIAL		
Financial Services	<u>-35</u>	
Total		-35
ACE		
Legal & Democratic	-25	
Human Resources	-3	
Strategy & Communication	<u>-75</u>	
Total		-103
SUSTAINABLE COMMUNITIES		
Planet Havering	<u>25</u>	
Total		25
CORPORATE		
Corporate	<u>-387</u>	
Total		-387
TOTAL AMENDMENTS		-611

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2007/08 RA BUDGET AMENDMENTS

PUBLIC REALM

CULTURE & LEISURE

		<i>Council option</i>		
	<i>ref</i>	<i>Amend. £'000</i>	<i>Net Diff. £'000</i>	<i>P/Year Effect £'000</i>
	<i>RA Ref</i>	<u><i>Description</i></u>		<i>F/Year Effect £'000</i>
Pressures	<i>RA1</i>	Phased reintroduction of Park Keepers (4 FTE's)	80	80 100
	<i>RA2</i>	Country Park Ranger at Havering Country Park (1 FTE)	25	25 30
			<u>105</u>	
Savings	<i>RA4</i>	Reduce Queens Theatre Subsidy	-20	-20 -40
	<i>RA5</i>	Cease Havering Show	-6	-6 -6
	<i>RA6</i>	Ground Mtce - increase links with the Probation Service to undertake items of Grounds Maintenance works, eg litterpicking, graffiti removal	-15	-15 -30
			<u>-41</u>	
			64	
Savings	<i>RA7</i>	Capitalise part of book fund - funded by capital expansion programme	-100	-100 -100
			<u>-100</u>	
			-100	
TECHNICAL SERVICES				
Pressures	<i>RA8</i>	Delete Front Lane C. Park saving - maintain as free	23 <u>7</u>	7 7

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			7		
Savings	<i>RA9</i>	Gaynes Park Car Park Mtce Saving (Exec. Decision 06/102)	-8	-8	-8
	<i>RA10</i>	Outsourcing Parking Enforcement Service (Street side only). Better management of human resources including single working and use of ICT.	-30	-30	-50
			<u>-38</u>		
				-31	
STREETCARE					
Pressures	<i>RA12</i>	Enlarge Road Sweeping Workforce (3 FTE)	<u>66</u>	66	75
			66		
Savings	<i>RA13</i>	Increased reduction in accidental damage through the introduction of a points system for damage to Council vehicles.	37	-10	-15
	<i>RA14</i>	Increase Highways DSO surplus, based on current and previous years balances. Increased works on TfL road safety schemes which is likely to continue (see HoS packs).	42	-40	-40
	<i>RA15</i>	Increased income in New Street Works Act based on increased planned utility maintenance over next five years	43	-100	-100
			<u>-150</u>		
				-84	
CHILDREN'S SERVICES					
Education LEA					
		<u>Description</u>			
Pressures	<i>RA16</i>	Retain School Uniform Grants	<u>50</u>	50	50
			50		

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Savings	<i>RA17</i>	Unaccompanied minors - increase saving on 2007/08	-10	-10	-10
			<u>-10</u>		

40

FINANCE & COMMERCIAL GROUP

Financial Services

RA Ref

Savings	<i>RA19</i>	Increase in Interest earnings - based on previous years experience	76	-25	-25	-25
	<i>RA20</i>	Increase in Interest earnings - based on previous years experience	82	<u>-10</u>	-10	-10
				-35		

-35

ACE

ACE - Legal & Democratic Services

Description

Pressures	<i>RA21</i>	Increase budget for CCTV operation (1 FTE). Capital cost from the capital expansion programme.	107	<u>25</u>	25	30
				25		
Savings	<i>RA23</i>	Alternative Service Delivery of mobile patrols - departmental and		-50	-50	-75

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	service review		-50			
				-25		
ACE - Human Resources						
Savings	RA24	Delete pressure contract price (absorb into existing resources)	112	-3		
				-3		
				-3	-3	-3
ACE - Strategy & Communications						
Pressures	RA25	Comms Dept Review - Invest in Communications Officer		25	-25	-30
				25		
Savings	RA26	Bring forward partial housekeeping review saving	117	-7	-7	-7
	RA27	Bring forward partial printing cost saving	120	-5	-5	-5
	RA28	Bring forward partial promotional activity saving	121	-5	-5	-5
	RA29	Bring forward partial saving on fees & charges	123	-3	-3	-3
	RA30	Review of Communications Dept - delete post of Head of Comms.		-80	-80	-80
				-100		
				-75		
SUSTAINABLE COMMUNITIES						
Pressures	RA3	Increase capacity of 'Planet Havering' Show through more displays, exhibitions and greater publicity		25	25	30
				25		

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CORPORATE

Corporate

Savings	<u>Description</u>				
	<i>RA31</i> Bring forward partial increase in income from training courses	193	-15	-15	-160
	<i>RA32</i> Reduce Mayoral Budget	194	-10	-10	-10
	<i>RA33</i> Associated reduction in allowances by reducing Cabinet Posts from 10 to 8		-50	-50	-50
	<i>RA34</i> Associated reduction in allowances by reducing OVSC from 8 to 6 and deleting vacant post in committee support		-52	-52	-52
	<i>RA35</i> Delete 1 post from SMT and associated costs (net of exit costs)		-100	-100	-160
	<i>RA36</i> Corporate provision for review of members allowances		-160	-160	-160
			<hr/>		
			-387		
				-387	
				(611)	

Report of the Chief Executive on the Proposed Amendments to the Budget

ADVICE IN RESPECT OF RESIDENTS' GROUP BUDGET AMENDMENTS

These amendments are acceptable for consideration in accordance with the Budget Procedure Rules and on the basis that the Procedural Motion on behalf of the Residents Group is agreed.

Council, in considering the budget amendment, need to consider the following advice.

Under the Local Government Act 2003, the Chief Finance Officer (CFO) is required to report to Members on the robustness of the budget and the adequacy of reserves. **Members' attention is drawn to the advice of the CFO which is also attached to the Council papers at Annex B.**

Some of the savings proposals would require lead-in time for delivery in order to allow for such things as consultation, procurement, capacity to deliver, and hence the ability to deliver these to the level assumed for the part year may not be possible in all cases

Two of the proposals relate to alternative service delivery and officers cannot confirm the ability to definitely deliver the savings identified as the value cannot be calculated accurately at this stage.

Some of the proposals are based on the current year projections. Variances in the current year were reviewed as part of finalising the budget proposed to Cabinet and any benefits which were considered sufficiently robust were included. There are therefore varying degrees of risks associated with assuming a continuation of current year beneficial variances in the 2007/08 budget.

Council must also be mindful:

- (i) Of the need to address recommendations arising from the Corporate Assessment.
- (ii) Of the part successful communications has had on delivery of a 3 star Corporate Assessment and the resulting CPA result.

(iii) That it is the responsibility of the Chief Executive to report to the Council on the best disposition of resources.

Should the amendment be approved, Council on 21st March 2007 would need to agree a new Member Allowance Scheme which reflects the proposal.

The impact of the proposal would be a Council Tax at Band D as follows:

	£	%
Havering	1,122	2.8
GLA	<u>304</u>	<u>5.3</u>
Total	<u>1,426</u>	<u>3.34</u>

If the budget amendment was agreed, the Council resolution would need to be amended accordingly, requiring a short adjournment.