

CABINET

7.30 p.m.

Wednesday
26 July 2006

Council Chamber
Town Hall

Members 9: Quorum 5

Councillor Michael White

Councillor Steven Kelly (Deputy Leader)

Councillor Michael Armstrong

Councillor Peter Gardner

Councillor Andrew Curtin

Councillor Barry Tebbutt

Councillor Paul Rochford

Councillor Eric Munday

Councillor Roger Ramsey

Councillor Geoffrey Starns

Leader of the Council (Chairman)

Sustainable Communities

Housing & Regeneration

Public Safety

Public Realm

StreetCare & Parking

Environmental & Technical Services

Performance & Corporate

Resources

Children's Services

***For information about the meeting please contact:
Ian Buckmaster (01708) 432431 ian.buckmaster@havering.gov.uk***



Cabinet, 26 July 2006

1. HEALTH AND SAFETY

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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 Cabinet 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 Cabinet, they have no right to speak at them.

The Chairman has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

PLEASE REMEMBER THAT THE CHAIRMAN 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.

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 meeting room.

Cabinet, 26 July 2006

AGENDA

1 ANNOUNCEMENTS

On behalf of the Chairman, there will be an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE (if any) - receive.

3 DECLARATION OF INTERESTS

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

4 MINUTES

To approve as a correct record the minutes of the meeting held on 21 June 2006, and to authorise the Chairman to sign them

5 LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL LETTER 2005/06

6 DEVELOPING THE COUNCIL'S CORPORATE BUSINESS PLANNING PROCESS 2007-2010

7 RACE EQUALITY SCHEME

8 SUSTAINABILITY FRAMEWORK SCOPING REPORT

9 ROMFORD AREA ACTION PLAN: APPROVAL OF PREFERRED OPTIONS REPORT

Cabinet, 26 July 2006

- 10 **HAVERING COUNCIL'S SUBMISSION TO THE FINAL ARM'S LENGTH MANAGEMENT ORGANISATION PROGRAMME**

- 11 **APPROVAL OF GRANT FUNDING FOR AFFORDABLE HOUSING DEVELOPMENT – MEDORA ROAD**

- 12 **FUTURE VISION OF PRIMARY SCHOOLING IN HAVERING – APPROVAL TO CONSULT**

- 13 **GENETICALLY MODIFIED CROPS**

- 14 **EXCLUSION OF THE PUBLIC**

To consider whether the public should now be excluded from the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during the following item there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which it is not in the public interest to publish; and, if it is decided to exclude the public on those grounds, Cabinet to resolve accordingly on the motion of the Chairman.

- 15 **CHIEF EXECUTIVE'S REPORT CONTAINING EXEMPT INFORMATION**

Stephen Evans
Chief Executive



MINUTES OF A CABINET MEETING
Havering Town Hall, Romford
Wednesday, 21 June 2006 (7.30pm – 8.25pm)

Present:

Councillor Michael White, Leader of the Council, in the Chair

Cabinet Member responsibility:

Councillor Steven Kelly (Deputy Leader)	Sustainable Communities
Councillor Michael Armstrong	Housing & Regeneration
Councillor Peter Gardner	Public Safety
Councillor Andrew Curtin	Public Realm
Councillor Barry Tebbutt	StreetCare & Parking
Councillor Paul Rochford	Environmental & Technical Services
Councillor Eric Munday*	Performance & Corporate
Councillor Roger Ramsey	Resources
Councillor Geoffrey Starns	Children's Services

*for part of the meeting

Councillors June Alexander, Clarence Barrett, Keith Darvill, Gillian Ford, Linda Hawthorn, Andrew Mann, Robby Misir, Ray Morgon, Barbara Reith and Melvin Wallace attended

Phil Green and Sheila Callens of the Commission for Social Care Inspection (CSCI) were present for the presentation of the Inspection Report referred to in minute 2.

A representative of the press and two members of the public were also present.

All decisions were agreed with no vote against.

Councillors June Alexander and Steven Kelly declared a personal interest in the matter referred to in minute 3 but no other declaration of interest was made.

On behalf of the Chairman, those present were reminded of the action to be taken in the event of an emergency.

1 MINUTES

The minutes of the meeting held on 19 April 2006 were approved as a correct record and signed by the Chairman.

2 INSPECTION OF MENTAL HEALTH SERVICES IN HAVERING – REPORT AND ACTION PLAN

Councillor Steven Kelly, Cabinet Member for Sustainable Communities, introduced the report

Phil Green of CSCI presented the report of CSCI's findings following its inspection of Mental Health Services in Havering. The inspection had been routine, and the outcome was positive. CSCI were recommending some changes in order to secure improvements but overall the finding was that the services were serving people well with promising capacity for improvement. In particular, partnership working was good with accessible financial arrangements. The Care Programme Approach required further development.

The Cabinet Member for Sustainable Communities thanked the inspectors for their report and welcomed their acknowledgment of the progress that had been made by the Council and its partner agencies. He expressed hope that the action plan devised to address CSCI's recommendations would be found satisfactory and indicated that it was intended to comply fully with it by the end of 2006. He asked that the Cabinet's congratulations be recorded and conveyed to the staff of the service.

Reasons for the decision:

CSCI required the finalised report to be presented to the first available appropriate public council committee, along with the action plan.

Other options considered:

As the Action Plan had emerged from the CSCI recommendations, no other option could be considered.

Although overall the report was positive, Members present expressed concern at some of the findings and suggested that it would be appropriate for the Adult Services and Health Overview & Scrutiny Committees to monitor progress with the action plan.

Cabinet noted the inspection report and endorsed the action plan set out in Appendix A of the submitted report.

3 TO CONFIRM THE AWARD OF A CONTRACT FOR DAY CARE SERVICES AT PAINES BROOK COURT TO AGE CONCERN HAVERING

Councillors June Alexander and Steven Kelly both declared a personal interest as Council appointees to the management committee of Age Concern Havering

Councillor Steven Kelly, Cabinet Member for Sustainable Communities, introduced the report

Cabinet had agreed in November 2003 to the selection of Housing 21, a Registered Social Landlord, as partner in the development of an Extra Care Sheltered Housing scheme in the Harold Hill area, now known as Paines Brook Court. At its last meeting, a contract for personal care and housing related support to the tenants had been awarded to East Living for a period of five years with an option to extend for a further two years.

Cabinet was now invited to consider the arrangements for day care provision for up to 30 people, for up to seven days per week (depending on commissioning requirements). It was also proposed, subject to the execution of a lease, that the Council would lease the day care centre from Housing 21.

Following negotiations between the Council and representatives of Age Concern Havering and evaluation against the in-house comparator, Cabinet was recommended to approve award of the contract for the provision of day care services at Paines Brook Court to Age Concern Havering, initially on a three year basis, commencing on 1 August 2006.

Reasons for the decision:

The proposed contract represented value for money over the minimum duration of the contract and qualitatively would be a significant improvement on the current arrangements. The proposed contract award was considered economic, efficient, and effective.

Other options considered:

The alternative to letting a contract would have been for the Council to provide the day care services at additional cost.

Members noted that, unlike the present service, the proposed day centre would operate on a seven days a week basis. Overheads would be lower than for a comparable Council-run service but it was stressed that the staff at the centre would be employees of Age Concern, not volunteers, although volunteers would have a role to play in providing ancillary activities such as entertainments for people receiving day care. A Member suggested that the Adult Services Overview & Scrutiny Committee should monitor the services provided at the new centre.

Cabinet agreed that the contract for day services at Paines Brook Court be awarded to Age Concern Havering, initially on a three year basis with effect from August 2006.

4 **CHILDREN'S TRUST BOARD**

Councillor Geoff Starns, Cabinet Member for Children's Services, introduced the report

Following the appointment of the Director of Children's Services minor amendments were proposed to the structure of the Trust Board

Cabinet agreed:

- 1 **That the Trust Board be supplemented by ex-officio places for the Leader and Chief Executive of Havering Council and the Chairman and Chief Executive of Havering Primary Care Trust.**
- 2 **That the ex-officio place for the Head of Service, Children's Social Services be removed in view of the professional background of the Director of Children's Services.**
- 3 **That the Voluntary Sector place on the Trust Board be occupied by the Chief Executive of Havering AVCO.**

5 HORNCHURCH URBAN STRATEGY

Councillor Michael Armstrong, Lead Member for Housing & Regeneration, introduced the report

The report set out progress with the development of an Urban Strategy for Hornchurch Town Centre, seeking agreement to the draft strategy and to the use of the strategy to draw up Planning Guidance for consultation. The strategy was summarised in the report and its Appendices.

This report explained how the strategy had been developed, the wide range of stakeholders involved, the extensive public consultation undertaken and how the strategy would be delivered. The strategy itself provided a framework to assist in establishing Hornchurch as a cultural destination within a thriving centre that had attractive places, a safe environment and a high quality of life.

Reasons for the decision:

The draft strategy had been prepared to provide a framework for improving the Hornchurch area.

Other options considered:

The strategy had been developed following extensive consultation with stakeholders and no other option was considered.

A Member suggested that the Chairman of the Hornchurch Area Committee should be included in the membership of the Steering Group, in order to represent local residents.

Cabinet agreed:

- 1 **The Hornchurch Urban Strategy and that the Hornchurch Urban Strategy Steering Group be advised that the strategy had been approved.**
- 2 **That the strategy be used as a basis for preparing draft Planning Guidance for Hornchurch.**
- 3 **That a Hornchurch Town Centre Partnership be established to involve representatives of the Council, local community, businesses, police, Queens Theatre and other local organisations as appropriate to guide and support the implementation and development of the Hornchurch Urban Strategy.**

6 ADOPTION OF REVISED LOCAL DEVELOPMENT SCHEME CHANGES IN THE TIMETABLE FOR PRODUCING THE JOINT WASTE DEVELOPMENT PLAN DOCUMENT

Councillor Michael Armstrong, Lead Member for Housing & Regeneration, introduced the report

In March, Cabinet had agreed a draft revised Local Development Scheme which took account of a new timetable for the preparation of the Joint Waste Development Plan Document that is being prepared together with the London Boroughs of Newham, Redbridge and Barking &

Dagenham (not affecting the timetable for the remainder of the Havering Local Development Framework).

The draft revised Local Development Scheme was sent to the Secretary of State, who did not wish to intervene, and so the revised Local Development Scheme could formally be adopted.

Reasons for the decision:

Legislation required that any changes to the programme for production of the Local Development Framework be included in an updated Local Development Scheme.

Other options considered

There were no options, as legislation required that any changes to the programme for production of the Local Development Framework be included in an updated Local Development Scheme formally adopted by the Council.

Cabinet agreed that the revised Local Development Scheme previously approved at the Cabinet meeting on 15 March 2006 be formally adopted.

7 ADOPTION OF INTERIM PLANNING GUIDANCE ON ROMFORD TOWN CENTRE

Councillor Michael Armstrong, Lead Member for Housing & Regeneration, introduced the report

In January, Cabinet had agreed to consult on draft Interim Planning Guidance on Romford Town Centre. The outcome of that consultation process was now reported and a slightly revised version of the guidance suggested for adoption.

Reasons for the decision:

In order to maintain the significant momentum in the revitalisation of Romford Town Centre, new guidance was necessary in the interim to guide the development pressures and protect and enhance Romford's assets.

Other options considered:

The alternative would be to continue to apply the guidance in Havering's UDP on Romford Town Centre until the Romford Area Action Plan is adopted. However the UDP dated from 1993 and, in order to maintain the significant momentum in the revitalisation of Romford Town Centre new guidance is necessary in the interim to guide the development pressures and protect and enhance Romford's assets.

Cabinet agreed the proposed changes to the draft Interim Planning Guidance on Romford Town Centre, as referred to in the report, and adoption of the amended guidance.

8 BEST VALUE PERFORMANCE PLAN 2006

Councillor Eric Munday, Cabinet Member for Performance & Corporate, introduced the report

The Local Government Act 1999 required the Council, as a best value authority, to prepare an annual Performance Plan as a key element of delivering best value.

Cabinet noted that Havering's approach to Best Value was supported by its strategic and financial planning process, linking the Corporate Plan, the Medium Term Financial Strategy, and the Performance Plan, to ensure all staff were working to improve the quality of life of Havering's residents.

Reasons for the decision:

To comply with the requirements of the Local Government Act 1999.

Other options considered:

As the Plan was a statutory requirement, no other option was considered.

Cabinet:

1. **Noted the (unaudited) outturns being reported to the Audit Commission for both the statutory Best Value Performance Indicators (BVPIs) and a selection of the locally collected performance indicators (LPIs);**
2. **Endorsed the improvements in performance targets being set by services for 2006/07 and the subsequent two years; and**
3. **Recognised that some of these outturns might be subject to change before final publication of the Performance Plan on 30 June 2006.**

9 POLICY REVIEW – HOMELESSNESS

Councillor Michael Armstrong, Lead Member for Housing & Regeneration, introduced the report

The Housing Overview & Scrutiny Committee had, in September 2004, set up a Topic Group to group to review the Council approach and policies for assessing applications from homelessness people. The Topic Group had reported to the Committee in April 2006.

The Council's procedures and practices had now been formalised within a redrafted Homelessness Policy, which the Topic Group and Committee had endorsed.

Reasons for the decision:

The Housing Overview & Scrutiny Committee Topic Group report on homelessness was referred to Cabinet for consideration.

Other options considered:

No alternative had been considered.

Cabinet accepted the recommendations of the Housing Overview & Scrutiny Committee (as set out in the Appendix to these minutes).

POLICY REVIEW – HOMELESSNESS**Recommendations of the Topic Group**

1. That a Damage Guarantee and Housing Bond Scheme be established, whereby those who do not have access to sufficient funds to enable them to provide a deposit to a private landlord are assisted by the Council providing a guarantee to the landlord that covers damage to the property and its fittings with any claim under the scheme being recovered from the applicant. Refer to section 3.1.2 of the Policy.
2. That a Homelessness Prevention Fund Scheme be established to give Housing Advice Officers a funds from which to make minor payments, such as the paying off of rent arrears, transport costs to view a property, that could alleviate housing need. Refer to section 3.1.2 of the policy.
3. That where a household approaching as homeless include children who could be deemed to be in need, the Housing Advice and Homelessness Team work with Children's Services in line with the Joint Working Protocol established between Children's Services and the Housing Service.
4. That the "reasonable notice" period required to vacate temporary accommodation, both bed and breakfast hotels and hostels, in cases where the Council has determined that full homelessness does not apply, be set at 3 working days.
5. That the Council make a reasonable charge, subject to the applicant's ability to pay, for the storage of possessions while temporary accommodation is provided.
6. That the Council agree the following course of action when investigating homelessness resulting from eviction by host householders, such as parents:
 - a. a minimum of 28 days' notice prior to such evictions be required unless there is reason to believe that the applicant is at risk of harm if he/she returns to the accommodation.
 - b. a home visit is carried out, unless sufficient information to reach a robust decision can be gleaned from the homeless interview
 - c. in cases where the parent is evicting a son or daughter, only the applicant will be dealt with, and dialogue will not be entered into with the evicting parent, neither will evicting parent be accepted as the applicant's representative during the investigation process.
7. That when a homeless applicant requests a review under the homeless legislation, this be carried out in the first instance by Havering's Homelessness Review Officer. The Homelessness Review Officer will then make a recommendation to the Homelessness Review Panel, consisting of senior officers who have not been involved in the original decision.
8. That in complex cases where it may not be immediately apparent whether the applicant is vulnerable within the meaning of the Housing Act 1996, as amended by the Homelessness Act 2002, the investigating Homelessness Officer may, on the advice of, or with the consent of, the Principal Housing Advice and Homelessness Officer, refer the case to Havering's Vulnerable Persons Panel.
9. That performance of the Homelessness Policy be monitored on a regular basis, including a monitoring report being submitted to the Housing Overview and Scrutiny Committee on a 6-monthly basis.



MEETING	DATE	ITEM
ADJUDICATION & REVIEW COMMITTEE	25 JULY 2006	5
CABINET	26 JULY 2006	

REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL
LETTER 2005/06**

SUMMARY

Since 2003, the Local Government Ombudsman (the Ombudsman) has circulated an "Annual Letter" to inform Members' of his impression of the Council's handling of complaints that are referred to him, to provide statistical information and to enable him to draw attention to issues of particular concern.

The Annual Letter for 2005/06, is appended.

This report sets out a response to the issues raised by the Ombudsman.

RECOMMENDATIONS

- 1 That the content of the Annual Letter, and the officers' response, be noted.
- 2 For consideration as to whether there are any points arising that the Committee and Cabinet, wish to explore further.

REPORT DETAIL

- 1.1 The Annual Letter of the Ombudsman, received in June, is appended, together with the table of statistics referred to in it and some notes on methodology. This is the first meeting of the Committee since then.
- 1.2 This report comments on the points raised by the Ombudsman in the Letter.

Complaints received

- 2.1 The Ombudsman notes that this is the first year his Annual Letter will be published on the web, and comments that they will be shared with the Audit Commission – a clear indication of the manner in which the Ombudsman and Audit Commission are sharing information on performance.
- 2.2 During 2005/06, the Ombudsman received 85 complaints – an increase of one on 2004/05. He comments that housing is the largest single area of complaint, but that this covers all aspects of council housing, including repairs, transfers, homelessness and neighbour nuisance.
- 2.3 The Ombudsman records that there were fewer planning complaints and also a drop in those from social services which, he adds, is against national trends. He also comments on the complaints received in respect of Langtons – although these are not included in the 2005/06 statistics and were not notified until after 1 April.

Decisions

- 3.1 The Ombudsman refers to decisions known as “local settlements” and states that these form a significant proportion of the results. In this year they totalled 12.
- 3.2 He states that decisions were made on 88 complaints last year. This figure varies from the cases notified (85) as there are always a number of investigations that are incomplete at the outset and the end of the year.
- 3.3 He refers to the number of premature complaints (those referred back to the Council as it had not had a reasonable opportunity to resolve the problem). In 2005/06, these totalled 29 – an increase on the previous year. He adds that 20 complaints fell outside his jurisdiction and that none led to a report.

- 3.4 The Ombudsman highlighted a number of complaints to illustrate the breadth of area covered. He mentioned the incident concerning faulty smoke detectors by way of illustrating how his intervention could highlight an area of risk and how the Council has adapted its inspection programme to ensure such failures do not happen again. A further illustration related to a planning issue.
- 3.5 The Ombudsman finally noted that “in addition to paying over £800 in compensation to address injustice to individual complainants, in two cases the complaints led to policies and procedures being reviewed and changes made to improve the service.”

The Council’s complaints procedure and handling of complaints

- 4.1 The Ombudsman notes that of all referrals to the Council as “premature complaints”, only four had to be subsequently investigated because the complainant remained dissatisfied with the Council’s response. He observes that this is “**fewer than average**”.

Training in complaint handling

- 5.1 The Ombudsman refers to the training programme. He reports that the Ombudsman’s office delivered more than 100 courses as an aid to promoting good administrative practice.
- 5.2 He recalls that effective complaint handling was the first course developed.

Liaison with LGO

- 6.1. The Ombudsman noted that the Council responded positively in most cases – although he mentioned a particular SEN case where he believes the Council took “a long time before ... (it) was persuaded to agree the action necessary to resolve the complaint.” The perspective from the Education service is rather different to this.
- 6.2. Response is asked for within 28 calendar days and he notes that, on average, the Council responded in 26. He notes that **this is a marked improvement** as two years earlier, response times were nearly 39 days. He adds that this “**compares well with other similar councils and the Council is to be congratulated on the improvements made.**”
- 6.3. The Ombudsman points out that within the overall response time, there are wide variations from different service areas. For example: Education complaints (school appeals – directly under the control of Democratic Services), responded on average in 11.3 days, whilst

one highways complaint took 62 days and the social service complaints averaged at 35.3. He concludes this section by observing that “the Council may wish to consider whether there are any steps that could be taken to ensure that all responses are provided promptly”.

Conclusions/general observations

- 7.1. The Ombudsman expresses his hopes that his comments will be helpful to the Council and asks for any comment or suggestion for future improvement to the letter.
- 7.2. He concludes by offering the services of either himself or a senior colleague to visit the Council to present the letter or discuss its contents with Councillors or staff.

Legal Implications and risks:

There are no implications

Financial Implications and risks:

None.

Environmental Implications:

None.

Equalities Implications:

None.

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**Stephen Evans
Chief Executive**

Background papers list

The Annual Letter is appended.

21 June 2006



The Commission for
Local Administration in England

Stephen Evans
Democratic Services Manager
London Borough of Havering
Town Hall
ROMFORD
RM1 3BD

Tony Redmond
Local Government Ombudsman

Peter MacMahon
Deputy Ombudsman

Our ref: TR/annual letter/PW
(Please quote our reference when contacting us)

If telephoning contact: Richard Shaw on 020 7217 4669
email address: r.shaw@lgo.org.uk

Dear Mr Evans

Annual Letter 2005/06

I am writing to give you my reflections on the complaints received against your authority and dealt with by my office over the last year. I hope that in reviewing your own performance you will find this letter a useful addition to other information you hold highlighting how people experience or perceive your services.

This year we will publish all our annual letters on our website (www.lgo.org.uk) and share them with the Audit Commission. There is widespread support from authorities for us to do this. We will wait for four weeks after this letter before doing so, to give you an opportunity to consider the letter first. If a letter is found to contain any factual inaccuracy we will reissue it.

In addition to the narrative below there are two attachments which form an integral part of this letter: statistical data covering a three year period and a note to help the interpretation of the statistics.

Complaints received

In 2005/06 I received 85 complaints, just one more than in the previous year. As before, the largest group of complaints is housing. These covered all areas of the service including repairs, housing applications and transfers, homelessness and neighbour nuisance.

There were some variations in the numbers of complaints in other categories. Interestingly, there were falls in the number of planning complaints (from 16 to 7) and social services (from 10 to 5), which is against national trends. These were made up for with an increase in 'other' complaints (largely related to a problem with the licensing for weddings of a Registry Office), and in housing benefit complaints (where I am unaware of any underlying reason).

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Decisions on complaints

When we complete an investigation we must issue a report. There is a significant proportion of investigations that do not reach this stage. This is because we settle the complaint during the course of our investigation. We call these decisions “local settlements”.

Decisions were made on 88 complaints last year, of which 29 were referred back to the Council as it had not had a reasonable opportunity to deal with them before I became involved. This was an increase from 18 premature complaints in both previous years. The Council may wish to consider if there is any reason for this increase in the number of people coming to me before the Council has dealt with their complaint. I was unable to consider 20 complaints, because they fell outside my jurisdiction. Of those remaining, none led to a report, but 12 resulted in local settlements.

The local settlements concerned different areas of activity:

- three housing repairs
- one homelessness
- one housing application
- one leasehold properties
- two planning enforcement
- one planning applications
- two adult social services
- one special educational needs

In one of the repairs complaints, a family was allocated a property which had outstanding repairs, which affected their daughter’s health. Another concerned incorrectly fitted smoke detectors which failed to work when there was a fire in the building – something which could potentially have had serious consequences. The Council now carries out annual checks of smoke detectors.

The homelessness complaint was about someone being given only 24 hours notice to leave their temporary accommodation. The Council did not initially accept it had been at fault, but subsequently reviewed its procedures and drew up new guidance on the termination of temporary housing.

The planning complaints concerned individual errors or delay in dealing with the enforcement of planning control. One highlighted a problem with the Council’s complaints procedure, where the panel dealing with the complaint recommended that the Council should require the complainant’s neighbour to take some action. In doing so the panel was making a decision on the expedience of enforcement action which was properly the responsibility of the Council as Local Planning Authority. The planning officers decided it was not appropriate to take action. The Council had no mechanism to resolve this conflict. The Council quickly responded to the need to amend its procedures, allowing complaints panels to be reconvened where it is not felt possible to comply with recommendations.

One of the Social Services complaints concerned an individual error, which the Council took prompt action to resolve. In the other, the Council had refused to allow someone to pursue a complaint because it felt the issues had been addressed elsewhere. The Council agreed that this was unreasonable.

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In the special educational needs (SEN) complaint, the Council failed to provide speech and language therapy for a child, where this had been specified in the child's SEN Statement, arguing that this was the responsibility of the local NHS Trust. The family was forced to pay for this therapy to be provided privately. The Council was initially unwilling to accept responsibility for making this provision, but did ultimately accept that, as the provision was specified in the Statement, it was responsible for ensuring it was put in place.

In addition to paying over £800 in compensation to address injustice to individual complainants, in two cases the complaints led to policies and procedures being reviewed and changes made to improve the service.

Your council's complaints procedure and handling of complaints

When complaints are passed back to the Council to consider because they are premature, I write to the complainant after 12 weeks to check whether the Council has resolved the matter. Last year four complaints were resubmitted to me because the complainant remained dissatisfied. This was fewer than average.

Training in complaint handling

Our training in complaint handling is proving very popular with authorities and we continue to receive very positive feedback from participants. Over the last year we have delivered more than 100 courses from the range of three courses that we now offer as part of our role in promoting good administrative practice.

Effective complaint handling was the first course we developed, aimed at staff who deal with complaints as a significant part of their job. Since then we have introduced courses in complaint handling for front line staff and in handling social services complaints.

All courses are presented by an experienced investigator so participants benefit from their knowledge and expertise of complaint handling.

I have enclosed some information on the range of courses available together with contact details for enquiries and bookings.

Liaison with LGO

In most cases the Council responded positively to my enquiries and was willing to agree settlements, as appropriate. In the SEN complaint, however, it took a long time before the Council was persuaded to agree the action necessary to resolve the complaint.

We ask for responses to requests for information to be provided within 28 calendar days. On average the Council's responses to enquiries took 26 days, within the target. This continues a trend over recent years of improved response times (two years ago the average was 38.9 days). It compares well with other similar councils and the Council is to be congratulated on the improvements made.

Your Council's own target is to respond to all our enquiries within our target. There were nevertheless wide variations between service areas – responses to education complaints were quick – an average of 11.3 days, with two responses taking only four days, and there were even responses to some enquiries provided on the same day. On the other hand, a response to a highways complaint took 62 days and social services

/...

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responses took on average 35.3 days (with one response taking 42 days). I appreciate the numbers of complaints involved are low, and that social services complaints tend to be more complex and time consuming than normal. However, the Council may wish to consider whether there are any steps that could be taken to ensure that all responses are provided promptly.

Conclusions/general observations

I welcome this opportunity to give you my reflections about the complaints my office has dealt with over the past year. I hope that you find the information and assessment provided useful when seeking improvements to your Council's services. I would again very much welcome any comments you may have on the form and content of the letter.

I would again be happy to consider requests for myself or a senior colleague to visit the Council to present and discuss the letter with councillors or staff. We will do our best to meet the requests within the limits of the resources available to us.

I am also arranging for a copy of this letter and its attachments to be sent to you electronically so that you can distribute it easily within the Council and post it on your website should you decide to do this.

Yours sincerely

A handwritten signature in black ink that reads "Tony Redmond". The signature is written in a cursive style with a large, looped 'T' and 'R'.

Tony Redmond



MEETING

DATE

ITEM

CABINET

26 JULY 2006

6

REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: Developing the Council's Corporate Business Planning Process
2007 - 2010**

SUMMARY

This report sets out the Council's overall vision and objectives including the priorities of the new Administration for the next four years. Services will now begin business planning to deliver these within the financial resources set through the Medium Term Financial Strategy process. The paper also sets out other supporting strategies which will help ensure that all the Council's resources and assets are supporting the priorities.

RECOMMENDATION

1. That the vision and ambitions, agreed by the previous Council, in the Corporate Plan be confirmed.
2. That the four year key objectives be adopted.
3. That the supporting strategies be agreed.
4. That services continue business planning to deliver these objectives and priorities.
5. That the Corporate Overview and Scrutiny Committee's views be sought on the Corporate Business Planning process.

REPORT DETAIL

1. Background

Havering's corporate planning process sets the strategic direction for the Council and ensures that it is meeting local and national priorities. The corporate planning process makes sure that the Council's resources – human, financial and physical – are working

effectively in support of these priorities. Service Plans, at Head of Service level, and individual action plans and appraisals (PDPAs) ensure that the priorities are cascaded throughout and delivered at the front line – 'the golden thread'. The Council's performance monitoring processes track implementation and identify any areas where additional activity is necessary.

This integrated approach to setting priorities, allocating resources and managing performance enables the Council to continue to deliver improving, value for money services and a better quality of life for Havering's residents.

2. Ambitions & Priorities

The Council has a good understanding of Havering and the demographic and other challenges it faces. There is a wealth of data at borough and sub-borough level about Havering's quality of life. The Council works with other agencies to promote the economic, social and environmental well-being of the area through the Havering Community Strategy and the Havering Strategic Partnership. The Council is also well informed of resident's priorities through its annual survey work.

The Council's vision, priorities and long-term ambitions to address these challenges are set out in the Corporate Plan and the relevant extract from the 2006-09 Plan is attached for confirmation. (Appendix 1). This was agreed by the previous Council after discussion at all Overview & Scrutiny Committees.

In addition the Council's Administration and Strategic Management Team have identified the following medium term objectives for the next four years in the light of consultation, service need and national pressures. Detailed proposals on these will be drawn up by the Cabinet Portfolioholder and Group Director/Assistant Chief Executive as part of the service business planning process.

Council Priority		Objectives
A.	Promoting Financial Efficiency & Providing Value For Money	<ol style="list-style-type: none">1. Embedding robust financial & strategic planning2. Creating a modern work force3. Making best use of all our physical assets
B.	Improving Services	<ol style="list-style-type: none">4. Finding new ways of providing high quality services5. Delivering key projects to time6. Being positive about young people7. Enhancing lifelong learning

C.	Making Havering A Better Place In Which To Live & Work	8. Making the most of our parks and open spaces 9. Investing in roads and pavements 10. Developing Havering's economy 11. Improving Rainham 12. Better Havering 13. Supporting a safe borough
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3. Capacity

To deliver this vision all of the Council's resources must be working towards these priorities. The Council is a billion pound business with extensive assets and employing some 7,500 staff, including teachers. The challenge is to ensure clarity about what is to be achieved, re-prioritise resources and then empower the Council overall in support. To enable this the following core documents and strategies (which are attached) have been aligned.

- **Medium Term Financial Strategy (MTFS)**

The MTFS summarises the Council's 2006/07 budget and identifies resource requirements for the next three years. It sets out the issues facing the Council. It aims to ensure financial stability and that resources are directed to priorities, that the Council adapts to the prevailing financial climate and that stakeholders and the wider community can see our plans for resources. There is an accompanying strategy document for the Housing Revenue Account, which follows similar principles.

- **Capital Strategy**

This sets out the Council's approach to capital investment in the medium term and ensures that its capital resources are carefully planned and help the achievement of its priorities. The strategy is supported by the Capital Asset Management Plan which sets out the overall approach to the maintenance of the Council's assets.

- **Procurement Strategy**

This strategy seeks to ensure effective procurement across the Council and applies to all procurement activities across the Council.

- **ICT Strategy**

This ensures that the Council is making best use of strategic technology to deliver its business needs. The ICT strategy continues to build on the marked progress the Council has made towards electronic service delivery. This not only includes identifying current and emerging business requirements, but also ensures that required progress is maintained towards achieving Government targets such as Priority Service Outcomes and BVPI 157.

The aim is to make all our IT systems and information accessible to everyone that wants to use them in a secure and efficient manner; to exploit the current IT systems and enable them to talk to each other so information is only input once.

- **Workforce Plan**

This plan identifies the key challenges facing the Council over the next three years in recruiting and retaining the workforce it requires to meet its priorities.

- **Risk Register**

The Council's well respected Risk Management Strategy is regularly reviewed by the Audit Committee. The Corporate Risk Register has been reviewed as part of the corporate planning process and it is attached. It includes outward, as well as inward, looking key risks. The risks are not an exhaustive listing, but those seen as being the highest priority to consider/address within corporate planning.

- **Other Supporting Plans and Strategies**

The Council has to complete a number of other plans and strategies to meet government requirements and local circumstances. These reflect the ambitions, priorities and objectives set out in the corporate planning process. They may need to be revisited as this process moves forward.

4. Delivery

The Council's service planning process, which continues with the publication of this high level statement of objectives, will ensure that all services and individuals are working to this challenging agenda. Services will begin planning service improvements within the cash envelope set in dialogue with lead members, staff and stakeholders. In September Star Chamber sessions will be held with Cabinet Members to agree proposals for 2007/08 and the subsequent two years for consultation with stakeholders. The Council's overall budget and corporate plan will then be set in February 2007 and service plans agreed in March.

This year services will be required to formulate delivery statements outlining their specific contributions to the priorities where appropriate. These will set out targets, outcomes and milestones.

The Council's performance management framework will track delivery and regular reports made to Members, stakeholders and the community. The Council's success in achieving its objectives and service improvement generally will also be assessed through the Comprehensive Performance Assessment (CPA) set out in the Annual Audit Letter and Best Value Performance Plan.

Financial Implications and risks:

The MTFs and Star Chamber process will ensure that financial implications and risks are fully met.

Cabinet, 26 July 2006

Legal Implications and risks:

The Council's corporate planning process enables it to meet the challenges of any new legislation.

Human Resources Implications and risks:

The Workforce Plan addresses on-going implications and risks.

Equalities and Social Inclusion Implications and risks:

As part of the service planning process these will need to be assessed.

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STEPHEN EVANS
Chief Executive

Background Papers List:

APPENDIX 1

Extract from CORPORATE PLAN 2006 - 2009

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.

Where people choose to live...

In 2005, 67% of Havering residents reported that they were satisfied with the area as a place to live¹. A key benefit that residents appreciate is the borough's excellent transport links. 73% of residents think the area is easy to get around, 88% think there are good road links and 65% are satisfied with public transport¹. The borough is well placed for the M25 and Stansted Airport. Rail and underground services into central London are excellent, though north-south connectivity is less good.

As a London borough, much of Havering's appeal lies in its potential for access to all of London's benefits through good transport links, combined with greenery and a more attractive environment. There are over 100 parks and open spaces in Havering. The challenge for this area is to ensure transport and parks can be used and enjoyed – four of the top six concerns that residents want to see improved relate to cleanliness, parks, road repairs and traffic.

Where people choose to work...

Havering is a prosperous borough, where just fewer than 80% of residents own their own homes and over 30% have 2 or more cars⁴. There is 76.4% employment¹² and only 2.0% of the population are claiming Jobseeker's Allowance⁹. Gross median salaries for residents of the borough working full-time are high – higher even than for London as a whole and rising relative to the rest of the city year on year⁷.

However it is a very different story for those who work within the borough, whose salaries have been the lowest in London for many years⁷. The next ten years will bring real opportunities to change this situation for local people, if the borough can make the most of the unique opportunities presented by the Olympics in Stratford and Thames Gateway in the south of the borough. The Centre for Engineering and Mechanical Excellence is a real example of opportunities to improve job prospects in the area.

Another challenge relates to housing. With local salaries low but house prices only marginally lower than in other parts of London, housing can be very unaffordable for those who want to work and live here.

Where people choose to visit...

Havering is well equipped with cultural and sporting facilities, including the Queen's Theatre, Fairkytes Arts Centre, Studio 3, and one of the best swimming pools in London. There are also large numbers of community groups actively engaged in a wide range of sports and leisure pursuits. The borough's shopping centres are some of the best in London. A key challenge is to ensure that residents are making the most of what is on offer – only 18% of residents think that this is a good area for culture and the arts¹.

A Safe Place...

Havering is the 3rd safest borough in London, and crime in many areas has fallen². However 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 community¹¹. Independent surveys also show high levels of homophobic attacks¹⁰. Residents are concerned about anti-social behaviour, particularly linked to the nightlife in Havering's regenerated town centres¹.

A Welcoming Place...

Havering's population is currently stable, meaning there are at present neither large flows of people in or out of the borough. 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 London⁴. 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, which is again a low increase. However, these projections do not take into account the impact of Thames Gateway. As London shifts eastward our population will become more diverse. Currently 44% of residents consider Havering to be a place where people of different backgrounds can live together¹.

A Prosperous Place...

Havering is a more affluent borough than many areas with an average rank of 214 out of 354 (where 354 is the least deprived authority) in the Indices of Multiple Deprivation 2004⁸. However, there are significant pockets of deprivation, and specific indicators show real deprivation in some small community areas. The challenge is ensure that the quality of life that some enjoy can be enjoyed by all.

Educational attainment is excellent at all key stages, including GCSE and A-level, and Havering's schools are rightly recognised as excellent, some even exceptional³. 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 above⁴. A key to long-term prosperity and improving everyone's life chances will be to ensure that young people are encouraged to raise their aspirations and build on the strong foundations in our schools.

A Healthy Place...

Health is reasonable – in 2004 Havering's mortality ratio was exactly that of the England average and the infant mortality rate was below both London and England⁶. Life expectancy was average for both genders⁵. Havering also has the largest population of over 65s of any London borough and many residents provide unpaid care⁴.

Sources:

¹ Havering Residents Survey 2005 by MORI published 13/01/06

² Havering Crime, Disorder and Drugs Reduction Strategy 2005-2008

³ Havering Children's Services Data Digest 2006

⁴ Office for National Statistics 2001 Census

⁵ London Health Observatory, Life expectancy at birth by ward 1999-2003

⁶ London Health Observatory, Standard Mortality Ratios, all cause mortality in persons aged less than 75 years, by electoral ward 1998-2001 and 2000-2004

⁷ www.nomisweb.co.uk, Annual Survey of Hours and Earnings, Workplace analysis 1998-2005, and Residents Analysis 2002-2005

⁸ Office of National Statistics, Neighbourhood Statistics, Indices of Multiple Deprivation 2004

⁹ Office for National Statistics, analysed by GLA Data Management and Analysis Group, Claimant count data by age, gender and duration Feb 2004 – Feb 2006.

¹⁰ Sigma Research for London Strategic Health Authorities "Gay Men Sex Survey" April 2003.

¹¹ Metropolitan Police Authority, "Race Hate Crimes" 9 May 2002

¹² www.nomisweb.co.uk, Annual population survey (Apr 2004-Mar 2005)

OUR VISION FOR HAVERING

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.

Havering's Community Strategy was updated in 2005. The text from this key document is reproduced on page 40.

Cabinet, 26 July 2006

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. The three priorities are:

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

These priorities link to each other and they link to the Community Strategy. Priority three is the delivery of the Community Strategy. Quality services (priority two) are necessary to enable us as a council to deliver the Community Strategy. Financial efficiency and value for money (priority one) is necessary to enable our services to deliver and improve.

For each of these priorities we have identified ambitions which are expressed as medium and long term measurable outcomes. To achieve these we have identified high level actions.

These are discussed in the following section.

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, currently at 46% as of Jan 2006, 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 in excess of Gershon requirements, for 2005/06 the target is £4.929m (both cashable and non-cashable)
- to reduce staff sickness levels to an average of 7 days by 2008

To deliver this priority our key actions are:

- To ensure that robust business cases including fully costed option appraisals and whole life costings are consistently produced for all projects
- To further strengthen the Council's performance reporting quality assurance process.
- To monitor the delivery of customer standards and targets.
- To assist service areas to identify cost drivers and monitor them.
- To ensure Star Chamber & Commissioner Board explicitly confirm value for money and efficiency improvements as part of achieving stronger monitoring and scrutiny.
- To ensure financial and performance information is more fully integrated.
- To ensure further strengthening of the accounts closedown processes.
- To strengthen internal audit and disaster recovery arrangements
- To continue to monitor arrangements to improve income collection performance, taking into account the costs of various collection methods.
- To deliver the Procurement Strategy and identify alternative service delivery in areas of underperformance.
- To achieve levels 2 and 3 of the Equality Standards for Local Government
- To implement the Workforce Development Plan for Havering.
- To provide planning, education and social care advice from the Romford PASC.
- Further enhancements to the website and a redesign of the Intranet.

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 in under performing areas as measured by reducing the number of Best Value Performance Indicators and PAF Indicators in the bottom quartile to 10% by 2010 and to none by 2020. In 2004/05, 23% of BVPIs were bottom quartile.
- 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. Currently Children's Services score 4 for Education, 3 for Children's Social Care and 4 for Capacity to Improve in the APA assessment 2005.
- To make our housing service one of the best in London by raising the overall block CPA score from 1 to 4 by 2020.

To deliver this priority our key actions are:

Housing

- To ensure all housing offices comply with the requirements of DDA (our objective is to ensure that all Council buildings comply with this legislation where appropriate)
- To provide greater clarity in response to domestic violence, and racial harassment
- To provide better information on welfare benefits
- To address inconsistencies in the provision of caretaking and grounds maintenance
- To address inconsistencies in the treatment of waiting list, transfer list applicants and visiting new tenants
- To improve tenant participation structures
- To reduce the number of temporary staff usage

Supporting People

- To improve engagement with service users
- To improve customer care, access to services and information
- To improve the level of understanding of and provision for the needs of BME communities
- To improve management and monitoring arrangements

Adult Social Care

- To improve PAF indicators
- To improve performance on direct payment
- To improve the number of service users who receive care reviews
- To monitor performance information
- To ensure better budget setting and financial management in care provision
- To improve recording of ethnicity
- To ensure that appropriate management action is taken to manage personal social care budget and spending

Children's Services

- To deliver the children trust arrangements
- To remodel the workforce
- To establish Children's Centres
- To Implement the priority national targets and other indicators from Every Child Matters - outcomes

Cultural Services

- To deliver the capital programme for the improvement of parks.
- To complete the refurbishment of Hornchurch and Romford Libraries by March 2007
- To achieve Green Flag status for Upminster and Bedford Parks
- To complete the development of the Havering Museum
- To secure partners and funding for the development of Romford Ice Rink site and leisure facilities for the south of the borough

To Make Havering A Better Place In Which To Live And Work

Recent consultation results indicate that 66% of Havering residents are satisfied with Havering as a place to live. This is an encouraging figure and the council wants to continue to ensure that 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 and lobby for improved transport links. In 2004 the change in the borough stock of VAT registered businesses was -65 and we will work to reverse this trend to return to the 1998 high of +180 by 2010.

(Community Strategy theme – A more Prosperous Community)

- To increase resident satisfaction with standards of cleanliness from 48% in 2005 to 65% in 2010 and 75% in 2020.
- To improve the condition of our roads and pavements from 42% unacceptable (principal) 27% (non principal classified) 30% (non principal unclassified) and 55% (pavements) to no category more than 20% unacceptable by 2010 and no more than 5% unacceptable by 2020.

(Community Strategy theme – Protect and improve the Environment)

Cabinet, 26 July 2006

- To reduce drink related disorder, measurable by increasing the percentage of residents who feel safe on the streets at night from 55% in 2005 to 65% in 2009 and 75% in 2015

(Community Strategy theme – A Safer community)

- To increase the number of young people going on to higher education, measurable by increasing the percentage of residents with qualifications at NVQ Level 4 or above from 11.6% in 2001 Census to 19.8% (current England average) by 2011.

(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, with health colleagues, to increase life expectancy in all wards to the borough average of 78 years for men and 82.7 for women by 2020. In 2003 life expectancy was lowest for men in Romford town at 74.4 and in for women in Brooklands at 78.8.

(Community Strategy theme – Better Health & Welfare)

- To see our community grow more diverse in a confident and inclusive way. We will work, with police colleagues, to reduce the number of racially motivated and other hate crimes. There were 385 racially motivated crimes and 16 homophobic crimes in 2004/05. We will monitor levels of hate crimes and reduce the overall number while encouraging increased reporting which may increase numbers in the short term.

(Community Strategy theme – Increased Community Participation)



LONDON BOROUGH
OF
HAVERING

Medium Term Financial Strategy
Prospects 2007 to 2010

July 2006

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Executive Summary

I The Context

II Our Approach

III Consultation

IV Conclusion

EXECUTIVE SUMMARY

The Medium Term Financial Strategy (MTFS) summarises the Council's 2006/07 budget and looks forward over the next 3 years to identify the resources likely to be required as well as those available. It also sets out the issues being faced and how the Council is approaching its financial strategy. The aim is to ensure:

- Financial stability
- Resources are directed to priorities
- The Council adapts to the prevailing financial climate
- Stakeholders can see our plans for resources.

The Council's MTFS process has now been in place for 3 years and has been a major contributor to the low levels of Council Tax set over that time. The 2006/07 budget saw Havering's element of the Council Tax increase by 1.7%, the lowest increase in 11 years, and below that of many other Outer London boroughs. Financial year 2005/06 also saw the Council bring in the final accounts showing overall expenditure on budget, with balances maintained at £11.2m, in accordance with one of the key elements of the MTFS.

The MTFS process brings with it a robust challenge of services' financial performance and needs, and enables Members to review each service within the context of the overall budget development. It also ensures that the Council seeks and responds to the views of its stakeholders.

The MTFS is a key element of the Council's corporate business planning process. It is inextricably linked with other key strategies:

- Capital Strategy
- ICT Strategy
- Procurement Strategy
- Workforce Planning Strategy.

These links ensure that the MTFS and resulting budget reflect the key strands within these areas, and that the financial consequences of each are reflected. It also ensures that they in turn reflect the financial environment in which the Council operates.

I THE CONTEXT

Purpose of the Medium Term Financial Strategy

Each year the Cabinet needs to decide how best the Council should respond to the changes, challenges and opportunities that are faced and determine the priorities that should govern the Council's activities over the next three years. 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.

Facts about Havering

The London Borough of Havering lies on the North East of London and has excellent transport links with the rest of London, the UK and the wider world. Its immediate neighbours within London are the London Boroughs of Barking & Dagenham and Redbridge. Havering is also one of four constituent member authorities of the East London Waste Authority, which is responsible for waste disposal matters. Havering is a unitary authority, which means that it is responsible for the full range of local authority services, including Children's Services, Adults' Services, Culture, Housing and the Environment.

Havering covers an area of 11,227 hectares, making it the 3rd largest borough in London. There are just below 94,000 households in the borough, of which 81% are houses or bungalows and the remaining 19% are flats, maisonettes or apartments. 79% of these households are owner occupiers, with 12% rented from the local authority and 5% from private landlords. The Council is the biggest landowner in the borough; there are about 1,750 hectares of public open space and parks (more than 15% of the borough's area – most of it owned by the Council), some 11,000 Council-owned dwellings, and a number of public buildings such as the Town Hall and Upminster Court as well as many other minor or miscellaneous Council landholdings. There are 65 primary, 18 secondary and 3 special schools in the borough, together with one sixth form college and one further education college. There are currently 37,000 pupils in Havering's schools.

The population was around 225,000, of which 48% were male and 52% female; this figure represented a decrease of 3% from 1991, in the context of which the overall population in London increased by 5% over the same period. Havering's population has remained

largely static over recent years whereas other neighbouring authorities have seen theirs increase. There around 177,000 people on the register of electors.

Havering's population is currently stable, meaning there are at present neither large flows of people in or out of the borough. Some 23% of the population was aged over 60, the highest in London, whereas only 58% were aged between 16 and 59, the lowest. This gives a very firm indication of the gradual increase in the age of the Council's population.

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 or 1.6%. This was the lowest increase in London, with the exception of the City of London, and the current BEM population remains at 4.6% the lowest proportion in 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, which is again a low increase. Experimental statistics issued by the Office for National Statistics in 2003 show the BEM population rising to 14,900, again at 6.6% the lowest in London. However, these projections do not take into account the impact of Thames Gateway. As London shifts eastward the population will become more diverse.

Havering is a more affluent borough than many areas 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 specific indicators show real deprivation in some small community areas. Havering is a prosperous borough, where just fewer than 80% of residents own their own homes and over 30% have 2 or more cars. There is 76.4% employment and only 2.0% of the population are claiming Jobseeker's Allowance. Gross median salaries for residents of the borough working full-time are high – higher even than for London as a whole and rising relative to the rest of the city year on year. However it is a very different story for those who work within the borough, whose salaries have been the lowest in London for many years.

The largest regeneration project in Western Europe, the Thames Gateway, is on Havering's doorstep and the Council is at the very heart of it. By 2020, this challenging development could generate 10,000 new jobs, 5,000 new homes, and an internationally recognised conservation park attracting 1 million visitors a year. Romford is the largest town centre in the Gateway, with an annual turnover of £500m and 25 million visits. The town centre has benefited from £500m of investment over the last 10 years and boasts a wide variety of retail outlets and recreational activities. Havering is already home to more than 7,000 businesses, including manufacturing, construction and financial services.

Our town centres play an important role in our economic vibrancy, none more so than Romford, Havering's economic centre, attracting visitors through out the day and night to enjoy the shops and vibrant entertainment areas. In contrast to the modern shopping and office

areas, the town centre, which is now larger than Lakeside and Bluewater, has a rich heritage. This includes the historic 758 year old market, a unique and defining feature of Romford and is one of the biggest surviving street markets in London.

Romford has established itself once more as the premier town centre on this side of London, and is also home to many high-performing companies in the finance and business services sector. An Urban Strategy is currently emerging and has been developed to guide the future growth and prosperity of Romford over the next 10 – 15 years as well as encouraging more people to live in the town centre.

Hornchurch is destined to become Havering's cultural centre, drawing on the towns cultural, community, retail and heritage assets. It has an existing lively cultural scene, based around the excellent Queens Theatre and Fairkytes Art Centre, and has a large number of restaurants and cafes. A Hornchurch Urban Strategy is currently being developed to provide a dynamic and innovative framework for the development of Hornchurch. It will guide and promote its future growth and prosperity over the next 10 – 15 years.

The revitalisation of our district centres continues in Collier Row and Elm Park where successful programmes focussing on routes into employment, improving business and mixed use and townscape improvements have taken place. Extensive training and employment provision has already taken place and continues in Harold Hill, focusing on employment the strategic aim is to co-ordinate training provision, employment advice and links to local employers. It is essential training activities provided match the recruitment and skills demanded by the businesses

The next ten years will bring real opportunities to change this situation for local people, if the borough can make the most of the unique opportunities presented by the Olympics in Stratford and Thames Gateway in the south of the borough. The Centre for Engineering and Mechanical Excellence is a real example of opportunities to improve job prospects in the area. The challenge is ensure that the quality of life that some enjoy can be enjoyed by all.

Priorities for the Next Three Years

Our priorities for the next three years have been informed by the views of our stakeholders. More information on how we do this is set out in the section on consultation. Our prime stakeholder is the Havering Strategic Partnership which brings together a wide range of key organisations, representing public services, local businesses, residents and community and voluntary groups, to improve the quality of life for the people of Havering. The Partnership has reviewed the Community in 2005, which was agreed by the Council. It has six quality of life themes, and a number of priorities to address within them; these themes, and examples of the priorities, are:

- Better health and welfare, including tackling the demands of an ageing population and improving the quality of life for older people

- Increased community participation, including the promotion of an inclusive community and increasing community involvement and boosting civic pride
- A more prosperous community, including support to enterprise and business, and encouragement for improvements and new investment to strengthen town centres
- Protect and improve the environment, including improvements to the local environment and protection of local heritage, and reducing the volume of waste created and increasing recycling
- A safer community, including the promotion of a better understanding between races and religions and addressing people's fear of crime
- Improved lifelong learning, including giving children the best possible start in life and encouraging greater participation in lifelong learning.

The Council's vision is:

Putting people first by creating the best opportunities, the best environment and the best public services that we can for everyone who lives, works or visits here.

The Council has set priorities and ambitions to improve services and the way it works to help deliver the community strategy for the people of the borough. These are to:

Priorities		
<ul style="list-style-type: none"> • To promote financial efficiency and value for money 	<ul style="list-style-type: none"> • To improve the quality of our services 	<ul style="list-style-type: none"> • To make Havering a better place in which to live and work
Ambitions		
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • To regenerate our town centres and South Havering through key developments • We will support the vitality of our secondary shopping areas • We will lobby for improved transport links • To increase resident satisfaction with

<p>£4.929m (both cashable and non-cashable)</p> <ul style="list-style-type: none"> To reduce staff sickness levels to an average of 7 days by 2008 	<p>by the Every Child Matters agenda and the Children Act</p> <ul style="list-style-type: none"> To make our housing service one of the best in London 	<p>standards of cleanliness by 2010</p> <ul style="list-style-type: none"> To reduce incidents of drink-related disorder by 2010 To increase the number of young people going on to higher education by 2010 To reduce the degree of health inequality in this borough To see our community grow more diverse in a confident and inclusive way
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Underpinning these priorities are the Council's values; to:

- Put people first
- Ensure local people receive good services
- Use money effectively to give 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 service they deserve.

Spending Review

The Spending Review (SR) is a process undertaken by Central Government to decide the allocation of public spending over a three year period. The SR2004 suggested that we could anticipate a real increase in the spending allocation of approximately 1.8% per annum over a three year period starting from 2005-06. The SR2004 process raised the difficult issue of how to respond to a wide range of competing needs within a restrictive and limited budget. Havering is acutely aware of this dilemma from its budget-setting processes for 2004-05 and 2005-06. We face many intense and diverse challenges, and we are committed to investing in services that not only provide good value for money, but which produce far-reaching and long-term benefits to our community. Responding to local need within a limited budget frequently requires imagination and recognition of the benefits and savings resulting from effective partnership working. Effective local approaches need to be supported by coherent and sustainable funding.

Our current information suggests that CSR 2007 is likely to reflect the following principles:

- Three year grant settlements; the financial settlement is expected to cover a three year period to give greater certainty and to aid longer term financial planning. This would in turn remove the need to refine budgets around December/January when the current annual announcement is made
- No additional resources; it is likely that there will be no further resources provided for local government as part of CSR2007, unless there are any additional responsibilities. The effect of this will be any pressures will need to be met by comparable savings, increases in Council Tax, or a combination of the two
- Expectation of further efficiency savings; the Gershon agenda sets out targets for the delivery of efficiency savings and it is likely that CSR2007 will anticipate these savings being delivered in real terms, which would then lead potentially to at best a stand-still position on the financial settlement, but more likely a real reduction in grant funding
- Expectation of joint/shared services; along similar lines, there is an expectation that local authorities will work more in collaboration around the delivery of joint and/or shared services, particularly in the area of “back-room” or support services. This will be reflected in CSR2007 and the resulting grant settlement.

Summary of Key Issues from the Havering perspective:

- **Able to have flexible funding so that there can be local solutions to local needs** – Local authorities are best placed to assess and provide local solutions. Working in partnership with central government and other organisations, councils can play a vital role in helping to achieve major policy objectives but with a local emphasis.
- **A greater commitment to joined up funding** – There is little evidence that government departments are currently committed to an integrated funding strategy. The future of effective joint working is dependent on good inter departmental communications and the right long-term funding decisions. This means a high level of funding security and investment decisions that take account of local need and the ability to respond to it successfully.

Havering is already involved in providing information for the SR2007. This includes identifying cost pressures as well as additional outputs that could be achieved from increased investment in local government.

National Priorities

There are a number of national priorities and policies that impact on local government including, with examples of the areas they cover, the following:

- Promoting economic growth Supporting business improvement, providing positive conditions for growth and employment, improving adult skills, helping the hardest to reach into work, and extending quality and choice in the housing market
- Education Helping all schools match the excellence of the best, sustaining improvement in primary schools, transforming secondary schools and ensuring that the school workforce has the capacity to support this
- Children’s services agenda and Every Child Matters Tackling child poverty, maximising the life chances of children in care or in need and strengthening protection for children at risk of abuse
- Creating safer and stronger communities Working with the police and other local agencies to reduce crime and anti-social behaviour, strengthen community cohesion and tackle drug abuse
- Councils being community leaders Local government can sit at the heart of creating cohesive communities
- Sustainable communities e.g. waste Sustainable communities are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all
- Healthier communities Targeting key local services - such as health, education, housing, crime and accident prevention - to match need; and the encouragement of healthy lifestyles
- Local area agreements (LAAs) An LAA is a three year agreement, based on local Sustainable Community Strategies, that sets out the priorities for a local area. The agreement is made between Central Government, represented by the Government Office (GO), and a local area, represented by the lead local authority and other key partners through Local Strategic Partnerships (LSPs), which are single bodies bringing together different parts of the public sector as well as the private, business, community and voluntary sectors at a local level, so that initiatives and services support each other and work together
- Developing choice and accessibility Demonstrate that local government is committed to extending choice in public services where appropriate
- Developing E Government Exploiting new technologies to help councils transform local service delivery, secure service improvement, extend accessibility of services to local people and open up new channels of

communication between councils and their communities

- Pension reform
The government wants public sector pension schemes to be run on an affordable and sustainable basis and to minimise employers contributions into the schemes
- Collaboration/shared services
The Local Authority (Goods and Services) Act 1970 (Section 1) and Section 101 of the Local Government Act 2003, enable the delegation of functions between authorities on a not for profit basis. Likewise, Section 16 of the 2003 Act enables authorities with fair, good or excellent performance in CPA to trade in services with other authorities, as long as the prerequisite conditions are met
- Driving efficiency
 - Delivering effective services within our communities
 - Making the best use of finite resources
 - Releasing cash for frontline services
 - Delivering more with existing resource across all services
 - Holding down Council Tax
- Reducing burden
The Local Government White Paper Dec 2001 set out a vision of Authorities as strong local leaders delivering quality public services and recognised the urgent need to reduce dramatically the burden of central control on Local Authorities and give them the freedom to innovate and to become effective community leaders

There are a number of issues impacting on local government finances. Proposals to move to a three-year financial settlement are in the process of being implemented as identified above, and indicative figures were given for financial year 2007-08 as part of the December 2005 local government financial settlement. This should take much of the uncertainty out of the settlement regime, but may also reduce the flexibility open to Councils regarding their budget preparation. The basis upon which the settlement is reached has now changed from that applied in the two preceding years. The results of this alone are likely to see change nationally, however this work is still very much in progress within Central Government.

Council Tax revaluation was due to take effect from April 2007 and would have seen significant change that must be kept outside of the budget planning process itself. This has now been postponed until the completion of a major review of local government funding being undertaken by Sir Michael Lyons. It is obviously unknown what precise effect this will have, and it may delay the introduction of the proposed three-year settlements. Schools funding has also moved to being directly grant funded through the Dedicated Schools Grant,

introduced in April 2006. There are possible changes to the Council Tax system itself, but these will not become clearer until the Lyons review concludes. This is now not expected to occur until late 2006 or later.

Whilst it is difficult to assess how these factors might affect the MTFS and the development of detailed budgets, they are closely monitored and the Strategy and overall approach will be updated as necessary.

Council Spending 2006/07

The 2006/07 Revenue Budget

The Council's gross revenue spend including levies and contingencies totals £416 million, with a net spend of £277 million. The precept on the Collection Fund after taking into account external finance was £95 million. These figures exclude the GLA precept. The figures in more detail, with a comparison against the two preceding years, are as follows:

	2006-07 £000	2005-06 £000	2004-05 £000
Havering's Expenditure			
Gross Spend	403,794	385,669	356,776
Contingency Provisions	2,998	3,014	3,090
Gross Income	-138,566	-134,448	-117,065
Net Spend	268,226	254,235	242,801
Levies	8,717	8,480	9,338
Total Expenditure	276,943	262,715	252,139

The change in the Council's budget requirement totalled £14.2 million. The reasons for this change is analysed in the table below:

Reasons for Changes	£m	£m
<u>Education</u>		
Dedicated Schools Budget		8.9
Pressures	4.7	
Adjustments due to transfers in	2.3	
Increase in Levies/Other Issues	0.5	

Reasons for Changes	£m	£m
		7.5
Havering Inflation		3.2
Efficiencies & Savings		-5.4
		14.2

For the 2006-07 budget, Havering's expenditure is broken down over the following service headings:

Service	Gross Exp £000	Income £000	Net Exp £000	% of Net Exp
Planning & Economic Development	6,783	2,944	3,839	1.4%
Highways & Car Parking	13,620	3,766	9,854	3.7%
Education	178,253	26,100	152,153	56.7%
Refuse Collection & Waste Disposal	3,915	1,393	2,522	0.9%
Environmental Health	7,268	284	6,984	2.6%
Housing General Fund	46,367	44,994	1,373	0.5%
Leisure & Recreation	14,246	3,831	10,415	3.9%
Social Services	87,757	25,365	62,392	23.3%
Other Services	45,585	29,889	15,696	5.9%
Total All Services	403,794	138,566	265,228	
Contingency & Provisions			2,998	1.1%
Havering's Net Expenditure			268,226	

Over the next year the Council will be spending some £277m inclusive of levies on key services for local people. The majority of the money for local services comes from central government. If this support is not enough to meet local needs either council tax and/or charges have to go up, or services have to be reduced, or both.

The £120m that will be collected from council tax payers during the next year includes £25m for the Greater London Authority (GLA) which the Council collects but does not control. The remainder (£95m) goes towards local services. This £95m helps provide a wide range of services for 224,000 people living in the borough. These include clearly visible services such as refuse collection and the maintenance of roads and pavements. Others include day care and home care services, dealing with planning applications, providing

bus travel to schools and services for the elderly and people with special needs. The biggest amount goes towards education, which accounts for about half of the Council's total spend.

Government Grant

The provisional Local Government Financial Settlement announced in December 2005 provided Havering with a Government grant for 2006/07 of nearly £48m for non- schools services. The Council also received a grant allocation of £134m for Dedicated Schools Grant (DSG). It is not possible to compare grant increases for 2006/07 against previous years owing to the change in funding for schools. Before adjustments and the application of the general and Education floors, Havering would have received a reduction in grant of 6.35% or £2.9m in cash terms. Havering was one of 20 "floored" authorities in London who received the minimum increase in grant for 2006/07. Our grant increase was fourth lowest of all London boroughs. Only £945k remained to fund the remainder of the Council's services.

Comparisons were done as part of preparing the consultation response on the various options however, the change to the four block model means it is no longer possible to realistically compare the FSS in 2005-06 with the new methodology in 2006-07. However what can be compared is the Havering position against other neighbouring authorities and this is set out below.

Authority	Mid-2006 Population Projections	Relative Needs Amount £000's	Relative Needs per Capita £	Formula Grant £000's	Grant per Head £
Havering	228,091	34,615	152	47,696	209
Barking and Dagenham	169,702	63,327	373	83,080	490
Redbridge	249,387	60,786	244	81,366	326
Newham	252,709	160,074	633	186,959	740
London Average	235,027	128,621	547	179,332	763
Outer London Average	239,648	71,336	298	84,492	353

The provisional settlement issued the indicative grant increases for 2007/08. A separate consultation exercise will be carried out on the Local Government Finance Report for 2007/2008 later in 2006, in line with the usual settlement timetable. For 2007/08, the Formula Grant has increased provisionally by the 2.7% floor on the adjusted 2006/07 figures, giving a grant increase of £1.287m.

Specific Grants

In addition to the funding provided by Central Government, 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 comparison of specific grants as compared to the 2005/06 financial year is set out below.

Service	Revised 2005/06 £000's	Budget 2006/07 £000's	Revised 2006/07 £000's	Estimated 2007/08 £000's
ACE - Human Resources	615.0	644.8	644.8	591.0
ACE - Legal & Democratic	216.4	219.4	219.4	0.0
Children's Services	31,346.9	24,353.6	26,209.5	17,148.7
Finance & Commercial	52,298.7	59,495.2	59,495.2	0.0
Public Realm	874.9	16.6	246.6	252.8
Sustainable Communities	12,094.7	10,753.4	10,553.1	7,616.6
Total Grants	97,446.6	95,483.0	97,368.6	25,609.1

The budget for 2006/07 was compiled on the basis of the intelligence available on specific grants at the time of completing the detailed budget, around early to mid February. Final grant announcements can occur as late as April, and in the case of Dedicated Schools Grant (which is outside the above but illustrates the point) June 2006. It is therefore usual to see variances between the final budget and the final grant actually received. This variance does not imply higher funding and thus the opportunity to reduce overall net spend, as the grant has to be expended on the specified functions; no spend would in turn be matched by a reduced level of specific grant. The figures for 2007/08 reflect those grants for which a further year has been advised, but many of these will not be known until well into the budget process for that year.

The budget is based on services managing within 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.

Revenue Generation from Council Tax

The 2006-07 budget agreed by the Council produced a Council Tax for a Band D property of £1380 including the GLA precept. The level of Council Tax set at Band D for 2006-07 represented an increase of 3.9% over the level for the preceding year. The average rise in England was from £1214 to £1268; this represented a rise of 4.5%, compared to 4.1% in 2005-06. Regionally, London boroughs had an average increase of 4.9% in outer London and 3.9% in inner London. The average London Council Tax levels were £1308 and £1059 respectively. Again these statistics are inclusive of the GLA precept.

A comparison of Havering's Council Tax and spend per head of population against other local London boroughs and the London average reveals the following analysis:

Authority	Band D Council Tax 2005-06	Band D Council Tax 2006-07	% Increase 2005-06 to 2006-07	% Increase 2003-04 to 2006-07	Spend per Head 2005-06	Spend per Head 2006-07	% Increase 2005-06 to 2006-07	% Increase 2003-04 to 2006-07
Havering	£1328	£1380	3.9%	13%	£1172	£1233	5.2%	15.4%
Barking & Dagenham	£1153	£1219	5.7%	16%	£1388	£1496	7.7%	19.7%
Redbridge	£1197	£1267	5.9%	18%	£1206	£1273	5.6%	15.0%
Waltham Forest	£1305	£1365	4.6%	17%	£1415	£1489	5.2%	13.8%
Newham	£1112	£1163	4.6%	16%	£1735	£1786	2.9%	10.2%
Average increase – Outer London			4.9%	16%				
Average increase – Inner London			3.9%	13%				
Note: The comparatively higher increase in spend per head is caused by population in Havering remaining fairly static with increases in all other boroughs.								

Newham has in fact had the highest spend per head of population for each of the last 5 financial years, with the next three places being held by Haringey, Barking & Dagenham and Waltham Forest over the same period. The 4 lowest spenders (lowest first and using an

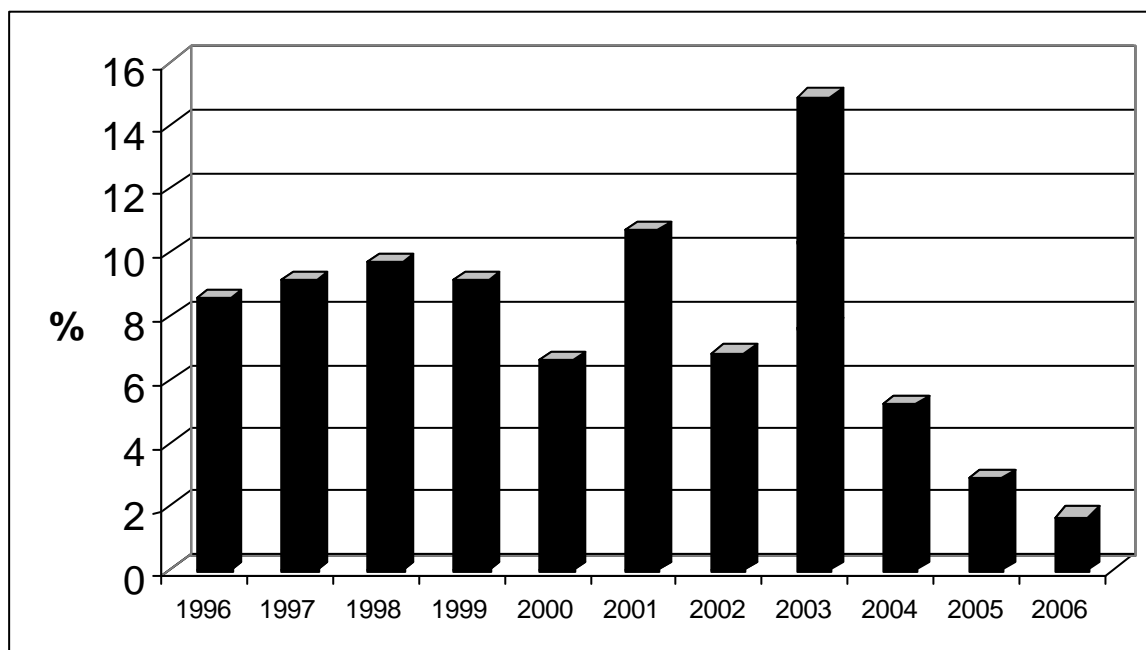
average ranking) over the same period are Richmond, Bromley, Kingston and Merton. Havering currently ranks as the 7th lowest in Outer London.

Havering's Council Tax is now the fourth highest across the whole of London; only Kingston (£1449), Richmond (£1420) and Haringey (£1384) are currently higher. However as the preceding tables show, Havering has a low net spend per head of population, and is generally a low spender in comparison to other London boroughs. The high level of Council Tax is a product of the local government funding system, which sees a very low level of grant being received by Havering relative to its spend.

Given the history of significant funding shortfalls faced by the Council over a lengthy period of time, we have lobbied Government to seek justice for Havering in its grant settlement. The figures set out above illustrate the problems faced. This position is due to the fact that Council Tax has disproportionately funded this expenditure compared to others because of the low grant settlement. So far, the Council's lobbying efforts have been to no avail. The Council has over the last 3 years concentrated its efforts on making the most of the monetary resources it has whilst continuing to lobby for a fair settlement.

Comparative Increases

Havering's Council Tax increases over the last 11 years are shown in the following table:



CPA Fund

As part of the budget process for 2005-06, a fund was created to enable the Council to strategically invest in priority services. This fund totals £300k and will support the Council's ongoing improvement programme in key priority areas and will be used to fund the following, which are included in the budget for 2006-07.

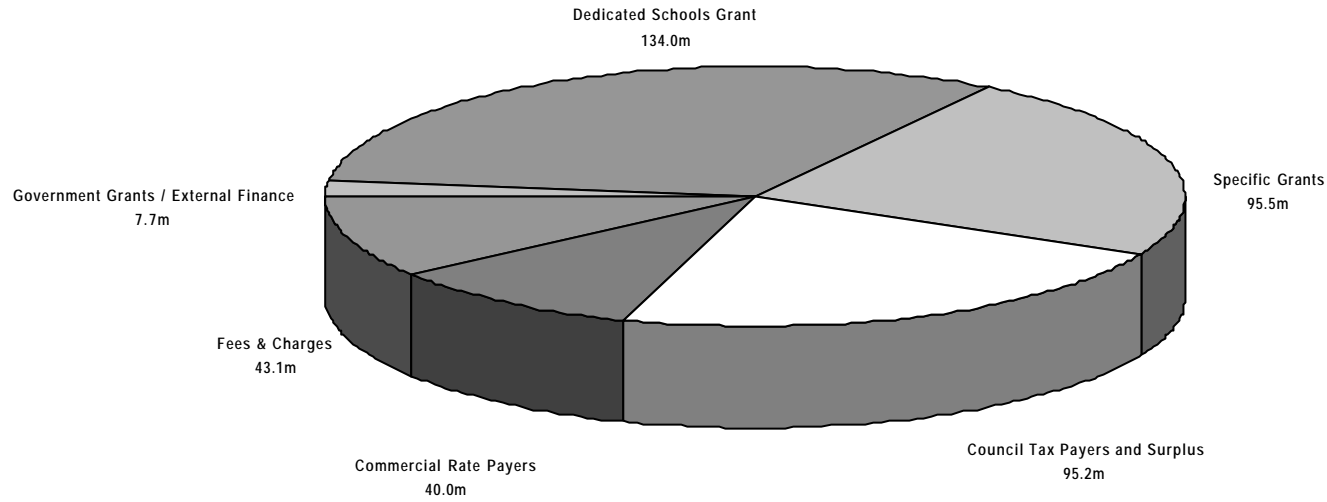
- Creating a budget to provide for minor works to be undertaken to improve our Community halls; £20k
- Creating a budget to enable improved repairs and maintenance to fencing in parks; £30k
- Creating a budget to provide improved repairs and maintenance/match funding for external bids to improve historic buildings; £20k
- Streetcare Improvement Project; £150k.

Underpinning this is the need to promote positive perceptions of the Council locally. The recent MORI survey has shown satisfaction rates overall have improved significantly. This needs to be consolidated and improved on, and a better understanding of the work of the Council and the services it provides are key to this.

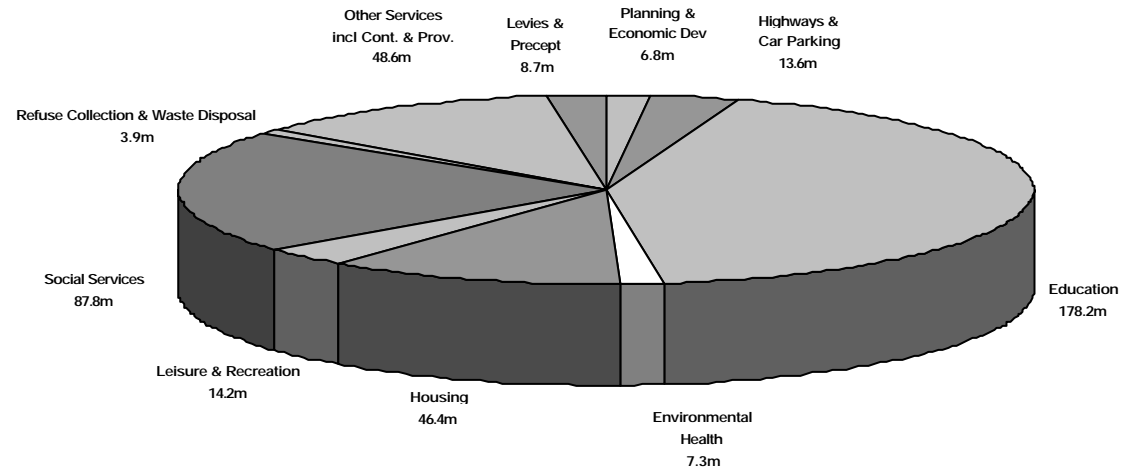
Expenditure & Income Breakdown 2006/07

A breakdown of the Council's revenue expenditure and income is shown in the following pie charts:

Where the cash comes from ...



... and where it goes



The Capital Programme

The current capital programme is based on the programme approved by Council as part of the annual budget process in March 2006. 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 latter included ensuring that a three year programme continued and was further enhanced by Cabinet providing broad indications of priorities and funding levels.

The programme incorporates the three year programme approved as part of the annual budget setting in February 2005, in addition to which the programme was expanded with the inclusion of a further range of projects in June 2005. Further proposals for expansion were agreed by Council in March 2006.

The enhanced expansion programme for the next three years amounts to nearly £28m, spread over the following blocks:

	2006/07 £000	2007/08 £000	2008/09 £000	Total £000
Education	4,163	2,884	2,000	9,047
Street Environment	5,190	1,900	1,700	8,790
Protecting Assets	1,390	540	420	2,350
Council Infrastructure	1,457	1,853	700	4,010
Other: Parks, Leisure & Cemeteries Regeneration	1,893 700	850	137	3,580
Total	14,793	8,027	4,957	27,777

The programme is funded from a number of sources, the principal sources being as follows:

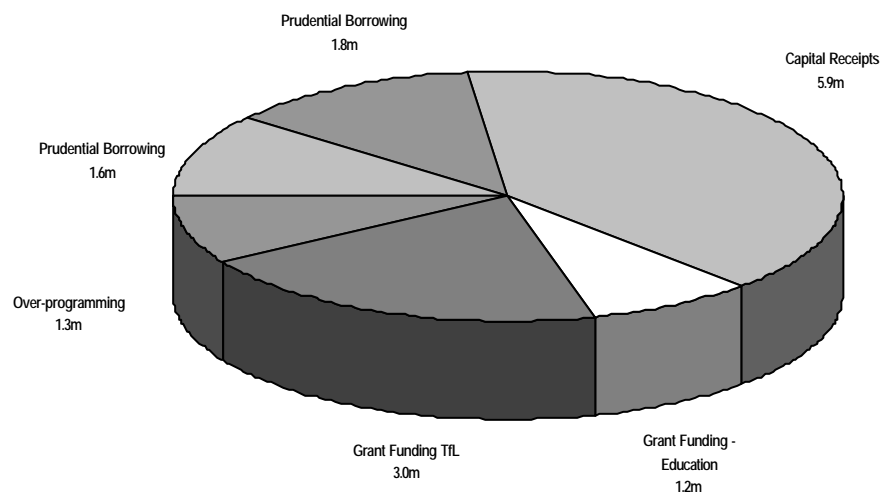
	2006/07 £000	2007/08 £000	2008/09 £000	Total £000

Prudential Borrowing	1,600	1,600	1,600	4,800
Prudential Borrowing - Education	1,800			1,800
Capital Receipts	5,876	5,543	3,357	14,776
Grant Funding - Education	1,163	884		2,047
Grant Funding - TfL	3,050			3,050
Over-programming	1,304			1,304
Total	14,793	8,027	4,957	27,777

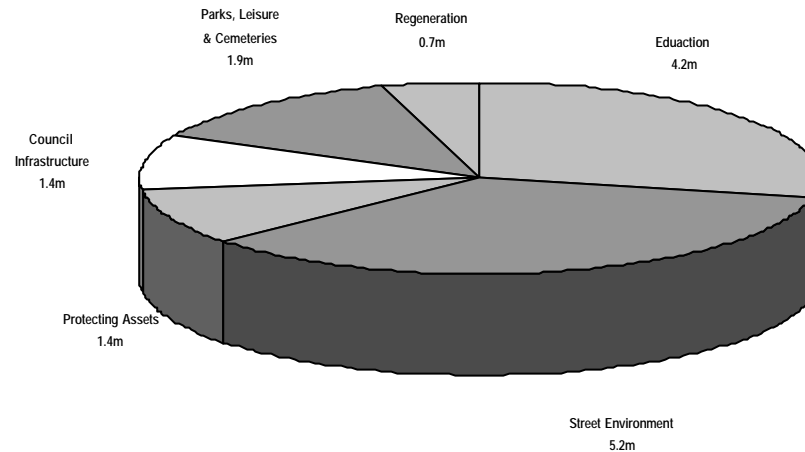
Capital Expenditure & Funding Source Breakdown 2006/07 to 2008/09

A breakdown of the Council's capital expenditure and funding is shown in the following pie charts:

Where the cash comes from ...



... and where it goes



Our Future Spending Plans 2007/08 to 2009/10 and How We Are Funding Them

Spending Plans

The Council's three year strategy is one of the key drivers to the Council Tax setting process. The annual budget also sets out the potential financial impact over the two subsequent financial years. Whilst this assessment is revisited as part of the following year's budget process, it does provide the starting platform for updating the MTFS and provides an initial view of the likely budget requirement.

The approach adopted by the Council is set out in detail in Section II of the strategy. In broad terms, this assumes that directorates will meet budget increases resulting from inflation and other pressures from savings. Once this principle has been met, the proposals identified to meet this objective are then scrutinised by senior officers and Members. This provides a basis for assessing the Council's priorities in relation to its MTFS and Corporate Plan, and for resources to be allocated to those areas of the highest priority. The 2006-07 budget saw additional resources allocated principally to the social services and environment areas (through services provided by Sustainable Communities, Children's Services and Public Realm), and in line with Council priorities and responsibilities; the table below summarises how revenue resources were allocated between directorates to achieve this:

Directorate	2006-07 £000	2007-08 £000	2008-09 £000
Service Growth	8,335	12,818	17,014
Corporate Growth	2,141	3,439	4,795
Total Growth	10,477	16,256	21,809
Service Savings	4,579	6,035	7,531
Corporate Savings	1,103	1,023	1,083
Total Savings	5,682	7,058	8,614
Net Growth	4,795	9,198	13,195
Analysis of Net Growth by Main Service Area			
Adult Social Services	1,427	3,168	4,622
Streetcare	891	1,125	1,406
Children & Families	853	960	1,068
Education LEA	131	463	775
Culture & Leisure	210	300	414
Legal & Democratic	305	536	636
Business Systems	259	323	282
Other Service Areas	-320	-92	280
Net Service Growth	3,756	6,783	9,483

This is shown in more detail in Appendix 1. This shows the overall level of investment proposed for each year (2006/07, 2007/08 and 2008/09), and how this is being funded from savings, analysed within each service area.

The table below sets out the starting position for the 2007/10 MTFS based on the items identified as part of the 2006/07 process:

Incremental Change from 2006/07	2006/07- 2007/08 £000	2006/07- 2008/09 £000
Pressures	1,608	3,203
Inflation & Other Adjustments	3,157	6,314
Total Pressures	4,765	9,517
Efficiencies & Savings	-1,376	-2,932

Incremental Change from 2006/07	2006/07- 2007/08 £000	2006/07- 2008/09 £000
Net Growth	3,389	6,585
Increase in Levies	1,030	1,846
Total Net Increase in Spending	4,419	8,431

These figures are based on the initial calculation for inflationary pressures and this is likely to change during the course of assembling the updated strategy and associated matters. They exclude any pressures or inflationary increases relating to schools, as the strategy is based on an assumption that increases in the schools' budgets will be matched by grant. No account has been taken of any additional pressures that may result from new legislation, as these will be identified as the Strategy and detailed budget are further developed during 2006.

Major Budget Issues

The MTFs 2006/07 reflected a number of significant budget pressures; these reflect the Council's local priorities and pressures resulting from service needs and the associated costs. The main budget growth items included in the 2006/07 MTFs are as follows:

Area of Pressure	Comments	2006/07 £000	2007/08 £000	2008/09 £000
Residential Grant	Compensatory growth to reflect change in funding stream; specific grant for this service now subsumed within general grant settlement. This is largely a "technical" budget adjustment as equivalent funds are effectively provided through the main grant settlement	899	899	899
Maintaining staffing levels for Public Realm Group maintenance	Funding for service growth in priority area. This is to increase the Council's level of investment in Streetcare services to continue the successful improvement projects	740	740	740
Placements budget	Additional funding to support placements for Looked After Children. This has been a budget pressure historically and the growth reflects the priority placed in this by the Council	500	500	500

Area of Pressure	Comments	2006/07 £000	2007/08 £000	2008/09 £000
Pension Fund	Like many other organisations the council's pension fund needs a significant increase in investment over the next three years. The first two years are as a result of the triennial review of the pension fund agreed in December 2004. With 2008/09 the trend is likely to continue	500	1,000	1,500
Freedom Passes costs	This is required to meet the additional costs of providing free public transport to the over 60s through the Freedom Pass scheme. The Council contributes like all other London boroughs to the scheme which is managed by the ALG and therefore the level of cost is outside the Council's control	499	1,017	1,474
Additional home care	Support for older people: additional home care hours will reduce the increasing need for residential/nursing home care	455	859	1,062
Utilities/NNDR/ Postal Charges and Stationery	This is the estimated net General Fund impact of a range of items. NNDR is a reduction as provision was made in the 05-06 budget for £150k, and there are savings from the recently awarded stationery contract. However, these costs are offset by increases in utility costs and postal charges. Utility costs are a potential budget risk for the future	455	455	455

As the table shows, there are different areas where budget growth has been provided for, and these fall into three major areas:

- Areas outside the Council's control; the Council fully supports the Freedom passes scheme but also makes a significant contribution towards it. Utility costs have proved to be highly volatile in recent years and there are significant risks of further hikes in cost in future years. Pension Fund costs have received national exposure and the Council needs to ensure it makes adequate provision for the Fund in future years. The single status agreement, under which councils are expected to harmonise their workforces under a single job structure, does not feature in the current budget growth, but a reserve has been created for workforce issues within the Council's accounts
- Services for adults and children; these are very much demand-led services and also often result in high levels of cost for individual service recipients

- Streetcare; the environment is regarded by the Council as an area of high priority and this is also reflected in the responses to resident consultation.

Aside from the areas where the Council has provided for budget growth, there are service areas where overspends have occurred historically. These are considered as part of the MTFs process but services are expected to take appropriate action to contain expenditure within the budget set by the Council. The main areas of overspend in the past year have been:

Directorate	Service Area	Cause of Overspend	2005/06 Overspend £000
Children's Services	Resources Children's & Families	Continued pressure on placements and increase in activity and number of children in placement	1,040
	Other Children & Families	Increase legal costs for complex placements and unachievable savings from previous years	473
	Assessment Services	Additional cost of agency staff	425
Sustainable Communities	Older People	Staffing and service care issues including the home care budget	512
	Physical Disabilities	Overspend in home care budgets due to expensive care packages for service users	450
	Commissioning	Cost of emergency duty team contracted out to another London borough	345
Public Realm	Grounds Maintenance	Increases in agency staff and vehicle hire costs	450
	Leisure	Shortfall in income at Hornchurch Sportcentre and Chafford	480
	Parking	Shortfall in number of tickets issues	205
	Refuse Collection	Payment of backdated tonne mileage to ELWA	270

These overspends were offset by an underspend of £3.6m within Financial and Commercial, which is due largely to savings in external interest payments mainly due to slippage in the capital programme, and improvements in benefits. In addition, the Council maintains a contingency as part of its financial strategy, and this was under-utilised by £900k in 2005/06.

Financing of Capital Programme

The Council's capital programme results from the Capital Strategy, which is covered elsewhere, and the MTFS itself. The Capital Strategy indicates that the prime source of funding has been, and will continue to be for the short to medium term, the application of capital receipts. This may not be sustainable in the longer term and therefore consideration will need to be given to the use of prudential borrowing. This enables councils to borrow funds for capital use and to pay those funds back over a number of years.

Based on the current estimated cost of borrowing (£90k per annum for £1m over 25 years), an annual capital programme of £5m could be financed through a revenue cost of around £450k. This is roughly equivalent to around 0.5% on Council Tax. In addition to the repayment of the borrowing, additional revenue provision would need to be made for any running costs, for example staffing, utility costs, NNDR, office expenses etc, dependent on the assets being invested in. Consideration is given as part of the development of the capital programme to the revenue consequences of each scheme, and those schemes which do not increase, or reduce, revenue costs are clearly beneficial. Future funding needs will be assessed as the capital programme for 2007/10 is developed and refined.

Impact of Future Grant Settlements

The MTFS is predicated on the basis of any increases in DSG being applied directly to school services as this is the basis on which this funding stream is allocated. In effect this means that school funding is "budget-neutral", as increases in school spending have to be contained within the increase in DSG. The remainder of Council expenditure has to be funded from increases in specific grants (which historically have been ring-fenced but can now be applied on a broader basis) and revenue support grant. The key assumption for the past three years has been that there will be no increase in revenue support grant from the Government and recent settlements have supported this assumption. Based on the projected growth arising from the 2006/07 budget, an assessment can be made of potential Council Tax levels with specific assumptions on the grant settlement that could be received and other potential variable factors.

The table below sets out possible levels of Council Tax based on the following assumptions:

- No change to the existing Council Tax base of 87,032
- No additional net investment in services

- Full achievement of all identified savings
- No additional pressures caused by demographic changes such as population
- No additional pressures resulting from new legislation and/or changes in funding streams (eg from specific to revenue support grant)
- No change in the assumptions made in the budget model for inflationary increases
- The schools' financial position is neutral, ie any increases in spending are only in line with DSG
- Differing levels of grant increase, assumed here as no increase, an increase of £1.287m in 2007/08 only based on the 2005 settlement, and a further increase of £1.2m in 2008/09.

Incremental Change from 2006/07	2006/07- 2007/08 £m	2006/07- 2008/09 £m
Net Budget Growth	4.4	8.4
Grant Increase:		
1. zero both years	0	0
2. £1.287m 07/08 only	1.3	1.3
3. £1.287m 07/08 plus a further £1.2m 08/09	1.3	2.5
Net increase after grant settlement:		
4. zero both years	4.4	8.4
5. £1.287m 07/08 only	3.1	7.1
6. £1.287m 07/08 plus a further £1.2m 08/09	3.1	5.9
Estimated Council Tax increase:		(on 07/08)
7. zero both years	4.9%	4.0%
8. £1.287m 07/08 only	3.6%	4.1%
9. £1.287m 07/08 plus a further £1.2m 08/09	3.6%	2.9%

These projections are for guidance purposes only as any change to any of the factors listed above will affect the overall position. For example, an increase in the Council Tax base (which is not an unreasonable assumption based on recent years) would reduce the year on year increase in Council Tax, but conversely, additional budget pressures would increase it. The grant increase for 2007/08 is only indicative and any change to the level of grant funding will not be known with any certainty until much later in the year.

Efficiency Savings

The Gershon Review published in July 2004 sets out the case and targets for achieving efficiency savings of £6.5 billion across local government. In summary these savings would come from back office re-engineering, procurement savings and from partnership working with other public agencies. The back-office savings particularly are predicated on the joining of public agencies, using electronic processes. The Review emphasised the need to ensure that efficiency gains are not delivered at the expense of service quality and indeed service cuts will not count as efficiency gains.

The Gershon Review also used the concept of “cashable” and “non cashable” savings

- “Cashable” savings being those where there is a direct financial saving or benefit, with money released spent elsewhere or recycled within a service,
- “Non cashable” savings are those where the gains do not necessarily lead to lower costs, but which lead to improved performance for the resources used.

The Government’s Spending Review 2004 has translated the targets in the Gershon Review into an efficiency target of 1.25% cashable and 1.25% non cashable savings per annum for each of the next 3 years across local government with every local authority expected to meet this target. For Havering the current assessment of the saving for 2006/7 is £2.3m cashable and £2.3m non cashable savings.

The process established by ODPM requires local authorities to produce an annual efficiency statement (AES). This sets out the efficiencies already delivered in 2004/05 and proposed for 2005/06. The MTFs process has been designed to readily identify all savings against the different categories under the AES process.

A survey published in LGC in May 2005 indicated that Havering had identified the 11th highest level of efficiency savings as part of our AES return across the whole of London. 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%. The forecast position for 2006/07 is shown below. Based on the formula for calculating the efficiency savings target, Havering’s objective for the year is now £4.6m, split evenly between cashable and non-cashable savings. The table shows the forecast savings that are expected to be delivered and indicates that the target is expected to be exceeded.

Area	Total £'000	Cashable £'000	Non Cashable £'000
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Area	Total £'000	Cashable £'000	Non Cashable £'000
Children's Services	215.0	215.0	0.0
Sustainable Communities	1,783.0	1,146.0	637.0
Public Realm	246.0	226.0	20.0
Financial & Commercial Group	1,355.5	468.5	887.0
Legal & Democratic	95.5	83.0	12.5
Human Resources	1,082.0	57.0	1,025.0
Strategy & Communications	49.0	49.0	0.0
Corporate	300.0	300.0	0.0
Total	5,126.0	2,544.5	2,581.5
ODPM Targets	4,638.0	2,319.0	2,319.0
Surplus / (Shortfall)	488.0	225.5	262.5

Efficiency savings are as indicated in the section dealing with the CSR2007 likely to be a factor in future financial settlements. It is possible that these targets will be included as one of many factors in the settlement system. This could change the basis on which settlements reached, with one option being that, instead of grants being held at a lower floor, there could potentially be reduction in grants in anticipation of efficiencies being delivered. At this stage, it is not possible to predict whether, and if so how, this might be adopted. Nevertheless, it has to be borne in mind as part of the development of the MTFs and the subsequent detailed budget.

Value for Money

A Council priority is to promote efficiency and Value for Money (VfM) from all its activities in response to the demands of residents. The Audit Commission also assesses VfM under the CPA. Overall, our approach to VfM has been successful to date, scoring a 3 (out of 4)

under the Use of Resources assessment in 2005. The Council has strengthened 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, eg Commissioner Board
- Provide a framework to benchmark our service activities and costs against other similar activities or services (where this is considered useful)
- Respond to opportunities through the increased 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 our staff recognise their continuing obligation to seek VfM for the Council as part of their routine activities.

Our approach to deliver the VfM objectives and judgements are based on existing distinct but interlinked processes:

1. Service planning
2. Service VfM reviews
3. Staff awareness.

Full details are set out in the paper “Delivering Value for Money in Havering”.

Summary of Our Proposed Investment in Services

The Council plans to invest in a wide range of services over the next 3 years and this includes:

Adults Services	<ul style="list-style-type: none"> • £3m more for Freedom Passes • £1.2m for Sheltered Housing • Painesbrook Extra Care Sheltered Scheme is on target for opening this Summer • £2.4m more for Homecare • £105k for Occupational Therapy • £1m gross to support young people with learning disabilities • The new Grange due for completion this year
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Children's Services	<ul style="list-style-type: none"> • £1.5m extra to support placements for looked after children • £315,000 for additional social workers • £45,000 additional support for children with disabilities • £105,000 to recruit and support new foster carers • £45,000 to enhance advocacy for looked after children • More than £8m capital to improve school buildings
Culture & Regeneration	<ul style="list-style-type: none"> • Continued investment in successful Libraries refurbishment programme (£1m capital over 3 years on top of £2.5m already allocated) • Plans for new Elm Park and Rainham libraries • On-going support for book fund and book renewal (£600k capital over 3 years) • Extra cash for community halls: £20k per year • £900k capital programme for parks plus revenue investment in maintenance, repairs and safety • New revenue support for Thames Chase
Development of town centres and London Riverside	<ul style="list-style-type: none"> • Upgrading signage and improvements to pedestrian areas throughout Romford Town Centre. • A start on "greening the ring road" • Continuation of the shop fronts and environmental improvements programmes in Rainham and London Riverside • Up to £300,000 on projects flowing from the Hornchurch Urban Strategy. • Continued improvements to town centres in Upminster, Collier Row, Elm Park and Harold Hill
Housing	<ul style="list-style-type: none"> • £15.196m will be invested in Council Housing in 2006/07 • £3m is to be invested in new homes for rent in 2006/07 in addition to Housing Corporation Funding • New affordable housing is to be built on communal garage areas • We aim to provide a new Women's Refuge • An ALMO to be set-up from 3rd July 2006 to achieve major refurbishment funding
Environment	<ul style="list-style-type: none"> • An extra £740k pa for the Streetcare Improvement Project to improve street cleanliness – our biggest service improvement • Nearly £5m capital over 3 years to improve our highways • New Green Waste Collection Service launched • Free graffiti removal service introduced • More bins, better seating and landscaping of old roundabouts
Community Safety	<ul style="list-style-type: none"> • An extension of CCTV firstly starting in Hornchurch and then extending to other centres (£500k

	<p>capital and £50k pa revenue)</p> <ul style="list-style-type: none"> • Investing in the Community Safety Unit to ensure continuing reductions in crime and fear of crime (£368k over three years) • Curtailing the activities of prolific offenders (£75k over three years) • Tackling fraud
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Continued Support For Schools

As mentioned above, Schools spending is no longer financed through formula grant but through the ringfenced dedicated schools grant (DSG). Non-schools education (local authority central education functions) is still financed through formula grant. Matched funding for school-based Standards Funds grant (renamed School Development Grant) will no longer exist for school-based grants. Authorities' which would have otherwise lost funding due to the transition to DSG, principally those which spent below Schools FSS, were protected by the 2% grant settlement floor. For Havering (who have spent above FSS in the past) this means a loss, as the floor would have been higher if authorities spending below schools FSS were not being protected on this specific point.

The Dedicated Schools Grant (DSG) has now replaced the previous Schools Formula Spending Share (SFSS). In the first instance this is for the two years 2006-07 and 2007-08. The first full three year allocation will follow the next spending review announcement, now fixed for 2007. The decision to ring-fence schools' budgets means that school funding will be placed on a completely different footing to other local government services. It removes the link between council tax payers and schools. Local authorities may fund schools above the level of DSG but not below. The starting point for the size of an LEA's DSG is their Section 52, Schools Budget total for 2005-06. Havering's Schools Budget is currently £2.5m above SFSS and the baseline has been agreed with DfES.

The DSG will form the schools budget consisting of ISB and centrally held budgets. The minimum size of the Schools Budget will be the size of the DSG but LAs can add to it if they wish. Any resources added in one year cannot then be deducted the next. The budget held centrally must not increase at a faster rate than the ISB (as is the case now). For exemptions to this (e.g. pressures from ECM) the power to approve passes from the Secretary of State to the School Forum.

Schools now receive a Minimum Funding Guarantee per pupil as they have done for the last 2 years. Prior to the start of April 2006-07, as well as allocating the budget share for that year, the Council was required to give schools an indicative budget for 2007-08. From 2008-07 this will be required for a 3 year period. Budget Shares to Schools will largely be determined by pupil numbers and the minimum funding guarantee.

Generally, a formula factor cannot change within the 2 or 3 year funding period unless LEAs have already told schools at the start of the funding period. This is in support of predictability and stability. There are exceptions for unforeseen circumstances.

There have in conjunction with the introduction of DSG been changes to grants. Teachers Pay Grant has now transferred to the DSG (from specific grant). LEAs need to agree a formula factor with their Schools Forum to distribute resources to schools. Standards Fund grants have been merged into a new School Development Grant (SDG). There have been per pupil increases for individual schools based on 05-06 allocations. Targeted grant have continued for intensive support to some schools. Grants are generally 100% funded with the previous matched funding element paid for by a transfer from DSG. Match funding is still be required for the central coordination of primary and secondary strategies. There is a new formula for the distribution to schools of Schools Standards Grant (SSG). SSG will increase to support schools developing extended services. Further guidance is expected in the Autumn. There will be further rationalisation between Standards Fund and SSG in 2008.

II OUR APPROACH

Background

Havering, in the past, has had consistently high Council Tax increases and, whilst the 2006/07 increase was significantly lower than many other London Boroughs, Havering still has one of the highest Council Tax levels and the fourth highest in London. The spend per head has, in the past, indicated that other Authorities are spending at a lower level but achieving some better outcomes. This was confirmed in the Comprehensive Performance Assessment (CPA) where the following authorities received a better score as part of the 2005 assessment but spend less per head: Croydon, Kingston upon Thames and Richmond upon Thames.

Prior to 2004/05 there had been a reactive approach to budget planning and a relative lack of strategic thought as part of the budget process. This, combined with service objectives and performance not always being linked to financial management, resulted in a lack of financial stability.

The London Borough of Havering now has very clear values and strategic aims and these have been used to develop a strategy that will:

- provide the basis of financial planning for future years;
- link resource allocation strategies with services strategies and aims;
- focus the collective mind and ensure all have a shared understanding of the resource strategy.

Our Strategy

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.

Principles to be Used

In developing and delivering our strategy, the following principles will be used:

- **Ensure compliance with all legal duties and maintain public/staff safety first and foremost.**
- **Focus on services, environment, customer and the community.**
Protect front line services where possible and where need is still identified. Maintain the ability to strive towards better standards and improving quality.
Think of the customer and the community.
Look after the Environment.
- **Think strategically.**
Identify services that may not be appropriate for delivery by a Local Authority.
Identify priorities and issues.

Think long-term and corporately in service delivery and provision, i.e. what will Local Government look like in 5 or 10 years time. Look at all areas and concentrate first on those with greatest scope.

- **Be staff orientated.**
Avoid if possible compulsory redundancies.
Involve staff - they often have good ideas.
- **Maintain equality.**
Ensure equality for all.
Promote this principle.

Havering’s Corporate Business Planning Process

The outline timetable being followed for the process is as follows:

Establishment of overall process and timetable for Corporate Business Plan and development of overall Strategic Plan	March/May
Services undertake detailed work on Financial Strategy with submission of any information required for Capital Strategy	May/July
Overall Business Plan and Financial Strategy including future prospects	June Cabinet and Corporate Overview & Scrutiny Committee culminating at Council in July
More detailed work on Budget reductions by Services and outline service planning commencing, progression of specific strategies within the Business Plan	July, August, September
Public Consultation commences Detailed Service Planning commences	August September

Service Reviews with Cabinet Members	September
Release of detailed proposals taking account of settlement	Mid December Cabinet
Detailed budgets and public consultation consideration	Considered by Overview & Scrutiny January Presentations to Area Committees January
Final Cabinet recommendation to Council taking account of any further issues	February
Council Tax Setting and Corporate Business Plan Agreement	March
Completion of service planning process	March

This outline timetable is kept under review to ensure that the budget and policy are fully integrated and reflect community priorities. The timetable may also vary if meetings are changed.

General Methodology

The basic principle adopted by the Council is that directorates will be required to manage within cash envelopes for revenue and bid for resources for capital in accordance with the Capital strategy. The revenue cash limits take account of the MTFS 2006-2009, but assume that general inflation and other pressures will be met by efficiency savings within each area. This principle assumes as a fundamental concept that any budget growth will be met from within the resources allocated to each directorate as part of its overall cash limit. Each directorate is given a target sum to be met to achieve the “self-balancing” position required as part of the initial stage of development of the MTFS. This sum includes the estimated impact of inflation and takes into account any in-built budget changes resulting from the preceding year’s budget.

Group Management Teams will then allocate resources and produce summary service information, along with financial strategies to:

1. Justify the resources being used, how priorities are met and how value for money is assured.
2. Demonstrate how resources will be utilised and re-prioritised, i.e. service assessment of pressures, expansions and savings to

achieve a balanced budget within the cash envelope as well as identifying invest to save opportunities, along with local and corporate capital proposals.

3. Justify how proposals will assist CPA, improve performance and set out what is being done to deliver key corporate issues, e.g. sickness.

Each Service will as a result also provide an MTFS detailing savings, pressures and investment schedules which achieve a Directorate balanced budget and redirect resources to service priorities within each directorate. This allows directorates to present proposals for redirection within their overall directorate cash limit. These combined service assessments are initially reviewed by services finance staff as an initial qualitative check, and are then subjected to a robust challenge by a small team of officers. Member review meetings will then take place, one Directorate a day (the “Star Chambers”), where service and financial performance will be examined alongside the detailed MTFS proposals .

The purpose of the Star Chamber sessions is to consider high level service objectives and, at the same time, recommend Directorate cash limits to ensure that the allocation of the Council’s resources reflect its priorities. The role of the Star Chamber is to:

- Scrutinise financial plans and performance issues to ensure they are achievable and address Council priorities.
- Ensure that any budget growth is limited to genuine pressures within service areas and that the impact of a reduction in service is being managed.
- Evaluating capital proposals and investment opportunities taking note of revenue implications or long term service improvement.
- Consider proposals for future workforce planning to ensure sufficient lead time to implement plans and minimise cost.
- Suggest changes or refinement of plans that will form the basis of budget proposals for consultation.

At these sessions, Directorate Management teams will:

- Justify the resources being used, how priorities are met and how value for money is assured. This includes any proposal for an unbalanced budget.
- Demonstrate how resources will be utilised and re-prioritised, i.e. service assessment of pressures, expansions and savings to achieve a balanced budget within the cash limit as well as identifying invest to save opportunities.
- Justify how proposals will assist CPA, improve performance and what is being done to deliver key corporate issues, e.g. sickness.

It is a critical part of the sessions that all involved recognise the financial position facing the overall Council — the overall objective is financial efficiency and a limited council tax increase. The process of service planning is designed to help services consider new ways of working that will deliver improvement. It is an opportunity to “think outside the box” and trial some innovative ideas. These sessions are not a bidding exercise, but neither are they for shroud waving. A strategic approach is sought throughout the sessions to ensure that officers and Members focus on the big issues and how services can be improved within the envelope rather than becoming engaged in points of detail.

This scrutiny process is designed to be positively challenging, to encourage new ways of doing things and ensure that all options have been considered. This will require everyone to ask challenging questions and to not be defensive or territorial. The process aims to be a mature assessment of the issues facing each directorate in the light of the cash envelope and allows for an honest corporate assessment of what the implications of delivering within that envelope would be for the council as a whole.

From these sessions, Service Plans/Service MTFS will then be refined and the service/ Directorate MTFS combined to produce budget proposals for consultation for the whole Council. This will include an evaluation of all capital proposals in light of the strategy and the resources available as well as take into account the priorities determined by the Administration through the review process. The outcome of these reviews will be a revised assessment of the overall financial position with individual directorates’ cash limits and capital proposals being adjusted to reflect these priorities.

These proposals are then the subject of consultation with the public and through Overview & Scrutiny Committees. Further refinement will then take place prior to the final budget proposals being presented to Cabinet and then Council.

Services will identify how to achieve short and long term efficiency savings in a wide range of ways. The broad approach will be for services to identify efficiency savings to fund any identified budget pressures, investment opportunities, and inflationary increases. This approach will ensure that budget growth is limited to genuine pressures within service areas, and that services operate within defined cash limit budgets, absorbing any growth and inflationary increases within an overall sum. It will also encourage services to redirect resources into areas that they wish to develop.

Many efficiency savings will, by their nature, contain consideration of staffing. This is unavoidable in an organisation predominantly service driven, with significant in-house services and whose budget consists of two-thirds employee costs. This makes workforce planning vital, not only to provide a stable, motivated workforce fit for purpose, but also to avoid significant exit costs. By their nature, efficiency savings that are significant will also require fundamental change and will require significant lead in times. Both of the above matters mean that early agreement/consideration of proposals is essential.

Services will also undertake a fundamental review of fees and charges. Under the Local Government Act 2003, local authorities now have powers to provide and charge for services that did not exist previously. This approach will encourage services to do this as they can reinvest the resources within the service. In addition, the opportunity for a proactive corporate approach will to be taken to the level of fees and charges set, associated costs of service provision, and the approach taken to concessions, discounts, and so on.

The Council is committed to ensuring services offer value for money. As the approach of cash envelopes and service reviews continues, the value for money being delivered will be reviewed through comparisons and benchmarks in order that future year cash envelopes could be adjusted to reflect greater efficiency requirements in order to improve value for money. In identifying proposals for savings, pressures and expansions, services will have regard to all factors including best value reviews, service reviews, and new legislation. This involves fully costing these from a base position.

There are a number of areas where changes in responsibilities or arrangements will require the Council to provide additional services, e.g. the recent transfer of licensing functions, or strengthen existing services, e.g. the Elderly Persons green paper, or deliver statutory plans. In some instances, it is expected that the change will be reflected in the Government settlement or the costs met by other means. However, whether this is reflected entirely in grant is not certain.

A core assumption in the preparation of the Strategy is that, whilst Services in the first instance are expected to manage within the cash envelope provided, any Statutory and Regulatory changes will be funded through increased Government funding. This could be a mixture of specific grant, general grant and fees & charges, where these are set by statute. Services have been required to identify legislation with a potential financial impact as part of their initial preparations for the development of the Strategy, and they will be tasked with ensuring that they keep any relevant information updated and report progress as the Strategy is rolled out in coming months. If funding is not provided in full, this will have implications for Council Tax levels.

A key part of the MTFs process is to review comparative performance data. This includes benchmarking information, often using best value performance indicators, value for money studies, CPA and inspection outcomes, budget monitoring performance (including failure to achieve savings targets), and customer satisfaction surveys. Service managers are expected to identify services where there are high costs, poor performance, poor inspection outcomes or CPA ratings, and so on. Managers are encouraged to consider alternative means of delivery through the Council's Alternative Service Delivery strategy (now part of the Procurement Strategy) as a means of rectifying the position, and ensuring that financial targets are achieved.

How We Manage Our Budget

Management of the Council's budget is governed by:

- the Constitution, which incorporates the Budget and Financial Procedure Rules,
- the Financial Framework, and
- the Performance Management Framework.

Performance is regularly reported throughout the year. Any service overspends must be managed within the cash limit budget agreed as part of the Council Tax setting and within the overall framework of the MTFs. Where these cannot be managed at service level, the broad approach is for these to then be managed at directorate level. The Council's budget management framework provides for overspends that cannot be contained at directorate level to be met through a combination of appropriate application of contingency funds and within the overall corporate cash limit for General Fund services.

Any service underspends would in general terms be applied to manage in year pressures within service and directorate cash limits as part of the overall management of budgets and generally provide an end of year contribution to general reserves.. Budget virements are allowed as explained below. Where underspends occur in areas of corporate priority, earmarked reserves may be created for specified purposes by the Lead Member Resources. Application of those reserves generally requires the prior approval of the appropriate Lead Member. Capital resources roll over across years as part of the management of the capital programme although there are periodic reviews to assess if resources are available for redistribution. Capital schemes are subject to post completion reviews that include a review of the budgetary performance.

Budget virements are permitted for both revenue and capital items. The rules for these are set out in both the Financial Procedure Rules and the Financial Framework. These require successively higher levels of authority for approval, and in addition, virements in excess of £100k which do not require Member approval are regularly reported to both the Senior Management Team and Members. All virements have regard to corporate and service priorities as part of the decision-making process.

How We Manage Our Cash Flow

Overall Consideration

The Council, in undertaking its Medium Term Financial Strategy, needs to consider a number of factors, both within and outside of its control. The overriding consideration in undertaking this strategy is that, in broad terms, a 1% change in Council Tax at band D is

equivalent to around £1m; this excludes schools' funding as this is now controlled through DSG. These factors are set out below, along with other relevant information.

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 an integral part of the Council's business planning process and is developed and reviewed alongside the MTFS.

The Strategy was set out in the budget report to Cabinet in February 2006, along with the Policy. This also included the prudential indicators required by the Prudential Code. Council subsequently agreed the Treasury Management Strategy, reaffirmed its agreement to the Treasury Management Policy, and approved the prudential indicators for 2006/07. A review of the strategy was undertaken during the last financial year and has continued through Investment Committee, which has considering investment opportunities along with investment management options to ensure returns to the Council were optimised having regard to the risks involved.

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
Capital Financing Requirement (at 31 March)					
HRA	(5,871)	(3,757)	(1,643)	471	2,585
Non-HRA	36,165	41,610	43,870	44,213	44,508
TOTAL	30,294	37,853	42,227	44,684	47,093
Authorised Limit for External Debt					
Borrowing	65,000	65,000	65,000	65,000	65,000
Other Long-term liabilities	200	2,000	2,000	2,000	2,000

TOTAL (£m)	65,200	67,000	67,000	67,000	67,000
Operational Boundary for External Debt					
Borrowing	50,000	52,500	52,500	52,500	52,500
Other Long-term liabilities	140	2,000	2,000	2,000	2,000
TOTAL	50,140	54,500	54,500	54,500	54,500
Upper Limit for Net Fixed Rate Borrowing	65,000	65,000	65,000	65,000	65,000
Upper Limit for Net Variable Rate Borrowing	65,000	65,000	65,000	65,000	65,000
Upper Limit for Maturity of Total Principal Sums Invested beyond 364 days	15,000	15,000	15,000	15,000	15,000

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

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

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.

Maturity Structure of Fixed Rate Borrowing during 2006/7	Upper Limit	Lower Limit
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%

Other Corporate Considerations

1. Reserves and Contingencies

The current reserves as at 31/3/05 amount to £11.2m and, having regard to the current projected year-end position for 2005/06, are likely to remain at a similar level.

The working balances provide protection against unforeseen events that could impact on the authority. The risk assessment undertaken as part of the budget sets out these risks and the potential impact. This demonstrates that the working balances provide limited protection. However, there is also a need to consider:

- the probability of the risks happening;
- the financial management arrangements;
- the mitigating action that would be taken should the risks occur;
- the improvement agenda;
- Council Tax levels.

Taking these in turn:

- The probability of the risks happening.

The risks which were set out in the budget report are significant, however there are risk control measures in place and many have been faced in previous years and have not arisen. Furthermore, these risks are faced by all Councils and continue to be managed by all Councils. Havering, unlike some Councils, does build in a contingency into the budget to protect against issues arising during the year and this is provided within the base.

- The financial management arrangements.

Havering has in the past underspent at year end, albeit these have invariably resulted from some fortuitous savings such as additional interest. 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 and this includes:

- * overall moratoria;
- * action plans and special monitoring in key areas;
- * policy reviews.

- The mitigating action that would be taken should the risks occur.

Should a risk occur, as well as the risk control measures already in place, the authority would also review what further mitigation could be taken. This would include policy reviews, moratoria, capitalisation and rescheduling of debt.

- The improvement agenda.

The Council is committed to improving services and to deliver this through improved performance. Whilst there is a drive to do this within existing resources, in some areas additional resources will be needed.

- Council Tax levels.

The Council has one of the highest Council Tax levels in the country and, with an increasingly elderly population on fixed income, the Council is very conscious of the need to restrict Council Tax increases to a minimum. The Council is also mindful of the threat of capping.

With all these issues in mind, the advice of the Chief Finance Officer is that the general reserves should be at a minimum level of £10m. This position was achieved at 31/3/04 and 31/3/05, and it is anticipated that a similar position will exist at 31/3/06. This objective remains a key part of the Council's MTFs and careful consideration is given to the level of reserves as part of the budget process.

The contingency will continue to be reviewed as part of the budget arrangements. This currently stands at £2m. This sum was reduced as part of the budget-setting for 2005-06 in the light of recent experience and as a result of the assessment of associated risks. A thorough review process is conducted by the Chief Finance Officer prior to recommending the detailed budget and Council Tax levels to Cabinet. Earmarked reserves exist for specific purposes e.g. council priorities and their use is monitored during the year.

The analysis of both the level of balances and contingency sum is set out in Appendix 2.

2. Risk Management

The Council has a Risk Management strategy and this requires risk registers to be prepared both corporately and at service level. Each risk as an assigned owner and all risks are reviewed twice a year. Risk owners are responsible for ensuring that appropriate mitigation measures are taken. These risk registers inform the preparation of the MTF5 and the subsequent allocation of revenue and capital resources. For example, in recognition of the Council's position on business continuity and disaster recover planning, an allocation was included in the capital programme for the implementation of a solution.

As part of the budget formulation, savings proposals will continue to be risk assessed against the following criteria:

Risk Ratings

	£0-£25k	£25-£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

The risk level will determine the corporate level of monitoring to ensure delivery of the saving, as well as assess the level of contingency that should be held. Grading will be determined as follows:

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

Risk assessments will also continue to assess budget review focus and the level of contingency.

A risk analysis is also carried out on all budgets to identify any high risk areas; these are given closer attention during the course of the year as their impact is material and adverse variances will impact on the overall financial position of the Council. This analysis is refreshed each year to ensure that it reflects the current degree of risk.

3. Capital Strategy

The Council has established a Capital Strategy that provides a basis for the prioritisation of investment and the development of its capital programme. All proposed projects are assessed against a set of principles and only those projects that meet the priority needs are given approval to proceed. An essential element of the assessment process is the balancing of resources and priority needs, and to this end, the revenue implications of capital investment are closely examined and built into the Medium Term Financial Strategy as necessary.

The Capital Strategy forms a key part of the Council's corporate business planning process and contributes directly to the Medium Term Financial Strategy. The Strategy is designed as well as being part of the MTFs to be a standalone document that integrates with the Asset Management Plan. It shows the priorities for expenditure along with need and available resources. In summary, there is a considerable level of unmet need, including that created through the backlog of repairs. This means that capital resources are used to maintain the existing infrastructure as well as to support the revenue budget and to improve/develop services. The current three year programme provides a foundation to deliver service priorities through long term planning and amounts to some £53m.

The Capital Strategy is a key driver to the development of the Council's capital programme. This programme extends over the same time period as the MTFs. Any revenue consequences arising from the capital programme, which includes capital financing and prudential borrowing and any revenue costs associated with capital schemes, such as ongoing maintenance, are reflected in the MTFs and detailed budgets. All schemes submitted for consideration as part of the capital programme are required to reflect these. The financial consequences are based on a whole life costing principle so will reflect the overall costs over both the duration of the scheme itself and its expected life.

4. Housing Revenue Account

The Council's housing service is unique amongst Council services as it is financed by two revenue budgets whereas, all other Council services are financed by one, the General Fund (GF). The bulk of the council housing service is financed by the Housing Revenue

Account (HRA). The HRA 's main sources of income are rent from council tenants, service charges from tenants and leaseholders and various government subsidies. These sources of income finance the landlord service and the expenditure is on staffing, goods and services and recharges from internal providers.

The Local Government & Housing Act 1989 requires Havering Council, when determining its HRA budget and setting the rent should produce a budget without the HRA being in deficit. If a budget for a particular year is in deficit, this deficit has to be made good from the HRA working balance. However the Council needs to ensure that an adequate working balance is maintained on the HRA.

The Council is seeking to establish an arm's length management organisation (ALMO) to manage its housing stock, with one small part of the stock being transferred to a registered state landlord. It is anticipated that these proposed changes to the management of the stock will be implemented in July 2006.

The Council has set a separate HRA budget for many years and is now working on a separate medium term financial strategy for the HRA. This is being compiled in parallel with this MTFS for general fund services and will ensure that there is a direct link between the two strategies.

5. Procurement Strategy

The Council agreed a revised Corporate Procurement Strategy in 2004 alongside a strategy for alternative service delivery. The procurement strategy provides a framework for undertaking strategic procurement within Havering and encompasses the whole process of service selection including how services are obtained or commissioned, whether they should be delivered by the Council, a partner, supplier or contractor, and the extent of the Council's involvement in provision. This Strategy has been updated and is being considered as part of the Council's corporate business plan for 2007/10.

There are four key themes identified within the Procurement Strategy. At the heart of the Strategy is the Council's Vision and Values. All strategic decisions offer the opportunity to advance them. The Strategy also encompasses a range of financial savings targets. Procurement is central to the Council's approach to Best Value and all strategic procurement decisions need to demonstrate that they have addressed the four Cs. The strategy also covers the Council's approach to e-procurement.

A detailed Procurement Framework is in place which sets out the basis for the implementation of the Strategy and details the processes to be followed, and is closely linked with the Contract Procedure Rules (CPR). This Framework has been updated now that a revised version of the CPR has been approved. The Council has adopted a Corporate Environmental Policy (CEP), which includes

the promotion of sustainable development and the minimisation of environmental pollution resulting from our activities. The Council has also adopted a Sustainable Construction Strategy and Interim Planning Guidance on Sustainability Issues to underpin the CEP.

The Procurement Strategy sets out the Council's approach to Alternative Service Delivery (ASD). The MTFs requires services to identify potential approaches to ASD as part of their submission to Star Chamber sessions. Service managers are also expected to consider ASD as a long-term means of delivering services where comparative data shows that costs are significantly above average, where there is comparatively poor performance, and so on. The Procurement Strategy sets out how potential opportunities for ASD can be identified, and once identified, how these should be progressed. The Strategic Procurement Steering Group reviews all major proposals for ASD as well as reviewing the processes themselves to ensure that they are fit for purpose.

6. ICT Strategy

The ICT strategy sets out the level of investment in ICT and the resources required to manage this investment. This is reflected in the MTFs and service budgets, and through the capital strategy and capital programme. All ICT projects require the development and approval of a business case and this encompasses the concept of whole life costing as part of the appraisal process. This ensures that the capital and revenue consequences are properly reflected in the MTFs and detailed budgets.

The Council's ICT strategy has now been in place for the last 3 years. There is a detailed strategy which supports this and sets out the broad approach to information and communications technology, and covers the Council's approach to hardware, software, telecommunications, etc. It also covers the overall approach to business continuity plans, although this is inextricably linked with the Council's emergency planning functions, which addresses issues such as bird flu and the Major Emergency Plan (MEP).

7. Workforce Planning Strategy

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

Developing Leadership Capacity – among both officers and members, including attracting effective leaders into local government from outside the sector.

Developing the skills and capacity of the workforce – across the corporate centre of authorities, specific services, management and the frontline workforce.

Developing the organisation – to achieve excellence in people and performance management, partnership working and the delivery of customer focused services.

Resourcing local government – ensuring that authorities recruit, train and retain the staff they need and address diversity and equality issues

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.

These five areas are addressed in the following three documents which are contained within the plan :

- Human Resources Strategy
- Workforce Profile
- Learning & Development Plan

8. Levying Bodies

There are a number of levies, but the predominant levy relates to ELWA. The current overall levy budget is around £8.7 million, of which ELWA accounts for £8.1 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 in the region of £0.5 million a year is forecast for the next three years. This can be reduced by improving waste management and this must be a key consideration for the Council on an invest to save principle. Any increase in levies will fall directly on the Council Tax.

9. Greater London Authority

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 that it sets although it will of course lobby to ensure any precept increases are reasonable and add value to the community of Havering.

What This Will Achieve

We believe the approach will assist in achieving the improvements needed and these are:

- Involving Heads of Service and third-tier managers more.
- Involving Lead Members more (including Service Planning)

- Demonstrating clearly resources (savings/investment) being linked to Council priorities and community strategy priorities.
- Ensuring the link between capital and revenue better.
- Considering past performance – budget and service.
- Considering Value For Money.
- Ensuring Service Plans are linked to budgets.
- Getting Heads of Service to manage within the resources available.
- Ensuring budgets have clear outputs.

By following the approach set out for the Medium Term Financial Strategy the Council will:

- ensure the level of reserves is appropriate
- identify service delivery trends, changes in legislation etc. that will have a financial impact
- accurately predict levels of spend in the future to avoid further overspends
- identify revenue costs resulting from capital expenditure
- cost areas of new or increased priority
- provide efficiency savings to balance the books
- provide savings to fund new investment and areas of increased priority
- cost new investment and estimates any subsequent payback
- increase value for money
- ensure all projects are adequately funded and resourced.

III CONSULTATION

How We Consult

Each year the Council seeks the views of the public on its overall priorities to feed into the corporate plan and MTFS discussions. These consultations help shape the overall strategy in which the budget is set.

In addition the council consults extensively on the detailed budgetary issues as they emerge from the MTFS process.

Stage 1

August – October

Include initiatives from within these examples:

- (a) Survey in Council tax leaflet
- (b) Article and questionnaire in Living in Havering. The questionnaire will also be available at the Havering show; on the council's web site, circulated to stakeholders; to staff (three quarters of whom live in the borough); Area Committees etc
- (c) Overview and Scrutiny Committees consider strategy and priorities.
- (d) Views sought from local businesses via Questionnaire in Havering Business Focus.
- (e) Views sought from partner organisations.
- (f) Views of Unions and staff through Inside Havering Extra.
- (g) Press Briefings.
- (h) Use of the Council's website.

- (i) Survey of residents using MORI (or equivalent supplier) opinion surveys and focus groups

Stage 2

December – January Leaflet setting out summary information on next year's budget settlement circulated and posted on web site "Investing in services"

- (a) Consideration of detailed information by Overview and Scrutiny Committees.
- (b) Continual dialogue through press briefings and briefings to Area Committees.
- (c) Articles in Living in Havering and Inside Havering.
- (d) Detailed service discussions and consultation with affected groups, Unions and partner organisations.

Feedback And Communicating The Decision

This is carried out through:

- Press Briefings/releases
- Living in Havering
- Inside Havering
- Website
- Council Tax Leaflet

and covers:

- How the budget has been spent
- What will be delivered and what the local priorities are
- How we have used people's input

In addition, the approach adopted in 2006/07 to dealing with correspondence and calls about the Council Tax increase will be continued.

This was the third year that a co-ordinated approach was used with a suite of standard responses and information being provided for staff dealing with issues on the front line. A briefing was also held with staff on these and how these should be used in order that queries can be dealt with in the service area first in receipt of them, with only the more difficult and specific queries being referred to either the Leader, Lead Member, Chief Executive or Group Director Finance and Commercial. This continues to be well received by staff and ensured a prompt and consistent response.

As in previous years, a budget email address will be set up for people to mail comments about the budget and council tax levels.

Results to date

The public's views on the council's priorities have been clear and include

Rank	2003 Council survey	2004 MORI survey	2004 Council survey	2005 MORI survey	2005 Council survey	2006 MORI survey
1	Levels of Crime	Levels of Crime	Levels of Crime	Levels of Crime	Road & Pavement Repairs	Road & Pavement Repairs
2	Road & Pavement Repairs	Road & Pavement Repairs	Road & Pavement Repairs	Road & Pavement Repairs	Levels of Crime	Clean Streets
3	Clean Streets	Clean Streets	Clean Streets	Clean Streets	Clean Streets	Levels of Crime
4	Activities for Teenagers	Activities for Teenagers	Parks & Open Spaces	Activities for Teenagers	Parks & Open Spaces	Activities for Teenagers
5	Parks and Open Spaces	Low level Traffic Congestion	Activities for Teenagers	Health Services*	Activities for Teenagers	Levels of Traffic Congestion

IV CONCLUSION

It is important to note that this whole process is iterative and will continue to develop. This involves adding and deleting information as more detailed information comes to light.

Work will continue over the summer to refine proposals for release in the Autumn. The information above clearly shows that there will be difficult decisions to make. However, the Strategy does demonstrate these decisions will take place in an informed manner to ensure resource allocation matches policy and service priorities. The timetable will also enable service planning to take place alongside the budget formulation in order that the authority has a fully integrated service planning system.

There is no doubt that agreeing priorities will mean judging costs, quality and value of services, meeting national and statutory requirements will have to be balanced against local needs (expressed through community consultation). The consultation process will therefore be integral.

Partnership working is a key consideration and is alluded to in the above. Work is well commenced. However significantly more work is required. The potential benefits of partnership working are substantial. The Council must consider carefully how it could strengthen its service and financial planning to overcome some of the difficulties that it will face in planning the joint delivery of services. Three issues in particular are being considered:

- establishing shared objectives;
- pooling resources; and
- monitoring and reviewing partnership activities.

By following the approach set out for the Medium Term Financial Strategy the Council will:

- ensure the level of reserves is appropriate
- identify service delivery trends, changes in legislation etc. that will have a financial impact
- accurately predict levels of spend in the future to avoid further overspends
- identify revenue costs resulting from capital expenditure
- cost areas of new or increased priority
- provide efficiency savings to balance the books

- provide savings to fund new investment and areas of increased priority
- cost new investment and estimates any subsequent payback
- increase value for money
- ensure all projects are adequately funded and resourced.

This Strategy provides a basis to enable the Council to continue to undertake successful planning. It will be added to and progressed over the coming months and years to provide, with the CDP and BVPP, the basis of financial and service planning in the Authority.

This process, which is now in its third year, is allowing the Council to stop being finance driven. Instead of finance dictating the Council's business outcomes, the business is driving finance. In this way, the Council is able to demonstrate that it is prioritising finance according to its business objectives as set out in its annual performance plan.

In conclusion, we believe the approach will assist in achieving the improvements needed and these are:

- Involving Heads of Service and third-tier managers more.
- Involving Lead Members more (including Service Planning)
- Demonstrating clearly resources (savings/investment) being linked to Council priorities and community strategy priorities.
- Ensuring the link between capital and revenue better.
- Considering past performance – budget and service.
- Considering Value For Money.
- Ensuring Service Plans are linked to budgets.
- Getting Heads of Service to manage within the resources available.
- Ensuring budgets have clear outputs.

ANALYSIS OF GROSS SERVICE GROWTH AND SERVICE SAVINGS

	Pressures			Savings			Net (a plus figure denotes net service growth)		
	06/07 £000	07/08 £000	08/09 £000	06/07 £000	07/08 £000	08/09 £000	06/07 £000	07/08 £000	08/09 £000
Public Realm Group									
Culture & Leisure	230	320	434	20	20	20	210	300	414
Customer Services	137	273	410	253	273	273	(116)	0	137
Streetcare	1,400	1,689	2,030	509	564	624	891	1,125	1,406
Technical Services	174	318	462	179	325	425	(5)	(7)	37
Total	1,941	2,600	3,337	961	1,182	1,342	980	1,418	1,995
Children's Services									
Education LEA	361	713	1,025	230	250	250	131	463	775
Children & Families	1,068	1,375	1,683	215	415	615	853	960	1,068
Total	1,429	2,088	2,708	445	665	865	984	1,423	1,843
Finance & Commercial Group									
Financial Services	111	224	327	146	230	313	(35)	(6)	14
Business Systems	193	333	473	(66)	10	191	259	323	282
Exchequer Services	87	168	250	207	330	390	(121)	(162)	(141)
Land & Property Services	111	222	335	109	139	164	2	83	171
Total	501	947	1,384	396	709	1,058	105	238	326
Sustainable Communities Group									
Development & Building Control	141	233	293	96	204	234	45	29	59
Regeneration & Strategic Partnerships	(29)	43	114	15	32	105	(44)	11	9
Housing & Health	151	271	405	201	353	404	(50)	(82)	1

	Pressures			Savings			Net (a plus figure denotes net service growth)		
	06/07 £000	07/08 £000	08/09 £000	06/07 £000	07/08 £000	08/09 £000	06/07 £000	07/08 £000	08/09 £000
Adult Social Services Total	3,646 3,910	5,712 6,259	7,616 8,428	2,219 2,531	2,544 3,133	2,994 3,737	1,427 1,379	3,168 3,126	4,622 4,691
ACE - Strategy & Communications Total	74 74	148 148	222 222	49 49	97 97	197 197	25 25	51 51	25 25
ACE - Legal & Democratic Services Total	402 402	633 633	733 733	97 97	97 97	97 97	305 305	536 536	636 636
ACE - Human Resources Total	79 79	143 143	203 203	100 100	152 152	235 235	(21) (21)	(9) (9)	(32) (32)
Sub-Total - Services	8,335	12,818	17,014	4,579	6,035	7,531	3,756	6,783	9,483
Corporate Total	2,141 2,141	3,439 3,439	4,795 4,795	1,103 1,103	1,023 1,023	1,083 1,083	1,038 1,038	2,416 2,416	3,712 3,712
Grand Total	10,477	16,256	21,809	5,682	7,058	8,614	4,795	9,198	13,195

RISK ASSESSMENT FOR RESERVES / CONTINGENCY 2006/07

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
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. • Robust collection process. • Good public relations. • Publicity re. payment profiles and benefit 	Medium	Monthly Quarterly Annually	HoFS	500	250	5,000	2,500

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
	<ul style="list-style-type: none"> arrangements. Management action. 							
2. Demand led services increase over budget assumptions, e.g. Children's placements, SEN.	<ul style="list-style-type: none"> Professional staff in appropriate numbers. Regular reviews. Professional networks. Service planning. Budget planning/monitoring. Management action. 	High	Monthly	HoSs	1,000	750	3,000	2,250
3. Major projects/savings are not delivered in accordance with plans, e.g. reprovisioning, capital or increase in tender costs.	<ul style="list-style-type: none"> Project management. Budget monitoring/control. Project Implementation Group. Medium Term Financial Strategy. 	Low-longer term Med-short term as project management capacity develops	Monthly	HoSs	500	250	2,000	500
4. Fines and costs incurred which are	<ul style="list-style-type: none"> Professional staff and maintenance of 	Medium	Monthly	HoSs	500	250	1,500	750

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
not budgeted for, e.g. petitioning and one off/VAT penalty, Health and Safety, major civil emergency.	standards. <ul style="list-style-type: none"> • Financial and service planning. • Sound policy guidelines. • Monitoring. • Professional networks. • Service planning. 							
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	<ul style="list-style-type: none"> • Human resources management. • Budgetary monitoring and control. • Workforce strategy. • Manager Development Plans. 	Medium	Ongoing	ACE H/R	250	125	3,000	1,500

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
(f) Residual costs. (g) Succession Planning								
6. Changes in Capital Programme/cash flow assumptions, e.g. (a) Capital receipts are not forthcoming in time. (b) Interest rate market works against Havering (c) Interests from Capital Programme slippage.	<ul style="list-style-type: none"> Professional staff in appropriate numbers. Asset management. Budget planning and monitoring. Good cash management policy. Professional networks. Monitoring service management. Capital Strategy. 	Low as have netting off effect	Monthly	HoSs	-	-	1,000	250
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 	Medium in short term, but high in longer term as number	One off	EDE	500	250	500	375

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
	Delivery Solutions. <ul style="list-style-type: none"> Partnerships Map. Partnership Risk Management. 	increases						
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. 	Medium	Quarterly	HoFS / HoSs	250	125	2,000	1,000
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 	Medium	Ongoing	HOFS/ HOSs	Within above		2,000	1,000

Risk	Risk Control Measures	Assessment of Risk (counter measures in place)	Review Frequency	Lead Responsibility	Contingency		Reserves	
					Value of Assessment	Value Having Regard to Risk	Value of Assessment	Value Having Regard to Risk
	<p>occurred, the council has taken mitigating action to reduce any overspends.</p> <ul style="list-style-type: none"> • CPA Review. • Audit System/Plan. 							
TOTAL					3,500	2,000	20,000	10,125

Note: Low 25%
Medium 50%
High 75%



LONDON BOROUGH
OF
HAVERING

Housing Revenue Account
Medium Term Financial Strategy
2007 to 2010

Version 1 July 2006

Introduction

This strategy document shows the estimated financial position of the HRA over the next 3 years. **At this stage any figures are very provisional. There are a number of major uncertainties.**

The draft subsidy determination which will set out the subsidy position for 2007/08 will not be published until November 2007. Only then will we have some certainty on the amount of resources available to the HRA. The final subsidy determination is normally published just before Christmas and only then will it be possible to finalise the HRA budget for 2007/08.

The DCLG has consulted on compensating councils for the 5% restriction imposed on rent increases in 2006/07. Final decisions are awaited and it is not yet known what the amount of compensation will be. Amounts have been built into future year budgets but at this stage are still to be confirmed.

Ironically the one area of certainty is the likely level of rent and tenanted service charges in 2007/08. The former will be restricted to a maximum 5% increase and the latter an increase of RPI (based on the index at September 2006) + 0.5%. The workings in this paper are based on a RPI of 2.5%.

Decisions on a future financial strategy need to take a number of changes into account as described in the paragraphs below

Housing Stock

Stock changes in the next few years are anticipated to be as follows:

Tenanted Stock

	2006/07	2007/08	2008/09	2009/10
At start of year	10,971	10,842	10,140	9,980
At end of year	10,842	10,140	9,980	9,824

The major stock loss in 2007/08 is due to the transfer of the Mardyke estate, subject to a positive ballot of tenants. Loss of stock also takes place due to right to buy sales and disposals of sheltered accommodation for which there is no demand.

Leasehold Stock

	2006/07	2007/08	2008/09	2009/10
--	---------	---------	---------	---------

At start of year	2,204	2,255	2,251	2,298
At end of year	2,255	2,251	2,298	2,345

In terms of a financial strategy the loss of tenanted stock due to right to buy and the disposal of sheltered housing accommodation will continue to be addressed by a corresponding reduction in the management and maintenance budgets. Average rents are in excess of average management and maintenance costs and so there will be a further gap to be made good. As explained below this gap after a time lag will be made good through the subsidy calculation. Leasehold stock in management will increase but it will be up to Homes in Havering to ensure that costs incurred on leasehold management are fully recovered.

The major impact on the HRA in terms of stock loss will be the transfer of stock on the Mardyke estate to Circle Anglia if the ballot is positive. The reasons for this are explained in paragraph 7 below

Homes in Havering

The major change to the Council's housing service took place on 3rd July 2006 when management of most of the Council housing responsibilities transferred to Homes in Havering, an organisation at arm's length to the Council but fully owned by the Council. A financial strategy for the HRA will be need to be carried out in conjunction with Homes in Havering.

Rent and service charges payable by tenants

The Council together with nearly all other councils has implemented the Government's policy with regard to rent restructuring even though it has no basis in statute. Rents are now determined on a formula basis. 30% of the rent is based on the capital value of the property and 70% on average earnings as adjusted for bedroom size. It was originally intended that by 2011/12 all rents would be at their target for formula purposes. In reality it will take much longer for rents to be at target because of restrictions imposed by the Government on the actual increases by which councils can increase their rents. At present the same restrictions do not apply to the increases within the subsidy calculation. This is discussed in the next paragraph. At present it is assumed that average rents will be restricted to 5% for the duration of the MTFs. The average Council rent is currently projected as follows:

	2006/07	2007/08	2008/09	2009/10
Average rent	£58.51	£61.44	£65.15	£68.99

Service charge increases will be restricted to RPI + 0.5%. Based on RPI of 2.5% the average service charges will be:

	2006/07	2007/08	2008/09	2009/10
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Average service charge	£3.60	£3.71	£3.82	£3.93
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The MTFS assumes no further unpooling. However charges for new services will be introduced where possible, for example this year bulk refuse and in future years where services are reconfigured e.g. concierge.

Housing Subsidy

Housing subsidy is a misnomer for Havering. Under the current subsidy system it actually pays money to the Government. At a national level the housing subsidy system costs the Government nothing. Authorities like Havering which are deemed to be “well off” pay money over the Government which is then redistributed by the Government to the authorities deemed to be less well off.

There are 4 major elements to the Housing Subsidy system. 3 give the Council money namely management, maintenance and loan charges. One takes money away from the Council, namely rents. As the rent income assumed to be available to the Council in the subsidy calculation is higher than the first 3 items, then the Council is in negative subsidy and the amount by which subsidy is negative has to be paid over to the Government.

The subsidy system is not favourable to the Council. The Government is seeking to divert resources away from London in respect of the management and maintenance elements of the subsidy mainly to northern authorities. The rent element of the subsidy system assumes the Council is at target rent for all its properties by 2011/12 even though it is restricted in the actual rent it can charge to tenants as discussed in paragraph above. If comments made by the Council in response to the consultation paper issued by the Department for Communities and Local Government are accepted by the Government then this issue could be largely addressed but Government decisions are still awaited.

Much of the data used by the government is pre set and so is based on the actual position of the HRA a year before the start of the financial year in question, for example the data as at 1st April 2007 will be used in the subsidy calculation in 2008/09. This can have an adverse financial impact on the HRA as discussed in paragraph 7 below.

There is profound dissatisfaction within the Audit Commission, local authorities and ALMOs on the working of the housing subsidy system. As a result Ruth Kelly in her speech announcing the current bidding round of ALMOs on 7th June 2006 said that her Department will work with a number of high performing authorities to see if authorities can be taken out of the subsidy system. 6 authorities have now been chosen and a working party will meet shortly. Its deliberations will inform the CSR 2007 and changes could take place from 2008/09. However only a handful of high performing authorities are likely to gain from this in the early years.

Estimates of the amount of negative subsidy to be paid over to the Government are as follows:

	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000
Negative subsidy payable to Government	17,490	18,980	20,325	20,446

HRA 2007 to 2010

A projected position for the HRA is shown in Appendix A. An inflation figure of 2.5% has been used over the period for management and maintenance cost increases, 5% for rent increases and 3% for tenant service charge increases. Above inflation increases in rents and tenant service charges should create a healthy financial position in the HRA but does not because of the workings of the subsidy system as discussed in paragraph 5 above and as are further discussed in paragraph 7 below. The position is summarised as follows:

	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000
Deficit	400	307	1,461	527

Within the above figures are estimated management allowances payable to Homes in Havering as follows

	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000
Management fee	16,961*	16,389	16,497	16,644

*£16.253m fee already agreed + rent compensation of £0.708m

The HRA working balance as at 1st April 2007 is currently estimated at £1.9 million. It cannot meet the deficits shown above. A review of the risk analysis on which the working balance is based will be carried out to see if any of the balance can be released as part of the budget process.

It is important to understand a key assumption underpinning the figures in Appendix 1 as summarised above is the rental constraint allowance. The following amounts have been built into the budgets

	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000

Rent constraint allowance	708	798	923	1,142
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In 2006/07 the allowance has been included in the management fee payable to Homes in Havering but not in future years as otherwise the HRA would have an even larger deficit. What this means is that not only is there the issue of a deficit to be addressed but also there is currently projected to be a reduction in the management fee for Homes in Havering.

There is however one big qualification to the rent constraint allowance figures shown above. They are based on how it is assumed the Government is going to operate rent compensation in its consultation paper. Havering Council has stressed in its response that the approach to be adopted by the government needs to bring the previous years compensation into the base for the next year for there to be proper compensation. Until we see final decisions the Council will not know if this is going to happen. Therefore the above position must be seen as very provisional.

Whatever the outcome regarding rent compensation there is a problem in 2008/09 and the reason for this deficit needs considering. The main reason lies in the working of the subsidy system.

Deficiencies of the Housing Subsidy System

For each dwelling in HRA the Council gains management and maintenance subsidy totalling £1,613 based on 2006/07 subsidy figures. The bad news is that for each dwelling in the HRA the Council loses subsidy equivalent to the guideline rent of £3,335. There is therefore a cost in terms of negative subsidy paid to the Government of £1,722 per dwelling in the HRA. Therefore for every dwelling disposed of or for every 2 dwellings knocked into 1 there is a benefit to the Council of a reduction in subsidy paid of £1,722 per dwelling.

The bad news is that subsidy is calculated using preset data unless over a 2 year period there is a 10% stock loss in which case calculation is based on in year data. Current projections are stock loss will not exceed 10% in any 2 year period even with the Mardyke transfer. This is scheduled to take place on 30th September 2007. Subsidy in 2008/09 will be based on the dwelling stock as at 1st April 2007. Because the calculation is in arrears the Government therefore expects payment of negative subsidy on the basis of stock which in 2008/09 is no longer in the HRA and is no longer providing income to the HRA. The subsidy benefit of the Mardyke disposal does not feed through into the HRA until 2009/10.

The subsidy position in 2008/09 based on both preset and recalculated in year data is as follows:

	Preset data	Recalculated data	Increase in resources available to the Council (+)/decrease (-)
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	£000	£000	£000
Negative subsidy payable to Government	20,325	18,792	+1,533
Major Repairs Allowance received by the Council	8376	7,772	- 604
Net amount payable to the Government	11949	11,020	+ 929

If recalculation can take place there is a benefit to the HRA of £1.533 million which wipes out the deficit on the HRA in 2008/09. The downside is that the Major Repairs Allowance which is spent on capital works falls by £604,000 which will reduce the resources to finance capital expenditure by £604,000. However by 2008/09 the council should have access to decent homes funding.

Although Council disposals are not currently projected to exceed 10% over a 2 year period the above shows the inequities of the current subsidy system. A key part of any strategy needs to be representations to the DCLG re the current subsidy system to see if a lower disposal threshold can be used for recalculation purposes.

Housing Capital

By 2010 the Council is expected by the Government to have used its capital resources to have achieved the decent homes standard for all its properties. (In reality the Government is accepting there will be some slippage in this target.) To bring its property up to decent homes standard the Council needs to spend in the region of £140 million. Resources are project at around £50 million leaving a gap of around £90 million. (Please note. Further work is being carried out on these figures and will be dealt with as part of a separate report on the bid for ALMO resources.) The only way in which the Council can obtain the extra resources needed has been to establish Homes in Havering which, if it gains 2 stars in an Audit Commission inspection in 2007 will be able to access those resources.

Since April 2004 the prudential borrowing regime has been in place. There are no longer restrictions in place on the amount of capital councils can spend provided they have the revenue resources to support the necessary borrowing. There are not currently any resources in the Council's HRA to support prudential borrowing and in any event the uncertainties of the current housing subsidy system do not give authorities the confidence to go and borrow.

If Havering Council did not have to pay negative subsidy in excess of £17.490 million to the Government the resulting revenue stream made available could support prudential borrowing in excess of £200 million. This could not only achieve decent homes but more besides.

A Financial Strategy for the HRA.

Since 3rd July 2006 most of the Council's housing management functions have been carried out by Homes in Havering. With a management fee in excess of £16 million the Council financial strategy will need to be carried out together with Homes in Havering.

Although there are financial pressures on the HRA there are greater pressures to deliver improved services so that Homes in Havering can achieve 2 star status and thereby access funding for decent homes.

Both the Council's service plan and Homes in Havering's Delivery Plan set out performance targets over the next few years. The financial strategy needs to ensure that the resources are available to ensure that performance can be improved. The key elements of the financial strategy are as discussed in the paragraphs below.

Representations to the Department for Communities and Local Government.

The Council needs to respond to consultation papers issued by the DCLG on housing finance issues and ensure that Havering's position is fully understood. This will be done either through direct representations or through bodies such as the Association for London Government. Recently the Council responded to the DCLG's consultation paper on compensation to councils for the 5% cap on rent increases, broadly welcoming the proposals but stressing the need for each year's compensation to be built into the base for the next year and highlighting a number of concerns re implementation.

Separately from responses to consultation papers the Council will need with support from the ALG to lobby the DCLG re financial issues which will affect resource availability. Currently representations are being made re the approach of the Audit Commission on what the Council considers is an unreasonable qualification of its 2004/05 subsidy claim. For the future in view of the financial position of the HRA in 2008/09 if the Mardyke stock transfer proceeds as planned in October 2007, the Council need to consider how to present an effective case regarding the unfairness of the current subsidy system and how it could be changed to improve the Council's financial position.

The Efficiency Agenda

Efforts are being made to ensure that efficiencies are being achieved. A baseline of costs in 2004/05 has been established which can be uplifted on an annual basis so that savings in the 3 years to 2007/08 can be assessed. In 2005/06 the following HRA efficiency savings were identified:

£000

Cashable	141
Non cashable	610
Total	751

These have been achieved in the context of improving performance indicators on rent collection, relet times and repairs.

Efficiency must not be seen as a cost cutting exercise. If the resources are released from existing activities, or new resources become available, then they need to be used to improve services, and a corresponding increase in the baseline made. Efficiency assessments are being carried out using guidance from the DCLG and Housemark, a company set up by the Chartered Institute of Housing and the National Housing Federation to provide support to housing organisations on benchmarking, efficiency and other consultancy matters. However a prudent approach is being taken. At present no capital efficiencies are being declared due to concerns over the data available and the measurement methods advised in the guidance.

In addition work will be carried out on improving procurement on both revenue repairs and capital.

Management costs were benchmarked in 2005 through membership of the Housemark Benchmarking club. This process will be carried out in 2006 and will help underpin work on the efficiency agenda.

Value for Money Strategy

In order to achieve 2 stars Homes in Havering will also need a Value for Money strategy for the period 2006 to 2009. The Council is already doing a number of the items described in the Value for Money strategy of an arms length organisation assessed as 3 star in a recent housing inspection. What is needed is a written strategy with evidence of plans in place, performance to date and future targets.

Structures.

Homes in Havering has designed a new structure to deliver the services in a more customer focused manner. It will need also need to review the support services provided by the council to see if they are delivering value for money and whether from 1st April they could provided more cost effectively from other sources.

If access to decent homes funding is granted, this will provide the opportunity to be able to spread some of the current costs over a wider cost base by being able to recharge certain costs to capital.

Conclusions

The financial position of the HRA over the next few years has been prepared on the optimistic assumption that the proposals in the DCLG's consultation paper on rent compensation will be implemented. Even on this optimistic basis the situation facing the HRA over the period of the MTFS will be challenging at the best of times and critical in 2008/09 unless the subsidy issue can be addressed. However it needs to be remembered that the figures shown are very much a first projection of the position. They will almost certainly change as final details of the rent compensation scheme are made available and subsidy proposals for 2007/08 are unveiled.

HOUSING REVENUE ACCOUNT BUDGET

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Housing Office	150	148	145	146
ALMO	16,961	16,389	16,497	16,644
Circle-Anglia	115	64	0	0
REPAIRS ADMIN & H in H	17,226	16,601	16,643	16,791
Caretaking Service	-187	0	-184	-181
CARETAKING & CONCIERGE	-187	0	-184	-181
Commercial Property Repairs	60	59	58	59
REPAIRS	60	59	58	59
Rents & Service Charges	-32,112	-32,663	-32,945	-34,220
Asset Management	-362	-20,765	-20,709	-20,603
Capital Charges	10,238	30,034	30,141	29,794
Subsidies	9,361	10,711	11,949	12,417
Financial Transactions	-1,434	-1,540	-1,565	-1,590
Appropriations	-1,805	-950	-950	-950
FINANCE & SUBSIDY	-16,113	-15,173	-14,080	-15,152
Communication Centre	242	239	235	237
CLS	60	59	58	59
Sheltered Accommodation	-2,993	-2,951	-2,901	-2,927
Romford District Office	53	52	51	52
ESTATE MANAGEMENT	-2,637	-2,600	-2,556	-2,579
Allocations	534	526	517	522
Stock Options	423	0	0	0
Homeless Hostels	61	60	59	60
HOUSING NEEDS	1,018	586	576	582

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Information & Performance	69	68	67	67
HRA Administration	625	617	606	611
ICT	195	192	189	191
Head of Service	144	142	139	140
HEAD OF SERVICE	1,033	1,019	1,001	1,010
DEFICIT/SURPLUS (-) HRA	400	491	1,458	529



LONDON BOROUGH
OF
HAVERING

Capital Strategy
2007 to 2010

Version 3 July 2006

Context

The Capital Strategy is a summary setting out the Council's approach to capital investment over the medium term. It sets out how the utilisation of capital resources is carefully planned and feeds into the achievement of the Council's key objectives and priorities. It has been developed in consultation between senior officers and Members and the Council's key strategic partners, and is integrated with Havering's Community Strategy. The 2006 Strategy draws on the work done in preparing the Council's Strategy for 2003, which led to the approval by Council of a three year capital programme, and the strategies for the 2 subsequent years.

Havering, like many local authorities, is faced with a range of financial constraints and competing pressures for service delivery and improvements. In the face of these issues, the Capital Strategy has been developed with the twin objectives of:

- i) Maintaining current assets – the backlog of repairs to current assets such as school buildings, leisure facilities, office accommodation, and infrastructure assets such as roads and paths, is broadly estimated to be in the order of £150m (including the HRA).
- ii) Developing new facilities for which there is significant public demand or upgrading our assets to meet the expectations of local people, and obtaining Best Value from the use of those assets.

These twin objectives have been followed in each of the last three years and the 2006 Strategy is similarly based on them. These will assist in achieving the key corporate objectives of the Council's Community Development Plan (CDP) and its priorities for the next three years. The Council's Corporate Asset Management Plan (AMP) sets out the overall approach to the maintenance of its assets, whilst the Housing Revenue Account budget report contains details of the proposed investment in the housing stock. Both of these are key feeders to the Capital Strategy.

The Capital Strategy also reflects developments within the Council and externally. For the period covered by this Strategy, this includes

- the proposals developed regarding the creation of an arms length management organisation (ALMO) for the Council's housing stock
- potential developments within the Thames Gateway area
- the implementation of the Corporate Property Strategy.

The Capital Strategy is a key part of the MTFs to ensure compatibility and integrated financial planning. The Strategy provides the opportunity to better maintain our assets, as well as develop and upgrade our assets to improve services.

The development of the Capital Strategy includes the identification of funding sources for capital expenditure. This includes the use of invest to save funds as well as appropriate use of prudential borrowing. The Council has established a range of prudential borrowing indicators that are monitored by the Investment Committee on a quarterly basis, and because of the integral link, the Treasury Management Strategy is reviewed alongside the Capital Programme.

It is in this context that this Capital Strategy has been developed and maintained over the last three years. The strategy sets out the corporate and service drivers that underpin the production of the Capital Programme and the Asset Management Plan both in the short and long term, with the purpose of using public assets as efficiently and effectively as possible to meet community needs.

Key Priorities of the Council

The Council's vision is:

“Putting people first by creating the best opportunities, the best environment and the best public services that we can for everyone who lives, works or visits here.”

This vision for Havering builds on the area's strengths. It reflects the belief that the future of Havering relies on the wellbeing of its communities, businesses and environment. It is at the core of the Havering Strategic Partnership's Community Strategy which was produced in 2004 after widespread consultation with the local community, and which brings together key organisations to improve the quality of life for the people in Havering.

For the Council, Putting People First means creating an environment in which people are proud to live; where local amenities are well maintained and the community feels safe; where people are well educated and motivated and the local economy is thriving. Havering is well placed to achieve this vision with good building blocks in place, especially for regenerating the borough.

All of the Council's resources must be used effectively if these priorities are to be delivered. The Council's Capital Strategy reflects these priorities.

The Havering Strategic Partnership is concerned with how services are delivered to the public and how Havering can secure future private and public investment. The Council will play its part, working with other public, private and voluntary organisations to deliver

these improvements. The Capital Strategy has been developed with these key themes in mind. The Council has also set its own priorities to improve its services and the way it works to help achieve the objectives of the Community Strategy.

The Council is continuing to pursue its corporate strategies for regeneration and for sustainable development as an integral part of the Community Strategy that has been developed with partners and the community.

An important means of delivering the community strategy is through Havering's partnership, Local Public Service Agreement (LPSA). Those targets with capital asset bases have demonstrable links to the Community Strategy. Progress with the LPSA is good and the Council will be working with partners over the coming year to prepare for the second round of LPSA.

Linked with achieving the community priorities is the need for the Council to deliver the expectations of a modern local authority, and for it to continue to improve on its Comprehensive Performance Assessment score, which under the new "harder test" stands at one star, with the direction of travel assessed as improving well. The Council has an ambitious change agenda to achieve excellence and use of all assets effectively will be key to this.

An important element of this is looking at options for alternative service delivery (ASD). This is based on a fundamental review of services in the context of Best Value to identify the organisation's core business and those services that could be considered for future alternative service delivery, including partnership opportunities with a community owned/influenced provider. The Council agreed an ASD strategy, as well as an updated procurement strategy, in 2004. The Council's approach to ASD includes rationalisation of the Council's asset portfolio and potential for private sector partnership in property transfers, facilities management contracts, and other innovative structures, further details of which are contained in the Corporate Asset Management Plan. The Council's Procurement Strategy is being refreshed for 2006 in conjunction with the development of the MTFS 2007/10.

The Council has been involved in discussions for some time with neighbouring authorities across North East London, and collaborative approaches are under active consideration. In addition, the London Centre of Excellence is co-ordinating a wide range of pan-London projects and the Council is actively involved in a number of these. This includes both partnership and consortia approaches as well as potential outsourcing and procurement arrangements.

A range of work has been undertaken to assess the extent of external funding across the Council and to analyse the partnership arrangements in place, as a basis for determining how the Council can maximise the benefits from partnership working in the future. This has included comparisons of funding received by the Council and other London Boroughs. Future proposals for capital investment now reflect the outcome of these studies and the Capital Strategy is being continually developed with these factors in mind.

Key Partners and Consultation

Since 1998 the Council has brought its partners and stakeholders together in a forum that now forms the Havering Local Strategic Partnership. The Council is strongly committed to partnership and the involvement of all partners and stakeholders. There is a range of other partnerships that work within the HSP umbrella.

The structure of the partnership incorporates:

- HSP Board
- Community Management Team.
- Voluntary and Private Sectors
- Community Involvement

Partnership contracts are already in place, for example for technical surveying work and the private public partnership (PPP) to replace schools boilers. The EGAN Statement requirements to re-think construction contractual relationships are now embedded in our processes, for example the development of Central Park Pool and the implementation of the Corporate Property Strategy. The Council has successfully facilitated the Havering Association of Voluntary and Community Organisations (HAVCO) to co-ordinate involvement within these sectors.

The Council has continued its dialogue with other North East London authorities and Thurrock Borough Council to explore opportunities for joint working on a range of service provision including waste collection, shared office accommodation, catering supplies and e-government arrangements. Discussions on a collaborative approach to future contracts have included working with the London Centre of Excellence on various areas, including agency staff, and with several other London boroughs on an internal audit contract. The Council is also considering a joint approach to IT disaster recovery with other authorities and the feasibility of shared services is being explored.

The Council is firmly committed to the principle of consultation and to the promotion of an inclusive community. One element of this is the Council's approach to hard to reach groups within its community and the views of the public and partner organisations have been sought to inform the production of the MTFs. To facilitate its communication with the local community, the Council has adopted a Communications Strategy. The Strategy places a high priority on putting in place appropriate mechanisms that ensure a more consistent corporate image and a generally more coherent approach to communications.

Managing the Capital Programme – Havering’s Principles

The principles that are being used to manage the existing capital programme, develop the Council’s long-term capital strategy and to deliver future investment in Havering’s capital assets are as follows:

- To give a high priority to investment required to achieve the Administration’s priorities set out in the Corporate Development Plan
- To ensure reinvestment in our community by having capital investment programmes which:
 - make a positive contribution to the achievement of the community strategy;
 - are aimed at developing higher quality services and processes, or designed to meet special needs and local policy initiatives;
 - will improve services to meet rising needs, expectations and statutory obligations;
 - will improve the value of assets with the objective of improving long-term cash flow opportunities.
- To meet targets set through external measures such as the LPSA and any internal targets and objectives, and to respond to the outcome of Best Value Reviews and other inspections
- To achieve the highest standards for the management of its assets and be able to demonstrate the achievement of Value for Money in compliance with the upper levels of expectation of the CPA key lines of enquiry
- To ensure that all essential maintenance is prioritised in line with the assessment of backlog requirements, and to bring forward planned maintenance programmes to commence during the planning period.
- To ensure that all capital investment projects flow from strategic programmes and that the contribution of strategic programmes of capital to business and strategic plan goals is clear and communicated to all stakeholders
- To ensure that all decisions on investment in capital projects are based on sound business cases that embrace the concept of whole life costing
- To deal with all health and safety issues identified in our strategy over the plan period and to ensure that investment decisions support the Council’s proposed new health and safety systems.
- To ensure that all capital projects are managed and closely monitored within the revised corporate framework which provides for a strong commissioning/client role, and tight controls over budgets, programmes and contractor performance.

Prioritising Investment and Capital Strategy Proposals

Financial constraints have resulted in a shortfall in achieving the optimal investment required to maintain the physical structure of our Borough and carry out some aspects of health and safety work in the timescale that would be desirable. Against this backdrop, the Council has to address the social/demographic pressures of its geographical area, to respond to intensifying demands that come from rising customer expectations, to effect changes arising from Central Government legislation (particularly Best Value and electronic access to services as they continue to evolve) and the consequential changes in service provision. In addition, it must continue to engage and listen to the community, respond to their needs and implement local policies.

The Council's Capital Strategy is based on a three-tiered approach to ensure that resources are allocated in accordance with a clearly laid-down prioritisation system. The first stage of this process is based on the three prime objectives of the Council but also incorporates:

- How schemes will contribute to the Community Strategy priorities
- The Council's Corporate Plan
- The delivery of the LPSA targets
- Guidance from then Office of the Deputy Prime Minister (ODPM) and now the Department for Communities & Local Government (DCLG) on the approach to the prioritisation of capital projects
- The need to ensure that services are able to assess and prioritise projects locally based on relevant factors and information on service needs
- Fully developed business cases and the application of whole life costing techniques.

In agreeing priorities and further Capital Programme expansion, consideration will be given to how each scheme assists in delivering those priorities. All capital schemes are managed having regard to an initial approach to risk management. This assesses both the risk of the project itself and the risks associated with the service within which the project lies.

The system that will be applied to proposed capital investment is set out in Appendix 2. This is the basis upon which schemes proposed for inclusion in the capital programme are evaluated.

One of the fundamental elements of development of the Council's Capital Strategy will be to ensure it fits closely with the Council's planning processes including the MTFs and best value programme. These will identify potential capital requirements that will be assessed and prioritised as part of the council's rolling strategy.

Prioritisation Process

The Capital Strategy requires that the prioritisation process should be carried out by a sub-group of CAMG and that it should link to the Council's core objectives:

A. TO PROMOTE FINANCIAL EFFICIENCY AND VALUE FOR MONEY

1. Robust financial planning
2. Communicate effectively with customers, residents and staff
3. Effective monitoring and management of performance
4. Make more effective use of the skills and commitment of our workforce

B. TO IMPROVE THE QUALITY OF OUR SERVICES

1. Have a direct impact on our CPA rating
2. Improve public satisfaction with our services
3. To minimise/eliminate social exclusion & maximise diversity
4. Improve performance standards

C. TO MAKE HAVERING A BETTER PLACE IN WHICH TO LIVE AND WORK

1. Regenerate the borough and enhance its town centres
2. Improve the quality of the local environment and public places
3. Promote community safety

Proposals are prepared by services for capital investment projects as part of the MTFs process. This runs through the Summer months and submissions need to be completed by each service for each project that they have identified. An outline business case (OBC) has to be prepared for each project and, apart from information on each project, the OBC will include the projected cost of the project, potential funding sources, and the cost over the life of the asset being improved.

The sub-group of CAMG (consisting of officers from Financial Services, Strategy & Communications and Property Services) would score/rank each capital bid, with an OBC, against the 11 criteria shown above giving them a score out of 10 for each – making a perfect score 110 overall. This assessment generally takes place around early Autumn.

The bids would be grouped to show which broad area of expenditure they could be funded from and the bids competing for funds from that area would then be scored/ranked against one another in order to prioritise them. This ranking is reviewed, firstly by Senior

Management Team, and secondly by Members, before final proposals are incorporated into the budget report. Approval of schemes rests with Cabinet and then Council.

The advantages of this process are:

- It clearly links to the corporate objectives.
- It is simple and transparent – if required Members and/or Services can analyse and challenge the scores.
- It is moderated by several officers who do not themselves submit bids, but who will discuss and agree the individual scores.
- It recognises that Members have indicated the broad areas of expenditure and prioritises schemes within those broad areas.

The Capital Programme 2006/09

The current capital programme is based on the programme approved by Council as part of the annual budget process in March 2006. 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 latter included ensuring that a three year programme continued and was further enhanced by Cabinet providing broad indications of priorities and funding levels. The expansion proposals agreed by Council in March 2006 were set out in Appendix K to the report to Council on the budget, and this is included in full at Appendix 1.

Key Areas of Capital Expenditure

Within this overall framework, the most pressing expenditure priorities from 2006/07 onwards are set out in the table below:

Priority Area	Explanation
Education	Refurbishment of schools
Street Environment	Improvements to highways, tree and shrub works, purchase of vehicles for streetcare services, liveability improvements. Also includes the Transport for London (TfL) funding for various programmes of work including principal roads, local road safety schemes, bus priority works and school travel plans
Protecting Assets	Maintenance work for corporate properties, asbestos programme, and a repair and maintenance programme for corporate buildings

Developing Council Infrastructure	Investment in ICT facilities across the Council, including systems development and disaster recovery and replacement of the Council's main server
Other	Refurbishment works to parks & open spaces, cemeteries & crematoria, libraries and customer services facilities. Various regeneration initiatives

Overall Expenditure 2006/09

The programme for the next three years is set out at Appendix 3. In summary, the overall programme amounts to nearly £28m, spread over the following blocks:

	2006/07 £000	2007/08 £000	2008/09 £000	Total £000
Education	4,163	2,884	2,000	9,047
Street Environment	5,190	1,900	1,700	8,790
Protecting Assets	1,390	540	420	2,350
Council Infrastructure	1,457	1,853	700	4,010
Other: Parks, Leisure & Cemeteries Regeneration	1,893 700	850	137	3,580
Total	14,793	8,027	4,957	27,777

Capital Resources

The Council has extremely limited capital resources to finance its investment. There has historically been a heavy reliance on capital receipts to supplement the original Basic Credit Approval (BCA). This position changed following the implementation of the Prudential System for capital from April 2004, with the result that a level of prudential borrowing is now assumed as part of the overall investment plan. The Council is seeking to maximise its capital receipts through the efficient management of its property portfolio. For example, the Council's Property Group is assessing all buildings as part of the Property Strategy. Details of the additional available resources are reflected in the main body of the report.

Additional Capital Resources and External Investment

To supplement its limited capital resources, the Council is continuing to:

- Attract private investment into Council facilities through exploration of potential partnership and outsourcing arrangements, for example leisure management and residential and day care services. This is driven by Havering's regular consultation with the community, responsiveness to surveys/comparative performance information and resulting dialogue with those service users, service delivery cost pressures and a strong desire to seek continuous improvement. These are examples where the need for funding is unlikely to be met from the Council's own resources and firm proposals have been developed and submitted for approval.
- Follow a proactive disposal strategy in order to maximise capital receipts in the interim and for land/property that will no longer be required to be disposed of at best value. Potential disposals are identified and progressed through the Corporate Asset Management Group, which also recommends priorities for the use of the capital resources becoming available to the Council.
- Pursue grants and other funding including leverage opportunities for example, the swimming pool in Harold Hill, supporting the regeneration of the area, which was the subject of a successful Lottery bid; investment by the London Development Agency and SRB in large scale economic development in South Havering; funding from Groundwork and the private sector for major schemes and environmental improvements in Romford.
- Take bids for additional resources only where they accord with the Capital Strategy and where the Council has taken into account ongoing commitments and current strategies in relation to its capital needs and other resources. Bids for additional (grant funded etc) resources will be agreed corporately.
- Develop Invest to Save Schemes. The Council has established a capital contingency fund for the sole purpose of funding capital schemes to generate additional income or to save revenue expenditure. The Medium Term Financial Strategy informs the use of this fund and will further encourage the investment to save approach.

Funding of the 2006/09 Capital Programme

The basic means of funding capital investment are set out above. The current programme is being funded using the following principal sources:

- Prudential borrowing, where the revenue consequences are being met from existing revenue resources, except in the case of Education, where ex SCA monies are being used, and
- Capital receipts, which are being generated from an assets disposal programme
- Grant funding; the Council has been awarded funds by DfES for capital projects and these will be used to part-fund the Education programme. The Council also receives funding from TfL for an agreed programme of works.

There is also an element of over-programming that allows for project slippage as well as variations in the actual cost of projects once these are underway, and potentially changes in the asset disposals programme, as further sites may be identified.

The funding within each of the principal sources is as follows:

	2006/07 £000	2007/08 £000	2008/09 £000	Total £000
Prudential Borrowing	1,600	1,600	1,600	4,800
Prudential Borrowing - Education	1,800			1,800
Capital Receipts	5,876	5,543	3,357	14,776
Grant Funding - Education	1,163	884		2,047
Grant Funding - TfL	3,050			3,050
Over-programming	1,304			1,304
Total	14,793	8,027	4,957	27,777

Asset Disposal Programme

The prime source of funding for the Council's capital programme is through the application of capital receipts, as identified above. Targets were set and agreed by Council for the receipts to be generated and for their application to the priority areas for capital investment. Progress with the generation of receipts, including the identification of potential sites for disposal, is reported to Cabinet and is monitored through the Capital Asset Management Group. Some receipts may be used for specific programme, eg the corporate property strategy and the elderly persons' review. A further target of £4m per annum has now been set to generate receipts for future years' investment.

Revenue Implications of Capital Investment

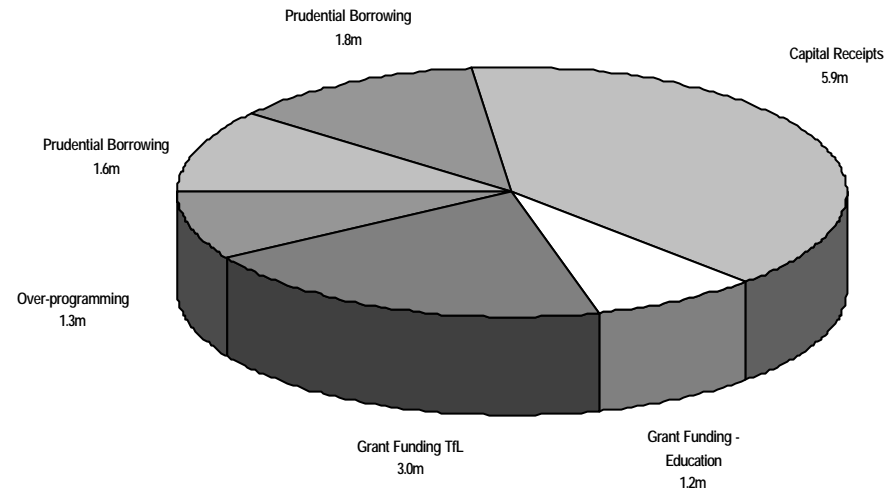
The considerable level of unmet need, both within the approved programme, and generally through the backlog of repairs, means that capital resources are used to maintain the existing infrastructure and to support the revenue budget. There are limited direct revenue implications being identified in schemes although consideration is also given to retaining receipts to accrue interest. The appraisal process for each scheme ensures that the revenue implications are quantified and provided for accordingly. This information is fed into

the Council's Medium Term Financial Strategy and the financial planning and budget process.

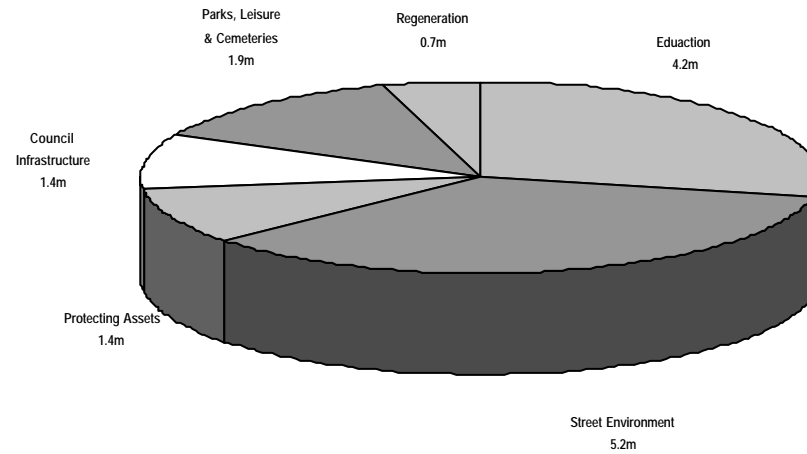
Expenditure & Income Breakdown 2006/07

A breakdown of the Council's capital expenditure and income is shown in the following pie charts:

Where the cash comes from ...



... and where it goes



Monitoring and Performance Measurement

Management of the Capital Strategy and delivery of the capital programme is dealt with under an established framework at three levels:

- Strategic Level; the overall strategy is overseen by the Strategic Management Team and the Cabinet. In addition, the Council established the Corporate Asset Management Group (CAMG) to manage and administer the capital strategy at senior officer level. Major projects are now co-ordinated by the Project Board and led at project level by the Project Implementation Group
- Operational Level; within the framework, officers are responsible for specific parts of the programme and for contributing to the development of service based programmes and schemes. This ensures that projects are developed and managed on the ground, with co-ordination through the CAMG at corporate level. This incorporates use of Prince 2 as the standard project management methodology
- Community Level; this covers engagement with the community through the Community Planning Forum and Area Committees, as well as consultation with the community as part of the annual budget and Council Tax process.

The CAMG comprises a group of cross-departmental senior officers that meets on a bi-monthly basis and is responsible for the development of the capital strategy and the asset management plan, compilation of the corporate capital programme and submissions for prospective projects, and monitoring of the programme and its financial consequences. CAMG is also responsible for monitoring and updating the Corporate Asset Management Plan (CAMP).

Performance Indicators have been and continue to be identified in respect of property that will be reported within services, corporately as part of a corporate health indicator suite and to the Council's members in their scrutiny role. The publication of property and asset management indicators have also been included within the BVPP since 2004 and other ways to convey this to the wider community are being developed. Detailed proposals setting out the Council's approach to benchmarking have been discussed with the Audit Commission and will be developed to be compatible with the prioritisation scheme and the capital framework. The new capital framework that is currently under development will reflect the approach to benchmarking now being finalised, and ensure that this is incorporated within the Capital Strategy and programme during the current year. This will ensure that the Capital Strategy remains outcome focused.

This information is used to inform on the allocation of resources and future investment need or potential for disposal. To complement the performance indicators, a significant review of the Council's property portfolio has generated thorough benchmark information. The

results from this work are being used to inform future policy and property strategies. Overseeing all of this work is the CAMG in its monitoring and advisory role to the Council.

The approach to monitoring progress with the capital programme includes a number of elements:

- Monthly reports to Project Board on the programme and individual schemes
- Monthly Head of Service performance packs on relevant schemes
- Longstop review by Corporate Finance to critique the information provided, including forecasts and spend
- Post completion reviews for the majority of projects
- A focus on high priority schemes taking account of the relative risks associated with them
- Monitoring of progress on key corporate projects by the Project Implementation Group.

APPENDIX K REPORT TO COUNCIL

CAPITAL PROGRAMME ENHANCEMENT 2006-09

1. BACKGROUND

A broad indication of the level of capital available, and the allocation of this capital between specific areas of expenditure (e.g. protecting assets, improving infrastructure, street environment etc.), was approved by Members at Council June 2005 and is set out below.

	2006/07 £ m	2007/08 £ m	2008/09 £ m	TOTAL £ m
Further Programmes Allocations				
Education	0.2	2.0	2.0	4.2
Street Environment	1.0	1.0	1.0	3.0
Protecting Assets	0.5	0.5	0.5	1.5
Developing Council Infrastructure	0.7	0.7	0.75	2.15
Other, e.g. Parks, Leisure	0.8	0.8	0.8	2.4
Total Profile	3.2	5.0	5.05	13.25

PRIORTISATION PROCESS

The Capital Strategy, also approved June 2005, stated that the prioritisation process should be carried out by a sub-group of CAMG and that it should link to the Council's core objectives:

A. TO PROMOTE FINANCIAL EFFICIENCY AND VALUE FOR MONEY

5. Robust financial planning
6. Communicate effectively with customers, residents and staff
7. Effective monitoring and management of performance
8. Make more effective use of the skills and commitment of our workforce

B. TO IMPROVE THE QUALITY OF OUR SERVICES

5. Have a direct impact on our CPA rating
6. Improve public satisfaction with our services
7. To minimise/eliminate social exclusion & maximise diversity
8. Improve performance standards

C. TO MAKE HAVERING A BETTER PLACE IN WHICH TO LIVE AND WORK

4. Regenerate the borough and enhance its town centres
5. Improve the quality of the local environment and public places
6. Promote community safety

The sub-group of CAMG (consisting of officers from Financial Services, Strategy & Communications and Property Services) would score/rank each capital bid, with an OBC, against the 11 criteria shown above giving them a score out of 10 for each – making a perfect score 110 overall.

The bids would be grouped to show which broad area of expenditure they could be funded from and the bids competing for funds from that area would then be scored/ranked against one another in order to prioritise them.

The advantages of this process are:

- It clearly links to the corporate objectives.
- It is simple and transparent – if required Members and/or Services can analyse and challenge the scores.
- It is moderated by several officers who do not themselves submit bids, but who will discuss and agree the individual scores.
- It recognises that Members have indicated the broad areas of expenditure and prioritises schemes within those broad areas.

CURRENT POSITION

The new capital bids for MTFS 2006/09 were received from the Service Areas. There were no bids received from the Education Directorate because they will allocate the funds in line with the agreed procedures via the Asset Management Plan and therefore the Member allocation of £4.2m has not been utilised in this process.

These bids have been evaluated and reviewed against the resources available, and the proposals are set out below.

Ref	Head of Service	Scheme	06/07 £000	07/08 £000	08/09 £000	Total £000
Street Environment Bids eg Streetcare/Community Safety Approved Member Allocation (plus £350k)			(1,000)	(1,150)	(1,200)	(3,350)
0607STC29	Streetcare	Highways Improvement Programme (HIP) including Additional Highways and Footways Improvements	*	1,650	1,700	3,350
0607CSF14	Legal & Democratic	CCTV Expansion	250	250		500
Total			250	1,900	1,700	3,850

Note:-

- HIP has £1,500k already approved in 2006/07 along with other minor allocations as set out in Annexe A. Work has taken place to allocate these sums have regard to the current programme and the proposal is as follows:

-

Capital Spend 2006-2007 Proposals

Pavements
£500k

Carriageways
£400k

Rural Roads

£200k

Liveability (bins, seats, planters, roundabouts, dog fouling bins)

£210k

Secondary Town Centre Liveability

£150k

Anti Skid

£50k

Sub total

£1,510k

Anti Graffiti Applications

£30k

Replacement of Highway Shrub Beds

£50k

Dangerous Tree Replacement Programme

£150k

Total

£1,740k

- Cabinet in June 2005 agreed an additional £1,500k for the Streetcare Improvement Project in 2005/06. This sum included £825k for the purchase of mechanical vehicles.

The purchase of these vehicles has now been reviewed and subsequently reduced by £350k. This amount is now available for the above allocation and can be seen in the schedule below.

- The detail for Highways will be subject to a Form A decision.
- CCTV expansion will be the subject of a full Cabinet report and revenue consequences are also assumed.
- This assumes an element of over programming accommodated by normal slippage.

Ref	Head of Service	Scheme	06/07 £000	07/08 £000	08/09 £000	Total £000
Protecting Assets Bids eg Council Buildings Approved Member Allocation			(500)	(500)	(500)	(1,500)
0607SCS01	Strategy & Comms	Signage Project	40	20	10	70
0607CSF08	Corporate Safety & Facilities	Condition Surveys	0	20	20	40
0607CSF17	Corporate Safety & Facilities	Corporate Buildings repair and maintenance programme	500	500	390	1,390
Total			540	540	420	1,500

Notes:-

- Corporate Property Maintenance already has £600k approved in 2006/07.
- The 2008/09 allocation will be reviewed as part of Phase II of the Property Strategy.

Ref	Head of Service	Scheme	06/07 £000	07/08 £000	08/09 £000	Total £000
Council Infrastructure Bids eg IT Approved Member Allocation			(700)	(700)	(750)	(2,150)

0607CAAC 25	Business Systems	Replacement of P670 *	0	1,500	700	2,200
0607CAAC 39	Childrens' Social Services	Integrated Childrens System (ICS) and Information Sharing for Children's Services (ISA)	104	0	0	104
Total			104	1,500	700	2,304

Note:-

- The Replacement of the P670 Bid must be approved. All other bids will have to be approved via the E-Government Board and will have to demonstrate their ability to provide real cashable savings and demonstrate them being paid from the savings i.e. only bridging capital considered.
- The ICS/ISA represents the net cost.
- This represents an element of over-programming; however, the costs of the P670 have still to be quantified.

Ref	Head of Service	Scheme	06/07 £000	07/08 £000	08/09 £000	Total £000
Other eg Parks, Leisure Bids Approved Member Allocation (net of Area Committee provision of £90k p.a.)			(710)	(710)	(710)	(2,130)
0607CAAC 3	Culture & Leisure	Parks – Works	893	0	0	893
0607CAAC 23	Customer Services	Redevelopment of Elm Park Library	300	0	0	300
0607CAAC 24	Customer Services	Redevelopment of Rainham Library	0	500	0	500
0607EMR04	Technical Services	Additional Cemetery Land	150	150	137	437
Total			1,343	650	137	2,130

Note:-

- The additional cemetery land represents part of the need.
- This is a provision / contingency sum for the redevelopment of Rainham Library which may not be required once the project

detail and funding sources are identified.

GENERAL COMMENTS

- There were a number of schemes identified which cannot be met from the funding. This will be reviewed for the potential to:
 - (a) implement them as invest to save schemes.
 - (b) meet them from existing sums. For example, could the Rural Roads Improvement Scheme (£200k) be achieved within the allocation for the Highways Improvement Programme (£1,500k).
- The proposals above mean the expenditure profiles become:

	2006/07 £000	2007/08 £000	2008/09 £000	Total £000
Proposals				
Street Environment	250	1,900	1,700	3,850
Protecting Assets	540	540	420	1,500
Council Infrastructure	104	1,500	700	2,304
Other	1,343	650	137	2,130
Total	2,237	4,590	2,957	9,784
Member Agreed (excluding Education)	(2,910)	(3,060)	(3,160)	(9,130)
Difference	(673)	1,530	(203)	654

OVERALL PROGRAMME FUNDED BY THE COUNCIL

The Council commenced a three year capital programme in 2004/05. Having regard to the above, the overall programme is now shown in Annexe A. There were programmes in place prior to then which are progressing, and these are included in the Capital Monitoring pack.

TRANSPORT FOR LONDON

Allocations have just been received and are set out below.

Borough Spending Plan 2006/07	Allocation 2005/06 £000	Allocation 2006/07 £000
Principal Road Renewal	600	714
Bridge strengthening	71	50
Local Safety Schemes	755	565
20mph Zones	183	60
Education, Training and Publicity	48	34
Walking	140	50
Cycling	20	20
London Cycle Network	234	107
Bus Stop Accessibility	150	120
Bus Priority	165	565
Town Centres	100	220
School Travel Plans	290	220
Travel Awareness	35	25
Regeneration and Access Corridors		170
Environment		85
Controlled Parking Zones	50	45
A1306	754	
Total	3,595	3,050

HOUSING

This will be the subject of a separate report at this stage.

EDUCATION

The Council have been successful in a bid for targeted capital funding for Redden Court school. A grant of £4.8m has been awarded towards a total scheme of £6.024m. The balance of the costs will be met from the Council's own resources. Last year, Dfes announced that from 2006/07 their funding for the Education capital programme would be delivered solely as supported borrowing. This is not the preferred method of support, as the Council is a floored authority, and may not receive the benefit of this support. Dfes have now announced that they will continue to provide some capital grants for education for 2006/07 and 2007/08.

The details are as follows

2006/07 Dfes Allocations	Supported Borrowing £	Grant £	Total £
Modernisation, new pupils and access initiatives	3,007,696	1,162,517	4,170,213
2007/08 Dfes Allocations			
Modernisation, new pupils and access initiatives	3,340,867	884,415	4,225,282

The supported borrowing allocations, whilst included within the settlement, have never been fully funded for a variety of reasons. With the change in the method of calculating the formula grant for 2006/07, it is not clear at this stage if any additional revenue support will be received in respect of the supported borrowing as the adjustments are done when the final settlement is announced.

In addition to the grants set out above, Council approved an additional £0.2m capital for 2006/07 and £2m for each of the financial years 2007/08 and 2008/09.

The Education programme arising from these capital resources will be subject to a Form A decision.

Schools, including voluntary aided schools, also receive devolved capital grants and these have been announced as follows:

	2006/07 £	2007/08 £
LA Devolved Formula Capital	3,422,151	3,694,122*

VA Devolved Formula Capital	841,723	882,279*
VA LCVAP	811,545	880,784

* provisional allocation dependent upon pupil numbers

CAPITAL PRIORITISATION SCHEME

Set out below is the scheme applied in the allocation of funds between proposed capital projects. The objective of the scheme is to ensure that funds are allocated to those projects with the highest priority within each of the three main elements. This will ensure that the limited funds available to the Council are only deployed to finance priority projects, and that the allocation of funds is carried out in accordance with the Council's agreed capital strategy.

The scheme is designed to cover the breadth of capital projects that the Council undertakes. This includes:

- Major infrastructure projects, such as the Corporate Property Strategy that will address the Council's office accommodation requirements, or the Schools' capital programme; these projects will deal with the physical assets of the Council and will usually lead to the creation of new or considerably enhanced assets
- Major improvement projects, which would include the replacement of street lighting throughout the borough; these projects are effectively major repair/improvement works that will lead to the replacement and/or upgrading of existing assets
- ICT projects, such as document imaging and e procurement, where the projects offer the potential for savings as well as improved services to both the public and in back-office operations.

There are five stages to the prioritisation scheme. These are:

1. stage 1; identification of proposed scheme. An outline business case is prepared; this sets out a summary of the scheme, the proposed costs, any revenue implications, which of the three Council priorities it falls into, an options appraisal, and a provisional assessment from the submitting service of the relative priorities where multiple projects have been identified
2. stage 2; the scheme is ranked against each of the criteria, with the highest score being allocated to those schemes that most closely meet the specified criteria to produce a total score for the project
3. stage 3; the scores for all the schemes within each category is tabulated along with summary information on the scheme itself, including timescales and projected costings. Schemes are ranked highest to lowest
4. stage 4; the project tables are then scrutinised by the Capital Asset Management Group (CAMG) who raise any queries that they have and make recommendations on both the schemes and the ranking

5. stage 5; the project tables together with the comments made by CAMG are then considered by SMT who in turn raise any further queries and agree a final ranking order.

The overall rankings are carried out by a small panel comprising members of the Capital Asset Management Group (CAMG), including finance. Consideration is being given to the inclusion of an external member to ensure that the prioritisation scheme is applied in a consistent manner and to benefit from an independent assessment of the process. This does not however prevent services from carrying out their own assessment or producing their own assessment of the relative priority of each scheme; services are in fact encouraged to do so as this facilitates the review process undertaken by the panel.

Once the proposals have been assessed by the panel, they are referred to CAMG for a further review. This provides a forum for both challenging the overall prioritisation of proposed schemes, and of individual projects. The proposals and rankings, along with the views of CAMG, are then referred to SMT for final consideration. These final proposals are then presented to Members.

The scoring basis for each of the elements is based on a 1 to 4 system, with 4 being the highest. Any project achieving a score of 4 is therefore an extremely close match to the relevant element.

Once an overall ranking assessment has been completed and approved by Members, this will form the basis for the Council's capital programme. Any new projects identified outside the normal timeframe for the development and approval of the capital programme can only be considered once they have been through the five stages outlined above, with the addition that the justification for establishing a new scheme and potentially diverting funding is clearly set out in the outline business case. This however does not guarantee that the project will be approved.

The outcome of the prioritisation process will be reviewed by CAMG. This will take into account feedback from Members, SMT and the individual services submitting proposals. CAMG will consider whether any amendments to the prioritisation scheme are required prior to any subsequent round of proposals.

KEY ELEMENTS FOR PRIORITISATION OF CAPITAL SCHEMES

First Level Criteria

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

Second Level Criteria

To promote financial efficiency and value for money

- Robust financial planning (including invest to save and prudential borrowing)
- Effective monitoring and management of performance
- Communicate effectively with customers, residents and staff to they are better informed about what service standards to expect and how they can influence their delivery
- Make more effective use of the skills and commitment of our workforce

To improve the quality of our services

- Have a direct impact on our CPA rating (including improvement in BVPIs or other targets)
- Improve public satisfaction with our services
- To minimise or eliminate social exclusion and maximise diversity
- To improve performance standards

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

- Regenerate the borough and enhance its town centres
- Improve the quality of the local environment and public places
- Promote and improve community safety.

Third Level Criteria

Corporate priorities

- Fit with corporate aims
- Fit with corporate priorities for improvement
- Impact on BVPI performance
- Consultation with stakeholders

Strategic priorities

- Meets boroughs aims
- Meets service area aims
- Meets capital strategy objectives
- AMP priority
- Addresses deprivation issues
- Relates to an approved performance review action plan

Scheme specific

- Flagship scheme
- Meets statutory requirements
- Beneficial impact on local area/environment

Partnerships & joint working

- Internal cross-cutting potential
- External partnership potential

Financial

- Internal cross-cutting potential
- External partnership potential

- Reduces revenue costs
- Generates match funding

Risk management

- Addresses new statutory/legal obligations
- Addresses new health & safety issues
- Improves disabled access
- Reduces identified risk at corporate or service level

Opportunity management

- Promotes cross-cutting service delivery
- External partnership potential
- Improves economic development/regeneration performance
- Raises the Council's community leadership

CAPITAL PROGRAMME 2006/09

Ref	Scheme title / brief description	06/07 £000's	07/08 £000's	08/09 £000's	TOTAL £000's
PARKS, LEISURE & CEMETERIES					
2004/05 MTFS	Refurbishment of Library buildings	250			250
2004/05 MTFS	Continuation of Library book renewal programme	100			100
2005/06MTFS	Book Fund Capitalisation	200	200		400
2006/07MTFS	Parks - works	893			893
2006/07MTFS	Redevelopment of Elm Park Library	300			300
2006/07MTFS	Redevelopment of Rainham Library		500		500
2006/07MTFS	Additional Cemetery Land	150	150	137	437
	Total Approved Programme	1,893	850	137	2,880
DEVELOPING COUNCIL INFRASTRUCTURE E.G. IT					
2004/05 MTFS	ICT systems development	1,000			1,000
2005/06MTFS	Disaster Recovery		100		100
2005/06MTFS	Microsoft Licences Revenue Support	253	253		506
2005/06MTFS	Corporate IT	100			100
2006/07 MTFS	Replacement of P670	0	1,500	700	2,200
2006/07 MTFS	Integrated Childrens Systems (ICS) and Information Sharing for Childrens Services (ISA)	104			104
	Total Approved Programme	1,457	1,853	700	4,010
STREET ENVIRONMENT E.G.STREETCARE/COMMUNITY SAFETY					

Ref	Scheme title / brief description	06/07 £000's	07/08 £000's	08/09 £000's	TOTAL £000's
2004/05 MTFS	Community safety strategy	150			150
2004/05MTFS	Improvements to Highways	1,500			1,500
2004/05MTFS	Anti-graffiti applications	30			30
2004/05MTFS	Replacement of highway shrub beds	50			50
2004/05MTFS	Dangerous tree replacement programme	150			150
2004/05MTFS	Dog fouling bin purchase	10			10
2006/07MTFS	Highways Improvement Programme including additional highways and footways improvements		1,650	1,700	3,350
2006/07MTFS	CCTV Expansion	250	250		500
2006/07	Transport for London schedule	3,050			3,050
	Total Approved Programme	5,190	1,900	1,700	8,790
PROTECTING ASSETS E.G. COUNCIL BUILDINGS					
2004/05 MTFS	Building renovation programme	50			50
2004/05 MTFS	Corporate property maintenance	600			600
2004/05 MTFS	Asbestos treatment	200			200
2006/07 MTFS	Signage Project	40	20	10	70
2006/07 MTFS	Condition Surveys		20	20	40
2006/07 MTFS	Corporate Buildings repair and maintenance programme	500	500	390	1,390
	Total Approved Programme	1,390	540	420	2,350
EDUCATION					
2004/05 MTFS	Refurbishment of schools	2,800			2,800
2006/07 MTFS	Refurbishment of schools	200	2,000	2,000	4,200

Ref	Scheme title / brief description	06/07 £000's	07/08 £000's	08/09 £000's	TOTAL £000's
2006/07	Dfes Grants for Schools	1,163	884		2,047
	Total Approved Programme	4,163	2,884	2,000	9,047
REGENERATION					
2004/05 MTFS	Variable message signing for car parks	100			100
2004/05 MTFS	Town centre & London riverside	600			600
	Total Approved Programme	700	0	0	700
	TOTAL	14,793	8,027	4,957	27,777

ICT Strategy Overview

Introduction.

This sets out the key drivers and priorities for the ICT Strategy and focuses on the high priority items. More detail on how we manage and improve the technical infrastructure and applications is documented in the ICT Strategy itself.

The detailed strategy, amongst other things, includes;

- Contract arrangements
- Support and upgrade arrangements
- Detailed business requirements of services, which are renewed as part of the Corporate business planning process.
- How services are charged for ICT

In the past:

1. Valuable Council information was stored on various insecure hardware and personal computers such that;
 - there was a high risk of information loss due to hardware failure etc.
 - recovery of data was not always possible and backups not always done
 - access was restricted

The priority was to secure the information and make it accessible. This has been achieved.

2. Hardware and software were at different version levels which meant incompatibility, systems not always talking to each other and some systems not being supported.
3. Systems support and maintenance was inconsistent, whereas all systems are now fully supported and covered by maintenance agreements.

The ICT Strategy has been developed and is being refreshed for the next 3 years to take account of the strategic technology required to deliver against the Council's business needs as defined in the Corporate Plan and the supporting service plans as well as the ODPM Priority Service Outcomes.

The ICT strategy continues to build on the marked progress the Council has made towards electronic service delivery. This not only includes identifying current and emerging business requirements, but also ensures that required progress is maintained towards achieving Government targets such as Priority Service Outcomes and BVPI 157.

Our Overall Vision

To make all our IT systems and information accessible to everyone that wants to use them in a secure and efficient manner; to exploit the current IT systems and enable them to talk to each other so information is only input once.

Our Key Principles

- To install and run as many systems as possible on our chosen machine (IBM p670 and AIX operating system). This will reduce hardware costs for new systems.
- To use Oracle databases whenever possible, as support and licence costs will be kept to a minimum, and incompatibility will be avoided.
- To provide access to all Core and Corporate systems using Citrix, which provides flexibility (access from anywhere) and security (data is stored centrally and backed up regularly with copies stored offsite), along with a cost effective way of maintaining and upgrading systems (software upgrades can be done centrally).
- To work with a small number of known and trusted suppliers, whilst at all times ensuring best value.
- To promote the maximisation and exploitation of existing Business Systems.
- To plan for the future.

Our Key Drivers

The current key business drivers for the Council are as follows –

- Directorates IT needs, as defined by corporate and service plans.
- Alternative service delivery
- Business continuity
- Responding to legislative changes
- t-Government targets
- More efficient ways of working
- Information governance
- Technology exploitation
- Improved partnership working / shared services

Our Key Priorities

Our systems are classified as follows;

1. Core systems – those that are used by all staff and members to support our services to the Havering public. These include such things as;
 - Voice and data networks.
 - Telephone systems
 - Novell email and network system
 - Microsoft applications such as Word, Excel, PowerPoint etc.
 - Internet and Intranet, including firewalls and security systems
 - Desktop and mobile hardware and supporting software
 - Servers and operating systems, including IBM p670, Citrix, Unix.

2. Corporate Systems – those that are used by a limited number of staff and affect the operation of the Council as a whole;
 - Oracle e-business suite (financials, procurement, HR, payroll)
 - On-line payments (Anite Paris)

- Geographical Information Systems and property database (GGP, ArcView and GGP LLPG)
- Customer database (CRM)
- Document imaging and workflow (Comino and Anite@Work)
- Online database reporting (Oracle and Business Objects)
- Government Connect (citizen authentication and secure email)

3. Service systems – those that are service specific such as;

- Revenues and Benefits (Academy)
- Social Services (Swift)
- Children's Services (Impulse Pupil database, Swift, Integrated Children's Systems)
- Housing management systems (Anite OHMS)
- Planning and Building Control (Ocella)
- Trading Standards and Environmental Health (Flare)
- Works order processing (Servitor)
- Street works (Symology Insight)
- Street lighting (Highlight)
- Vehicle tracking & scheduling (KL2)
- Libraries joint system (DS Group)

Delivery of our Vision and Key Priorities

These are set out in the attached route map Appendix A

Resources have been identified and approved to deliver this vision as set out in Appendix B

Progress against this strategy will be monitored by the ICT Strategy and Programme Board and reported to the Strategic Management Team and members on a regular basis.

Appendix A: Vision and Key Priorities Route Map.

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
Knowledge and Performance Management/ Web Services delivering efficiencies				
a. Internet/Intranet	The Internet and Intranet have now gone live on a single content management platform.	<ul style="list-style-type: none"> • Complete Intranet • Complete BVPI157 • Complete priority service outcomes not associated with CRM integration • Create GIS service • Improve internal performance management using web technology • Implement pilot performance management system. 	<ul style="list-style-type: none"> • Performance Management Implementation 	<ul style="list-style-type: none"> • Performance Management Implementation
b. GIS and address database.	A GIS strategy paper has been drafted. LLPG has been established as the master property database. Various GIS projects in progress.	<ul style="list-style-type: none"> • Agree creation of GIS service • Evaluate alternative options to current software • Pilot new software • Continue service related GIS projects. 	<ul style="list-style-type: none"> • Replace current software if appropriate. 	

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
Programme Management and process improvement <i>delivering efficiencies</i>				
Enhance programme and project capability	Standardised project reporting is in place, with issues and risks escalated as appropriate. A toolkit is also being developed to assist project managers.	<ul style="list-style-type: none"> • Establish 3 year detailed ICT roadmap. • Create web based simplified Project and Programme Management toolkit • Extend toolkit to include other corporate processes e.g. Alternative Service Delivery • Implement Oracle Projects 	<ul style="list-style-type: none"> • Continue to expand tool-kit 	
Simplify processes	Effective Processes and Policies	<ul style="list-style-type: none"> • Revamp all ICT processes and policies to make simpler and comply to D&E (in full). 		
Business Continuity <i>delivering secure and resilient systems</i>				
Disaster Recovery and resilience for the Computer Centre	A disaster recovery/ business continuity strategy is being developed. A Project Manager is being appointed to move this project forward.	<ul style="list-style-type: none"> • Improve air conditioning, power supply and security for existing computer centre 		

A building to re-house the computer centre is being sought

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
		<ul style="list-style-type: none"> • Agree plan for replacement computer centre as well as secondary back up and start to implement • Improve ICT change and asset control by implementing ITIL 	<p>Continue Implementation</p> <ul style="list-style-type: none"> • Complete ITIL implementation 	<p>Implementation complete</p>
Core Systems delivering secure and resilient systems				
a. Core software review	Quotations have been received from our partners for consultancy reviews.	<ul style="list-style-type: none"> • Installation of Citrix being reviewed to improve performance • Next phase of Citrix roll-out to reduce number of PC based applications. • Overall software strategy report including Microsoft and Novell • Review single sign-on/identity management • Start single sign-on implementation. 	<ul style="list-style-type: none"> • Start to refresh Microsoft/Novell software based on review • Complete single sign on implementation 	<ul style="list-style-type: none"> • Complete refresh of Microsoft/Novell
b. Voice & Data Infrastructure	First network connection to Scimitar house complete	<ul style="list-style-type: none"> • Investigate and implement resilient network link to Scimitar 		

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
		House		
c. Wireless networks and Voice over IP.	<p>Plans are in place for wireless networking in the 9th floor pilot.</p> <p>The Ericsson voice-over IP system is currently being tested.</p>	<ul style="list-style-type: none"> • Wireless to be piloted on 9th floor project. • VoiP will be piloted in CEME • Investigate wireless networks outside the office environment 	<ul style="list-style-type: none"> • Extend use of VoiP and wireless. 	
d. Network performance	A specification has been drawn up and issued to selected suppliers.	<ul style="list-style-type: none"> • Network Health check being carried out. This will be followed by appropriate upgrades as necessary. 		
e. Mobile / Flexible/ Home working	<p>Following the results of pilots, business cases will be developed to extend the mobile working capability.</p> <p>Pilots projects being run for Social Services and Benefits. Strategy being written. Home working policy developed by HR.</p>	<ul style="list-style-type: none"> • Vehicle Tracking and Scheduling. • Establish home working policies • Review mobile working and equipment in all service areas 	<ul style="list-style-type: none"> • Implement mobile working systems 	<ul style="list-style-type: none"> • Implement mobile working systems
f. Member Support	A standard package has been drawn up which gives members a choice of a Council-owned laptop or	<ul style="list-style-type: none"> • To provide ICT facilities to all Council members. 		

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
	access to Council systems from their own equipment. This is currently being rolled out to members both new and re-elected.			
g. Scimitar House cabling	A contract for complete recabling of Scimitar House is now being carried out prior to the staff moves this summer.	<ul style="list-style-type: none"> • ICT telephony/cabling to support the property strategy 		
h. Plan for replacement of IBM P670 (3-4 years) and the rest of the server farm.	<p>This has been extended to a server replacement strategy which will include all servers currently residing in the computer centre.</p> <p>It was originally installed in 2002, with a life expectancy of 5 years, but an upgrade in 2004 has extended its life.</p>	<ul style="list-style-type: none"> • Technology Review 	<ul style="list-style-type: none"> • Start Upgrade 	<ul style="list-style-type: none"> • Complete Upgrade
Partnership working	<p>Secure email pilot complete</p> <p>Pilot connection to LPSN being installed</p>	<ul style="list-style-type: none"> • London Public Services Network • Disaster recovery • Joint procurement • Secure email • Upgrade NHS connection to N3 		
Corporate Systems				

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
delivering Integration				
a. Systems do not talk to one another	CRM strategy being developed. Consideration is being given to joining Government Connects.	<ul style="list-style-type: none"> • Implementation of the CRM strategy in connection with Government Connects, to develop a master customer database. • Agree CRM Strategy based on Customer services Strategy • Complete Priority Service Outcomes • Agree government connect business case • Run government connect pilot • Agree business case for citizen & business identity system. • Implement as part of Government Connect. 	<ul style="list-style-type: none"> • Implement CRM Strategy • Implement Government Connect 	<ul style="list-style-type: none"> • Implement CRM Strategy
b. Corporate Address Management Services	NLPG implementation complete. Next step is to integrate with CRM	<ul style="list-style-type: none"> • Agree business case for integration of corporate address system with other systems 		
c. HR & Payroll, Staff Self Service and e-Training		<ul style="list-style-type: none"> • Start replacement of HR and Payroll 		<ul style="list-style-type: none"> • Complete replacement of HR and Payroll
d. e-Procurement		<ul style="list-style-type: none"> • Complete e- 		

Key Priorities and why	Progress to date	Key activities to address the priorities 2006/07	Key activities to address the priorities 2007/08	Key activities to address the priorities 2008/10
		procurement		
f. Document Imaging & Workflow		<ul style="list-style-type: none"> • Agree priorities for roll-out • Continue roll-out 	<ul style="list-style-type: none"> • Continue roll-out 	<ul style="list-style-type: none"> • Continue roll-out
Business Systems support funded by service areas				
e. Review of older legacy systems.	Current strategy defined and agreed in ICT contracts cabinet report.	<ul style="list-style-type: none"> • Assess Servitor, Nucleus debtors, Symology replacement 		
Support property strategy	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Move to Scimitar House • Move ALMO into Chippenham Rd. • Various other moves 		
Alternative Service Delivery		<ul style="list-style-type: none"> • Support the Almo 		
Childrens Systems	Tender evaluation in progress	<ul style="list-style-type: none"> • Implement Integrated Childrens Systems 	<ul style="list-style-type: none"> • Implement Integrated Childrens Systems 	<ul style="list-style-type: none"> • Implement UK Childrens Index

Appendix B: Resources

Programme Name	Programme Details	Schemes (Italics = new scheme requiring business case)	Current Resources Available & Allocations	Revised Forecast £000's		
				2006/2007	2007/2008	2008/2009 & beyond
Knowledge and Performance Management/ Web Services	Web Services (Internet/Intranet), Performance Monitoring Systems, Corporate Databases including GIS	<i>Performance Monitoring Systems</i>	110	100	0	0
		Internet/Intranet	55	55	0	0
		GIS	0			
			165	155	0	0
Programme Management and process improvement	To ensure a full programme is established and risks and issues management is enabled across all projects	<i>Programme Management and project capability</i>	50	50	50	50
		<i>Project management Toolset</i>	50	50	0	0
			100	100	50	50

Programme Name	Programme Details	Schemes (Italics = new scheme requiring business case)	Current Resources Available & Allocations	Revised Forecast £000's		
				2006/ 2007	2007/ 2008	2008/ 2009 & beyond
Disaster Recovery/Business Continuity	To minimise the service impact in the event of a disaster or breach of security, ITIL implementation, centralised data storage	Computer Room Refurbishment	178	178	0	0
		<i>Disaster recovery/ Business Continuity Planning</i>	1,627	500	1,027	0
		<i>ITIL Implementation</i>	146	146	0	0
			1,951	824	1,027	0
Core Systems	Delivering secure and resilient core systems.	Citrix and Application Server Infrastructure	202	192	0	0
		Upgrade of Voice and Data Networks.	160	95	55	0
		Home, Mobile and Flexible Working	154	144	0	0
		Telemetry and Tracking	160	150	0	0
		<i>IT Licences (Revenue Support 2006/07)</i>	253	243	0	0
		<i>IT Licences (Revenue Support 2007/08)</i>	253	0	243	0
		Member's ICT Provision	100	70	30	0
		Scimitar House ICT Telephones/Cabling	284	284	0	0

Programme Name	Programme Details	Schemes (Italics = new scheme requiring business case)	Current Resources Available & Allocations	Revised Forecast £000's		
				2006/ 2007	2007/ 2008	2008/ 2009 & beyond
		<i>Server Replacement Programme (IBM P670 and Server Farm)</i>	2,200	0	2,200	0
			3,766	1,178	2,528	0
Corporate Systems Integration	Implementation of the CRM strategy in connection with Government Connects, to develop a master customer database.	<i>CRM Strategy/Government Connects</i>	302	292	0	0
		<i>Corporate Address Management Services</i>	0	0	0	0
		<i>HR & Payroll, Staff Self Service and e- Training</i>	220	160	60	0
		e-Procurement	318	318	0	0
		Document Imaging & Workflow	158	148	0	0
			998	918	60	0
		TOTALS:	6,980	3265	3665	50

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REGISTER OF BUSINESS RISKS FACING HAVERING

RISK SCENARIO 1 – Risk Owner : David Ede

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Recruitment and retention</p> <p>There is a buoyant economy, in particular in London and the South East.</p> <p>Havering is in competition with all other employers for quality staff and Local Government is not always seen as an attractive, compelling career and environment for quality people.</p> <p>The impact of the Regional Agenda will also feature</p>	<p>Havering fails to attract and retain quality staff (for key management positions)</p>	<ul style="list-style-type: none"> • Key post is not filled or • Key post not filled with the right calibre staff • Quality of implementation of major activities or projects is put at risk • Pool of quality employees diminishes • Dutch auction of salaries to attract new people • Risk of quality staff moving on to greener pastures • High standards of council not maintained • Objectives not achieved • Member criticism of officers • Image of council damaged 	<ul style="list-style-type: none"> • Staff development (PDPAs, 1 to 1s, induction) • Some recruitment and retention packages • Achievement of lIP • Further expansion of management development programme • New HR structure implemented 	3	3	<ul style="list-style-type: none"> • Culture change programme • Assessment of recruitment procedures • Corporate plan for retaining staff • Review of job profiles/content • Reduction in dependency on agency staff/BHO in place • Review of agency arrangements underway through LCOE 	2	3

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RISK SCENARIO 2 – Risk Owner : David Ede

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Succession Planning</p> <p>The Council has an increasing age profile across its workforce. There is little new blood and succession planning.</p>	<p>Significant numbers of staff retire / leave simultaneously</p>	<ul style="list-style-type: none"> • Key skills / experience lost • Difficult to recruit staff with same levels of experience/skills/qualifications • Gaps appear in structures • Pressures on existing staff • Loss of corporate 'memory' • Adverse impact on service delivery • Service failure • Adverse publicity 	<ul style="list-style-type: none"> • Targetted recruitment programmes for "hard to fill" posts, e.g. Social Services, Finance • Introduction and expansion of National Graduate Development Programme • Trend analysis of HR data 	4	3	<ul style="list-style-type: none"> • Review recruitment practice and advertise all jobs externally • Documented procedures for all key activities • Establishment of Business continuity plans • Exercise of scenarios • "Grow Your Own" Talent Management Strategy 	3	3

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RISK SCENARIO 3 – Risk Owner : Cynthia Griffin

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>London Olympics</p> <p>London has won the right to host the Olympic games in 2012.</p> <p>The focus of the games will be in the East of London and a number of London Boroughs will be affected.</p> <p>There will be massive capital development, infrastructure build, financial impact and media attention.</p>	<p>Havering does not maximise the opportunity which the Olympics presents (or is adversely affected by overheating economy it creates)</p>	<ul style="list-style-type: none"> Housing and infrastructure do not come to Havering. Economic activity passes Havering by. Construction and maintenance costs soar for asset management Loss of artisan skills to key Olympic projects Loss of key staff to prestige projects Other boroughs benefit from publicity and incoming economic wealth. 	<ul style="list-style-type: none"> Cabinet agreement to develop an outcome focussed plan by Autumn 2006 to mitigate these risks. Current work underway in partnership with 5 non Olympic NE London boroughs to promote region. 	4	3	<ul style="list-style-type: none"> Plan will need tight monitoring and regular revision. 	2	3

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RISK SCENARIO 4 – Risk Owner : David Ede

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Organisational capacity/capability.</p> <p>(i) The Council undertakes a variety of long term projects, which require effective overall project programming.</p> <p>(ii) A proportion of managers have proven technical expertise but lack the more general management skills such as people and business management.</p> <p>(iii) Absence management</p> <p>Havering manages a substantial human resource and levels of absence management have historically been too high. Significant research has been undertaken to understand this issue and a programme is in place to deal with the issue.</p>	<p>(i) Project programming is ineffectively managed</p> <p>(ii) Some managers are unable to deal with, for example, a sensitive personnel/management competency issue. Some managers are unable to show effective leadership or business skills.</p> <p>(iii) The programme is unsuccessful and levels of staff absence remain high, or increase.</p>	<ul style="list-style-type: none"> Projects not managed to time or budget Projects fail to deliver objectives Project planning called into question Ineffective use of resources Failure to deliver value for money and resources cost more Officers feel demoralised/vulnerable/frustrated Partners are disillusioned Adverse effect on performance/ ineffective services Image of Council suffers/adverse publicity Failure to directly challenge poor performers Culture does not encourage staff to progress and develop Lack of confidence in managers Excessive pressures placed on those staff who are at work to fill the gaps Tensions between managers and staff, 	<ul style="list-style-type: none"> Programming board reviews Project Board Monthly monitoring of key projects Post implementation reviews Monitoring of contractor/contract performance Contract monitoring responsibilities defined Training Management Staff development (PDPAs, 1 to 1's, induction) Sickness Monitoring, including RTWs and reviews liP accreditation Legislation tracking PDPAs Improvement in sickness absence record ODPM funding to develop staff 	3	3	<ul style="list-style-type: none"> Improvement of staff training Uniform project management procedures – toolkit approach Culture change programme Improve Occupational Health Service Review industrial relations 	2	3

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Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
		who struggle to deliver <ul style="list-style-type: none"> • Good staff leave to join better run organisations 						

RISK SCENARIO 5 – Risk Owner : Jonathan Owen

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>CPA Inspection</p> <p>The Council was assessed under the CPA inspection process in 2004 and has implemented an intensive programme of improvement.</p> <p>The bar has been raised on the CPA inspection (the harder test) and this will challenge the ability of the organisation to show continuous improvement.</p>	<p>Lower than expected scores for CPA critical service areas or corporate assessment</p>	<ul style="list-style-type: none"> • Council’s external reputation damaged • Council uses more resources fire fighting the fallout from CPA • “Eye taken from strategic objectives” • Threat of intervention increases • Ability to access funding damaged • More inspections likely • Disappointment amongst staff and members leading to loss of morale • Staff criticised • Recruitment and retention problems 	<ul style="list-style-type: none"> • Performance Management in place • Monitoring of inspections/audit recommendations • Commissioner Board and other formal processes to manage performance in place • Mock inspection against CA KLOE’s Oct 05 	3	2	<ul style="list-style-type: none"> • Focus on CPA weak issues by GD’s • Senior management oversight through SMT/Project Board • Improving self-assessments • Obtaining better inspection and audit reports. • Investments in CPA critical areas 	2	2

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RISK SCENARIO 6 – Risk Owner : Rita Greenwood

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Causing harm to people we owe a duty of care.</p> <p>Having provides high profile and high risk services.</p> <p>It is also a large employer covering a wide range of services.</p>	<p>High profile incident leading to sustained media, legal and audit attention</p>	<ul style="list-style-type: none"> Someone is hurt or dies HSE prosecution Service is frozen Financial penalties incurred Negative impact on rest of organisation Loss of confidence in management Criticism of officers Reputation of council damaged Recruitment is inhibited Loss of quality staff Loss of confidence in council Loss of public trust 	<ul style="list-style-type: none"> Health and Safety Management System agreed and in place H&S budgets in place H & S action plans in place Risk assessments Management inspections Directorate and corporate H&S advisors Insurance in place Corporate Health & Safety Group and coverage Risk Management Group and coverage Auditing and Compliance Plan. Training Plan. 	2	3	<ul style="list-style-type: none"> Review of all premises under way Identification of Corporate Manslaughter risks and action plan Training programme delivered Award of Legionella Contact Improved asbestos management 	2	2

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RISK SCENARIO 7 – Risk Owner : Andrew Ireland

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Every Child Matters</p> <p>Implementation of the Children's Act will involve major strategic, cultural and operational changes for the Council.</p> <p>Children's services will represent a significant proportion of the Council's overall budget and manage some of the most high profile services delivered by the Council.</p> <p>ECM must be joined in with the Corporate issues, e.g. health housing</p>	<p>Project is ineffectively managed</p>	<ul style="list-style-type: none"> System fails and a child is hurt Delays in implementation Resources wasted Costs increase Opportunities missed Lose confidence of key stakeholders Merger with Social Services undermined Staff morale declines Objectives not achieved Vision of Children's Act not achieved Adverse inspection Adverse publicity 	<ul style="list-style-type: none"> CP Procedures Local Children Safeguarding Board, Children's Directorate Mgt Team – performance management All key milestones met and mechanisms in place Budget Monitoring, activity monitoring Procurement activity, budget monitoring CDMT monitoring CDMT process Communications – regular briefings. Performance management CYPP monitoring CYPP. CDMT Meticulous planning for JAR Project Plan Media Strategy for JAR 	1	4	<ul style="list-style-type: none"> Continued professional development action plans from previous S.C.R's Initial meeting of Children's Trust Board Commissioning strategy to be agreed Strengthen commissioning & procurement team Improved performance management Service integration Scimitar House move Move to Scimitar House instigation of all staff. Meetings with Group Director Children's Trust Children's Trust T.A.R. taking place Strengthened media strategy and performance 	1	2

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Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
						management		

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RISK SCENARIO 8 – Risk Owner : Christine Dooley

Vulnerability	Trigger	Consequence	Existing Risk		Action Plan/Controls	Target Risk	
			Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Community Safety</p> <p>Community Safety is a significant issue for the Borough. Fear of crime is much greater than actual crime.</p>	<p>Council fails to provide adequate funding and resource to manage the situation and/or fails to mainstream community safety within the organisation.</p>	<ul style="list-style-type: none"> • Uncontrollable environment exists • Increase in crime/violent crime • Town/areas of the borough labelled as a no-go area at night • Claims re breach of legislation • Increased demands of Council service (e.g. street cleaning, maintenance) • Effect on Council tax/reserves/funding streams • Censure by audit/inspection • Adverse publicity • Partnership relationships damaged, e.g. police/ HCSP • Image of Council damaged • Perceptions of crime do not decrease 	2	3	<ul style="list-style-type: none"> • Profile of mainstreaming is being increased • Increased funding is provided for Community Safety in 2006/07 • Some strategies are being reviewed/ renewed • Partnership working with the police on the JAG • HCSP working more effectively • Potential for amalgamating the DAAT and Community Safety • Potential roll out of CCTV to other town centres • Proactive publicity 	1	2

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RISK SCENARIO 9 – Risk Owner : Mark Gaynor

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Lack of infrastructure development</p> <p>The east of London and Thames Gateway will be subject to massive housing development. This will assist in meeting affordable housing targets which are a challenge.</p> <p>Key concerns however are that</p> <p>(i) increased levels of housing must be accompanied by improved levels of infrastructure within the Borough, e.g. transport;</p> <p>(ii) new housing meets the targets.</p>	<p>Infrastructure development does not match housing development levels e.g. road improvements, hospitals, schools.</p> <p>Land for development is not available and homes developed fall well short of targets.</p> <p>Havering does not feature in the route of the Cross Rail link.</p> <p>The Thames Gateway river crossing does not materialise in a beneficial way for Havering.</p>	<ul style="list-style-type: none"> • Demands on services increase • Infrastructure and transport, including congestion, is put under pressure • Borough becomes less attractive to employees/residents • Risk of unemployment • Unsustainable/lack of community development • Residents complain • Image of Council damaged • Many people in the borough are unable to afford to buy their own house • Young people/key workers leave the district • Increased recruitment/retention issues for public bodies including Havering • Local economy declines/property threatened • Council target on affordable housing not met • Havering does not benefit from improved transportation • Havering misses out on job opportunities/flow of goods created by improved transportation • Borough is marginalised in economic development of region 	<ul style="list-style-type: none"> • Operation of London Thames Gateway Development corporation • Continued involvement in Thames Gateway “family” • Establishment of Planning Framework • Operation of Regeneration Board • Maximising of Borough influence with LDA, TFL, GLA etc. • Development of detailed proposals for area action, e.g. Rainham, Rainham Marshes • Implementation of Romford and Hornchurch Urban Strategies • Ensure S106 agreements are delivered • Develop partnership with PCT and bringing forward primary health facilities 	3	4	<ul style="list-style-type: none"> • Agreement of clear HSP Regeneration Strategy. • Explore LAA as route to gain commitment of partners • Use of LDF to guide development 	2	3

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RISK SCENARIO 10 – Risk Owner : Mark Gaynor

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Breakdown in social cohesion</p> <p>Havering is regarded by many as a prosperous London Borough but it has within it seriously deprived wards.</p> <p>These wards contain communities from ethnic minorities.</p>	<p>Political activists within the Borough cause a breakdown in social cohesion</p>	<ul style="list-style-type: none"> Community tensions boil over Localised areas with the Borough exhibit community unrest Concern is raised by local politicians Local media publicise developments Issue is picked up by national media/politicians Havering's image is tainted Political activists revels in oxygen of publicity Council has significant community problem to manage Divisions are difficult to heal Social inclusion agenda difficult to manage 	<ul style="list-style-type: none"> Council's Race Equality Scheme and parallel scheme for disability Development of Race Equality Partnership Development of BAME network Crime and Disorder Strategy Regeneration Strategy Clear political position of the Council 	2	2	<ul style="list-style-type: none"> Community cohesion strategy to be developed with LTG&C Further development of BAME network Assistance with facilities for BAME groups Consultation of resource impact 	1	2

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RISK SCENARIO 11 – Risk Owner : Mark Gaynor

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Health restructuring</p> <p>The Health Service is undergoing review and restructuring in London.</p> <p>Havering is dependant on effective partnership working with Health in order to deliver on a number of key objectives</p>	<p>PCT's and partners are internally focused and no longer aligned to the needs of the local authority</p>	<ul style="list-style-type: none"> • Cross boundary co-operation breaks down • Managerial relationships are broken as managers are moved around. • Lack of co-ordination on key projects and issues • Budgets re-allocated or lost • Priorities are not delivered • Staff frustrated • Vulnerable people may be put at risk • Council criticised for weakening performance 	<ul style="list-style-type: none"> • Clear direction from Central Government via White Paper • Good existing partnerships with PCT in many areas • Joint arrangements • Health scrutiny • Fit for the Future Group • HSP/CMT 	3	3	<ul style="list-style-type: none"> • Better scrutiny operation • Link to community consultation • Borough Needs Assessment and Strategic role of DASS and DPH • Political pressure as needed in community leadership 	3	2

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RISK SCENARIO 12 – Risk Owner : Rita Greenwood

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Poor management of Council's assets</p> <p>Havering Council has a significant number of capital assets which require effective management, including improved maintenance.</p>	<p>Management in a key area fails, e.g. disposal programme, property management, maintenance.</p>	<ul style="list-style-type: none"> • Unplanned/unbudgeted work required to assets • Unplanned closure of facilities resulting in loss of income/service • Assets remain/fall into state of disrepair • Council cannot plan properly for the future in terms of using an asset in the business and cost of using asset • Business decisions cannot be taken properly • Claims against Council e.g. DDA/H&S • Bad publicity • Risk of exposure to member of staff or the public. • Disposal valuations affected • Capital Programme unfunded • Services under utilised 	<ul style="list-style-type: none"> • Asset Management Plan • Strategy for addressing backing • Capital resources identified • Reviews by ZM 	2	2	<ul style="list-style-type: none"> • Property database • Regular condition survey • Review of management arrangements • Regular review of performance indicators • Depot review • Community building review 	1	1

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RISK SCENARIO 13 – Risk Owner : Rita Greenwood

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Business continuity and emergency planning</p> <p>The Council is required to respond to both external and internal business continuity issues.</p>	<p>Ineffective response to an incident (or business continuity plan fails)</p>	<ul style="list-style-type: none"> • Services disrupted • Staff unaware of correct procedures • Decision-making in the heat of the moment • Resources wasted reacting • Information lost • Loss of revenue • Increased cost of providing back-up services • Council seen as being ineffective • The Council is challenged over its lack of preparedness • Council unable to demonstrate correct procedures • Operating in contravention of legislation • Censure by audit/inspection • Adverse publicity 	<ul style="list-style-type: none"> • Major Emergency Plan • Emergency spend protocol • Establishment of Service Business Continuity Plans • Emergency Plan in place and schedule of call-out officers established • IT back ups taken • Training programme devised • Risk Management/Business Continuity Group 	3	4	<ul style="list-style-type: none"> • IT Disaster Recovery Plan • Regular Review of Emergency Plan • Exercise of scenarios • Overall Business Continuity Plan formulated • Training delivered • Raising of awareness in the community • Documenting of key activities 	3	2

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RISK SCENARIO 14 – Risk Owner : Jonathan Owen

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Perception of the Organisation and poor reputation</p> <p>The Council must both communicate and consult with residents and service users effectively and have a systematic approach to communication embedded across departments.</p>	<p>The public are unsure of what the Council does (well) and only hears bad news about the Council.</p>	<ul style="list-style-type: none"> Public perception of the Council diminishes and therefore overall user satisfaction Complaints outweigh compliments Staff morale suffers Front line staff do not act as advocates Council suffers from low self-esteem Plans difficult to implement Council struggles to move forward Key opinion formers in the community not engaged Poor coverage in media Lack of understanding of council services and value for money 	<ul style="list-style-type: none"> Communication and consultation strategies Press Office Local Offices/PASC “Living in Havering” Provision of appropriate training (General and/or specific) for staff/officers/members Provision of information for partners Communications with media/community Promotion and publicity Internet and Intranet development Enhanced internal communications: Back to the shop floor etc Communications Champions 	2	3	<ul style="list-style-type: none"> Continued development of internet/intranet Role of communications Champions enhanced Regular surveys of public opinion to monitor reputation Review of efficacy of Living Update Corporate identity guidelines 	1	2

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RISK SCENARIO 15 – Risk Owner : Jonathan Owen

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Partnerships</p> <p>Partnership are a high profile and fundamental part of the Community Governance role, which Havering plays. It has identified a number of aspirations and priorities for the improvement of the borough</p>	<p>Partnership members work to different priorities/objectives and the partnerships struggle to deliver</p>	<ul style="list-style-type: none"> • Failure to deliver community strategy • Failure to deliver robust LAA • Tensions between partners over roles and responsibilities • Governance is inadequate or ineffective • Risks to partnership are not identified and managed • Partners rely on local authority for delivery • Partnership fails to influence local and regional agendas 	<ul style="list-style-type: none"> • Havering strategic partnership acts as umbrella for partnership development • Key partnerships identified and mapped • HSP reviewed • Community management team meets regularly and reviews overall partnership activity 	3	3	<ul style="list-style-type: none"> • Establishment and implementation of protocols • Partnership evaluation built into service planning • Investment planned in key partnership • Member involvement in HSP theme partnerships enhanced • Act as conclusions of forthcoming A.C. inspection 	2	2

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Maximising opportunities and minimising problems – you too can manage risk
RISK SCENARIO 16 – Risk Owner : Rita Greenwood

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Financial Arrangements</p> <p>(a) Some services have lacked a robust financial management system and budget management and ownership have been weak.</p> <p>This has led to overspends and an inability to deliver the budget on target for some services.</p> <p>(b) Havering faces challenging financial times.</p> <p>With one of the highest Council tax levels, but lowest levels of Government aid.</p> <p>© Central Government offers streams of funding for some key projects and local authorities must bid for these.</p> <p>(d) There is a concern that there is a lack of a joined up approach to funding, and funds may be available and the organisation is not aware of these.</p>	<p>Overspends / failure to meet targets continue.</p> <p>Council fails to take some tough/innovative decisions on spending plans for the future.</p> <p>Or</p> <p>There is an unexpected financial burden with significant consequences. This may be caused by poor financial management.</p> <p>Council misses a possible external funding opportunity.</p>	<ul style="list-style-type: none"> Negative impact on balances/Council Tax Political fallout Service reductions Increased uncertainty Lack of VFM demonstrated Harder and harder to make efficiency savings targets Improvement goals in key services are not met Business investment withdrawn Risk of service failure or inappropriate/ unlawful action Capacity is further stretched Staff disillusionment, stress and absenteeism Council criticised publicly and through audit Additional funding is lost Additional projects/ initiatives cannot go ahead Residents do not understand why Council does not have access to this funding Image of the Council damaged 	<ul style="list-style-type: none"> Financial procedures and manuals Financial trolls MTFS and budgetary process Out-turn reviews Monthly monitoring Audit report Adequacy of reserves /contingencies Fraud and corruption strategy Central Government lobbying Establishment of grant spending plans Grants co-ordination role Staff training Debt recovery policy and procedures 	2	2	<ul style="list-style-type: none"> Corporate fees and charges review Rent reviews Partnership working audit protocol Increased review process Greater links of non financial activity with revenue monitoring at Corporate level 		

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RISK SCENARIO 17 – Risk Owner : Mark Gaynor

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>ALMO/Decent Homes Standard</p> <p>The Council is required to meet the decent homes standard for its housing stock in 2010.</p> <p>The route it has chosen to achieve this is an 'Arms length management organisation</p>	<p>Council is not fully prepared for the transfer process e.g. does not achieve 2* status, does not gain ODPM approval</p>	<ul style="list-style-type: none"> Investment in transfer process wasted Staff demoralised Members and officers in conflict over outcome Council must review its options with time running out Funding to meet decent homes must come from existing council funds Decent homes may not be achievable Council is seen to have failed community 	<ul style="list-style-type: none"> ALMO Delivery Plan Commitment of Senior Management across the Council Mardyke Delivery Plan 	2	3	<ul style="list-style-type: none"> Ongoing involvement as client and 'golden shareholder' Reminder regarding the need for Senior Management commitment across the Council 	1	2

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RISK SCENARIO 18 – Risk Owner : Rita Greenwood

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Contract dependency</p> <p>The Council has a number of key contracts. It is taking measures to address this but there is still a need for skills to be embedded in the organisation and is hence at risk.</p>	<p>A key contract fails or is ineffectively negotiated</p>	<ul style="list-style-type: none"> • Council taken advantage of by contractor • Benefits of procurement approach not realised • Efficiency savings not made • Time is wasted • Increased pressure on staff • Contract(s) fail • Procured service not value for money • Procured service is poor • Waste of resources 	<ul style="list-style-type: none"> • Procurement strategy • Contract Procedure Rules • Strategic Procurement Group • Training • Contract Register • Contract Monitoring • Business Continuity • ASD Project Team 	<p>3</p>	<p>2</p>	<ul style="list-style-type: none"> • Enhanced training • Risk assessment of contracts • Hos Reporting 	<p>2</p>	<p>2</p>

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RISK SCENARIO 19 – Risk Owner : Christine Dooley

Vulnerability	Trigger	Consequence	Existing Controls/ Actions and Where	Existing Risk		Further Actions Planned	Target Risk	
				Likelihood: 1 low, 4 high	Impact: 1 low, 4 high		Likelihood	Impact
<p>Compliance with new legislation</p> <p>There is a raft of (new) legislation placed on Local Authorities and it is down to the authority to respond effectively.</p>	<p>Havering fails to respond effectively to a new piece of legislation</p>	<ul style="list-style-type: none"> Lack of knowledge/ ownership Failure to disseminate new legislation Missed deadlines Not prepared Failure to comply/ manage response Criticism of Council by stakeholders Legal challenge Intervention by Monitoring Officer Costs and time of managing challenge and costs of non compliance Work pressure on legal department 	<ul style="list-style-type: none"> Assessment of the laws, policies and practices required to comply with legislation Allocation of responsibility for compliance with new legislation/regulations Provision of appropriate training (general and/or specific) for staff/officers/members Dedicated staff to co-ordinate and progress new legislation/ regulations Standing item on management meetings 	2	2	<ul style="list-style-type: none"> Possible consideration of Human Rights in BV reviews and possible introduction of the Audit Commission toolkit on Human Rights Completion of equalities impact assessments in connection with all new Equalities legislation Providing a linkage between Code of Conduct, Human Rights, Freedom of Information and Discrimination legislation Need to consider a more strategic dissemination and allocation of responsibilities for new legislation together with a recognition of the financial impact 	1	2

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MEETING

DATE

ITEM

CABINET

26 JULY 2006

7

Cabinet Member:
Councillor Eric Munday

Relevant Overview & Scrutiny Committee:
All

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: Race Equality Scheme

SUMMARY

The Race Relations (Amendment) Act 2000 sets out a statutory general duty to promote race equality (section 71(1) of the Act), which applies to all public authorities. The Council has now produced a revised Race Equality Scheme, which sets out the Authority's responsibility under this legislation. A copy of the new Race Equality Scheme will be sent to Cabinet Members as soon as it is printed.

This new Race Equality Scheme has already been approved by the Chief Executive under Part 3, section 3.1, paragraph 8 of the constitution. Cabinet are asked to note the contents of the Race Equality Scheme and the proposal for its wider publication and for consultation with key stakeholders.

The Scheme has been printed, so that consultation can commence as soon as possible. However, it will be a "living" strategic document, so Members' comments, together with stakeholders views, will be included in the first revision to the document.

RECOMMENDATION

1. That the Race Equality Scheme be noted.
2. That the arrangements for its publication and circulation be noted.
3. That the Race Equality Scheme be approved by Cabinet.

REPORT DETAIL

Background

Under the Race Relations Act 1976, as amended by the Race Relations (Amendment) Act 2000, public authorities are placed under a legal duty to eliminate unlawful racial discrimination, promote equal opportunities and good race relations between people from different racial groups.

The Race Relations (Amendment) Act 2000 places a general and specific duty on all public authorities. The aim of these duties is to ensure that race equality is mainstreamed in to the way we work, by putting it at the centre of our policy making, service delivery, regulation and enforcement, and employment practices.

The specific duties required under the RRAA are to:

- identify the functions and policies that are relevant to race equality
- demonstrate how we intend to consult and assess the impact of any of our policies
- show arrangements for monitoring policies for adverse impact with the promotion of race equality
- make arrangements for publishing the results and findings of assessments, consultation and monitoring to identify any adverse impact on race equality
- ensure the public has access to information and services
- make the necessary arrangements for staff in their duty to promote race equality

In addition employers are required to have in place arrangements for meeting their employment duties, including:

- collecting and monitoring information on staff, recruitment and retention, training, grievance and disciplinary procedures
- analysing data to establish if there are patterns of racial or other inequalities
- taking action to remove barriers which may cause inequality, as well as promote equality of opportunity
- publishing the results of monitoring annually

Race Equality Scheme

In order to fulfil these duties all public authorities are required under the RRAA to produce a Race Equality Scheme. The contents of this document are defined by the Code of Practice produced by the Commission for Racial Equality.

The Council's Race Equality Scheme demonstrates not only our commitment to race equality but also illustrates how we intend to deliver appropriate and accessible services through a 3 year action plan.

The Scheme also provides a framework for self-assessment by way of equality impact assessments and for the monitoring of progress against specific action plans.

The Authority published its first Race Equality Scheme in May 2002. The new document builds on the progress made during the life of the first Scheme.

Consultation and Communication

Under the RRAA, the Authority is required to consult with communities who are likely to be affected by our policies or proposals and their implications for promoting equal opportunities and good race relations. The overall aim is to ensure that none of our policies or procedures lead to unlawful direct or indirect discrimination either in terms of delivering services to our customers or in managing our workforce.

It is important to understand the principles of relevance and proportionality in dealing with this issue. Not all our policies will be relevant to race equality, however there will be others which are much more relevant and have a direct effect on our customers or our staff.

Consultations will take place through a number of different organisations and community groups such as the Havering Strategic Partnership and Havco. In addition, consultation with BME (Black & Minority Ethnic) community groups will also include setting up focus groups with local business people, and running workshops where local BME communities can discuss their priorities.

Financial Implications and risks:

The cost of publication of the Race Equality Scheme will be met from existing budgets. The delivery of Race Equality should be factored into Directorate service plans and therefore any immediate financial implications and risks should already be provided for. There may be additional financial implications if the Council is to fully meet the three year Race Equality Scheme Action Plan. These will need to be identified as part of the Medium Term Financial Strategy.

Legal Implications and risks:

In order to be compliant with the Race Relations Amendment Act 2000 all public bodies are legally required to produce a Race Equality Scheme and action plan.

Human Resources Implications and risks:

The Authority is required under the RRAA to monitor and review all elements of the Race Equality Scheme and to ensure that it is compliant with the Race Relations Amendment Act 2000. There is also a specific duty for employers in public bodies to monitor applicants for jobs and staff in post, their promotion prospects and training opportunities, by their racial groups.

Equalities and Social Inclusion Implications and risks

The Race Equality Scheme sets out how the authority will promote race equality through engaging BME communities through consultation and encouraging social inclusion.

Alternative options considered:

No alternative options were considered because there is a requirement under the RRAA 2000, for the Authority to publish a Race Equality Scheme.

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STEPHEN EVANS
Chief Executive

Cabinet, 26 July 2006

Background Papers List

Race Relations (Amendment) Act 2000
Race Equality Scheme 2003/05



MEETING

DATE

ITEM

CABINET

26 JULY 2006

8

Cabinet Member:

Councillor Michael Armstrong

Relevant Overview & Scrutiny Committee:

Environment

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: SUSTAINABILITY FRAMEWORK SCOPING REPORT

SUMMARY

This scoping report sets out the purpose, aims and proposed structure of a Sustainability Framework for the London Borough of Havering. Achieving sustainability is effectively the purpose of sustainable economic, social and environmental development, meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Objectives for sustainability were first set out in Havering's Local Agenda 21 in 1996 and then in Havering's Corporate Environmental Policy in 2001. Since these documents were produced there have been a number of changes in Havering, and to national, regional and local priorities and strategies. These include the development of Havering's Community Strategy, the ODPM (now DCLG) Sustainable Communities Plan 2003 and the UK Sustainable Development Strategy 2005.

Work is ongoing on a number of fronts, most notably a review of the Community Strategy with its partners to ensure its sustainability. Other examples include the development of a Climate Change Strategy, the implementation of the Corporate Environmental Policy and the development of the Social Economy Support Unit.

However, it would assist in the Council's own activities to prepare an overall Framework.

Sustainability is often described as a cross cutting issue, because of this it also harder to evidence. This Framework will

- (i) identify achievement towards sustainability and help provide this evidence.
- (ii) complement other Council strategies, policies and programmes by signposting how the Council is achieving sustainability in its work and activities and
- (iii) identify any gaps that could be addressed in existing strategies.

RECOMMENDATION

1. That the content for producing a Sustainability Framework as outlined in Appendix 1 and the phased approach to its preparation as set out in this report be agreed.
2. That a Consultation Draft Sustainability Framework be brought back to Cabinet for approval and used as a basis for consultation with partners and affected Council services.

REPORT DETAIL

1. Background

The Council's Corporate Environmental Policy was agreed by the Council 2001. Reports detailing the progress on the various commitments set out in the Policy have been made to the Environment Overview and Scrutiny Committee annually. At the last review in September 2005, officers recommended that the Corporate Environmental Policy be reviewed as part of a broader sustainability strategy.

The Council has already achieved a great deal (see Appendix 2). It was, for example, one of the first to develop a Local Agenda 21 in 1996 which has now been integrated into the Community Strategy. It made a number of Commitments to Sustainable Development in the Corporate Environmental Policy in 2001, it has achieved significant social and economic regeneration and in particular created the innovative Social Economy Support Unit. It has conducted Sustainability Appraisals on all emerging Local Development Framework Documents and has Interim Planning Guidance on Sustainability and Sustainable Construction.

Since 2001 there have also been a number of changes in Havering, and national, regional and local priorities and strategies, including the ODPM Sustainable Communities Plan 2003 and the UK Sustainable Development Strategy 2005. Through these strategies and others (see Appendix 3) the Government has placed a

responsibility with local authorities to lead and deliver on sustainability. In addition, sustainability issues are a feature in the revised Comprehensive Performance Assessment Process and a need to have a framework to sign-post the Council's achievements has been identified.

2. Purpose of the Sustainability Framework

The purpose of the Sustainability Framework is to set out a strategic document that achieves the following:

1. Sets a strategic approach for sustainability within the Council together with a set of strategic aims and key objectives for sustainability within the Council
2. Sets out how the Council will be meeting the expectations placed on it as a result of central government strategies and schemes
3. Act as an umbrella document, signposting the various internal strategies already in place or required that relate to sustainability
4. Identifies the links between policies, programmes, projects and service delivery within the borough
5. Identifies any gaps in the delivery of sustainability and suggest potential solutions
6. Defines of the meaning of sustainability to Havering Council
7. Provides tools for the implementation of sustainability
8. Demonstrates to our partners how the Council is working towards sustainability

3. Content of the Sustainability Framework

The potential contents for a Sustainability Framework are listed below, each of these points are expanded in Appendix 1:

- a) The drivers for producing a Sustainability Framework
- b) Strategic aims and key objectives for sustainability within the Council and their links to corporate priorities.
- c) The purpose of a Sustainability Framework
- d) The scope of a Sustainability Framework
- e) A sustainability statement
- f) A summary of the Council's undertakings in responding to sustainability (Appendix 2 outlines some of this information).
- g) A tool kit of measures to assist services in mainstreaming sustainability
- h) An action plan outlining which departments will be involved and the recommended actions that will be taken within an agreed timescale.
- i) The process for monitoring the implementation of the Sustainability Framework Action Plan and cross-cutting issues through a reporting structure.

4. How the Sustainability Framework will be developed

It is suggested that a phased approach be taken allowing adequate time for development of the Framework and for consultation.

Phase 1: Agreement by Cabinet to produce a Sustainability Framework based on the draft contents outlined in Appendix 1

Phase 2: Development of Sustainability Framework by the Environmental Strategy Unit within the Sustainable Communities Group, taking into account government guidance, the sustainable community strategy and the Comprehensive Performance Assessment. A Consultation draft will be developed for approval by Cabinet.

Phase 3: The Sustainability Framework will be sent out for consultation internally among affected service areas and with the Council's external partners.

Phase 4: The results of the consultation will be incorporated into the Framework, which will then be submitted to Cabinet for endorsement. A sustainability board will be set up led by Group Director, Sustainable Communities to oversee the implementation of the action plan and to coordinate the annual review of the action plan and Framework which will be submitted to Cabinet and Environment Overview and Scrutiny Committee.

Phase 5: Once the Framework has been agreed an action plan outlining measures to integrate sustainability together with a range of implementation tools will be developed to assist services in mainstreaming sustainability into both strategies and policies and their service plans.

Timetable

The proposed timetable for the production of a Sustainability Framework is as follows:

July 2006 – Sustainability Framework Scoping Report proposed to Cabinet (Phase 1)

December 2006 – Consultation Draft Sustainability Framework submitted to Cabinet (Phase 2)

January – March 2007 – Public consultation period (Phase 3)

April 2007 – Sustainability Framework to be submitted for approval to Cabinet. (Phase 4)

April 2007 – formation of sustainability board (Phase 4)

May – October 2007 – development of action plan and toolkit (Phase 5)

Financial Implications and risks:

There are no financial implications associated with the Sustainability Framework Scoping Report, which recommends that a Sustainability Framework is drafted, consulted on and submitted to Cabinet in April 2007. Any financial implications associated with the Draft Sustainability Framework will be reported to members when it is submitted to Cabinet.

Legal Implications and risks:

The creation and adoption of a sustainability framework will enable the Council to comply with government expectations and requirements in this area.

Human Resources Implications and risks:

There are no apparent human resources implications.

Reasons for the decision:

Due to the requirements of the CPA process and government guidance such as the ODPM Sustainable Communities Plan 2003, UK Sustainable Development Strategy 2005, together with the view of the Environment Overview and Scrutiny in September 2005, it is recommended that a Sustainability Framework be drafted to highlight and coordinate the Council's activities towards sustainability.

Alternative options considered:

Not to agree to draft a Sustainability Framework at the present time. This will reduce the Council's capacity to respond to future requirements for the Council to act on sustainability issues. It is also likely to have a detrimental effect on the Council's CPA response.

Equalities and Social Inclusion implications:

Equalities and social inclusion are both underlying principles of sustainability and thus a sustainability framework will have a positive impact on identifying and improving equalities throughout the Council.

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STEPHEN EVANS
Chief Executive

Cabinet, 26 July 2006

Background Papers List

Havering's Corporate Environmental Policy 2001

Sustainability Framework Scoping Report

Contents of a Sustainability Framework

Phases 1-4

- a) The drivers for producing a Sustainability Framework
- b) Strategic aims and key objectives for sustainability within the Council and their links to corporate priorities.
- c) The purpose of a Sustainability Framework
- d) The scope of a Sustainability Framework
- e) A sustainability statement
- f) A summary of the Council's undertakings in responding to sustainability (Appendix 2 outlines some of this information).
- g) The process for monitoring the implementation of the Sustainability Framework Action Plan and cross-cutting issues through a reporting structure and development of a Sustainability Board

Phase 5

- h) Implementation tools to assist services in mainstreaming sustainability
- i) An action plan with agreed timescales.

a) Drivers for producing a Sustainability Framework

There are various national regional and local drivers for the Council to produce a sustainability framework these include:

- Comprehensive Performance Assessment
- UK Sustainable Development Strategy
- Thames Gateway
- EU Directives
- ODPM now (DCLG) Sustainable Communities Plan
- Housing Corporation Sustainable Development Strategy
- Audit Commission Quality of Life Indicators
- South of the Borough Best Value Review

b) Strategic aims and key objectives for sustainability within the Council and their links to corporate priorities

The Council has set out its strategic vision and priorities in the Corporate Development Plan 2005-2008:

“Putting people first by creating the best opportunities, the best environment and the best public services that we can for everyone who lives, works or visits here.”

Priorities

To promote financial efficiency and value for money

*To improve the quality of our services
To make Havering a better place in which to live and work*

The Council and its partners have set out their Vision and key priorities via the Community Strategy Update produced by the Havering Strategic Partnership in 2005.

“ To create a safe welcoming, healthier more prosperous place where people choose to live work and visit”

Priorities

*Better health and welfare
Increased Community participation
A more Prosperous Community
Protect and improve the environment
A safer community
Improved lifelong learning*

The Aims of the Sustainability Framework

To assist the Council and its partners in achieving its vision and priorities Havering Council aims to promote and enhance sustainability in the borough which is defines as:

“achieving sustainable economic, social and environmental development to ensure Havering is a place where people want to live, work and visit, now and into the future”

To achieve this the framework outlines three key objectives

Economic – to build a more prosperous community with improved opportunities for life long learning

Environmental – to build a safer stronger community whilst protecting and enhancing the environment

Social – to increase community participation and provide better health and welfare services

c) Purpose of a Sustainability Framework

The purpose of the Sustainability Framework is to set out a strategic document that provides the following:

1. Strategic aims and key objectives for sustainability within the Council
2. Sign-post to policies, programmes and projects that are delivering sustainability
3. Identification of the links between policies programmes and projects and service delivery within the borough

4. Identification of any gaps in the delivery of sustainability and suggestions for potential solutions
5. Definition of the meaning of sustainability and its various uses
6. Provision of tools for the implementation of sustainability
7. Demonstration to auditors how the council is working towards sustainability.
8. Tools and an action plan to integrate sustainability into council policies, strategies and services
9. To provide a robust framework to guide officers in their day to day working

d) Scope of the Sustainability Framework

The scope of this document is to provide a strategic framework to integrate sustainability into Havering Council activities both in the way it manages performance, develops policies and strategies and delivers services. The Framework will be a corporate document which will apply across the authority without exceptions.

Delivering sustainability across the community is not within the scope of this Framework, however, it will highlight the Council's role in leading on sustainability throughout the community and will signpost to other partnerships and programmes such as the Havering Strategic Partnership and "Sustainable Community Strategy" which have the lead in delivering sustainability at a community and partnership level.

e) A Sustainability Statement

A sustainability statement will outline what the Council intends to do to achieve the aims and objectives of the Sustainability Framework. The statement will be a short, considered document in plain English, to be signed by the Leader and Chief Executive. It can then be used to promote the Council's commitment to sustainability both internally and to its partners in much the same way as a Health and Safety statement.

f). A summary of the Council's undertakings in responding to sustainability.

This section will outline major achievements to date as well as signed posting relevant overarching, cross cutting and delivery documents which has an impact on sustainability. Appendix 2 outlines some of this information.

g). Reporting and monitoring

Once the Sustainability Framework is in place it will be important to monitor and review its development and implementation. It is suggested that a sustainability board be created chaired by Group Director, Sustainable Communities, to monitor implementation, this board aided by staff in Environmental Strategy will produce an annual progress report to be reported to Cabinet and the Environment Overview and Scrutiny Committee.

h) Implementation Tools

The framework will signpost to tools and support for officers in the practical implementation of sustainability in strategies, services, policies and programmes. Major Policies will undergo a Sustainability Appraisal or Strategic Environmental Assessment (as required by EU Law) while others may be subject to a simple checklist approach. Tools may include:

- Delivering Sustainability through Service Planning Toolkit and Checklist
- Strategic Environmental Assessment
- Sustainability Appraisal
- Creating Sustainable Strategies Toolkit
- Whole-life Costing Toolkit
- Performance Indicators for Sustainability and Quality of Life

i) Action Plan

An action plan will be developed to implement the key objectives and identify where work is required to integrate sustainability. The action plan will also outline which departments will be involved and the recommended actions that will be taken within an agreed timescale.

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Appendix 2

A summary of the Council's undertakings in responding to sustainability.

Policy, Strategy or Programme	Status	Date of adoption/approval	Sustainability assessment made	Notes
Local Over-arching policies				
Community Strategy / Sustainable Community Strategy	Approved Updates	2002 2005	Sustainability Audit currently in progress	
Unitary Development Plan	Adopted	1993	None	Will be replaced by LDF, in addition there are IPGs which contribute to sustainability, these include bio-diversity, designing out crime, sustainability, affordable housing
Local Development Framework - Core Strategy - preferred options	Approved	2005	Sustainability appraisal and scoping report	
Local Development Framework – Romford Action Plan – issues and options	Approved	2006	Sustainability appraisal and scoping report	
Corporate Development Plan	Currently being updated		None	

Local cross-cutting policies

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Corporate Environmental Policy	Approved	2001	None	Will be updated as part of sustainability framework
Climate Change Strategy	Scoping report approved			Final draft to December 2006 Cabinet
Procurement Framework	Approved		None	Will contain a section on whole life costing
Service Planning		Annual	Former Environment Cluster services have conducted sustainability checklist	
Cultural Strategy	Consultation draft			
Equalities and Access				
Health and Safety Management System	Approved by SMT	June 2005 Reviewed June 2006	none	
Local Delivery Documents				
Fuel poverty strategy	Approved	Dec 2004	None	
Housing Strategy	Approved	2004		
Supporting People Strategy 2005 2010	Approved	2005		
ELWA Waste Strategy	Approved			

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Transport - Local Implementation Plan	Approved	June 2006	Strategic Environmental Assessment	
Contaminated Land Strategy	Approved	2003		
Food service Plan	Draft			
Health and Safety Plan	Draft			
Energy Strategy				Final Draft to Oct 2006 Cabinet
Historic Buildings and Landscape Strategy	Consultation Draft			Final strategy to cabinet in September
Community Safety Strategy				
Biodiversity Action Plan Phase 1	Approved	2003	None	
Parks and Open Spaces Strategy	Consultation Draft	Dec 2005	Appendix 2 of strategy	Final strategy to cabinet in September
Sports development and Physical Activity Strategy	Consultation Draft	Dec 2005	None	Final strategy to cabinet in September
Arts Strategy	Consultation Draft	Dec 2005	None	Final strategy to cabinet in September
Sustainable Construction and Design for Council Buildings	Approved	May 2002	None	Will be updated as part of Energy Strategy
Regeneration Strategy				
Romford Urban Strategy				
London Riverside Urban				

Strategy				
London Thames Gateway Development Corporation Regeneration Framework				

Local over-arching policies Over-arching documents are documents that set out the process for delivering sustainability

Local cross-cutting policies Cross-cutting documents are strategies, plans and policies that set out how sustainability should be delivered across key services and through service delivery.

Local Delivery documents Delivery documents are strategies, plans and policies that are directly delivery sustainability

Appendix 3

The need to create a Sustainability Framework

There are several strategies, documents, regional strategies and directives that place a responsibility on local government to respond to the Sustainability Agenda. For Havering these include:

International	
Johannesburg Declaration on Sustainable Development 2002	Aims to advance and strengthen the components of sustainable development at local, national, regional and global levels.
European Spatial Declaration on Sustainable Development 2001	Aims to ensure three goals are achieved equally throughout the EU of economic and social cohesion, conservation and management of natural resources and cultural heritage, and a more balanced competitiveness of the EU Territory.
EU Sustainable Development Strategy 2001	Contains four key priorities: limiting climate change and increasing the use of clean energy, addressing threats to public health, managing natural resources more responsibly, improving the transport system, and land-use.
EC Directives including Air Quality, Habitats, Waste, Water and Strategic Environmental Assessment	These directives set out requirements, targets, statutory limits, etc, that all related to the aspects of sustainability.
National	
DEFRA – Sustainable Development Strategy 2005	<p>Sets out how the UK will deliver Sustainable Development, including references to local government delivery. Sets out five principles which include:</p> <ul style="list-style-type: none"> - Living within environmental limits - Ensuring a strong, health and just society - Achieving a sustainable economy - Promoting good governance - Using sound science responsibly <p>The strategy has four agreed priorities:</p> <ul style="list-style-type: none"> - sustainable consumption and production - climate change - natural resource protection - sustainable communities
ODPM (now DCLG) Sustainable Communities Plan 2003	Aims to develop and recreate sustainable communities ensuring that they are high quality attractive places in which people positively choose to live and work.
Planning and Compulsory Purchase Act 2004 - Local Development Framework	The act sets out the legislative background for the development of Local Development Frameworks and their associated Sustainability

	Appraisals. The Local Development Framework is described as the “Geographical Interpretation” of the Local Community Strategy.
Planning Policy Statement 1 – Sustainable Communities 1997	This statement sets out how sustainable development is to be delivered through the planning system. It states that planning should facilitate and promote sustainable and inclusive patterns of rural and urban development.
Other Planning Policy Statements	There are a range of Planning Policy Statements and Planning Policy Guidance documents, all of which promote sustainability within the planning system.
Local Government Act 2000	Established the “Power of Well Being” for local authorities and sets out the statutory duty of Community Strategies and Local Strategic Partnerships is to promote local wellbeing and contribute to sustainable development.
Audit Commission – Quality of Life Indicators 2001	Prompted by the new powers given to local authorities in the Local Government Act 2000 to promote the social, economic and environmental well-being of their area, and their new duty to work with partners to prepare a community strategy, the audit commission produced a set of voluntary performance indicators to measure quality of life. These are now available as “Area profiles” and compare the quality of life between administrative boundaries. However it is worth noting that some of the BVPIs already cover sustainable development and quality of life issues.
CPA Key Lines of Enquiry 2005	As part of the CPA review 2005, within Sustainable Communities, there are sections on sustainable energy, sustainable transport, air quality, sustainable construction and sustainability.
The Egan Review on the skills for sustainable communities 2004	Made a series of recommendations on how local government and its partners can more effectively work towards sustainability and sustainable communities. The ODPM / DCLG have responded to these recommendations in the consultation paper “Shaping the future of LSPs”.
The Barker Review on Land use and Planning 2004	An underlying principle of this review was that policies should reflect better both the positive and negative externalities associated with housing. This means the environmental costs of housing should be considered alongside the social and economic benefits, ensuring that land is used efficiently, that the most valuable undeveloped land is preserved and that

	development promotes sustainable communities. The review also stated “Clearly, just providing additional houses is not enough. The Government’s strong focus on building sustainable communities is also vital, and this Review recognises how important it is to promote that goal.”
Regional	
Greater London Authority – A Sustainable Development Framework for London 2003	Has an overarching objective of achieving environmental, social and economic development simultaneously; the improvement of one will not be to the detriment of another. Where trade offs between competing objectives are unavoidable, these will be transparent and minimised. The key objectives include: -Getting results - Respect - Managing Resources - Taking responsibility
Greater London Authority – London Plan 2004	The vision of this document is to create London as an exemplary, sustainable world city based on the three connected themes of strong economic growth, social inclusivity and environmental improvement
Making your plans sustainable: A London guide 2004	A tool for all organisations to incorporate sustainability into their plans, projects and policies
Other Mayoral strategies including: Air Quality 2002 Biodiversity 2002 Waste management 2003 Noise 2004 Economic Development 2005 Transport 2001 Energy 2004 Culture 2004	All these Mayoral strategies are underpinned with elements of delivering sustainability and draw together several aspects of the social, environmental and economic landscape in Greater London.
Planning Framework for the Thames Gateway 1995	One of the principals is about promoting sustainable development in which employment, housing, transport and other activities are planned in a mixed and coordinated way.
Mayor’s Supplementary Planning Guidance on Sustainable Construction 2006	Sets out the expectation that developers will meet the guidance in terms of delivery sustainability through design and construction methodology.
Organisations and other public bodies	
Environment Agency	The Environment Agency champions the environment in England and Wales, within the wider context of sustainable development. They have a statutory aim to undertake their work in a way that contributes to sustainable development. Guidance from Government dictates that this applies to their work overall, not

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	to individual regulatory decisions.
London Sustainable Development Commission	Regional body to oversee the delivery of Sustainable Development.
The UK Sustainable Development Commission	Independent commission assigned to review the government's policies and progress on sustainable development.
UK Sustainable Development Unit at DEFRA	The purpose of the unit is to embed, monitor and report on sustainable development across Whitehall and the UK. Their work includes the development of a UK strategy to set out how government facilitate the delivery of sustainable development.
GOL Sustainable Development Unit	<p>The unit has three main objectives; to promote sustainable development to business in London; to promote sustainable development to local authorities and a broader audience in London; and to ensure that sustainable development is embedded in all the policies and programmes of the Government Office for London.</p> <p>They work with a number of business, local authority and other public sector partners on a wide range of issues. These include biodiversity, waste, climate change, energy efficiency and environmental best practice.</p>



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CABINET

26 JULY 2006

9

Cabinet Member:

Councillor Michael Armstrong

Relevant Overview & Scrutiny Committee:

Culture and Regeneration

REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: ROMFORD AREA ACTION PLAN: APPROVAL OF PREFERRED
OPTIONS REPORT**

SUMMARY

This report brings forward the Romford Area Action Plan Preferred Options Report for approval and consultation. In essence this translates the already agreed Romford Urban Strategy and Interim Planning Guidance into the required format for the Local Development Framework.

The Romford Area Action Plan (AAP) will form a key part of Havering's Local Development Framework (LDF) as it will set out the policies and proposals to deliver growth, stimulate regeneration and protect Romford's assets. Overall, the AAP will establish a statutory basis upon which planning decisions can, in line with the Romford Urban Strategy, be made and will build on the extensive work that the Council and its partners have undertaken in preparing the Strategy and recently adopted Interim Planning Guidance (IPG). Most of the policies and proposals in the Preferred Options Report are the same as, or draw on, those in the IPG but have been put into the required format for a Development Plan Document.

The process of preparing and adopting an AAP involves a number of statutory phases. This report marks the end of the first phase which involved identifying Issues

and Options and undertaking consultation with the community and other stakeholders, and the start of the next phase, which will be consultation on the Council's Preferred Options. In due course, the AAP will be the subject of an independent examination prior to its adoption in December 2008.

In line with the Council's adopted Statement of Community Involvement, the report proposes consulting with the community and stakeholders on the Preferred Options between late August and early October 2006.

RECOMMENDATION

1. That the Romford Area Action Plan Preferred Options Report attached as Appendix 1 be approved for consultation.
2. That the preparation and approval of the consultation material to accompany the Preferred Options Report be delegated to Martyn Thomas, Development and Transportation Planning Manager.
3. That the Council's suggested response documents to the Issues and Options consultation provided in Appendices 2 and 3 are approved.
4. That the preparation and approval of the Draft Sustainability Appraisal Report to accompany the Romford Area Action Plan Preferred Options be delegated to Martyn Thomas, Development and Transportation Planning Manager.

REPORT DETAIL

The Local Development Framework and Romford Area Action Plan

1. Havering's Local Development Framework (LDF) consists of a series of planning documents which collectively will guide the future planning of the borough up until 2020. All documents that will be produced by Havering are contained within the Local Development Scheme (LDS) which is effectively a project plan setting a timetable for the production of all Local Development Documents. The LDS indicates that the Council intends to produce the following documents:
 - Core Strategy
 - Site Specific Allocations
 - Proposals Map
 - **Romford Area Action Plan**
 - Joint Waste Plan
2. Member's will be aware that the preparation of documents for the Core Strategy and Site Specific Allocations has been proceeding and is on timetable as set out in the LDS. The Core Strategy will provide the framework

for all other Local Development Documents, including the Romford Area Action Plan (AAP), and will set out Havering's vision and objectives for the planning of the Borough until 2020.

3. The Romford AAP has been brought forward at an early stage in the LDF process. This reflects the continuing priority that the Council and other stakeholders are giving overall to the regeneration of the town centre and the pressure for development which is being maintained. The AAP will set out the policies and proposals to deliver growth, stimulate regeneration and protect Romford's assets. Overall, the AAP will establish a statutory basis upon which planning decisions can be made and will build on the extensive work that the Council and its partners have undertaken in preparing the Romford Urban Strategy (2005) and recently adopted Interim Planning Guidance (IPG).

The process for producing the Area Action Plan

4. The process for producing Area Action Plans is governed by the Planning and Compulsory Purchase Act and the Town and Country Planning Regulations 2004. The first step was the publication of the Issues and Options Report. This was published for consultation during April and May 2006 and many constructive comments were received from 12 organisations and 113 members of the public (see Appendices 2 and 3). The comments received have been used to inform the Preferred Options the Council will be taking forward.
5. The Preferred Options Report sets out a series of preferred options which officers recommend should form the basis of the AAP.
6. The Preferred Options are presented under four key themes in line with the approach taken in the Urban Strategy and IPG:
 - Connecting Romford
 - Cultural Destination Romford
 - Commercial Romford
 - Liveable Romford

There are 15 different issues across these four themes as previously presented in the Issues and Options Report. The issues addressed in the report include the redevelopment of Romford Station, cultural uses, the retail sector, housing supply and mix, green space and urban design in Romford town centre.

7. The Preferred Options Report sets out the following for each issue:
 - What are the issues?
 - The original options as presented in the Issues and Options Report
 - Overview of the responses to the Issues and Options Report from organisations and members of the public
 - The Preferred Option
 - Critiques of the options not taken forward

- Draft policy statement for the Preferred Option
8. The Council is taking forward a total of 26 Preferred Options for consultation.
 9. Under the Connecting Romford theme, the preferred options aim to improve interchange facilities at Romford Station, and bus facilities at the Brewery, support the East London Transit, and support more efficient use being made of surface level car parking. It also aims to improve the pedestrian and cyclist environment.
 10. Under the Cultural Destination Romford theme, the Preferred Options aim to respect the historic environment of the town centre, encourage the use of the Market Place as an event space and focal point, and to seek to diversify the day and evening economy.
 11. Under the Commercial Romford theme, the Preferred Options address retail uses and designations in South Street, North Street and High Street, including seeking to diversify South Street by reducing the concentration of pubs and bars, revitalising the High Street by reviewing core and fringe retail areas, seizing any redevelopment opportunities in the Brewery site to improve its relationship to the rest of the town centre and Waterloo Road, and to increase the vitality and viability of the Romford Office Quarter by allowing mixed-use development provided there is no net loss of office space.
 12. Under the Liveable Romford theme, the Preferred Options aim to increase housing supply in the centre and ensure that the right types and sizes of new homes are built by encouraging the provision of family accommodation on the fringe of the town centre and setting minimum dwelling sizes. The preferred options also aim to improve the environment of the centre by insisting on high quality development, promoting the development of new green space and green features in the town centre and opening up the River Rom to create a new riverside walkway. In the Romford Office Quarter and key gateway locations tall buildings (over 6 storeys) are considered appropriate.
 13. In addition to the preferred options, six Site Specific Allocations have also been identified:
 - Angel Way
 - 18-46 High Street
 - 25-59 High Street
 - Bridge Close
 - Como Street
 - Station Gateway and Interchange

The Council has identified these as key sites in Romford town centre which have development potential. A site schedule gives more specific guidance on land use, height and design for each site.

Site	Preferred use
Angel Way	Mixed use: including residential, retail, leisure and commercial.
Bridge Close	Residential interspersed with A3 uses (restaurant and cafés) at ground floor level, in particular along River Rom frontage.
Como Street	Mixed use: including residential, retail and commercial.
18-46 High Street	Mixed use: including residential, retail, commercial and culture/leisure uses.
25-59 High Street	Mixed use: including residential with appropriate fringe uses at ground floor level.
Station Gateway and Interchange	Mixed use: including transport interchange, retail, residential with fringe uses at ground floor level, leisure and commercial.

Next Steps

14. Local authorities are required formally to consult on the Preferred Options Reports by Regulations 25 and 26 of The Town and Country Planning (Local Development) (England) Regulations 2004. Formal consultation must also be undertaken on the Sustainability Appraisal reports supporting these documents.
15. Subject to Member approval, staff propose to consult widely on these documents in line with the Council's approved Statement of Community Involvement between late August and early October 2006. The consultation will include a mail-out to all those organisations and individuals listed on the LDF database. Copies of the reports will be available at all the Borough's libraries and Public Advice and Service Centres (PASC), Mercury House reception, the Whitworth Centre, and Central Park and Hornchurch Leisure Centres. Information will also be on display at Central Library in Romford throughout the consultation period. All the consultation material will be available on the Council's website. A questionnaire will be also be prepared as part of the Preferred Options consultation. This will be available at those places listed above, on the Council's website and on request from the Council. The website will also include an online version of the questionnaire. Staff propose publicising the consultation in 'Living in Havering' and will also be reporting to the Romford Town Area Committee.
16. The design and content of the consultation material will reflect that successfully used for earlier stages of the LDF preparation and, accordingly, it is recommended that this be delegated to staff again.
17. Havering's Statement of Community Involvement sets out that once the consultation is over the Council will:
 - Acknowledge and analyse all the comments received.
 - Produce a Consultation Report explaining how responses have been dealt with and how these have been considered in progressing from the

Preferred Options Report to the Submission Development Plan Document (DPD) version of the AAP. This will help identify unresolved issues which are likely to resurface at the next stage of consultation.

18. The proposed Submission version of the AAP, in line with the Planning and Compulsory Purchase Act, has to be reported to Council. The AAP must then be submitted to the Planning Inspectorate in advance of the Independent Examination which is scheduled for August 2007. Here the Inspector will be testing the 'soundness' of the AAP against the tests of soundness presented in Planning Policy Statement 12: Local Development Frameworks before issuing recommendations in a binding report.

Financial Implications and risks:

19. The costs of the consultation on the Preferred Options Report are being met within the Development and Transportation Planning budget.

Legal Implications and risks:

20. The Romford Area Action Plan Preferred Options Report has been prepared to satisfy Section 19 (1) and (2) of the Planning and Compulsory Purchase Act 2004 and Regulations 25 and 26 of The Town and Country Planning (Local Development) (England) Regulations 2004. The Draft Sustainability Appraisal Report has been undertaken as part of the Sustainability Appraisal process which is necessary to satisfy European Union Directive 2001/42/EC, and Sections 19 (5)a and (5)b of the Planning and Compulsory Purchase Act 2004.

Human Resources Implications and risks:

21. Staff consider that the consultation on the Preferred Options Report can be delivered within existing staff resources.

Reasons for the decision:

22. Please see legal implications.

Alternative options considered:

23. The alternative options were considered in the Issues and Options Report (April 2006).

Equalities and Social Inclusion implications:

24. The aim of Havering's Local Development Framework, including the Romford Area Action Plan, is to protect and strengthen what is best about Havering, to create places of real quality which are enjoyable and fulfilling to live in and improve social, economic and environmental opportunities for the whole community. The Romford Area Action Plan will play a key role in achieving this.

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STEPHEN EVANS
Chief Executive

Background Papers List

None



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CABINET

26 JULY 2006

10

Cabinet Member:

Councillor Michael Armstrong

Relevant Overview & Scrutiny Committee:

Housing

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: Havering Council's Submission to the Final Arm's Length Management Organisation Programme

SUMMARY

- 1.1 This report seeks approval of the submission of the Council's bid for a place on the Department for Communities and Local Government's sixth and final round of the Arm's Length Management Organisation (ALMO) programme.
- 1.2 The report proposes making use of the Government's relaxation regarding the deadline for meeting the Decent Homes Standard so as to deliver a sustainable and effective programme which will be of maximum benefit to Havering's tenants and leaseholders.
- 1.3 In making this submission, the Council will bid for the additional resources required to bring all the Council's properties up to the Decent Homes Standard by December 2012.

RECOMMENDATION

- 2.1 That the Council's submission to join the ALMO programme be approved.
- 2.3 That authority to make any minor changes required to the bid be delegated to the Group Director – Sustainable Communities acting in consultation with the Lead Member for Housing and Regeneration and the Lead Member for Resources.

REPORT DETAIL

Background

- 3.1 This report represents the culmination of much work carried out by the Council since 2002 on the exploring how best to secure the necessary funds to bring all the Borough's properties up to the Decent Homes Standard.
- 3.2 Cabinet has been kept informed throughout this process, with the key decision being made at its meeting of 22 March 2005 to pursue the options of establishing a borough-wide Arm's Length Management Organisation, ALMO, except on the Mardyke Estate where transfer of the properties to a housing association was the preferred approach.
- 3.3 On 15 February 2006, Cabinet agreed to the implementation of the ALMO on 3 July 2006.
- 3.4 This report seeks approval for the next step in the process towards securing the necessary resources to meet the Decent Homes Standard, that is, bidding to join the final round of the Government's ALMO programme.

The purpose of the submission

- 3.5 On 7 June 2006, the Department for Communities and Local Government launched the guidance and announced the deadline for submissions to the sixth and final Arm's Length Management Organisation programme. The deadline of 31 July 2006 will be the last ever opportunity for local authorities to bid for funds to invest, via an ALMO, in bringing their properties up to the Decent Homes Standard.
- 3.6 The draft bid document, attached at Appendix A, is the Council's proposal for the ALMO and the level of additional resources required to meet the Decent Homes Standard. Submission of this document represents the next step towards accessing the required funding to bring the Council's properties up to the Decent Homes Standard.
- 3.7 As a reminder, the steps required to access the additional funding through the ALMO route are as follows.

Step	Progress
Sign off of Stock Options Appraisal by Government Office for London	Achieved in September 2005

Consent granted by the DCLG to delegate housing management services to Homes in Havering Note: unlike earlier ALMOs, but in keeping with many Round 6 ALMOs, Homes in Havering was established, and services were delegated to it, in advance of the Council bidding for additional resources. This was a prudent approach and gives Homes in Havering the maximum possible time in which to gain a two star rating from the Audit Commission and deliver the Decent Homes improvements on release of the additional resources	Achieved in June 2006
Submission of bid for place on ALMO programme	July 2006 – the subject of this Cabinet Report
Achievement of at least a two star rating of the ALMO's services by the Audit Commission	Inspection booked for January 2007

3.8 This report now seeks approval for the submission to join the Government's ALMO Programme. This, and a subsequent two star rating of the ALMO's services by the Audit Commission, are prerequisites for being allocated the additional resources only available to ALMOs.

Amendment by the DCLG to Decent Homes Deadline

3.9 The DCLG's guidance on Round 6 ALMO bids lifts the requirement that authorities meet the Decent Homes Standard by 2010/11. Furthermore, the DCLG has indicated that authorities wishing to adhere to the 2010 deadline will need to demonstrate a very strong case for this; principally, that this will deliver the best value for money.

3.10 It is officers' opinion that there is no strong imperative on value for money grounds for adhering to the 2010 deadline. Added to this, the DCLG has indicated to officers that a revised deadline of December 2012 would be well received.

The submission

3.11 The bid document has been prepared in line with the Round 6 guidance from the DCLG. It anticipated that final minor amendments may need to be made following Cabinet approval in order to ensure the very latest performance and financial information is included, thus strengthening the bid.

3.12 The primary task of the ALMO is to deliver Decent Homes on behalf of the Council. Therefore, one of the most important sections of the bid is that relating the funding required. The financial requirements have been prepared in close consultation with Rands Associates, stock condition consultants, and Graham Moody Associates, financial consultants.

3.13 As noted above, this bid is the next step to secure the necessary funding under the Government's ALMO programme needed to bring Havering's council housing stock up to the Decent Homes Standard. The earlier Stock Options Appraisal estimated that the funding requirement for the ALMO to bring council homes up to the Decent Homes Standard by 2010 would be £65.3 million without the Mardyke, and £74.7 million including the Mardyke.

- 3.14 Extending the programme to December 2012, as discussed above, interestingly, has a significant potential financial benefit to the Council. By extending the programme, more properties will become non-decent by the time the programme concludes, therefore, the resources required from the Government are greater. The DCLG has confirmed to officers that increased bids based on a longer timetable are acceptable.
- 3.15 The development of the more detailed bid, with a programme running to December 2012, has revised earlier bid estimates to £106 million excluding the Mardyke, to which we propose adding 5% for “sustainability” purposes (the maximum permitted by the Guidance) increasing the total bid to £111.3 million. It should be noted that discussion with the Government Office for London and DCLG concluded that the bid should include a contingency amount for the Mardyke, should the transfer ballot be unsuccessful. However, the main focus of the bid excludes the Mardyke Estate.
- 3.16 A summary of the outcome of the assessment of investment required against resources available is given in the table below.

Total investment needed to meet Decent Homes Standard	£179.4m
Resources available to the Council	£73.4m
Investment Gap	£106.0m

- 3.17 Amendments to the previous guidance, relating to Round 5 bids, have been minimal, with, if anything, the Council's bid being strengthened when considered against the new / revised requirements.

Impact of the revised timetable on the Audit Commission inspection of the ALMO

- 3.18 A further benefit of pushing back the Decent Homes deadline by two years is that the programme itself could be started later, thus enabling a later Audit Commission inspection date. The Audit Commission has already given Round 6 ALMOs a very strong message that inspections should only be invited once the ALMO feels confident of achieving two stars.
- 3.19 Analysis by officers has found that inspection at 6-7 months after going live is only really a ‘safe bet’ for those ALMOs emerging from a 2 or 3 star housing authority. Where an authority has only 1 star for its housing management service, as is the case in Havering, it has been found that no ALMOs inspected after being operational for only 6 months have been successful in gaining 2 stars. Improvement to 2 stars appears more likely if the ALMO has been operating for 8-9 months at the time of inspection.
- 3.20 Initial discussions with Homes in Havering indicates that the ALMO would like to push back the inspection into quarter 1 or 2 of 2007/08. This would mean inspection after around 10-11 months of ALMO operation. Assuming the achievement of two stars, an inspection in early Summer 2007 would still enable Decent Homes grant expenditure to commence in quarter 3 2007/08.

Monitoring the performance of the ALMO

3.21 As the owner of Homes in Havering, the Council will monitor its performance through the legally binding Management Agreement. The Management Agreement makes provision for the Council and Homes in Havering working together to remedy any defaults on the agreement. The Housing and Environmental Health Service and Finance and Commercial Services Directorate will be jointly responsible for carrying out the monitoring of Homes in Havering with appropriate monitoring through the Cabinet and Overview and Scrutiny functions.

4. Financial implications and risks

- 4.1 The Government has made it clear that Round 6 will be the final round in which local authorities can bid for additional resources through the ALMO route. Therefore, it is imperative that the Council presents a comprehensive bid if it is to meet the Decent Homes Standard through the establishment of Homes in Havering.
- 4.2 The bid figure of £111.3 million, including sustainability, has been assessed following the DCLG's guidance, as revised for Round 6 bids. The detailed work has been conducted by Graham Moody Associates and Rands Property Surveyors. In this way, there has been maximum scrutiny and checking of inputs to and outputs from the model throughout, thus minimising any risk of challenge from the DCLG. It is to be expected, however, that the DCLG will employ their own consultants to scrutinise submission.
- 4.3 The most significant financial risk for the Council is that the Havering ALMO does not achieve the minimum requirement of a two star rating, which would mean no access to the extra government funding available for high performing ALMOs. Extending the programme to December 2012 gives greater flexibility over when Homes in Havering is inspected which itself lessens this risk. Initial discussions with Homes in Havering suggest an inspection could be invited in Summer 2007, rather than January 2007 as originally planned. Assuming the achievement of two stars, an inspection at this time would still enable Decent Homes grant expenditure to commence in quarter 3 2007/08.
- 4.4 It should be borne in mind, however, that the DCLG has made it clear that allocations of funding cannot be held indefinitely and it reserves the right to review its position should progress towards service improvement be insufficient.
- 4.5 Further to the above, it is to be expected that failure to achieve the Decent Homes Standard will have a detrimental impact on the Council's future Comprehensive Performance Assessment. What sanctions the DCLG will instigate in this scenario are not currently known.
- 4.6 The risk of not achieving a two star rating is being minimised by the adoption by Homes in Havering of a robust Action Plan for Improvement which, in large part, builds on the Audit Commission's recommendations following the

inspection of landlord services earlier this year which confirmed a one star service with promising prospects for improvement.

- 4.7 The Council has influence over the Audit Commission rating in a number of ways, notably by (a) setting stretching targets for the ALMO, (b) incentivising their achievement and monitoring performance, and (c) establishing a robust 'client' role.
- 4.8 Ultimately, should the ALMO fail to achieve the two star rating, the Council may deem the financial risks associated with this and the pursuant impact on the CPA to be so great that it may decide to terminate the Management Agreement.

5. Legal Implications and risks

- 5.1 Cabinet decided on 22 March 2005 to follow the ALMO route for the majority of the Council's stock. The submission now being considered for approval is a necessary step towards accessing the required funding. Although significant in the Government's strategies and guidance, there is currently no legal duty on the Council to meet the Decent Homes Standard and no sanction should this target be missed has, as yet, been published. However, it is to be expected that the failure to meet the standard will negatively impact on the Council's future Comprehensive Performance Assessment.

6. Human Resources Implications and risks

- 6.1 None arising directly from this report.

7. ICT Implications

- 7.1 None arising directly from this report.

8. Reasons for the decision

- 8.1 Acceptance onto the Government's ALMO programme is a prerequisite step in seeking and ultimately accessing the funds required to make the Council's properties decent

9. Alternative options considered

- 9.1 None applicable.

10. Equalities and Social Inclusion implications

- 10.1 Members of Havering more socially excluded communities, notably older people and residents from black and minority ethnic communities, are over-represented in council housing. Thus, the ultimate improvement of properties to the Decent Homes Standard will have a positive impact of these communities quality of life.

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STEPHEN EVANS
Chief Executive

Background Papers List

Round 6 ALMO guidance: DCLG, June 2006

Appendix A – Havering Council’s Draft Submission on the Round 6 of the ALMO Programme



The London Borough of Havering's bid to join Round 6 of the Arm's Length Management Organisation Programme

This version is still in draft form. Text in shading needs more work. All text needs to be proof-read and double-checked against the guidance.

A partnership with Homes in Havering



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Introduction: Our path towards excellence

The London Borough of Havering, Homes in Havering and the borough's tenants and leaseholders are on a journey towards excellence that started at the beginning of this decade. Over this time, we have worked closely with our customers to radically overhaul our services and in doing so have year-on-year delivered improvements in the quality of those services.

Our repairs and maintenance service was first assessed by the Audit Commission in November 2002 and was found to be offering a zero star poor service with uncertain prospects for improvement. We made a range of service enhancements and, although both we and the Audit Commission recognised that it takes time to feel the full benefit of our new ways of working, when they reinspected us year later we received a zero stars, but promising prospects for improvement rating.

The introduction of a new senior management team in the Housing Service, and increased tenant involvement in capital planning led, among other things, to the Audit Commission believing we offered a one star, fair service with promising prospects for improvement when they inspected our housing management service in early 2005.

With rent collection rates and tenant satisfaction levels among the best in London, and the fastest rate of reduction in void relet times recorded in the capital over the last three years, we believe journey towards excellence is well on-track.

We have undertaken a comprehensive programme of consultation for over two years on the options for delivering the Decent Homes Standard by 2010.

The Test of Opinion marked the final stage in our extensive consultation process resulting in support for the ALMO option from 74% +/- 1.1% of residents. The exception was the Mardyke Estate in the south of the borough where the majority of residents favoured the transfer option. We are thus pursuing a separate bid to allow the Mardyke Estate to join the transfer programme.

Our vision in creating **Homes in Havering** is of establishing an organisation that will be focussed on:

- **excellence** – it will deliver well-managed homes and estates to standards developed by and agreed with our customers
- **people** – it will see developing the aspirations and skills of its customers, staff and board members as an essential part of its core business activity; Homes in Havering will more about far more than making homes decent *from day one*
- **involvement** – it will use the extensive knowledge gained through working closely with residents over the last two years to cultivate genuine engagement, a strong local focus and increased choices about how to access the services w provide

Our path towards excellence

- **making things better** – it will grab hold of the chances to work with the Council, health services, the Police, voluntary bodies and community groups to make things noticeably better for current and prospective customers, through improving homes, revitalising neighbourhoods, tackling fear of crime, building socially cohesive communities, and making sure our customers share in the considerable attractions and opportunities that Havering has to offer.

This vision for Homes in Havering will play a major role in delivering the London Borough of Havering's vision of :

'putting people first by creating the best opportunities, the best environment and the best services that we can for everyone who lives, works or visits here'

and the key themes in Havering Strategic Partnership's Community Strategy.

Our Organisation

Homes in Havering will be leading a programme that will make a fundamental and sustainable contribution to improving services, and delivering physical regeneration.

We realise that this will only be achieved through making the ALMO a separate organisation and allowing it to operate independently, while retaining a mutually supportive and collaborative relationship with the Council.

With this in mind, Homes in Havering has established a strong Management Board made up of residents, Council nominees and independents.

Our Customers

Residents have been at the heart of the Option Appraisal process and decisions over how to meet the Decent Homes Standard. Homes in Havering gives residents the chance to be far closer to the management of the services than under traditional direct management by the local authority. We firmly believe that Homes in Havering will make a reality of the Council's ambition to see residents actively participating in key areas such as service review, performance evaluation, new service development staff appointment and policy review.

Our Customers' Homes

Our stock needs substantial investment with around 30% of homes currently failing the Decent Homes Standard and another estimated 50% falling below the Standard by 2010 without the necessary investment.

Our approach to meeting the Decent Homes Standard can be summarised as:

- Keeping current Decent Homes decent

Our path towards excellence

- Phase One Improvements – homes requiring single or multiple element renewal
- Phase Two Improvements – External refurbishment overcladding and structural repairs to non traditional properties.

To complete the extensive investment programme, the ALMO will look to develop its own procurement procedures in conjunction with other ALMOs and Housing Associations. Opportunities for joint procurement will be fully explored and utilised through our networking across East London and beyond.

In conjunction with the work to be carried out to meet the Decent Homes Standard, there are a number of specific approaches we are taking to ensure the sustainability of our neighbourhoods including:

- crime and anti-social behaviour preventive measures.
- working with residents to identify problems through estate walkabouts.

Our Services

At the core of everything, Homes in Havering is continuing, and indeed accelerating the progress, on the journey towards excellence in housing services started by the Council. In the short term, the Council realises the importance of improving the housing management service further and of achieving a 2 star rating.

To achieve this, responsibility for the main operational landlord services will be taken on by Homes in Havering while strategic and housing needs functions will stay with the Council. This will ensure residents are involved throughout in all decisions affecting their homes and that all functions delegated by the Council will allow Homes in Havering to operate 'without distraction'.

Our Staff

In taking the bold step to set up a totally new organisation, the Council has never lost sight of the importance consulting staff. Staff have been fully informed of all the developments around the emerging ALMO proposal. The annual 'housing staff roadshows' have discussed the issues in detail and have been used to allay concerns.

Our Finances

The amount of ALMO funding required, inclusive of the 5% sustainability element, to fully deliver the Decent Home Standard is £97.4 million.

The Council is confident that procurement of works through our partnering contract with Morrison and others will ensure delivery of the Decent Homes to all council residents in Havering by 2010/11.

Homes in Havering will have a huge and enduring influence on the Borough and the standard of living for all its residents. Large scale tenant involvement and major physical improvements to properties and neighbourhoods will lead to a renewed pride in the area, taking use ever closer to our destination of excellence.

1 Options Appraisal

Evidence that the formal Options Appraisal has been signed off by the relevant Government Office. Where the proposed ALMO would manage only part of the stock, an explanation of how that was selected should be provided, along with details of the local authority's plans for the remainder of the stock. Copies of formal resolutions supporting the decision should also be included, along with evidence of support from tenants. This might, for example, be letters from the Tenants Federation or individual associations, or a report from a conference or meetings of tenants.

Options Appraisal

As at 1 April 2006, the London Borough of Havering owned some 11XXX (to be confirmed) rented properties, many of which will require investment to meet the Government's Decent Homes Standard by 2010. In order to choose the right approach for additional investment and the future management of our stock, the Council completed an Options Appraisal.

Graham Moody Associates were appointed to undertake the technical options appraisal based on the former ODPM's guidance to local authorities to consider the four existing options of full retention, stock transfer, the Private Finance Initiative (PFI) and, for high performing authorities, Arms Length Management Organisations (ALMO) by July 2005.

To progress this appraisal, we has carried out a comprehensive programme of consultation with tenants and leaseholders about the housing investment options available.

The Stock Options Appraisal Executive Group, SOAEG, established a set of 12 criteria drawn from strategic documents and an assessment of the issues that the authority faces. These were used to compare and rate the suitability of the options.

A detailed appraisal of the financial impact of the different options was provided by Graham Moody Associates. In addition, ,PPCR, the Independent Tenants Advisor, provided expert advice on how the different options impacted on tenancy rights, tenant involvement and opportunities for greater tenant participation in governance arrangements.

From the initial phase of the option appraisal it was clear that (a) only the ALMO and transfer options, or a mix of the two, could potentially generate the required additional resources, and (b) the residents taking part in the consultation to date appeared to favour ALMO over transfer. However, the

views of all tenants and leaseholders across the borough had not yet been sought.

A test of opinion was designed, worded, badged, distributed and analysed by PPCR Associates, the Independent Advisor, on behalf of the Stock Options Appraisal Executive Group – the steering group consisting of tenants and councillors, advised by officers, the Independent Advisor and specialist financial consultants.

On the basis of the extensive consultation work – refer to section 10 for comprehensive details – the stock option recommended by the Stock Options Appraisal Executive Group and approved by the London Borough of Havering's Cabinet on 22 March 2005 was to establish a single Arm's Length Management Organisation to manage all the Council's housing stock, except the 549 units on the Mardyke Estate where a transfer proposal will be pursued.

Status of the Option Appraisal

The Government Office of London formally notified the Council of its approval of our proposed mixed options in September 2005.

2 Scheme Outline

A brief description of the proposal including its nature (whole stock or partial, single ALMO, group structure etc), the number of tenanted and leasehold units included, the type of housing concerned and its general condition. Where the ALMO would manage only part of the stock, a map showing the boundaries of the area should be provided.

This section provides a brief context of the borough of Havering and the principal justifications for setting up an ALMO. This is followed by a brief summary of the scope and structure of the ALMO and detail of the Council's stock.

Outline of the Borough

The London Borough of Havering is to the east of central London. The population of the area is 224,300, living in approximately 96,000 households. In total 4.8 per cent of the population are from black and minority ethnic communities.

Generally Havering is an affluent area, ranked 233rd out of the 345 authorities, where the first ranked is the most deprived. Nevertheless, there are pockets of deprivation in Harold Hill, Romford, and South Hornchurch.

There are good transport links to central London and elsewhere, through underground and over-ground train services as well as through the A12 and A13 road systems which link into major motorway networks.

The local economy is strong in manufacturing, retailing, financial services, construction and public service employment. There are approximately 7,000 businesses in the area employing more than 60,000 people. Pay levels are relatively low when compared with the rest of London, although unemployment at approximately 3 per cent is below the regional average.

A key element of the Borough's economy is as a centre for leisure and retail. There are several local shopping centres with a major regional shopping centre in Romford with a traditional market, cinemas and nightclubs.

Over 12,000 people come into Romford on a Friday and Saturday for night-time entertainment. While this supports the local economy it also gives rise to some community safety concerns, though Havering has one of the lowest overall crime rates in London.

In terms of social housing the Council is landlord XXXXX (to be confirmed) tenanted properties at an average rent of £55.69 per week and XXXX (to be confirmed) leasehold dwellings. In addition, it is responsible for the management and maintenance of 3091 garage units. The number of dwellings managed by registered social landlords is relatively small at 2,629 properties. There are three tenant management organisations, TMOs, which provide general environmental and minor repair services to the estates concerned.

Partnership working and Value for Money

The ALMO will be well placed to seek out and enter into effective joint procurement arrangements with both RSLs and other Council landlords/ALMOs operating in East London. This should enable savings that will be ploughed back into frontline services.

Increased resident involvement

The Council and now Homes in Havering is committed to continuously strengthening tenant involvement in decisions at estate and borough level, and neighbourhood level. Three TMOs are in existence. Tenant representation on the ALMO's Board takes this involvement to new levels and will help to ensure an unprecedented degree of customer focus and responsiveness.

Scale of Management Agreement

The Council proposes to transfer responsibility for the management of all Council housing stock except the 494 rented, and 55 leaseholder properties on the Mardyke Estate, to one organisation, Homes in Havering. Thus, a total of XXXXX (to be confirmed) units will be managed by the new ALMO.

Homes in Havering

Homes in Havering will be a single ALMO.

Breakdown of Units by Type

Stock Summary at 1 January 2006	Number of properties	percentage of housing stock
Pre 1945 small terrace houses	205	2.0%
Pre 1945 semi-detached houses	219	2.1%
All other Pre 1945 houses	21	0.2%
1945 – 1974 small terrace house	689	6.6%
1945 – 1974 large terrace/semi houses	1,181	11.4%
1945 – 1974 other houses	487	4.7%
Post 1974 houses	246	2.4%
All non – traditional houses	798	7.7%
Pre 1945 low rise flats	81	0.8%
Post 1945 low rise flats	2,511	24.2%
Medium rise flats	2,866	27.6%
High rise flats	621	6.0%
Bungalows	468	4.5%
TOTAL	10,393	100.0%
Note: figures exclude the Mardyke Estate, which is the subject of a transfer proposal		

The stock requires considerable investment with around 31% of the stock to be managed by Homes in Havering being non-decent at 1 April 2006. The total investment requirement to meet the Decent Homes Standard is £97.4 million and the average investment per unit requirement is £9,372, based on the number of units as at 1st April 2006 – to be confirmed.

3 ALMO funding required

Identify the amount of additional resources bid for, taking account of the principles set out in section 4 of the guidance. Bids for funds should be set out in a profile of annual expenditure and also expressed as desired additional capital investment per dwelling. The proposed works programme may be of whatever length the local authority considers appropriate.. The profile of the programme should take account of the capacity of the local building industry and of contractors to meet the requirements of all housing providers in the area and surrounding region, and should as far as possible avoid the risk of inflating contract prices.

This chapter includes a year by year analysis showing the funding requirement for the ALMO. It provides a brief description of the construction process and how Decent Homes will be delivered within the time frame. It finishes with a summary of the plans in place to secure a sustainable Housing Revenue Account up to 20XX – to be confirmed.

ALMO funding required

Havering requires significant investment in its homes. Levels of non-decency and individual costs to achieve decency are high. There are limited resources available after the Council has met its strategic commitments other than achieving Decent Homes. This chapter defines not only the scale of the investment required but also considers how it will deliver physical improvements in a sustainable way.

The investment requirements, above those available to the Council, required for the housing stock and associated assets to be managed by Homes in Havering is £106.0 million, excluding the Mardyke, to which we propose adding 5% for “sustainability”, thus increasing the total bid to £111.3 million.

Problems presents themselves if the ALMO does not get two stars by January 2007, ready for draw down of additional resources in 2007/08. Some works may have to be delayed. The progress towards two stars and the rate of delivery on the Decent Homes programme is being brought together to ensure the construction team can receive early indications on whether the programme needs slowing down. The monitoring process that brings these two activities together is illustrated in the 2 Star Improvement Plan Milestones and Monitoring Schedule.

In terms of the contractors now in place, it is the intention that they start work on Decent Homes work funded with additional resources in April 2007 and continue until 2010/11. The contracts are comprehensive and there is provision to cover all aspects of work needed to deliver the Decent Homes Standard, and other resident priorities. The Council and its partner contractors are anxious to make a flying start and we have kept them fully informed of our ALMO proposals throughout.

HRA Business Plan and Medium Term Financial Forecast

Our path towards excellence

Authorities are required to maintain a balanced HRA budget.

The Council recognises the long term pressures on the HRA and is committed to a programme of savings in order to maintain a working balance of £XX – to be confirmed. Considerable savings of £XXXm have already been achieved and incorporated into the HRA base line position. To be confirmed

Further savings in management costs, using the impetus of the ALMO, combined with more cost-effective methods of rent collection, are forecast up to the year 20XX/XX. Through adopting Best Value and good practice principles, the Council can demonstrate a sustainable HRA to 20XX/XX:

Appendix contains a summary of the actions set in train to secure a sustainable HRA up to 20XX.

4 Decent Homes Delivery

Applicants should set out a proposed timescale for delivery of the work programme. This should include a brief description of the condition of the stock, including any particular problems or unusual property types, the number of homes which currently do not meet the Decent Homes standard, the date of the most recent stock condition survey and its findings, the proposed works programme, including any demolition proposals, and the date by which the housing would be brought up to the decent home standard with the additional funding; an annual profile of forecast stock numbers and the number meeting the Decent Homes standard should also be included.

This section includes a detailed explanation of the phases of our Decent Homes delivery plan. This includes detailed analysis of the type of work required and a year-by-year analysis of stock numbers meeting the standard.

Housing Stock

The Council's ALMO will be responsible for the management of approximately 12,500 tenanted and leasehold dwellings across the borough.

A breakdown of tenanted dwellings and garages by housing management area as at 1st January 2006 is as follows;

	Total	Garages
Collier Row (Patch)	1646	853
Cranham/Upminster (Patch)	287	66
Elm Park (Patch)	538	129
Gidea Park (Patch)	267	120
Harold Hill (Patch)	2468	561
Harold Wood (Patch)	650	193
Heaton Estate (Patch)	1710	620
Hornchurch (Patch)	928	146
Rainham North (Patch)	170	51
Romford Central (Patch)	507	83
Rush Green (Patch)	562	60
South Hornchurch (Patch)	637	209
Grand Total	10370	3091

A breakdown of property archetypes is detailed below;

Stock Summary	Number of properties	percentage of housing stock
Pre 1945 small terrace houses	54	0.5
Pre 1945 semi- detached houses	223	2.2
All other Pre 1945 houses	151	1.5
1945 – 1964 small terrace house	613	5.9
1956 – 1974 large terrace/semi houses	1206	11.6

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1956 – 1974 houses	473	4.6
Post 1974 houses	240	2.3
All non – traditional houses	777	7.5
Pre 1945 low rise flats	76	0.7
Post 1945 low rise flats	2519	24.3
Medium rise flats	2964	28.6
High rise flats	627	6.0
Bungalows	447	4.3
TOTAL	10370	100%

Stock Condition

The Council commissioned Rand Associates in 2002 to undertake a sample stock condition survey as part of a review of stock options.

A final report was produced in August 2003 and was updated a year later to take account of the Decent Homes Standard and the new ODPM guidance on an Option Appraisal and the good practice on *Collecting, Managing and using Stock Information*.

The survey consisted of the following sample sizes:

- externally – houses and bungalows 10%
- internally 10%
- externally – blocks corresponding block survey for each internal
- common areas/shared facilities to blocks
- related assets 10% garages, footpaths and so on.

Stock condition data is held on a local database based on each individual property and are updated following the completion of any planned maintenance programmes.

In preparation for this submission Rands have updated the stock condition data for the purposes of the Build Cost Model (BCM) and to update the HRA Business Plan. Changes are reported to Rands on a regular basis so as to monitor the changes in decent home numbers year on year.

The numbers of homes that meet the Decent Homes Standard is of course, continually changing but as at the 1st January 2006 a total of 3,220 homes were non-decent, which is equivalent to 31.05% of the Council's total housing stock.

The updated data from survey has been used to produce the BCM, which illustrates that the stock is generally free from serious structural failure and is fit for habitation, there is a backlog of disrepair and cyclical renewal.

There is also a significant gap in capital resources for decent homes improvement works which means that the homes that are non - decent will increase unless this position is remedied. This will result in 8,940 non-decent homes by 1 April 2011.

Our Decent Homes Strategy and Delivery Plan

Achieving a *decent home for all* based on the Government's definitions of decency is the priority for Homes in Havering.

In drawing up our decent homes investment strategy, we have had regard for the requirement to meet the Decent Homes Standard as well as the need to maintain our property assets in a well ordered and prioritised fashion. It has also taken account of the financial resources available and the views of council residents. As a consequence, our overall maintenance and improvement programme extends beyond the DHS; we feel this is essential to ensure the longer-term sustainability of our properties and estates, and thus refer to works outside of the DHS as 'Sustainability Works'.

As we summarise below, the strategy has three main elements:

- Keeping current Decent Homes decent
- Phase One Improvements – homes requiring single or multiple element renewal
- Phase Two Improvements – External refurbishment overcladding and structural repairs to non traditional properties.

Underpinning the strategy is the view that our stock investment priorities, in an environment where resources are inadequate to meet stock investment needs, must be directed towards meeting our basic landlord repairing obligations in respect of the envelopes of buildings as a first priority. We have also concluded that given the very significant cost of scaffolding buildings to gain access to carry out the work, we should maximise the scope of the work required at that time and include any Sustainability Works in respect of envelope works.

This strategy is intended therefore to ensure that all homes are fully wind and weather-tight, we maximise 'economies of scale' type savings, significant savings and minimise tenant disruption by using the opportunity of the scaffolding and other access means to carry out the full range of works in our programme. The works involved will cover items such as additional works at roof level including repairs and renewal to tank rooms and lift motor rooms, renewal of communal windows, concrete repairs not required for DHS, together with external repairs and redecoration.

Keeping Decent Homes Decent

A total of 7,153 already met the Decent Homes Standard on 1 April 2006. These must be kept decent, thus, we already introduced a more

Our path towards excellence

comprehensive, better targeted, planned and cyclical maintenance programme. Its main elements are:

- a rolling five year external painting programme, and
- the renewal of any external elements in a poor condition that do not result in a DHS failure.

In summary, although there is a planning indication of when currently decent homes become non-decent we recognise that this is an assumption which needs to be validated at the time. The programme will indicate the year in which these units will be reviewed by survey and considered for inclusion. In the meantime they are considered decent and their external condition will be maintained as such through our planned maintenance programmes.

In order to bring the remaining stock up to the DHS, the workstreams have been split into two phases as set out below.

DECENT HOMES Phase 1 – repair or renewal of building elements

This phase covers single or multiple element renewal. Contracts cover windows, kitchens, bathrooms, roofs, rewiring, concrete repairs, and the installation of central heating / boiler replacements.

The Council has procured three framework partnership contracts which are already delivering the current repairs, planned maintenance and approved capital investment programme

The contracts currently include repairs and replacements and we are reviewing the payment and management processes in conjunction with the pan London procurement best value review being undertaken for the Office of Government Commerce.

Works on the whole of Phase 1 commenced in April 2006 and are due to complete by December 2010. While this is a substantial programme, many of these homes will not fully meet the DHS until the Phase 2 works are completed.

With the successful attainment of a two star rating, allowing access to the additional funding, all properties otherwise falling into non-decency through the need for elemental replacement and continued planned maintenance will meet the standard by December 2010 through these programmes.

DECENT HOMES Phase 2 – External refurbishment over-cladding and structural repairs to non traditional properties

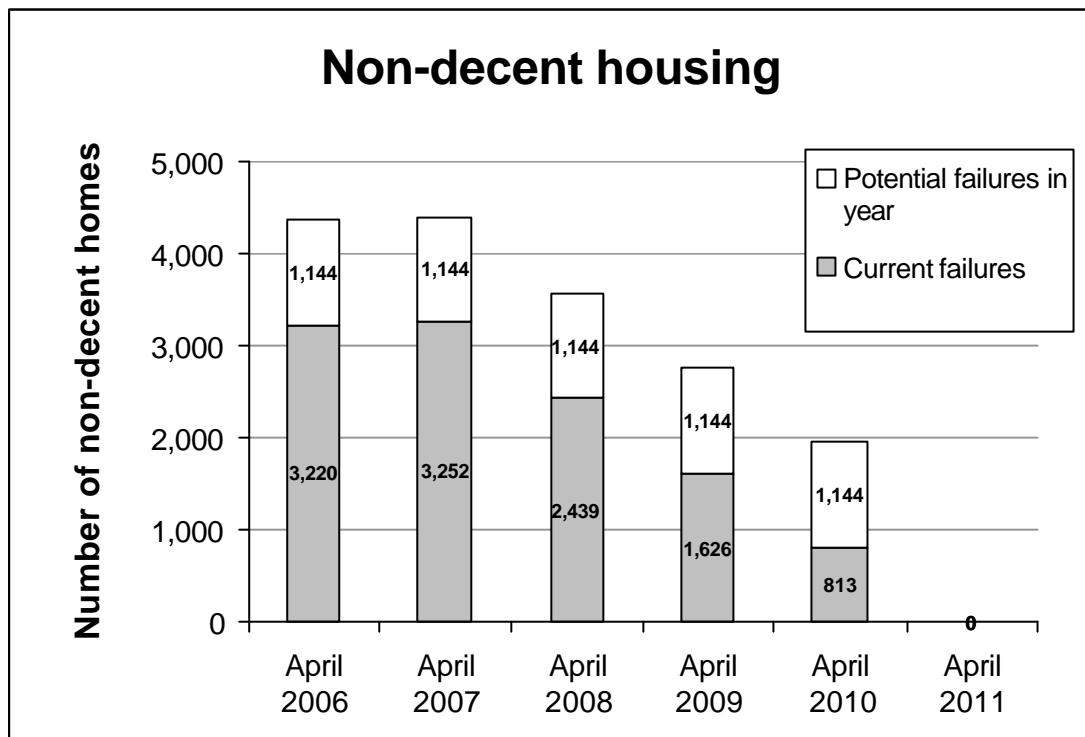
These works are significantly different and more expensive than the elemental replacement works outlined above and will need to be the subject of sensitive consultation with Tenants and in particular leaseholders who will be financially effected. As such the procurement programme for these works will commence following the final leaseholder forum scheduled in October of 2006.

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The works will commence during the early spring of 2008 and complete in December 2010.

Both phases of the Decent Homes Delivery Programme will be the subject of extensive consultation with and involvement of residents, with the emphasis on the benefits of packaging the elements repairs together to avoid repeated and disruptive returns to the same property.

Based on the strategy and programme described in this section, and subject to ALMO funding being made available, the table below profiles the annual rate at which council homes will be made decent between now and March 2011. Of necessity, the programme at this stage must be considered indicative.



The profile addresses the decency requirements identified in the stock condition survey in an even pattern to the decency target date. The projection reflects the need for residents to be involved in the prioritisation of the programme and the desire to minimise costs from varying procurement levels.

Procurement

Gershon recommended that a common strategic framework should be established within which all directorates and services will conduct their procurement activities in future.

In preparation for the establishment of the ALMO the Council has procured a range of contracts that either currently are, or may be adapted to, modern partnership models.

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The Council intends to novate these contracts to the ALMO to allow the ALMO to fully exploit the potential for savings and efficiencies that can be delivered by these contractual arrangements.

The Council already has in place a robust standard Procurement Process. This procedure is overseen by a Procurement Centre supported by Procurement Managers in each Directorate. There are common monitoring systems employed to measure performance across Directorates and at service level. Standards, systems and values are shared at the strategic level and are cascaded down to Directorate, Service and Team Service Plans.

The Housing and Environmental Service is already working with construction partners on common reporting systems, supply chains, and monitoring systems to deliver our Decent Homes refurbishment programme. This work will be undertaken directly by the ALMO following novation of the contracts.

Common supply chains, common KPIs, benchmarked against other London authorities, common standards and procedures are being agreed between the partners, at a series of pre-contract workshops. These common approaches are already offering the possibility of very significant savings that will be re-invested in the works programme.

The contracts currently include repairs and replacements and we are reviewing the payment and management processes in conjunction with the pan London procurement best value review being undertaken for the Office of Government Commerce.

5 Sustainability

Evidence that there is a long-term demand for the housing to be improved and, if not, how low demand problems will be addressed. If demolition is proposed, details of tenants' views on the proposals should be provided. Also what other activities, including regeneration, market renewal, community initiatives and environmental works, are being planned or undertaken to ensure the sustainability of the improvements to be carried out by the ALMO and how these are being funded. In line with Section 4, applications should also provide full details of any bids for funding to support sustainability works up to the value of 5% of their total bids.

This section outlines evidence of long-term demand for council and other social rented housing in the Borough. Within this chapter we also include details on sustainability funding and expenditure.

The Demand for Affordable Homes in the Borough

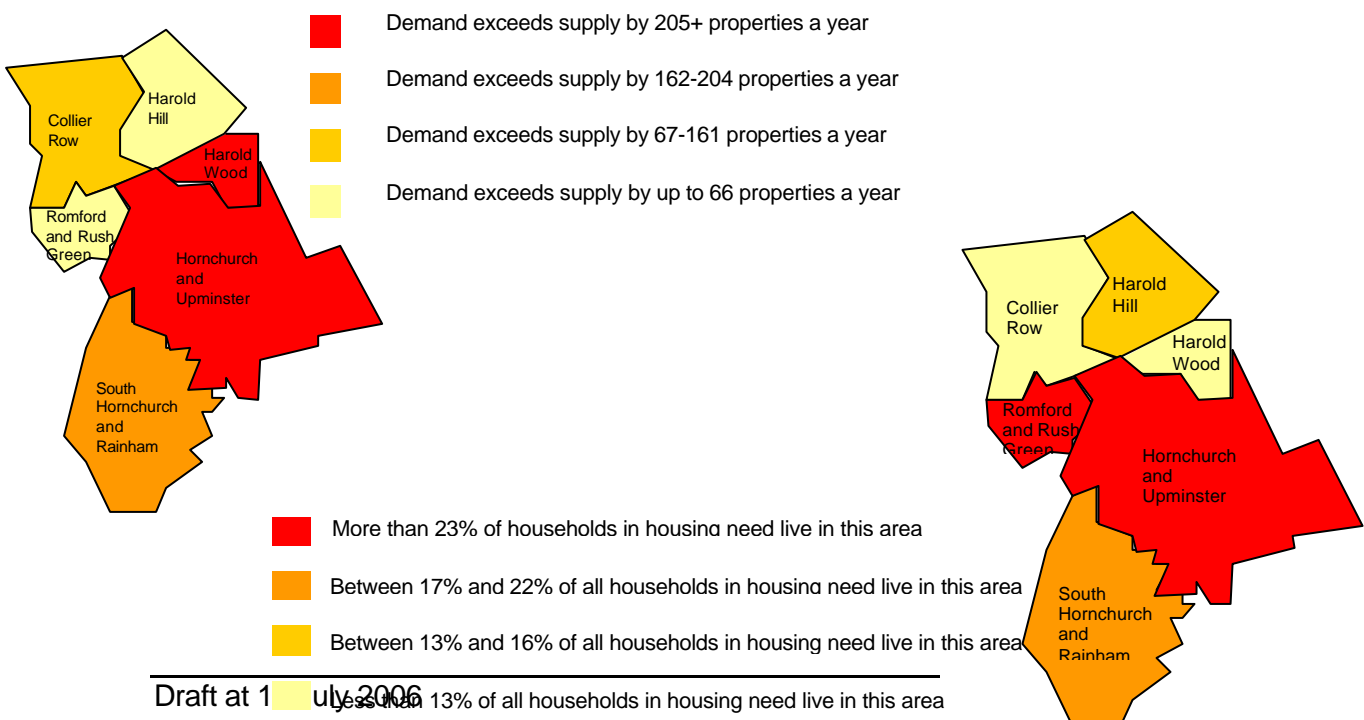
The Council has up-to-date, robust data on housing needs, aspirations and markets provided by the Housing Needs Study, HNS, conducted by Fordham Research.

The Housing Needs Survey concluded in 2003 revealed an excess of demand for affordable housing over supply of some 887 units in the base year of 2003/04. An update of the position conducted by Fordham Research in 2006 indicates that the annual requirement now stands at XXX.

Pattern of housing need across Havering

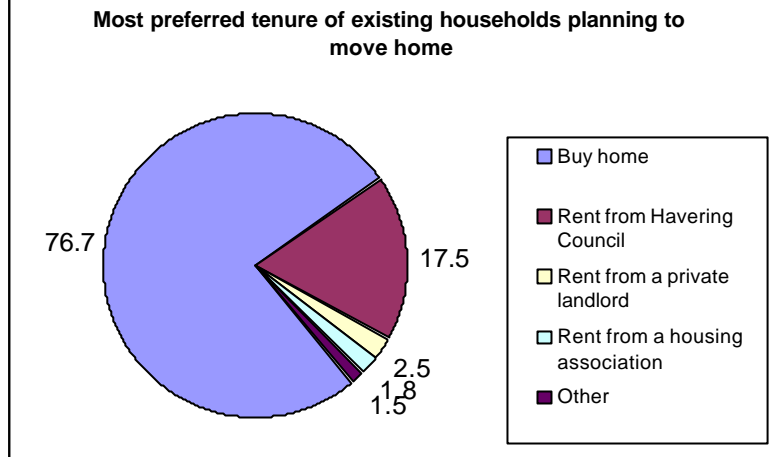
The borough was split into six separate housing markets, with significant unmet demand in each.

Pattern of Shortfall between Supply and Demand across Havering's Housing Markets



With regard to future projections of need by area – based on 2003/04 scenario 1 baseline – it is clear from the figures above that the need for affordable housing outstrips supply throughout the borough.

What is the Demand for the Council's Housing?



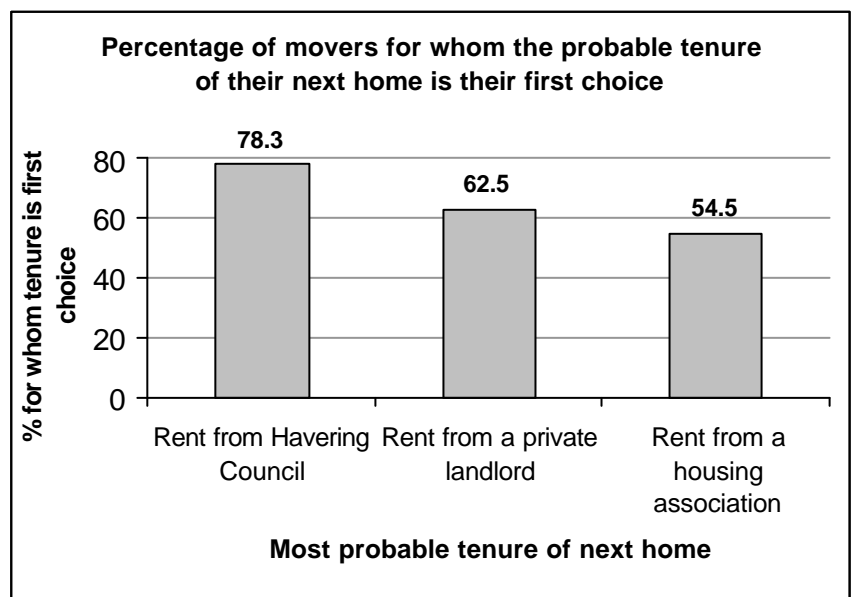
To gauge the desirability of the different tenures available in Havering in a meaningful way, the HNS asked all households who said they were planning to move which tenure they expected their next home to be, and which tenure they would *like* their next home to be.

The figure below shows that, just as elsewhere in the country, buying a property is the tenure to which the majority of households aspire. The same graph shows, however, that of the options for renting, renting from the Council is the most popular options.

Furthermore, analysis was conducted to look at the extent to which households' probable next tenure is in fact their first choice. The following figure shows the extent to which each renting option is the households' first choice.

The graph shows that a far more of those planning to rent from the Council state this is their preferred tenure, indicating that in Havering more than three-quarters of all households moving to a council rented property see this as a tenure of choice. In contrast, less than two-thirds of housing association tenants and barely more than a half of private tenants will enter this tenure as their first choice.

Taking together the shortfall of affordable housing in the borough and the popularity of the Council compared with other landlords, it can be seen that there is strong and on-going demand for council housing in the borough.



Delivering estate sustainability

We believe that the 'unifying' impact of the ALMO, couple with the strong tenant and leaseholder role in the governance arrangements will support and be a driver for focusing effort at the neighbourhood level.

The ALMO will provide strategic direction binding the contributions of partners to resident priorities including community safety, training and employment opportunities, capacity building and youth diversionary activities. Its structure will enable residents to have meaningful influence, control and leverage over the delivery of all services to them. The scale of investment envisaged creates enormous scope for generating significant community benefits.

The immediate environment around some estates in Havering requires improvement to match the investment in the properties themselves. We know from our involvement in the local Anti-Social Behaviour Panel and MAPPA, that some of our poorest quality living environments attract unacceptable levels of anti-social behaviour and crime. As Decent Homes work is carried out, the contrast between the rejuvenated appearance of the buildings and the poorer state of the land around the buildings will become ever more noticeable.

In order to create a sustainable community and homes that people want to live in, the surrounding area must be comfortable and secure. Our approach to investing in local environments aims to achieve this.

The ALMO bid totals £111.3 million, of which £5.3 million is included in the bid for environmental works to ensure sustainability. Our approach is aimed at developing environments around housing estates that look and feel secure, have an attractive design and make best use of open spaces.

These extra resources for environmental works will make a real difference to the quality of life for Havering residents. Tenants and leaseholders will feel the greatest benefit but given that right-to-buy sales and newer private developments have resulted in genuinely mixed tenure neighbourhoods, a far greater number of residents will be able to appreciate a better environment.

The additional ALMO sustainability resources will allow a much wider range of environmental enhancements on estates. At present, tenants have to prioritise such work because of the budget constraints. Generally the choices relate to security work. If a comprehensive programme of environmental improvements does not accompany the work to buildings and homes, there is risk that estates will decline in popularity and that crime and anti-social behaviour will not reduce. The investment need for sustainability is modest compared to that needed to create Decent Homes. There will be little long term improvement if residents are afraid to leave their homes, to socialise with neighbours and to use the open spaces on their estates.

6 Division of functions

The proposed division of functions between the ALMO and the local authority, with an explanation where this varies from the division suggested in section 3 of this guidance.

*At the core of everything Homes in Havering will provide is the quality of services to residents. The Council recognises the need to continually improve services and challenge traditional perceptions of how the service has been delivered. This chapter consider the current levels of service and the plans for their improvement/development. There is a recognition of the need to concentrate on the quality of service delivery and the **division of functions** section outlines how we intend to ensure that the ALMO operates without distraction.*

Homes in Havering went live on 3 July 2006. In line with Government guidance the housing services are operational have been delegated to **Homes in Havering** while the strategic functions have remained with the Council. Appendix X gives full details of the functional split.

Homes in Havering places residents at the core of decisions regarding their homes. This will be achieved not only through the detailed participation structures, but by ensuring that all functions delegated by the Council allow Homes in Havering to operate 'without distraction'. To this end, the split of delegated and retained functions reflects the need to focus on purely landlord service issues. Staff can now concentrate purely on service delivery and be responsible directly to a board constituted with the sole purpose of delivering high quality services to residents.

Support Services

Homes in Havering will determine in due course exactly what support services it needs and how they can best be provided. Meanwhile, it is safe to assume that the ALMO will need access to a wide range of support services, including:

- finance
- human Resources
- information and communications
- technology
- legal.

The statutory housing functions that remain with the Council will also continue to require access to appropriate support services. In the interests of risk minimisation for the ALMO, the Management Agreement provides for the continuation of Council services to Homes in Havering for one year, underpinned by comprehensive Service Level Agreements. It is envisaged that Homes in Havering will choose to supplement this by employing a small

Our path towards excellence

team of dedicated specialists in the main support services, and procuring new services as necessary in line with Best Value principles.

Homes in Havering will probably wish to review these arrangements within one year, with the medium to long-term objective of achieving the optimum balance of 'make or buy' provision of services and the minimisation of duplication with the Council's services, consistent with the need for the Homes in Havering to operate as a legally separate corporate body.

7 Service Delivery

How the ALMO would deliver a higher quality housing service for tenants.

This chapter summarises the key improvements made to the Council's Landlord Services in recent years. It then sets out the role of the two star improvement plan in ensuring the ALMO achieves a two star rating in January 2007 and how it will continue to enhance services further after this time.

The distance travelled so far

At the start of the 1980s, as many as 17,700 households in Havering lived in a council property. A decade of under-investment ensued and poor management by the Council further contributed to the poor condition of the estates. By the 1980s, the Government was consistently assessing the Council's housing service as 'well below average', which resulted in reduced levels of permitted investment.

It was not until the early part of this decade that internal reprioritisation of the Council's housing service began to see results being delivered. As a result, we took a long, hard look at our services and carried out the widest-ranging consultation and data-gathering exercise ever in the borough.

The Council did not shy away from making radical improvements to the structure and design of our services. Notably, we:

- consolidated all housing management, housing needs and strategic housing activity together within a single directorate, which also holds responsibility for regeneration and planning policy. Since Autumn 2005, the Directorate also includes Adult Social Care
- clearly defined the private sector housing improvement responsibilities of the and put in place output-driven joint working arrangements
- strengthened our strategic housing capability by establishing senior management posts in this field
- conducted extensive and in-depth studies into housing conditions and needs across all tenures to ensure we have the necessary range and quality of evidence with which to act as truly 'intelligent' commissioners of services and new housing development.

Void relet times have improved year on year, from 111 days in 2003/4 down to 42 in 2005/06.

Rent collection rates are among the very best in London – 97.9% in 2005/06, compared with the London top quartile of 97.3% in 2004/05. Tenant satisfaction rates are also comparatively high as 78% in 2005/06, compared with a top quartile figure of 71.5% across London in 2004/05.

Our repairs and maintenance service was first assessed in November 2002 and was found to be offering a zero star poor service with uncertain prospects for improvement. We made a range of service enhancements and, although

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both we and the Audit Commission recognised that it takes time to feel the full benefit of our new ways of working, when they reinspected us year later we received a zero stars, but promising prospects for improvement rating.

The introduction of a new senior management team in the Housing Service, and increased tenant involvement in capital planning led, among other things, to the Audit Commission believing we offered a one star, fair service with promising prospects for improvement when they inspected our housing management service in earlier 2005.

Recent developments

On the back of the above and other significant progress made, a whole series of further changes and improvements in relation to landlord services have been set in train since the last inspection in 2005.

The most notable developments include:

- joined the East London Lettings Company and commenced choice-based letting
- totally restructured our tenant participation arrangements to now support local Community Housing Groups
- introduced new ways to pay rent and other charges
- identified priorities for converting out of date sheltered bedsits with shared facilities into self-contained one-bed apartments
- in partnership with Family Mosaic Housing Association introduced a young person's tenancy sustainment project.

The 'Our Path Towards Excellence' Action Plan for Improvement is attached at Appendix X and summarised below, has been designed to ensure sufficient progress and momentum to so that it can effectively oversee the conclusion of the work and preparation needed to guarantee a two star inspection result in January 2007.

'Our Path Towards Excellence' Action Plan for Improvement

The Council has examined both Audit Commission reports on housing management and repairs and maintenance in detail and used the recommendations as the basis for our improvement plan to reach 2 star status.

The overriding aim of the Improvement Plan is to map out, in clear and concise terms, the agreed actions and improvements necessary to achieve a two-star service rating of services transferred to the ALMO. This, in turn, is intended to ensure the Government's ALMO funding can be released by the beginning of 2007/08 so that our Decent Homes contractors starting shortly lose no momentum on our programme through lack of onward funding.

Our path towards excellence

The strategic themes the 'Our Path Towards Excellence' Improvement Plan are built upon the Audit Commission's Key Lines of Enquiry, KLOEs, which will be used by inspectors, and the aspirations of our tenants and leaseholders. These strategic themes are:

- Access, Equalities and Customer Focus
- Tenancy and Estate Management
- Housing Income and Arrears Management
- Stock Investment and Asset Management
- Resident Involvement
- Improving Performance, and
- Value-for-Money.

The 'Our Path Toward Excellence' Action Plan for Improvement is included at Appendix X.

8 Best Value reviews

Details of the timings and results of previous Best Value reviews and inspections of the housing service. The bid should include any existing evidence such as Inspection reports, Best Value reviews, action plans following inspections/reviews etc. The timetable for planned reviews and inspections, including the first inspection of the ALMO, should be set out. This should demonstrate how it is proposed to work towards at least a two star rating in time to make significant use of an initial allocation of ALMO funding, which for applicants in Round 6 may commence in 2007/08.

This chapter includes a summary table showing the results of recent Best Value reviews and inspections of the Housing Service. Section 3.2 details the ways in which the Council's main two star improvement plan addresses previous inspections and seeks to achieve the two star rating by January 2007.

The latest relevant inspection was that of the Housing Management Service published in June 2005. This superseded the previous inspections of the repairs service.

Housing Management Services Inspection – June 2005

This inspection concentrated on:

- access and customer focus
- equalities and diversity
- value for money
- housing income management
- tenancy and estate management
- allocation and lettings
- Right to Buy and leasehold management
- supported housing
- resident involvement.

A brief review of the Council's repair and maintenance service was also undertaken at this time, given our previous zero star rating.

We were assessed as providing a 'fair' one-star service that has promising prospects for improvement.

It was found that there were several positive areas in the provision of services to tenants and residents, notably:

- satisfaction of overall service provision of services
- basic service and customer care standards in place
- helpful and welcoming staff
- positive examples of value for money in the services being delivered

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- performance in relation to rent collection among the best for London authorities
- increased collection rate for service charges from leaseholders.

However, there were also some weaknesses including:

- not all offices comply with the requirements of the Disability Discrimination Act, 1995 – note: this has since been resolved
- lack of clarity in response to domestic violence and racial harassment
- inconsistencies in the provision of caretaking and grounds maintenance
- a lack of pro-active approach for dealing with anti-social behaviour
- serious weaknesses in the tenant participation structures.

The Executive Summary of the Inspection is included in Appendix X.

Service Improvement

The Housing and Environmental Health Service's annual service planning captures the recommendations from the Audit Commission Inspectors. Key service improvements include:

- development of partnering arrangements with Morrison, our repairs contractor
- introducing new arrangements for tenant and resident participation based on best practice
- introduction of new payment methods
- a remodelling of our estate caretaking and concierge structures.

9 Resident Involvement

Details of tenant engagement during the Options Appraisal process and during preparation of the bid, and evidence of tenants' support for the proposals. Details of any discussions with existing or proposed TMOs. The bid should also set out the arrangements for tenant involvement after the establishment of the ALMO. It should explain in particular how hard to reach groups are being and will continue to be involved and how their needs will be met.

This chapter includes detail of the comprehensive consultation process that took place during the Options Appraisal process. We also set out our detailed plans for how residents will be consulted by Homes in Havering.

The level of participation and direct accountability in the new ALMO will allow tenants to become closer to the management of the service received. Havering has strong and very diverse neighbourhoods with high levels of tenant participation. This chapter explores how capturing that interest and diversity allow more meaningful participation in defining a service that is right for each neighbourhood.

Options Appraisal Consultation

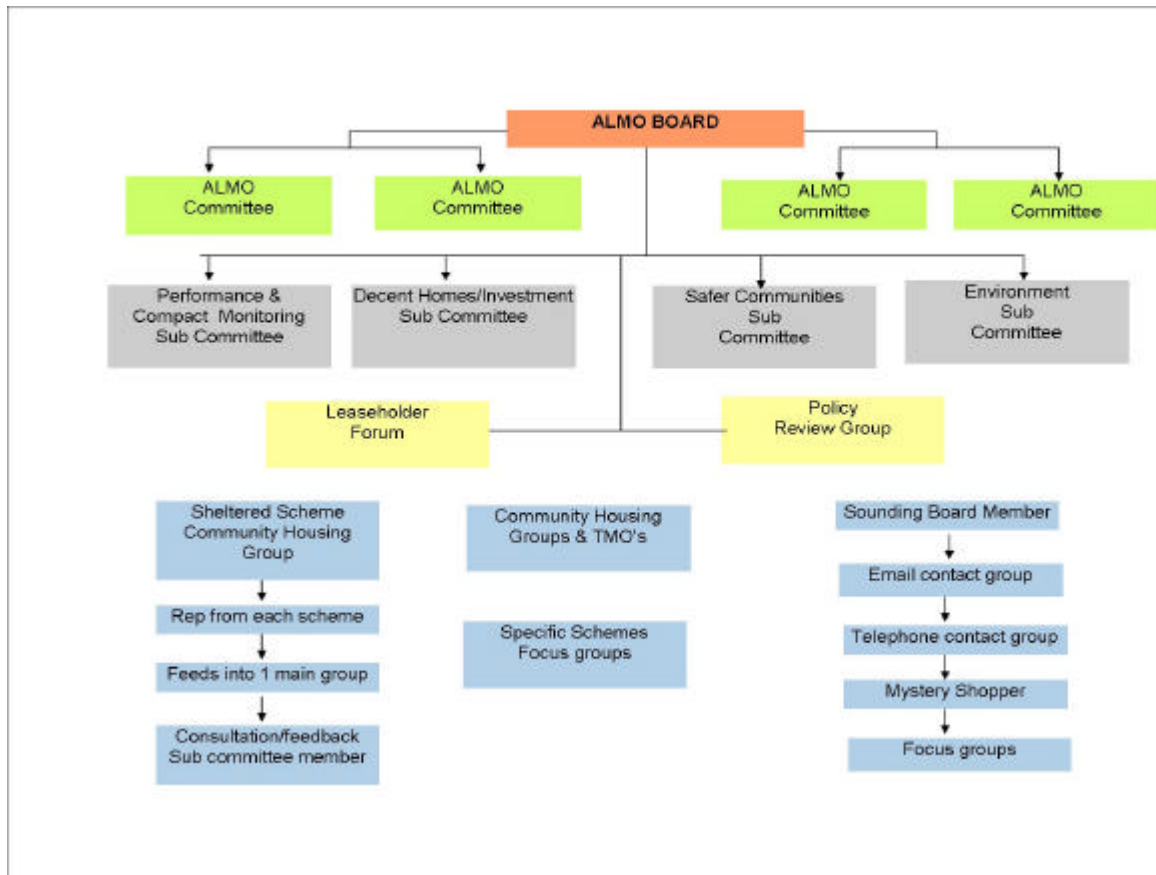
The Options Appraisal guidance required that all key stakeholders were consulted, particularly tenants, and that their views are reflected in the final decision. This process was successfully completed, with the Government Office for London signing off the Options Appraisal on 13 September 2005. Refer to Appendix X for full details of the consultation undertaken.

Resident participation in the ALMO

The establishment of the ALMO and the improvements in service and performance will drive up tenant participation and satisfaction levels. Homes in Havering will provide much more opportunities for residents to be involved in the decision making process. A new structure is already in place.

How the new arrangements for participation will work

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The Community Housing Groups, TMO's and eventually the Sheltered Scheme group will have representation on to the four sub committees. These sub committees will have a direct link to the Homes in Havering Board.

There are currently eight fully constituted Community Housing Groups and TMO Tenants and Residents Associations. These groups cover approximately 18% of our properties.

The new Community Housing Groups and the TMO board members are attending training sessions. These cover a number of subjects including basic ICT skills, Effective Committee Skills, Treasury Skills, Equalities and Diversity and working in partnership with officers from Homes in Havering and other agencies.

A comprehensive database of residents and their areas of interest is being developed which will enable the ALMO to dip in and out of participation activities, which will help us improve our services.

Increasing the involvement of BME groups in resident participation is a priority for the ALMO and this is being actioned by:

- use of informal methods and targeting BME residents;
- working with faith groups in the Borough; and

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- A designated BME conference.

This work will ensure that the representation in the ALMO reflects the profile and needs of the Borough's diverse communities.

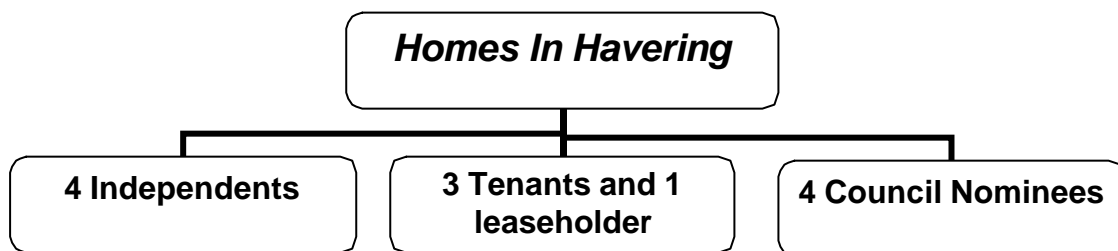
Refer to Appendix X for full details of recent improvement in resident involvement.

10 ALMO Structure and Board

Details of the proposed Board composition and structure of the ALMO (group structure, area boards etc), including how membership reflects the community it serves. The bid should include details of the range of skills and experience the Board will be expected to possess and should set out the proposed recruitment, selection, training and development process.

The section includes a structure diagram and details of the proposed membership of the various Boards. Detail is also included on how the boards will operate and their relationship with the Council.

Homes in Havering's Management Board consists of twelve members. It was decided that the tried-and-tested model of a third representation for each stakeholder group, residents, independents and council nominees, should be applied. Based on the proportion of leaseholders and tenants within the borough it was decided to allocate one of the four places for residents to a leaseholder.



The members initial term of appointment will be a year.

The skills, knowledge and experience of Board members is an important factor in the successful running of the new organisation.

In order to ensure that a balance of the skills required to manage the organisation is achieved, a skills audit was undertaken with the existing Shadow Board members in order to identify any gaps in skills or knowledge. This would help identify the range of skills required from independent board members and any other new Board members.

The skills audit demonstrated that there was a strong housing connection within the Board. This included:

- Housing Committee membership including 3 ex-chairs of Housing:
- Tenant Management Organisation experience
- Tenant Participation and Neighbourhood Housing Coordinator skills
- Experience of RSLs

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A number of Board members have also gained useful skills from their involvement with trade unions.

The Shadow Board approved the advert to appoint independent Board members and agreed that in order to meet the skills gap, the advert would target professionals with the following backgrounds;

- Housing Law and practice
- Finance and accounting
- Community development and building projects
- Organisational development and Human Resources

Board members

The Shadow Board members are as follows.

Resident members, in alphabetical order

Mike Davis Mike's tenant involvement activity stretches back to the late 1970s. In past, Mike was a local the London Borough of Havering for twelve years, including serving as Chair of the then Housing Committee for five years which has given him an in-depth knowledge of housing policy and finance issues. Mike has a strong background in establishing tenants groups and formed the first Tenant Management Organisation in Havering in 2003.

Shane Marshall Shane has been an active tenant rep in Havering for a number of years, and was recently the vice-chair and chair of Havering's Neighbourhood Housing Co-ordinators – lead tenant reps. Shane has taken a leading role in reshaping the Council's approach to tenant involvement. Shane was heavily involved in the recent tenant participation re-structure.

Sandra Pickard Sandra has been a tenant rep. As well a wealth of local knowledge, Sandra brings to the board her experience from being a member of the evaluation team which selected the repairs gas contractors.

Sandra has played pro-active role in the Council's Tenant Compact Panel, Capital Schemes Panel, Repairs Panel and Estate and Area Services Panel. Sandra was heavily involved in the recent tenant participation re-structure.

Joseph Sowerby Joseph has been a leaseholder in Havering since 1991, having purchased his flat from a previous leaseholder who had been a tenant.

Joseph brings experience from his time on the national executive of his trade union, including chairing one of its sub-committees and representing the association in consultations with bodies such as examining boards and the Qualifications and Assessment Authority.

He has keys skills in chairing and participation in meetings with complex agendas, and human resources.

Independent members, in alphabetical order

Jane Crouch Jane is a Maintenance Services Manager for Sanctuary Housing Association and has experience in a range of housing sectors, including strategic management, service delivery, economic viability and governance issues. Jane lives in Harold Hill, Romford.

Toyin Lawal Toyin is a Tenant Participation Officer for the London Borough of Barking and Dagenham and has a wide range of experience and skills in housing development and management issues. Toyin lives in Hornchurch, within the borough.

Angela Matthews Angela is a Business Manager for Social Services at the London Borough of Barking and Dagenham. She has 16 years local authority experience, seven of those spent in various housing sections and has specific experience in performance management. Angela lives in Hornchurch, within the borough.

David Williams David is a Group Director for Circle Anglia Housing Association, and has a board range of senior level experience gained in housing associations. He brings to the Board a strong strategic oversight of pertinent issues including the Thames Gateway, the affordable housing market across East London and procurement of large scale contracts.

Council nominees, in alphabetical order

Andrew Curtin Andrew has been a local authority councillor since 1998 and has held a number of posts in Overview and Scrutiny Committees and the Conservative Group's Cabinet. Andrew brings skills and expertise in regeneration and cultural issues to the Board; he is member of council of management of Queens Theatre, Hornchurch, the Borough's representative on London Youth Games and a Trustee of the Rainbow Nation cultural diversity charity.

Kevin Gregory ADD

Lesley Kelly ADD

Barbara Reith Barbara has been a the London Borough of Haveringlor since 1986 and is currently the Leader of the Residents Association Group. In the past, Barbara has been a member of the then Housing Committee and was the Committee's Chair for two years. Barbara has previously been a Trustee of the Hornchurch Housing Trust in the borough.

Meeting frequency

At present, the full Shadow Board is meeting once every two weeks.

Arrangements made to identify and handle any potential conflicts of interest for ALMO Board members

The need to identify and address any potential opportunity for conflicts of interest from any of the ALMO Board members is paramount to the integrity of the Board and its ability to operate in an open and transparent manner.

The ALMO's Legal Advisors, Lawrence Graham Solicitors, carried out a briefing session with the Board at its away day on 13th January which covered the following issues;

- Role and responsibilities of Board members
- Conflicts on interest and code of conduct for Board members
- Corporate Governance
- Management Agreement
- Memorandum and Articles of Association
- Sub Committees
- The Board as an employer

The ALMO will endorse a Code of Conduct which will state how Board members need to respond in respect of personal and financial interests. The code of conduct will also detail how gifts and hospitality should be treated.

A register of interests will be maintained by the ALMOs Company Secretary.

Training for ALMO Board members

An extensive training programme is being carried out for all Board members, this includes recruitment and selection training for the recruitment of the Independent Board members.

The training programme is made up of the following sessions:

The training programme is made up of the following sessions.

Date	Topic	Facilitator
12/12/05	ALMO – A new future seminar	National Federation of ALMOs
04/01/06	Recruitment and selection training	LB Havering Human Resources Team
13/01/06	Constitution Role and responsibilities Role of chair Code of conduct Code of governance	Lawrence Graham Solicitors
28/02/06	Home Ownership	LB Havering, Home Ownership Team

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04/03/06	Vision and values	ALMO Project Team
31/03/06	Stock Condition Survey	LB Havering, Stock Investment Team
31/03/06	Memorandum and Articles of Association	Lawrence Graham Solicitors
24/04/06	ALMOs in operation seminar	Homes for Islington
27/04/06	National Federation of ALMOs Annual Conference	National Federation of ALMOs
May 2006	Tour of the Borough	LB Havering, Stock Investment Team
May 2006	Management Agreement/ Management Fee	Interim Chief Executive, Homes in Havering
June 2006	Decent Homes Standard	LB Havering, Stock Investment Team and Rands Surveyors
June 2006	Inspection Process	ALMO Project Team
July 2006	Social housing finance	Financial consultant to ALMO Project Team
July 2006	Profit and loss accounts	Financial consultant to ALMO Project Team
August 2006	Performance Management	ALMO Project Team
September 2006	Team building	ALMO Project Team and external consultant
October 2006	Industrial relations	LB Havering, Human Resources Team and ALMO Project Team

Council and ALMO relationship

The relationship between the ALMO Board and Council is enshrined in a management agreement which sets out the inter-relationships between both parties.

The tasks and areas this relationship will be exercised cover:

- way in which the ALMO contributes to the delivery of the Council's corporate and strategic objectives, included in the ALMO delivery plan
- delivery of central services and partnered contracts to the ALMO, subject to agreement on scope, duration and best value
- allocation of resources in an equitable way to the ALMO
- Council holding the ALMO to account for its decisions and activities, ensuring propriety and regularity in the use of ALMO funds
- drawing up and bidding for any annually allocate resources from the London Regional Housing Board and other bodies.

11 ALMO Independence

How the independence of the ALMO and separation from the local authority will be assured. The bid should include details of any controls that the authority plans to retain over the ALMO in addition to those catered for by the model Management Agreement.

This chapter addresses how Homes in Havering will interact with the Council. It describes how the ALMO will operate as an independent body and how it will create a good and productive working relationship with the Council. There are no existing plans to have any additional Council controls over the ALMO other than those contained in the model Management Agreement.

The ALMO is a separate organisation and needs to operate independently within a strategic framework for services to borough residents. For tenants and leaseholders to participate they must feel that active and meaningful control will exist at a board level. It is also important to recognise the level of change on staff and to ensure that processes have been developed to ensure that staff are involved and consulted throughout. The new organisation must be properly resourced to deliver its statutory obligations, meet the programme of improvements and strive to enhance existing service levels. The chapter focuses on the operational elements of Homes in Havering.

The Council is committed to ensuring that Homes in Havering, with its strong organisational structure, will have the capacity and capability to be an autonomous organisation with clear independence from the Council.

A senior management structure has been established with the following posts:

- Chief Executive – already in post
- Director of Operations – already in post
- Director of Performance and Planning – already in post
- Director of Finance and Resources – interim appointment, awaiting recruitment.

The ALMO has its own premises.

12 ALMO Staffing Arrangements

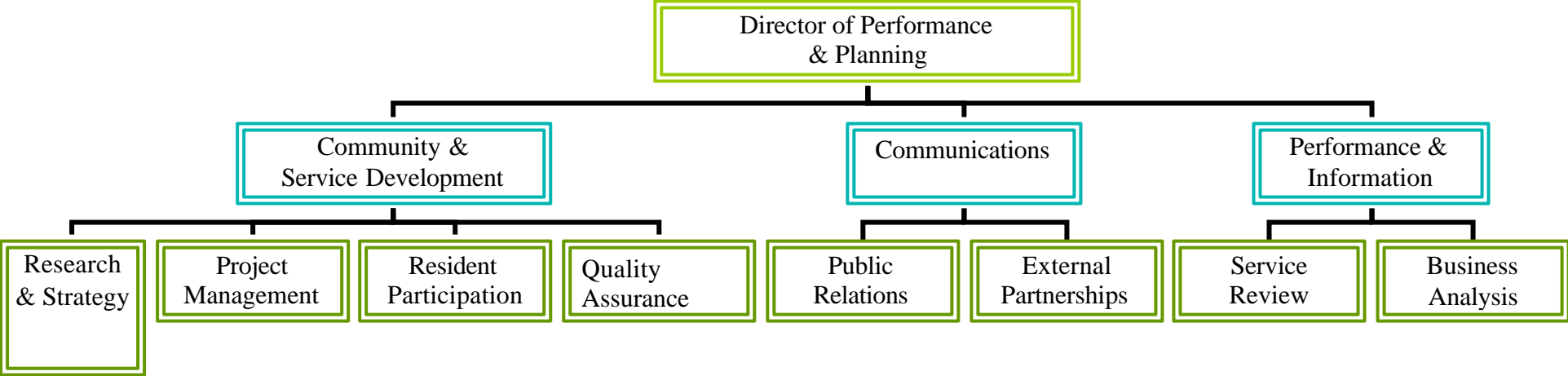
Staffing arrangements for the ALMO, including how staff and unions have been consulted about the proposal so far. Also, how the staff reflect the community served.

This section cover the initial staff structure. Homes in Havering will be an equal opportunity employer.

Structure

A total of XXX staff have transferred to Homes in Havering. All staff are protected by the Transfer of Undertakings (Protection of Employment) legislation.

The initial staff structure – ADD full details and structures.



Staffing Policies

Homes in Havering has initially adopted the Council's staffing policies. These will be subject to review by the Board. The Board will need to be satisfied that any changes to staff terms and conditions are justifiable and affordable.

13 Strategic context

The new ALMO and Council will be inextricably linked in partnership to deliver the level of change required. Their respective investment strategies need to be aligned to maximise impact. A maturity of relationship is essential, recognising the vital role that both organisations play in enhancing service delivery. The Council is satisfied that it is sufficiently resourced to deliver its strategic and statutory responsibilities.

This chapter considers how these relationships will be developed.

The ALMO is an integral part of the Councils' borough-wide strategies and the **strategic context** highlights the linkages between the ALMO and potential strategic partners. The Council will still be the strategic housing authority for the borough and issues such as homelessness remain the Council's responsibility. The **local authority's strategic function** chapter discusses the strategic functions involved and how they will be delivered.

Monitoring will be essential to satisfy Councillors and other stakeholders that the ALMO has delivered on expectations both financially and in terms of residents' satisfaction.

Details of how the proposal fits in with the authority's overall strategy. The bid should include copies of the authority's latest Housing Strategy and HRA Business Plan. It should show how the local authority is utilising its existing resources to work towards the Decent Homes target and how the shortfall to be met by ALMO funding has been calculated.

The section provides a background on the Council's vision and objectives and outlines the role of the ALMO in delivering these objectives and its relationship to the Strategic Partnership for the Borough. The section also summarises how the shortfall to be met by ALMO funding has been calculated while Section 2.2 addresses how existing resources are being used to work towards the Decent Homes target.

The Council's Vision and Objectives

The Council has set itself the goals of becoming a high-performing organisation and promoting the social, economic and physical well-being of its communities. In recent years it has faced many challenges resulting not only from the pressures from local housing need in the Borough but also from significant internal weaknesses and serious financial pressures.

The Audit Commission has recently recognised that the Council has made a journey of improvement and now benefits from good leadership and improved financial capacity. Prospects for further improvement are promising.

The Council must now ensure that it becomes a modern Council that provides strong community leadership and clear purpose. Partnership working, recognising that working together with other organisations that share our goals will enable us to deliver better outcomes is at the heart of our vision.

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The Council's vision is:

'putting people first by creating the best opportunities, the best environment and the best services that we can for everyone who lives, works or visits here'.

This vision is contained within the community strategy drawn-up by the Havering Strategic Partnership. The priorities are:

- increased community participation
- better health and welfare
- a more prosperous community
- improved lifelong learning
- a safer community; and
- protect and improve the environment

The Council also has a corporate development plan. There are three key priorities:

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

Homes in Havering's contribution to wider strategic objectives

Given the extent of deprivation and housing need in the borough, setting up an ALMO for the current Council stock will play a vital role in delivering key aspects of the Council's core priorities. We list below some of the more important reasons and justifications for this.

National context: Sustainable Communities – building for the future

At the national level, the Sustainable Communities Plan and associated documentation and guidance has laid down the challenge to local authorities in London, the South East and East of England regions, along with their partners, to deliver a step change in both the quality of existing housing, by reinforcing the importance of the Decent Homes Standard, and the number of new affordable housing units developed.

The government's Sustainable Communities agenda includes a number of central elements. The table below indicates how our proposal to establish an ALMO will deliver against this agenda in Havering.

Characteristics of Sustainable Communities	Contribution by Homes in Havering
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Our path towards excellence

<p>Effective engagement and participation by local people, groups and businesses especially in planning, design and long-term stewardship of their community</p>	<p>For the first time in Havering, the vast majority of social housing in the borough will be directly managed by a board of tenants, interested local 'independents' and elected members. We believe the sense of ownership of estates already engendered by tenant participation in residents groups and estate-based activities will be strengthened and that the recruitment of motivated local 'independents' provides a real opportunity to tap into local business and community acumen to the benefit of individual tenants and the wider community and environment</p>
<p>A safe and healthy local environment with well designed public and green space</p>	<p>The ALMO will use the 5% of capital resources for environmental works to maintain and improve the areas adjacent to and surrounding the housing stock to maximise the estate-wide impact of making properties decent</p>
<p>Buildings – both individually and collectively that can meet different needs over time and minimise the use of resources</p>	<p>The ALMO will continue the Council's prioritisation of using the procurement process to drive up standards of materials used, in particular, by selecting replacement windows, doors, interior fittings, roofing materials and the like that minimise life-time costs. The recent procurement of replacement windows to some of the highest standards in the social housing sector is a good example of this</p>
<p>A well integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes</p>	<p>The ALMO, as the largest provider of social housing in Havering, will be a key player in providing high quality, mixed communities in line with the Council's overall strategic housing plans</p>
<p>A sense of place</p>	<p>The ALMO will build on the Council's current tenant participation arrangements to foster local, area-based residents associations. These will form a vital link between local neighbourhoods, the ALMO board and the Council itself. We believe this, combined with property and environmental improvements, will strengthen Havering's communities and their identification with the local neighbourhood</p>

Regional context: Thames Gateway and London Riverside Urban Strategy

The Mayor of London has stated '*the Thames Gateway is London's future, and a priority for national and regional government. London Riverside is one of the most important opportunities in the Gateway*'. Thus, there is no escaping the fact that Havering will undergo significant physical and social change as the 1,012 hectares of London Riverside land are redeveloped. We envisage:

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- up to 4,750 new homes in the borough
- a revitalisation of communities and neighbourhoods in Rainham and South Hornchurch
- a changing social make-up as we anticipate new communities from inner London moving to the south of borough, including city workers and key workers, with increasing representation of London's black and minority ethnic communities.

The Council believes that this ambitious vision for the Thames Gateway must not ignore the needs of local communities. The ALMO proposals will see significant enhancements to the quality of life of existing and future council tenants and leaseholders and thus will contribute to an inclusive approach to growth and improvement across the Thames Gateway.

Local context: Havering Strategic Partnership

On a local level, the strategic housing function will be provided within the Council's Sustainable Communities Directorate and will be guided and influenced by Havering Strategic Partnership, HSP, the local strategic partnership.

Currently, the Housing Service is a key player in HSP and it is proposed that the new ALMO will play a significant role in HSP's constituent working groups, alongside other stakeholders in the delivery of high quality housing services, such as registered social landlords, private landlords and developers.

HSP's Community Strategy includes measures needed so that no particular neighbourhood or section of the community is disadvantaged and unable to enjoy the opportunities available in the borough. This will be achieved by:

- increased community participation
- better health and welfare
- a more prosperous community
- improved lifelong learning
- a safer community
- a quality environment.

The importance of high quality homes is recognised in the Community Strategy:

The Community Strategy needs to be 'sustainable' - meeting people's needs for homes, jobs, services, travel, and so on, without creating longer term problems which cause the strategy to fail, like damage to the environment, or a shortage of housing that people can afford... Ambitious new housing targets are being set for London and Thames Gateway, including Havering, which needs to provide homes for people with low incomes as well as a good choice of housing for people moving to or within the area.

The linkage between Havering Strategic Partnership's priorities, the Council's strategic housing priorities and Homes in Havering's objectives is shown in the table below.

 Havering Strategic Partnership's priorities*	 A high quality environment	 Better health and welfare	 A more prosperous community	 Increased community participation	 A safer community	 Improved lifelong learning	 Promote financial efficiency and value-for-money**
LB Havering's strategic housing priorities – investment	Priority 1: invest in the housing stock across all tenures and surrounding areas, and ensure all social housing meets the Government's Decent Homes standard by 2010 at the latest	Priority 2: increase affordable housing supply and meeting the full range of housing needs	Priority 3: contribute to the regeneration of the borough and the Thames Gateway				Over-arching priority: work with our customers to continually review and improve our performance
LB Havering's strategic housing priorities – service development				Priority 1: encourage and develop joined up working by basing housing activity of the views and opinions of the community, partners and other stakeholders	Priority 2: contribute to multi-agency working to promote safe and sustainable neighbourhoods	Priority 3: use housing investment potential and influence to promote training and employment for Havering residents	
Homes in Havering's key priorities	<p>bringing all council homes up to the Government's Decent Homes Standard by 2010</p> <p>providing a quality responsive customer focussed repairs service</p> <p>improving domestic energy efficiency and tackle fuel poverty</p>	<p>contributing to the London Borough of Havering's strategy to develop affordable housing across tenures to meet identified housing need and ensure neighbourhood sustainability</p> <p>maximising the number of empty Council properties brought back into use</p> <p>meeting the housing needs of vulnerable and disabled residents with specific housing requirements</p> <p>meeting black and minority ethnic groups' housing needs and aspirations</p> <p>working with other agencies including Education and Health organisations, support the development of sustainable communities</p>	ensuring housing investment supports social and economic regeneration	<p>understanding the factors which predict sustainability of Council estates</p> <p>delivering the objectives and targets published in the Tenant Participation Compact</p>	in partnership with other agencies, play a key role in improving community safety and tackling anti-social behaviour across the Borough	linking training and capacity building opportunities to housing activity	<p>reviewing service standards in conjunction with tenants and ensure that they are valid</p> <p>conducting reviews of HRA activity</p> <p>bringing performance within the top quartile of similar local authorities</p>

The proposals contained in this submission clearly fit within the priorities in the Havering Community Strategy and the Council's Housing Strategy, and companion HRA Business Plan. Given that the latter two documents have been awarded fit-for-purpose status by the Government Office for London, in part because of their linkage to the national and regional agendas discussed above, it can also be seen that the ALMO proposals will further the national drive towards more sustainable communities.

Resources available from the Council

The Council is expected to use available resources in the HRA, to help fund the total investment required. The amount of resources currently estimated to be available in the period to 2011/12, after deduction of funds towards committed spend, is £73.4m. A breakdown of this is provided at table 6.1 below.

Table 6.1: Resources available for the period to 2011/12

14 Local Authority's Strategic Function

How the local authority proposes to discharge its strategic housing function. This should specify the financial and staffing resources to be devoted to this important area and explain where these would fit in the authority's corporate structure. Evidence of the corporate impact on the local authority of the ALMO should also be provided.

This section details the strategic planning, performance and partnering responsibilities of the Council's retained housing function. It outlines the key functions which will be carried out by this function and the resources that will be utilised.

The Council will carry out three key functions:

- strategic / partnership role
- client and performance monitoring
- statutory housing needs.

Delivery of the strategic housing role

the London Borough of Havering has already differentiated its strategic housing function from the landlord function. This split took place in June 2003 with the establishment of a third tier officer, reporting directly to the Head of Housing and Environmental Health, to manage exclusively strategic, and now retained, housing functions. At the same time, the Council's Housing Strategy team was strengthened with the creation of a fourth tier Housing Development and Partnerships Manager, line managed by the Housing Needs and Strategy Manager.

Elected members and senior officers across the Council see the creation of an ALMO as an opportunity to further enhance the authority's focus on strategic housing matters.

The key functions to be retained by the Council are:

- the development and delivery of housing strategies
- the enabling and delivery of new affordable housing
- preventing homelessness
- maintaining a housing register, administering the borough's choice-based lettings service, matching applicants to available council properties and making nominations to registered social landlord vacancies
- monitoring the performance of the ALMO and the retained Housing and Environmental Health Service, including responsibility for all Audit Commission BVPI returns

Our path towards excellence

- gauging tenant satisfaction on, at least, an annual basis
- management of the Housing Revenue Account
- improving properties in the private sector
- delivering the Supporting People programme.

Council's readiness to focus on the strategic housing role

The Council's strategic Housing and Environmental Health Services are already pro-active and outward looking with a strong track-record in securing inward investment for new affordable housing, preventing homelessness and providing modern lettings arrangements. A cross-service Corporate Housing and Planning Group considers strategic housing matters on a quarterly basis.

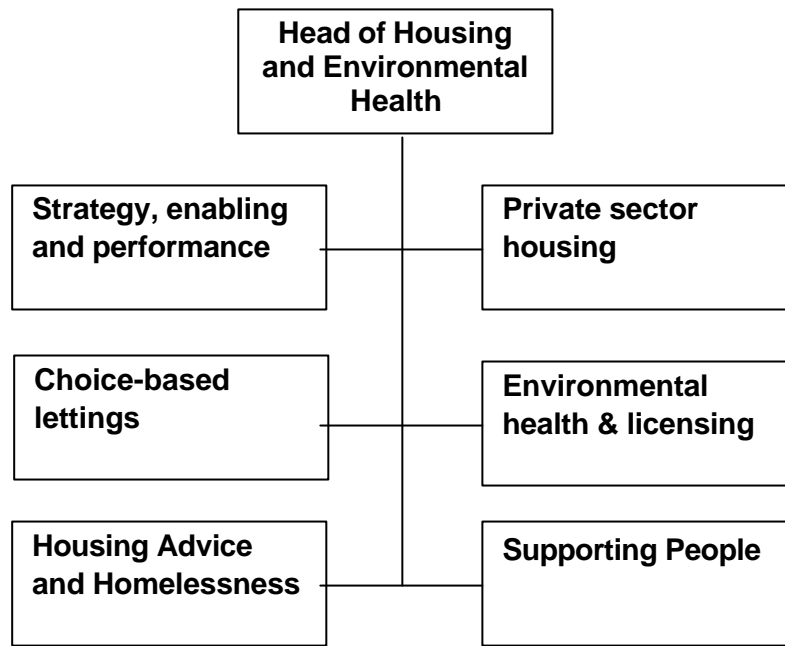
With regard to member-level appreciation of the importance of the retained Housing and Environmental Health Services, the Lead Member for Housing, the Housing Overview and Scrutiny Committee and the Cabinet all have an understanding of how the authority's housing-related responsibilities extend far beyond the landlord function. This is evidenced, for example, by Cabinet decision-making over the last year on support using the Council's capital receipt resources for affordable housing provision and the Housing Overview and Scrutiny Committee request to review the Council's homelessness policy.

At the corporate level the *Decent Homes for All* stock options project and this ALMO proposal have been overseen by a corporate project board chaired by the Lead Member for Housing and attended by senior officers from the Council's housing, finance, legal and HR sections, along with tenant, leaseholder and trade unions reps. The ALMO proposals and implications for the remainder of the Council have been fully discussed and considered by the Council's Cabinet and chief officers team.

Structure of the retained Housing and Environmental Health Service

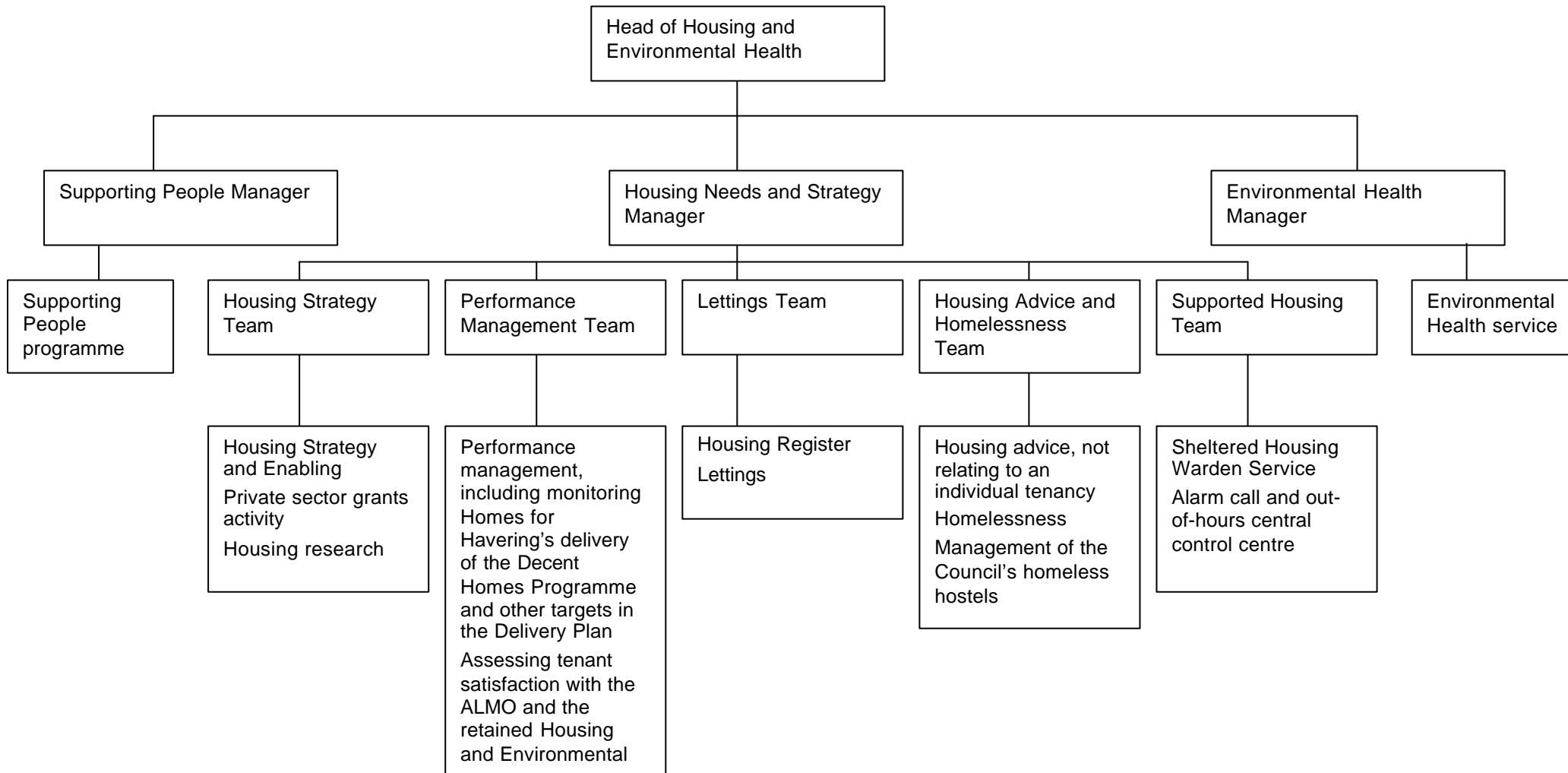
All these functions are already fully funded and under the same second tier officer – the Head of Housing and Environmental Health.

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The staffing structure of the retained Housing and Environmental Health Service is as follows:

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Our path towards excellence

The Council's ability to discharge its duties in relation to the ALMO, notably monitoring the ALMO

As noted in the retained Housing and Environmental Health Service structure chart above, there is a fourth tier post of Performance Manager. This is a newly established and resourced post to be supported by at a Performance Officer.

The Delivery Plan, annexed to this application in draft form, outlines how it is envisaged that the Council and ALMO will interact on performance matters. It is also laid out in the management agreement between the two bodies that monthly meetings will take place with senior representatives of each body to review performance against the targets in the Delivery Plan. In actuality, this monthly meeting will grow from the existing Housing and Environmental Health Services Performance Board which has operated for some time and has already adopted the rigour of service managers holding responsibility for key PIs.

Refer to Appendix X for details of the management of services where there are shared responsibilities between the Council and Homes in Havering.

15 Monitoring of the ALMO's Performance

How the local authority will monitor the performance of the ALMO.

This chapter outlines the key mechanisms which the Council will have in place to effectively monitor Homes in Havering.

The ALMO will be legally responsible for the effective delivery of the housing management service and the Decent Homes programme.

The Council will set targets and service standards for the ALMO that are consistent both with the Council's strategic goals and the need to achieve at least a 2 star service by January 2007. It will integrate the monitoring of the ALMO into its existing performance management framework. This framework requires monthly reporting against performance targets and the setting of targets over three successive years that are consistent with the Council's strategic aims, continuous improvement, statutory requirements and the Gershon report.

A full range of statutory and local performance indicators have been established, with targets for 2006-07 onwards, to enable the effective monitoring of the contribution we are making towards the Council's Housing Strategy.

Code	BVPI / LPI	Target 2006/07	Target 2007/08**	Target 2008/09**
BVPI 63	Energy efficiency - the average SAP rating of local authority owned buildings	69	72.25	75.5
BVPI 66A	Local authority rent collection and arrears: proportion of rent collected	98.2	98.3	98.5
BVPI 66B	Local authority tenants with more than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants.	3.38%	3.36%	3.34%
BVPI 66C	The percentage of local authority tenants in arrears who have had Notices of Seeking Possession served.	1.95%	1.9%	1.85%
BVPI 66D	Percentage of local authority tenants evicted as a result of rent arrears	0.105%	0.10%	0.095%
BVPI 74	The satisfaction of tenants of council housing with the overall service provided by their landlord	78	N/A	N/A
BVPI 74a	The satisfaction of tenants of council housing with the overall service provided by their landlord with results further broken down by a)black and minority ethnic, (amended for 2002/03)	68	N/A	N/A
BVPI 74b	The satisfaction of tenants of council housing with the overall service provided by their landlord with results further broken down by b)non black and minority ethnic,	78	N/A	N/A

Our path towards excellence

	(amended for 2002/03)			
BVPI 75	Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord	66.17	N/A	N/A
BVPI 75a	Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord with results further broken down by a)black and minority ethnic	54	N/A	N/A
BVPI 75b	Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord with results further broken down by b)non black and minority ethnic	68	N/A	N/A
BVPI 164	Does the authority follow the Commission for Racial Equality's (ex AC - D1) code of practice in rented housing	Yes	Yes	Yes
BVPI 184a	The proportion of LA homes which were non-decent at year start	33.3	31	21
BVPI 184b	The percentage change in proportion of non-decent homes between year start and year end	-6.39%	6.9%	32.26%
BVPI 211a	The proportion of planned repairs and maintenance expenditure on HRA dwellings compared with responsive maintenance expenditure of HRA dwellings	60%	60%	60%
BVPI 221b	The proportion of expenditure on emergency and urgent repairs to HRA dwellings compared with non-urgent repairs to expenditure to HRA dwellings			
BVPI 212	Average time taken to re-let local authority housing	36	31	29
LPI 1	Percentage of customers paying rent and helpline charges by Standing Order or Direct Debit	30%	35%	40%
LPI 11A	Average completion times for Priority 2 non-urgent repairs	4.75 days	4.5 days	4.0 days
LPI 11B	Average completion times for Priority 3 non-urgent repairs	14.5 days	13.75 days	12.25 days
LP1 12	Average completion time for urgent repairs (Priority 1) (hours)	10.5 hours	10 hours	9 hours
LP1 13	% of repairs completed in timescale (Morrison contract)	92%	93%	95%
LP1 18	Customer satisfaction with repairs	97.75%	98%	98.25%
LPI 20	Resolve percentage of ASB cases without need for legal action	92.4%	92.9%	93.4%
LPI22	Percentage of ASB cases resolved through injunction	1.14%	0.7%	0.33%

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LPI 22A	Percentage of ASB cases resolved through eviction	3.8%	3.2%	2.64%
LPI 22B	Percentage of ASB cases resolved through ASBO	2.66%	3.2%	3.63%
* unaudited data				
** subject to annual review				

These are supported by the activities from the existing Housing and Environmental Services Service Plan, which itself has been informed by the action plans stemming from recent inspections.

Monitoring Framework

The table below outlines the arrangements for the monitoring of Homes in Havering's performance.

Monitoring Framework

Purpose	By Whom?	Frequency
Homes in Havering performance monitoring	Homes in Havering Board and Committees	Monthly
Homes in Havering financial monitoring	Homes in Havering Board and Committees	Monthly
the London Borough of Havering monitoring of Homes in Havering's: <ul style="list-style-type: none"> • performance against Delivery Plan targets • delivery of the Decent Homes Programme • management of the revenue budget 	Joint meeting between the London Borough of Havering and Homes in Havering, termed the 'Council and Homes and in Havering Performance Board' meeting	Monthly
the London Borough of Havering monitoring of the overall performance of Homes in Havering	the London Borough of Havering's Cabinet and Housing Overview and Scrutiny Committee receives report on PIs, and revenue capital performance	Quarterly

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Schedule of Monitoring Meetings

	Council and Homes and in Havering Performance Board * = Delivery Plan meetings	Homes in Havering Management Board's Performance Monitoring meeting	Homes in Havering Management Board's Financial Monitoring meeting	the London Borough of Havering's Cabinet	the London Borough of Havering's Housing Overview and Scrutiny Committee
April	• *	•	•		
May	•	•	•	•	
June	•	•	•		•
July	• *	•	•		
August	•	•	•		
September	•	•	•	•	
October	• *	•	•		•
November	•	•	•	•	
December	•	•	•		•
January	• *	•	•		
February	•	•	•	•	
March	•	•	•		•

Appendices – to be added



MEETING	DATE	ITEM
CABINET	26 July 2006	11

Cabinet Member: Cllr Mike Armstrong

Relevant Overview & Scrutiny Committee: Housing

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: APPROVAL OF GRANT FUNDING FOR AFFORDABLE HOUSING DEVELOPMENT – MEDORA ROAD

SUMMARY

1. This report proposes that the Council grant fund a Registered Social Landlord (housing association) to provide affordable housing at Medora Road, Romford.
2. The scheme will provide 10 self contained flats for rent (4 no. 2 bed flats and 6 no. 1 bed) and be funded entirely from the Council's Social Housing Grant Programme.
3. In return for grant funding of £970,000 the Council would receive full nomination rights to all the new dwellings.

RECOMMENDATION

4. That approval is granted to provide Swan Housing Association with a maximum of £970,000 local authority social housing grant to provide 10 units of affordable

Cabinet, 26 July 2006

housing for rent at Medora Road, Romford, subject to the Council receiving full nomination rights, that is, 100% of initial lets and at least 75% of subsequent lets.

REPORT DETAIL

5. Swan Housing Association, working with Housing officers, identified an opportunity to purchase a privately owned site for the development of 100% affordable housing in Medora Road, Romford.
6. Following detailed discussion with both housing and planning staff a planning application has been prepared to develop affordable housing units on the site of a former commercial unit.
7. Swan purchased the site at risk on 3rd February 2006 and it is now proposed that the Council use its grant funding programme to enable the development of social housing for rent.
8. Given that the housing association now owns the site and has worked closely with the Council's planning officers in preparing the scheme, officers consider this project to be very deliverable in a reasonable timescale.
9. As the Council would be the sole provider of subsidy, there would be no requirement to share nominations to these units with other boroughs.
10. It is therefore proposed, for the reasons set out below, to grant fund Swan Housing Association to develop the 10 units, all for affordable rent, subject to an agreement giving full nomination rights to the Council and a successful planning application.

Scheme Justification

Need

11. In 2002 the Council carried out a Housing Needs Survey. This survey of 1,477 residents showed that the Central sub-area of the Borough, (including Romford Town) showed the highest shortfall of affordable housing in the borough and is reproduced below.

Area	Annual need to reduce backlog of affordable housing	Newly arising need	Affordable supply	Overall shortfall(surplus)
Central	80	313	95	298
Harold Hill & Harold Wood	23	289	294	18
Hornchurch	45	222	65	202
North Romford	39	149	87	101
South Hornchurch	25	279	123	181
Upminster, Cranham & Emerson	2	111	26	87

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Park				
Total	214	1,363	690	887
Source: Housing Needs Survey, 2002.				

12. The Havering Housing Needs Survey also notes that social rented housing, rather than shared ownership, best meets the needs of Havering residents. It goes on to state that 59% of the overall requirement is for one and two bedroom social rented property, as delivered by this scheme.
13. Analysis of the Council's Housing Register in 1st June 2006, of both new applicants and transfer applicants, shows that 51.3% of all applicants require one bedroom accommodation and 28.6% require 2 bed. Together, this type of property represents over three quarters of the housing need shown on the combined Housing Register.
14. The Housing register does indicate however that the Central sub-area is only the third most desired area for those seeking social housing, at 14% of all applicants who expressed an interest. This falls behind Hornchurch at 35% and Harold Wood & Harold Hill at 19%. The scheme is still supported as it is recognised that affordable housing development opportunities in the most preferred areas (i.e. Hornchurch in particular) are very limited. It is also noted that the scheme location in Romford gives easy access to local shops and facilities and has good public transport links.
15. Currently flats in Romford are predominantly let to applicants in Band C of the Council's choice based lettings scheme (51% of lets to flats in Romford in 2005/6) who are waiting on average 2.7 years for an offer of accommodation in this location. The second largest group are Band A applicants (24%), the most urgent category, who are waiting on average 1.75 years for an offer of a flat in Romford.

Funding

16. The scheme funding is broken down as below:

Breakdown of Costs:

Land	£ 624,000
Construction Fees & Costs	£ 851,800
Total Affordable Housing Scheme Costs	£1,475,800

Breakdown of funding:

Total Grant Requirement	£ 970,000
RSL Private Funding	£ 505,800
Total	£1,475,800

Average grant funding per unit £ 97,000

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Proposed rents and service charges are:

Type	Number	Rent	Service Charge	Total
1 Bed (45m ²)	6	£76.06	£14.00	£90.06
2 Bed (60m ²)	4	£87.44	£14.00	£101.44

These rents are inline with the Housing Corporation's restructured rent framework and are fully eligible for housing benefit.

17. The grant funding for the scheme as set out above is entirely within the resources identified for the Housing General Fund Capital Programme as set out within the Medium Term Financial Strategy, which lists as a key priority for Capital expenditure the aim to develop the supply of affordable housing.

18. In order to assess the relative value for money and effectiveness of the grant the proposal is set out below in relation to current private sector property values.

Grant compared with open market value of completed units at Medora Road			
Unit Size	Estimated Open Market value	Grant required for Medora road scheme	Grant as a % of open market value
1 bed flat (45m ²)	£150,000	£88,000	59%
2 bed flat (60m ²)	£200,000	£110,500	55%
Average per unit	£170,000	£97,000	57%
Average Purchase price of flat in Havering ¹	£155,290	£97,000	62%

¹Source: Lane Registry Data January – March 06

19. A comparator where no other public subsidy went into a scheme was at the Housing Corporation funded project at Bamber House, South Hornchurch where grant equated to an average of 61% of the open market value of the scheme.

20. Timing

Subject to approval the provisional timetable for this scheme is:

Action	Date
Planning Submitted	August 2006
Planning Approval	October 2006
Appointment of Contractor	October 2006
Start on Site	December 2006

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Practical Completion	December 2007
----------------------	---------------

Grant will be paid in phases with 50% paid on start and the balance on practical completion.

Should Swan be unable to secure grant for this scheme their alternative strategy is to dispose of the site on the open market for private housing.

Financial Implications and risks:

Details of the Council's financial commitment to this scheme are outlined above and relate only to a grant of £970,000. The Housing Association bears the risks of cost overrun and the Council's nomination rights will be recognised in its agreement with Swan Housing Association.

There is provision as follows within the housing capital programme for the scheme:

2006/07	£515,000
2007/08	£515,000
Total	£1,030,000

The Council's financial commitment is therefore less than the amount currently in the capital programme.

Non right to buy receipts can be used 100% on the provision of affordable housing provided the Council has created a capital allowance in respect of affordable housing schemes. The Council's capital allowance is currently £16.480 million and this scheme is included within the allowance. If non right to buy receipts are not used for affordable housing then the Council has to pay 50% of the receipts to the Government under the pooling regulations. It is important therefore to resolve all outstanding issues regarding this development as soon as possible so that it can proceed. If for whatever reason it cannot proceed, then other projects on which the capital allowance can be spent can be considered so that there is no risk of capital receipts being paid over to the Government.

The average grant funding per unit is £97,000 per unit

Legal Implications and risks:

The Council has powers under General Consents to grant fund RSLs to develop affordable housing. There will need to be a formal agreement with Swan Housing to ensure that the Council to ensure that it receives and retains the proposed nomination rights.

Human Resources Implications and risks:

There are no direct human resources implications arising from this report.

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ICT Implications and risks:

None arising directly from this report.

Reasons for the decision:

The decision is required in order to provide grant funding to Swan Housing Association to develop 10 units of affordable housing at Medora Road, Romford.

Alternative options considered:

The alternatives to this scheme are to:

- a) Change the tenure mix at this scheme to provide shared ownership. The report set out above the pressing need for social rented housing.
- b) Not to seek affordable housing on this site. The report notes that this site is in the RSLs ownership and so has a much greater chance of being achieved than other schemes still in the feasibility stage.

Equalities and Social Inclusion implications:

The Council's Fit-for-Purpose Housing Strategy has identified that residents from black and minority ethnic communities suffer higher level of housing need than their white counterparts. Thus these groups are likely to benefit from the provision of more suitable affordable accommodation

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STEPHEN EVANS
Chief Executive

Background Papers List

Haverling Housing Needs Survey – 2002



MEETING

DATE

ITEM

CABINET

26 JULY 2006

13

Cabinet Member:

Councillor Michael Armstrong

Relevant Overview & Scrutiny Committee:

Environment

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: GENETICALLY MODIFIED CROPS

SUMMARY

This report details progress on the resolution agreed by Council on 31 March 2004 on Genetically Modified (GM) Crops.

RECOMMENDATION

That the progress on fulfilling the resolution of Council of 31 March 2004 on Genetically Modified Crops be noted.

REPORT DETAIL

1. Council resolution

1.1 The Council meeting on 31 March 2004 resolved the following:

This Council recognises that

- genetic modification of crop plants is a relatively new branch of science and technology;
- that there is still scientific debate about the safety of GM crops;
- that the commercial growing of GM crops presents legal, economic, social and ethical problems that have not yet been properly addressed; and declares that
- Havering will, so far as is possible, be kept free of GM crops and GM food and feed.

Further, this Council recognises that the following issues are of particular concern to the people of Havering and are of particular importance to the protection of the environment of Havering.

The Council therefore commits:

- to ensuring that no GM crops are grown on land over which it has control;
- to adopting a GM free policy for all goods and services for which the Council is responsible;
- to write to the European Commission (within the 30 day period set out in Art. 24 of Directive 2001/18) in respect of each prospective Part C Marketing Consent, commenting on the summary dossier and requesting that the Commission impose a condition under Article 19 (3) (c) of that Directive, exempting the geographical area of Havering from the ambit of any such consent in order to protect the environment of Havering and to protect the integrity of Havering as a GM free area, and;
- to requesting the Secretary of State for Environment Food and Rural Affairs to propose, or to seek from the Commission, in respect of each condition under Article 19 (3) (c) of that Directive, exempting the geographical area of Havering from the ambit of any such consent, in order to protect the environment of Havering and to protect the integrity of Havering as a GM free area.

2. Land issues

- 2.1 The Council has four agricultural lettings that amount in total to approximately 300 acres of land. Of these, only two lettings – comprising just less than 200 acres – are under crops. Other land is either in an ‘agricultural set-aside’ scheme where land is fallow and allowed to return to its nature state, or is used for grazing.
- 2.2 All tenants who have an agricultural agreement with the Council were written to on 7th October 2004 informing them of a decision made by the Council regarding genetically modified crops.
- 2.3 The tenants were informed that the Council had adopted a GM free policy and that no genetically modified crops should be grown on Council owned land. None of the tenants have raised any objections to this policy.
- 2.4 The requirements of the Council resolution are therefore being met.

3. Goods and Services

- 3.1 Catering Services already had in place policy concerning genetically modified crops at the time of the resolution, and this policy is still in place.

- 3.2 In September 1999 Havering Catering Services (HCS) adopted a policy on Genetically Modified Crops in response to adverse reaction from the public to their being present in food, which was widely reported in the press at the time.
- 3.3 Concern from Headteachers, teaching staff, parents and customers prompted HCS to adopt a policy that excluded all food derived from Genetically Modified Crops from its supply chain.
- 3.4 Advice was sought from the relevant local and national departments and the following policy was adopted:

That Havering Catering Services – “Do not knowingly serve any food that require labelling according to Food Labelling (Amendment) Regulations 1999 or EU Legislation 1139/98, and do not intentionally use any other food commodities which are known to contain Genetically Modified ingredients in the preparation of foods served in our establishments”

- 3.5 The policy was duly communicated to all the suppliers of HCS with the request that all such items containing GMO's be removed from the supply chain and alternatives found. This process was undertaken and completed.
- 3.6 Since the adoption of this policy all food supply contracts contain the following clause:

“The service will not knowingly purchase good items containing Genetically Modified Organisms (GMO). Contractors will be requested to provide evidence that food supplied under this contract does not knowingly contain GMO.
- 3.7 The requirements of the Council resolution are therefore being met.

4. European Commission and Department of Environment, Food and Rural Affairs.

- 4.1 The action required was carried out. To date no communication in respect of marketing consents or exemptions have been received.
- 4.2 The requirements of the Council resolution are therefore being met.

5. Next Steps

- 5.1 The Council will maintain its current position and will report further if there is any further guidance either from DEFRA or the European Commission.

6. Financial Implications and risks:

There are none arising from this report. Should there be any additional legislation or guidance, the implications will have to be assessed at the time.

7. Legal Implications and risks:

It is felt that the Council's actions demonstrate that it is acting prudently and in the best interests of its residents.

8. Human Resources Implications and risks:

None arising from this report.

9. Equalities and Social Inclusion Implications and risks

None arising from this report.

10. Reasons for the decision:

Required by Council.

11. Alternative options considered:

None.

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STEPHEN EVANS
Chief Executive

Background Papers List

None

CABINET

SUPPLEMENTARY AGENDA

26 July 2006

**12 FUTURE VISION OF PRIMARY SCHOOLING IN HAVERING –
APPROVAL TO CONSULT**

By inadvertence, an earlier draft of the report was published with the agenda papers. The final report is now attached and the earlier version should be disregarded.

**Stephen Evans
Chief Executive**



MEETING	DATE	ITEM
CABINET	26 JULY 2006	12

REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: FUTURE VISION OF PRIMARY SCHOOLING IN HAVERING –
Approval to Consult**

SUMMARY

This report sets out the context for a review of the organisation of primary schooling in Havering in the national and local context. It covers:

- the future vision for and role of primary schools at the heart of their communities;
- the opportunity to modernise schools to provide for the future needs of the community;
- the need to review admission arrangements as a precursor to possible structural change;
- the continuing fall in primary pupil numbers and the consequent increase in surplus capacity;
- the current structure of schools;
- planning principles to underpin any future re-organisation of provision;
- a proposed consultation model and timetable;
- the need to plan for additional resources to increase capacity to deliver the review processes.

RECOMMENDATIONS

In recognising that there is a need and ambition to plan for the modernisation of primary schools and, in doing so, to achieve a better match between the supply of and demand for places:

- 1 approve the draft planning principles to underpin the strategy for change (section 7.0);
- 2 approve a two stage consultation process (section 8.0);
- 3 agree that as part of stage 1, consultation on a specific change to admission arrangements for implementation in September 2008 take place (section 8.0);
- 4 delegate the approval of the consultation documentation to the Lead Member for Children's Services (section 8.0)
- 5 note that a budget expansion item will be included in the MTFS process for 2007/08 for consideration to enable capacity to be increased to meet the need of the review process (section 9.0)
- 6 agree where possible to reinvest receipts generated from primary school changes for the benefit of children in the borough.

REPORT DETAIL

1.0 Background

This report proposes that the time is right to develop a clearer strategy and implementation plan for the future modernisation and organisation of primary schooling in Havering. Our primary schools are successful and we want to maintain and improve on that success in the 21st century. The nature of the primary school is changing particularly in the context of the Every Child Matters [ECM] Agenda.

2.0 Vision for Primary Schooling

Havering's vision for primary schooling is the school being at the heart of its community. The development of localities for 'Every Child Matters' is an excellent vehicle for schools to take a civic leadership role in which we strive for excellence and equity for all. We would want to see raised expectations of what is possible, educationally, culturally and socially in this and following generations.

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The government's vision is of a primary school system in which all children, whatever their background:

- Have the support they need to be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic well being;
- Ensure every child succeeds;
- Build on what learners already know;
- Make learning vivid and real;
- Make learning an enjoyable and challenging experience;
- Enrich the learning experience.

Linked to that through its proposed "Every Child Matters: Primary Modernisation Programme" the Government sees schools as fully equipped [particularly through the use of new technologies] for 21st century learning and occupying a central position at the heart of their communities offering to them a wide range of services.

3.0 Modernisation of Schools

Through its recently announced ECM Primary Modernisation Programme substantial capital investment is planned on a national scale over a 15 year period from 2009-10. This will create the opportunity to re-shape primary school provision to meet its new and increased role. Unlike the secondary 'Building Schools for the Future Programme' it is anticipated that all authorities will benefit from funding from the first year of the programme. The programme is not expected to fund all needs, but by joining up with existing funding streams and the development, where possible, of new funding, a major impact in provision and standards is potentially achievable.

Appendix 1 attached summarises the government's proposals.

4.0 Organisation of Schools

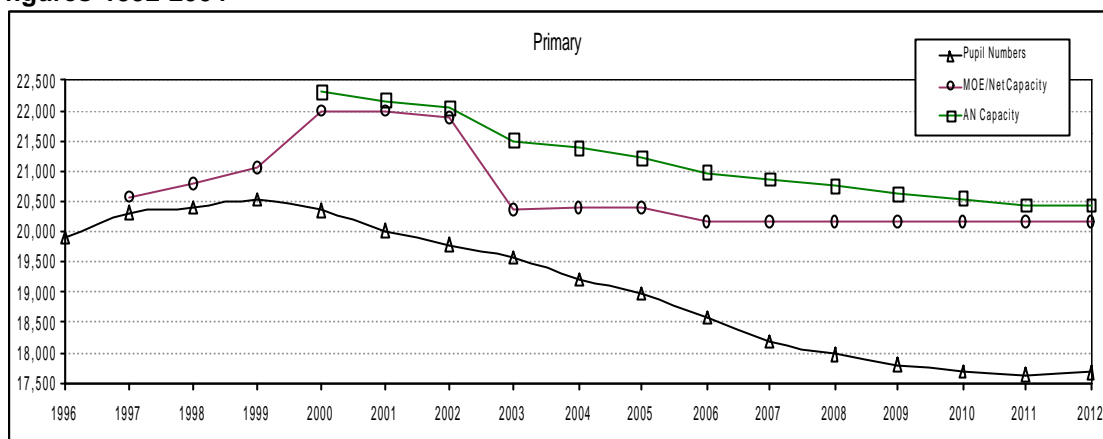
- 4.1 A key question to be answered is whether the current organisation of primary schools in Havering is the appropriate one to deliver this new agenda.
- 4.2 In the borough there are currently school place planning issues which need to be addressed and there would be the opportunity to deal with that issue as part of the development of modernised schooling in Havering for the future. The key school place planning issue is the falling school rolls and the educational and financial consequences if the situation isn't addressed in terms of matching more closely the supply and demand of places.

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5.0 Pupil Numbers

5.1 The Primary School roll has reduced year on year from 1999 to 2006. Taking account of the latest birth data and Havering's proven projection modelling, this trend is set to continue, as illustrated in the graph below.

Pupil projections 2005/06, based on Form 7 and PLASC figures 1996-2006, and birth figures 1992-2004



MOE/Net capacity relates to physical space in schools. This line only changes if the amount of accommodation is reduced.

AN capacity relates to the aggregated admission capacity of schools. The AN capacity line show a decline as a result of earlier decisions made to reduce the admission size of some schools, which has impact over time.

- 5.2 The impact of this reduction in the overall school roll will be more surplus places in our schools. Currently (2006) there is 9% surplus capacity in the primary sector which is forecast to increase to 13% by 2011 if no action is taken. Empty places represent a poor use of resources.
- 5.3 Declining pupil numbers can threaten the quality of education that a school can provide as well as causing financial problems. This is especially true for small schools (here defined as recruiting less than one form of entry [FE]). School size is an issue that impacts on the local authority as well as individual schools.
- 5.4 The exercise of parental preference will result in the fall in pupil numbers impacting unevenly on our schools and it is likely that the number of small schools in the borough will increase and that existing small schools will become smaller.
- 5.5 The current pupil projection model takes account of normal levels of new house building and additional pupil demand from that activity. The major expansion of new housing planned for Thames Gateway in the south of the borough will require the provision of new schools for new communities. Thus while it will be important to take account of this factor in our planning it is very unlikely to have a direct impact on current and medium term school place needs across the borough.

6.0 Present School Structures

- 6.1 The table below summarises the size of primary school across the borough by school type. Although the majority of schools are two forms of entry or larger (41/65) most neighbouring authorities have a higher proportion of their schools in this category.
- 6.2 About a third of our schools have admission numbers in multiples other than 30 (21/65).
- 6.3 There are 30 separate infant and junior schools.

Table Summary by size and type of school (by PAN*)

	<1FE	1FE	1-2FE	2FE	2-3FE	3FE	3-4FE	4FE	Total
Community		7	12	12	5	15	2	2	55
Catholic		3	1	4					8
Church of England	1					1			2
Total	1	10	13	16	5	16	2	2	65

* Planned Admission Number

7.0 Planning Principles

7.1 In developing a strategy for the future of primary schooling it is sensible to agree a set of principles to underpin the approach. A set of draft principles is attached (**Appendix 2**). Those principles were shared with primary headteachers at a conference in May 2006. That conference identified several key principles which should involve further debate with the community, including:

- Size of school
- Local schools for local children
- Review of admission arrangements
- A target figure for the removal of surplus places

7.2 School Size

School size does matter. It is a major factor in determining cost-effectiveness both at individual school level and local authority level. It has a big influence on internal organisation, particularly whether mixed age classes are necessary. A key question is whether there is an optimum size of school to aim for in the Havering context.

There is a general view that two form entry primary schools are the

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optimum size from an organisational point of view. They are considered to be better placed than smaller schools to be able to respond to new demands placed upon them both educational and financial, as well as responding to new initiatives such as extended schooling.

7.3 Local schools for local children.

The vision is for primary schools at the heart of their community delivering or facilitating a wide range of services. This points to a network of local accessible schools, with parents, where possible, having a primary school within a reasonable walking distance.

7.4 Admission Arrangements

Any review of school provision must take account of existing admission arrangements and conclude whether a change is necessary. As part of this review an examination of the neighbourhood model of admissions will be required.

7.5 Surplus Place Target

There is no fixed national target for the level of surplus capacity in a local authority though it is generally accepted that the target should be that no more than 10% of places in an authority should be unfilled. Authorities do set different targets depending on their particular circumstances and it is the case that in Kent the target is 5-7% and in some London authorities a 5% target has been set. It is prudent to aim towards the lower level when rolls are static or falling, or a higher level when rolls are rising.

Achieving a tighter target is more efficient and is beneficial so long as the authority builds into its structure the potential to respond quickly to unforeseen demographic changes.

8.0 Consultation

8.1 Before developing any specific proposals for change involving individual schools it is important to seek views from all stakeholders (heads, governors, trade unions, professional associations, dioceses, wider community etc) on the principles and general policies underpinning the authority's approach to the future organisation of primary schooling within the borough.

An initial process was initiated through a Primary Headteachers' Conference in May 2006. Primary Headteachers met and considered the Vision for Primary Schooling in Havering, the Draft Planning Principles and a suggested draft timetable [**attached Appendix 3**] and model for consultation.

8.2 There was general consensus that although the suggested timetable is tight there was a need to address the issue of the future shape of

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schools and falling school rolls quickly. If the suggested timetable is followed then the first possible date for any change to come into effect would be September 2008. Schools agreed to use their representative Cluster model to provide a reference group to assist the Council in developing and managing a review and consultation process.

- 8.3 It is proposed that for the public consultation model a two stage process is adopted.

Stage 1- First Public Consultation on the Vision and the Planning Principles – Mid September 2006 to Mid November 2006

Stage 2 - Second Public Consultation on specific proposals for change.

- 8.4 The precise nature of the consultation with the community and other stakeholders is yet to be developed in detail, but will involve public meetings, group meetings and individual meetings as well as opportunities to send in written responses by post or by email. It is proposed that the detailed consultation documentation be prepared and reviewed with the Lead Member for Children's Services prior to its issue and use.

9.0 Project Management

- 9.1 The scope of this project is considerable and will involve a range of professional disciplines over the time of its development and delivery. That will initially involve Children's Services staff from a number of areas of activity, with inputs from legal, finance, human resources etc as appropriate. There will be a need to ensure that appropriate and high quality consultation material is developed and used which is likely to require specialist input. As the project moves on into developing options there will be a need to access land, property and technical resources and other related professional disciplines. It is anticipated that a significant element of such costs could be capitalised, but it will not be possible to do so for all costs. There will, therefore, be a need to consider additional provision in the MTFS from 2007/08 to meet some of these additional needs

10.0 Financial Implications and risks

Capital

- 10.1 The government has recently announced its intention to provide significant capital funding for primary rebuilding, refurbishment and upgrading covering at least 50% schools in England. This funding is to deliver the government's vision for schools as 21st century learning environments. Within the programme will be a significant emphasis on deprivation. Funding is to be released nationally from 2009 -10 and

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could run for 15 years. The DfES will approve locally prepared plans before releasing funding

- 10.2 It is an expectation that the capital budget will be supplemented by other sources of funding to deliver a Council's local vision and plan. That might be through:
- capital receipts generated through changes in school provision;
 - shared resources between federations and networks of schools;
 - joint funding projects with libraries, leisure or housing
 - prudential borrowing
 - section 106 partnerships with the private sector.
- 10.3 The Council is committed to improving facilities for children. It will work within its resource constraints and Capital Strategy to reinvest receipts generated from primary school changes for the benefit of children in the borough.

Revenue

- 10.4 Maintaining a high level of surplus capacity in our schools is an inefficient use of resources. If the shape of school provision is not addressed then the number of small schools is likely to increase. The cost of maintaining places in smaller schools is greater than in medium sized or larger schools, thus reducing the opportunity to use available resources on direct teaching and learning needs.
- 10.5 As the overall number of pupils in Havering falls the size of the Direct Schools Grant reduces. That in turn reduces the budget share available to individual schools and, where schools face low level of pupil recruitment, has the potential to impact on the stability and sustainability of those schools.
- 10.6 The initial cost of the first stage consultation process will be met from within existing budget provision for Children's Services for 2006/07.
- 10.7 As noted in paragraph 9.0 above there will be significant project management and related costs to be met. These will be further quantified and included within the MFTS process.

11.0 Legal Implications and risks

- 11.1 The LA has a duty to ensure the provision of sufficient school places. It also has a duty to manage its resources efficiently and economically.
- 11.2 Options for change are likely to require the application of statutory public notice processes required at the time detailed proposals are made.

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12.0 Human Resources Implications and risks.

- 12.1 As school rolls continue to fall the number of teaching and support staff required is likely to reduce. Any reduction in staff numbers will be managed in accordance with the agreed Organisational Change Guidance for school based staff.
- 12.2 Any proposals for change arising from the review process will be fully assessed for human resource implications and subject to further report.

13.0 Equalities and Social Inclusion implications

- 13.1 The draft planning principles seek to ensure that there is a network of accessible local schools which are at the heart of their communities. This model will support community cohesion.
- 13.2 A review of admission arrangements will be carried out to support this model and to ensure that admission criteria are clear, fair and objective, for the benefit of all children, including those with special educational needs, disabilities or in public care.

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STEPHEN EVANS
Chief Executive

Background Papers List

Trading Places – Audit Commission
Every Child Matters – Primary Capital Programme [DfES]
Havering Projection Data
Outcomes from Havering Primary Schooling Conference 2006

Appendix 1

Every Child Matters: Primary Capital Modernisation Programme

Summary

The government plans to transform primary schools and primary-age special schools to deliver 21st Century schools at the heart of our communities.

The aim is to rebuild, remodel or refurbish at least 50% of schools.

The estimated scale of investment is £150million extra in 2008-09, rising to £500 million in 2009-10. It is expected that investment will remain at that level for around 15 years, subject to future public spending decisions.

All local authorities will benefit from this capital funding by a simple, open formula reflecting pupil numbers and deprivation.

Long term planning will enable local authorities to identify local resources to add to the programme – capital receipts through amalgamation and relocation of schools; shared resources between federations and networks of schools; joint funded projects with libraries, leisure or housing; prudential borrowing; and section 106 partnerships with the private sector.

Authorities will need to set out how they will transform the primary estate over the long term and how they will target local deprivation from the start. DfES will approve plans before they start. All local authorities will be involved from Year 2.

Voluntary Aided schools will be expected to contribute 10% of the cost of any capital project as currently required by law.

With funding starting from 2009-10, the government anticipates a one to two year planning and procurement period, so authorities will need to start preparing early.

The aims of the programme are:

- Primary schools to play a lead role at the heart of their communities
- To deliver 21st Century learning facilities.
- Quality school environments which facilitate personalised learning and deliver high standards.
- Increased flexibility to respond to parents' choice, expand successful and popular schools, create networks and federations of schools.

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- Every child and family will have access to year-round, 8am-6pm childcare, parenting support, specialist support services, a good range of after school activities and access to ICT and sports and arts facilities after hours; access will be at their child's primary school or at a school or venue nearby, with supervised transfer arrangements for children.
- Every school will provide first class ICT facilities so pupils can study in a way that suits them, facilities of some scale that equip them to play a part in every child Matters, and quality learning environments that enhance teachers' flexibility.
- Restructuring of the primary stock to deal with demographic change, falling rolls and school failure.

The local authority is expected to take the lead in developing the strategic plan for its primary schools. In developing the primary capital programme the authority should:

- Bring together local (particularly parent and school) aspirations for primary and early years, translating this into long term, joined up, service-focused plans;
- Join up funding and planning, so that what is achieved is greater than the sum of the parts;
- Support, and build the capacity of, participating primary schools and communities so that the programme achieves much more than just bricks-and-mortar change in the schools involved.

**Suggested Planning Principles
(As used with head teachers at the May 2006 conference)**

Standards

Principle 1: Any reorganisation of school provision should support the borough's objective of raising school standards and opportunities for young people.

Principle 2: That in principle, and where circumstances permit, consideration should be given to the expansion of high performing and popular schools.

Principle 3: The Council is supportive of schools developing their own ethos and sense of mission and they are encouraged to develop as centres of excellence or a specialism.

Principle 4: The Council will encourage a range of collaborative arrangements by which successful schools can share their management and expertise with less successful schools.

Principle 5: The Council will take decisive action when dealing with failing schools.

Denominational Balance

Principle 6: That the broad proportions between denominational and non-denominational schools that exist at present should be maintained.

Parental Preference

Principle 7: The supply of places should match as closely as possible pupils' and parents' needs and wishes. Any proposals for the reorganisation of schools will involve a review of admission arrangements.

Principle 8: That the Council continues to provide a network of accessible local schools, with parents where possible having a primary school within a reasonable walking distance.

Surplus Places

Principle 9: That, in line with Audit Commission recommendations, the Council adopts a target for the removal of surplus places. An overall surplus capacity figure of 5%.

Principle 10: That, in line with Audit Commission recommendations, at the completion of the review there should be no schools with more than 25% surplus places.

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Principle 11: That where there is a continuing need for a school, surplus places are addressed by securing alternative complementary uses for space not required by the school.

Principle 12: That in appropriate case, closure or amalgamation may need to be considered to address surplus places.

Principle 13: That, where appropriate, the Council will continue to explore with schools federated or collaborative arrangements.

Size of School

Principle 14: That, in principle, primary schools are based on a full, rather than 1/4 form of entry management i.e. multiples of 30 pupils rather than 15 pupils.

Principle 15: That, while recognising the positive contribution made by many 1 form entry schools, primary schools of 2 form entry and above may potentially be better placed to meet curriculum, organisational and financial demands placed upon them.

Principle 16: When establishing new provision the Council takes the view that an all through primary is the appropriate organisational structure.

Class Size

Principle 17: That a maximum size of 30 is adopted as a target for junior classes as well as infants.

Early Years provision

Principle 18: That primary schools and other early years providers have a significant role in contributing to the Council's Early Years Development and Childcare Plan and that this be taken forward in conjunction with the Early Years Development and Childcare partnership.

SEN

Principle 19: That the principle of inclusion where appropriate in mainstream provision for pupils with special educational needs is followed.

Wider community needs

Principle 20: That schools constitute a local community resource and their potential for meeting a wide range of local needs should be developed. This will be progressed where possible through joint projects in support of the borough's strategies for regeneration, social inclusion and neighbourhood renewal.

Principle 21: That capital receipts from primary school sites declared surplus to requirements should be ring fenced to support the funding required to reshape primary school provision within the borough.

Draft Timeline for the Primary School Process

May 2006	Primary Conference
July 2006	Report to Cabinet on context, suggested principles and public consultation process
Mid September 2006 to Mid November 2006	First Stage Public Consultation Period
January 2007	Report back to Cabinet on outcome of the consultation and seek approval to prepare detailed proposals
January 2007 to April 2007	Develop Proposals
April 2007	Report to Cabinet on proposals and seek approval for public consultation
May 2007 to July 2007	Second Stage Public Consultation period
July 2007	Report to Cabinet on outcome and secure decision on way forward
September 2007	Issue formal Public Notices if Required
December 2007	Cabinet to make final decision [*or reference to School Adjudicator]
September 2008	First possible date for any change to come into effect #

*assuming white paper proposal becomes law

it is likely that only very limited changes would be possible by this date

CABINET

SECOND

SUPPLEMENTARY AGENDA

26 July 2006

**6 DEVELOPING THE COUNCIL'S CORPORATE BUSINESS PLANNING
PROCESS 2007-2010**

Owing to an error when the papers were being prepared for printing, the Workforce Plan was inadvertently omitted from the bundle of papers for item 6. The Plan is now attached.

Stephen Evans
Chief Executive

LONDON BOROUGH OF HAVERING

**HR STRATEGY
AND THE
WORKFORCE PLAN**



INVESTOR IN PEOPLE



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Overview

This document sets out our current HR Strategy and our Workforce Plan for the next three years. Its purpose is to :

“create a safe, welcoming, healthier and more prosperous place” by ensuring that our people management practices are carefully aligned to corporate goals and business needs.

The HR Strategy and the Workforce Plan are linked to and integrated with the Council’s Community Strategy, Corporate Plan and other key strategies.

By aligning our human resource practices to the needs of the organisation, we will be best placed to deliver excellent public services to our customers.

Havering has a clear vision of where we are going and what people management strategies we need to put in place to get there. The HR Strategy and the Workforce Plan will help us deliver our aim of providing excellent services to our customers through our people.

David Ede
Assistant Chief Executive (Human Resources)

**THE HUMAN RESOURCES
STRATEGY
2004-2007**

“CREATING CAPACITY”

THE HUMAN RESOURCES STRATEGY

The context

The Council’s strategic vision, as set out in its Corporate Plan, is ‘to create a safe, welcoming, healthier and more prosperous place where people choose to live, work and visit.’

The Council intends to deliver this vision through :

- Promoting financial efficiency and value for money;
- Improving the quality of its services; and
- Making Havering a better place in which to live and work.

The internal and external influences on Havering Council are becoming more powerful and underline the need for the Council’s clear vision of where and how it wants to position itself for the future. Many of these influences and trends require long-term strategic responses at a corporate level.

The success of the Council's ambitions depends, in large measure, on the quality, motivation and commitment of people within the Council to make these ambitions a reality. The Human Resources Strategy will provide the framework through which the Council can develop and achieve an appropriate organisational style and a workforce with the skills, knowledge and attitudes necessary to meet the changes ahead.

The aims & objectives of the HR strategy

A key aim of the HR Strategy is to ensure that the people within the Council’s organisation remain an integral and contributory part of achieving the Council's vision through :

- 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 affect their work and the Council.

The specific objectives of the Strategy are:

- to develop across the Council a human resources management culture, set of values, corporate standards, processes and structure which support and reinforce the achievement of the Council's vision;
- to recognise the contribution of employees in achieving the Council's vision and to develop their quality, skills, competencies, motivation and commitment so that they contribute fully to the achievement of the Council's vision;
- to develop a high performance culture within the Council through the identification of the performance standards needed to achieve the Council's corporate and service plans and objectives, supported by appropriate assessment methods and remuneration arrangements;
- to ensure that human resource management is integrated into the Council's strategic planning and that those plans are informed by accurate and relevant information about human resource trends and implications;
- to ensure that the corporate standards in human resource management reflect the needs of the organisation and are consistently applied across policy areas and across hierarchies, supported by best human resource management practices that are accepted and used by managers as part of their everyday work;
- to sustain and develop a positive image of the Council as an employer that supports the Council's vision, responds effectively to opportunities in the employment market and enables the Council to attract and keep high quality staff;
- to provide guidance on the design and management of the organisational processes and culture of the Council to improve performance and maintain a high calibre workforce;
- to identify and develop the organisation, working arrangements and types of people that will be needed to ensure that the Council can optimise

opportunities and trends in human resources management and achieve its vision;

- to develop effective employee communications and relations between the Council and its workforce that encourage employees to contribute directly to service and quality improvements;
- to develop positive and efficient arrangements for people to join and leave the Council's workforce.

The focus of the strategy

Havering Council's vision for the future aims to develop pride in the Borough and for it to be a place where people choose to live and work. These aims will depend on a supportive HR Strategy that reflects the desire to:

- be recognised as the 'best in class'
- provide reliable, quality, local services that meet the needs of its customers
- encourage forward looking attitudes and lifestyles
- be open to new cultures and ideas
- develop confidence in services and facilities
- strengthen and diversify the local economy
- improve access to jobs
- improve the image of the Council
- develop a safer and cared for environment, free from harassment
- recognise skills and qualifications that exist locally and can be developed
- inspire the workforce to give its best

The HR Strategy should not be a prescriptive, bureaucratic straightjacket or collection of remote policies and procedures, but a framework for clear thinking about:

- the real purpose of each action undertaken for the Council
- those issues that are most relevant to the Council's decision making
- working within a mixed economy
- recognising service quality and business interests
- working within and influencing labour markets
- the changing needs for and the skills of the people who work with and for the Council
- working within a regulatory framework that reflects the Council's legal and policy requirements.

The Human Resources Strategy has three key strands:

Developing the organisation

Culture change – we will develop a more positive and appropriate corporate culture, evolving programmes that underpin the organisation's values and convey consistent messages throughout the organisation about the acceptable standards of performance, conduct and treatment;

Organisation design – we will drive organisational change in the light of new requirements including realignment and 'right-sizing' for service efficiency and effectiveness, developing new partnerships, devolved decision-making and accountabilities;

Organisational effectiveness – we will improve the effectiveness of the organisation through teamwork, communications, productivity and customer service, and increasing the ability to manage change;

Flexibility – we will develop a structure, climate, systems and organisation that will enable the organisation to respond flexibly to change, including programmes for upskilling, redesigning jobs and working arrangements;

Quality - we will establish quality as an integral feature of all activities of the organisation through developing corporate standards, preferred management style and competencies, quality audits and continuous improvement programmes;

Equality – we will establish equality as an integral feature of all activities of the Council, respecting individuals and recognising the diversity of the organisation, those it serves and those who work for it, and we will ensure that our policies and programmes are designed to recognise and develop individuals and their contributions, rather than responding to them on the basis of collective classifications and stereotypes;

Developing the people

Resourcing – we will plan and develop effective recruitment, retention, training and human resources development approaches to provide the human resources required by the Council;

Performance management – we will develop the performance of management, employees and the organisation (including performance appraisal and performance-related training);

Motivation – we will design jobs and reward systems (financial and non-financial) to realise individual capacity, define standards of treatment and conduct that create and positively support employee motivation, and increasing the scope of jobs;

Commitment – we will develop confidence-building, effective communications, involvement, people management and training programmes designed to create an integration of the needs of the individual with those of the organisation;

Internal development – we will develop programmes for identifying the potential capacity of individuals within the workforce, as well as encouraging succession planning, work experience secondments, cross-boundary and multi-disciplinary team working;

Developing communications and relationships

Communications – we will develop effective communications systems that present timely, accurate information exchanges, which support consistent corporate management messages across the Council and encourage employees' service improvement suggestions and feedback;

Corporate reputation – we will develop standards, effective relationships and communications with the public and other organisations that enhances a consistent corporate image for the Council and promotes employment with the Council to attract and secure the best employees;

Participation – we will develop initiatives that maximise employee participation in the development and change processes that contribute to achieving the Council's vision;

Effective relationships – we will define those approaches and processes that promote collaboration between management and employees (and their trade unions), co-operation to their mutual benefit and which minimise the causes and effects of conflict and restrictive practices;

Employment – we will develop a corporate framework that provides competitive employment packages that attract and retain suitably skilled and committed staff to meet the Council's needs and objectives, deliver quality services and promote pride and confidence in the Council;

Information systems – we will develop and manage effective information systems that provide timely, accurate information on employees of the Council and enables effective statistical monitoring, analysis and planning to take place.

Support & resources

Many elements of the corporate HR Strategy will require active support and resources beyond the scope of the HR service. Achieving the objectives of the strategy will require collaboration with and tangible support from individuals and services across the Council.

Until 2003 the Council had operated a decentralised model of HR management, with a small corporate HR and OD unit, together with a number of 'cluster' HR units providing generalist support to directorates. As part of the realignment of management responsibilities that came into effect in September 2003, the management of the HR function was centralised under the Assistant Chief Executive for Human Resources.

This realignment has provided the opportunity to design a HR service that will provide a more comprehensive and focussed service to directorate management teams, coupled with a sharper definition of genuinely corporate activities, such as employee relations, performance monitoring, recruitment and occupational health.

The new service will have three 'strands':

- HR Policy and Advice;
- Organisational Development; and
- Education HR services.

Due to accommodation difficulties, the new organisational structure has only been in place since February 2005.

Review

A HR Strategy has to give direction and meaning to the Council's ambitions, plans, and decisions. It has to enable the Council to respond well to the changing circumstances around it and within it. As such, the strategy and any supporting action plans will need to be developed and reviewed regularly to reflect practical progress, external influences and any redefinition of corporate and service aims and objectives.

THE WORKFORCE PLAN 2006-2009

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THE WORKFORCE PLAN

Introduction

This document sets out our Workforce Plan for the next three years. Its purpose is to ensure that we have people management practices in place that support the Council's overall vision and objectives.

The Workforce Plan is not designed to be a prescriptive, bureaucratic straightjacket. It will be a living document which will change with the organisation's business needs and priorities.

Council Priorities

The Council has a clear vision of where we are going and what people strategies we need to have in place to get there. Havering's Vision, set out in the Community Strategy, is to "To create a safe, welcoming, healthier and more prosperous place where people choose to live, work and visit".

We have also identified three key corporate priorities and the medium term objectives to achieve our Vision. The priorities are as follows:

- promoting financial efficiency and providing value for money
- improving services
- making Havering a better place in which to live and work

The workforce plan is linked to and integrated with the Council's Vision and corporate priorities. By aligning our human resource strategies and planning processes to the business needs of the organisation, we will be best placed to deliver excellent services to our citizens through our people.

Our staff are critical to our success and ability to deliver our core business to customers. We are committed to developing our employees to ensure that they have the necessary skills and capacity to undertake their roles. This was recognised when Havering was awarded liP accreditation for the whole of the Council.

ODPM Pay and Workforce Strategy 2003

This Workforce 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 the delivery of customer focused services :

a) Developing leadership capacity –

among both officers and Members, including attracting effective leaders into government from outside the sector.

b) Developing the skills and capacity of the workforce –

across the corporate centre of authorities, specific services, management and front line workforce.

c) Developing the organisation –

to achieve excellence in people and performance management, partnership working and delivery of customer focused services.

d) Resourcing local government –

ensuring that authorities can recruit, train and retain the staff they need and address equality and diversity issues.

e) Pay and Reward –

having pay and reward structures that attract, retain and develop a skilled and flexible workforce while achieving value for money in service delivery.

Human Resources Strategy

The Workforce Plan is linked closely to the actions identified in the Council's HR Strategy – Creating Capacity, which provides a clear framework through which the Council can develop and achieve an appropriate organisational style and a workforce with the skills, knowledge and behaviours necessary to meet the challenges ahead. These include :

- Ensuring that Havering has the right people resources and management to provide excellent public services to its customers
- Increasing need for flexible service delivery and flexible work options taking into account differing lifestyle choices and needs
- Meeting heightened and diverse customer needs and expectations
- The greater emphasis on partnership building and a collaborative focus to maximise employment opportunities for Havering's population
- The ODPM requirement to produce a Pay and Workforce Strategy
- The capacity building and efficiency agenda (Gershon), which calls for more e-government developments and value for money
- Addressing the demands of external inspection e.g. CPA, OFSTED, JARs etc.

- Responding to increasing recruitment and retention challenges, including local and national skills shortages
- Local and national demographics – the ageing population, more jobseekers
- Responding to the children’s agenda

“Where people choose to work” – where we are now

The Council is the largest employer in the Borough, employing nearly 8000 staff. The workforce is becoming increasingly diverse, with 4.4% of staff belonging to a minority ethnic background. This compares well with the ethnic minority population of the Borough which was 4.8% at the last Census in 2001. In line with other public sector bodies, Havering has an aging workforce profile which will create pressure on future service delivery capabilities.

Over recent years the Council has done much to develop progressive HR policies and strategies which reflects the desire to :

- be recognised as “best in class”
- drive organisational change to reflect new ways of working
- develop a more positive and appropriate culture
- have equality and diversity as an integral feature of all activities
- develop an organisation that responds flexibly to change

Much work has been undertaken within Havering to embed workforce planning and performance management throughout the organisation. The Strategic Management Team receives detailed monthly performance management information which is also shared with Members. Directorate management teams are provided with data on a monthly basis which enables them to manage their teams effectively and target areas for improvement.

Opportunities for learning and development are considerably improved. We have developed an award-winning leadership development programmes and all staff are entitled to have up to 3 days training per year. In addition participation in an inter-Borough mentoring scheme has allowed Havering to share good practice and bring new ideas into the organisation.

Much work has already been undertaken to improve the work/life balance of our staff, with flexible hours and home working, term-time working, etc. We also provide child care vouchers and time off for domestic emergencies.

In addition our commitment to the achievement of a diverse workforce that reflects our local communities has resulted in a number of key initiatives, including improved workforce monitoring, the development of recruitment and retention strategies, a disability conference and a Chief Executive “Roadshow” for BME staff.

“Where people choose to work” – where we want to be

At a corporate level there are a number of critical challenges facing the Borough and its workforce over the next few years in the way we deliver services to our local communities. The Council recognises that we need to change and adapt if we are to meet our ambitious aspirations for these communities.

We want to ensure maximum employment opportunities for Havering’s residents, whilst still recruiting the best talent. For instance, we will be developing career opportunities for younger people to ensure that we have a balanced workforce, which will give us greater opportunities for succession planning in the future. These programmes are set out in the Talent Management Strategy section of the Workforce Plan.

We will need to change our culture as the organisation adapts to the changing requirements of the public. Our workforce will need to be increasingly flexible and equipped for the demands of providing an excellent, but diverse, service to our citizens. Our staff will need to respond to different ways of working. We will be building on our initiatives developed within the Corporate Property Strategy to achieve more flexible working as well as identifying alternative work patterns to align with differing life style choices and needs.

We want to be an employer of choice. We are developing recruitment and retention strategies at corporate and service levels as well as a diversity strategy. Our aim is to develop closer links with our communities to ensure that we are perceived as a good employer.

The Authority needs to develop the skills of its staff to respond to the demands and challenges that it faces. The purpose of the Learning and Development Strategy contained within the Workforce Plan, is to recognise the need to increase the capacity of our staff and to help create a sustainable learning environment.

We will be building on current arrangements designed to improve communications with our people. It is critical that we become more effective as a listening organisation. This includes the implementation of a staff attitude survey, whose results will be published in the autumn.

Finally, as an employer, we will be facing many challenges in the next few years to ensure that we are able to get the right people, with the right skills, in the right job at the right time. The 2012 Olympics, in particular, will mean that we need to have systems and process in place to ensure that we do not face severe skill shortages in the run up to the Games.

Workforce Profile

Comparison between 02/03, 03/04, 04/05 and 05/06

1. Introduction

This report provides an analysis of the workforce employed by the London Borough of Havering, during the financial years 2002 – 2003, 2003 – 2004, 2004 – 2005 and 2005 – 2006 along with an analysis of the external factors which will impact on the workforce.

Management teams already regularly receive reports detailing the profile of their workforce from the Organisational Performance team in Human Resources which enables them to target resources to 'hotspots' and effectively plan for future service delivery.

Examples of where this has been particularly effective are within the Children's Social Services area which identified a turnover issue with Children's Social Workers resulting in a review of their reward package and recruitment and retention initiatives to be delivered. Similarly the Financial Services team identified an aging workforce profile and with the support of HR colleagues, designed a career grade structure which gives clear pathways for employees within the service to progress.

As workforce planning is embedded throughout the organisation, our ability to predict and anticipate needs and capacity will lead to the improved use of our most costly resource, our staff, which will inevitably give rise to further service improvements.

It should be noted that some of the data in this report relates to the entire Council Workforce, including schools based employees, whilst some data excludes school-based employees. It has been made clear in each category of information whether or not school-based employees are included.

1.1 Context

The external environment

Havering's population

The mid-year estimate of population produced by the Office for National Statistics for Havering for 2004 was 225,000. This is about average for a London borough and ranked Havering at number 16 of the 33 local authorities in London.

19,800 were of primary school age (5-11 years), which at 8.8% of total population was similar to the average 8.3% for Greater London and 8.5% for England and Wales. 15,100 were of secondary school age (12-16 years) which at 6.7% was also similar to the London average of 5.8% and the England and Wales average of 6.6%.

135,300 were of working age (16 to 64 years for men and 16 to 59 years for women) which at 60.1% was the lowest proportion in London and compared to the London average of 66.7% and the England and Wales average of 61.9%. 46,000 were of retirement age (65 years plus for men and 60 years plus for women) which at 20.4% was the highest proportion in London and compared to the London average of 13.9% and the England and Wales average of 18.5%.¹ This is predicted to remain the case until 2024²

In line with national trends, the number of households in Havering continues to increase as a result of the growth in one-person households and the decline in average household size. Average household size has declined from 3.03 persons per household in 1971 to 2.43 persons per household in 2001. The growth in one-person households is due to increased longevity and higher levels of divorce and separation.³

In Havering over the next ten years total households are projected to increase from 93,900 in 2006 to 100,900 in 2016, and average household size is projected to fall from 2.38 to 2.29 persons per household.⁴

¹ *Crown Copyright*

Source: Mid-year estimate of resident population for 2005 issued by the Office for National Statistics

² *Copyright GLA*

GLA's Data Management and Analysis Groups Briefing 2005/33 'GLA 2005 Round Interim Demographic Projections'

³ *Crown Copyright*

Source: 1971 and 2001 Censuses

⁴ *Copyright GLA.*

On 30 June 2003 the Office for National Statistics released the 2001 Census Key Statistics for wards in England and Wales. There are 24 Tables for the wards in England, which cover all the main census topics. These include resident population and age, country of birth, ethnic group, religion, health and provision of care, economic activity, hours worked, industry of employment, occupation, qualifications and students, socio-economic classification, and information on households including car availability, tenure and lone parents.

In 2001 the ethnic minority population in Havering was 10,800 (4.8%) out of a total population of 224,200. This was the lowest ethnic minority population in London, with the exception of the City of London and 4.8% was the lowest proportion of ethnic minority population in London compared with the London average of 28.8%. The ethnic minority 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 and represented a growth of 47.9% over the decade which was slightly lower than the London average of 53.7%.⁵

The GLA projections show the ethnic minority population in Havering increasing from 10,400 in 2001 (a slight underestimate compared to the 2001 Census figure of 10,800) to 12,500 in 2011, an increase of 2,100. This is the lowest projected increase in London, with the exception of the City of London, and represents a growth over the decade of 20.2% which is slightly lower than the London average of 24.0%.

Life expectancy at birth in 2002-04 in Havering for males was 77.1 years and for females was 81.0 years. This is slightly higher than the average for England, which was 76.6 years for males and 80.9 for females.⁶

Source: Greater London Authority (GLA) (2005 Round) Demographic Projections – Scenario 8.07 Interim Household Projections. These projections do not take account of the development of London Riverside

⁵ *Copyright © Greater London Authority
Source: GLA Ethnic group projections 2001 Round (May 2002) - central projection assumes 1995-2000 migration trend
These projections were produced prior to the publication of the 2001 Census and do not take account of the development of London Riverside Crown
Copyright
Source: 1991 and 2001 Censuses*

⁶ *Crown Copyright.
Source: Office for National Statistics (ONS) and London Health Observatory (LHO)*

Housing

In 2005 there were a total of 96,170 dwellings in the Borough of which 11,262 (11.71%) were owned by the local authority. These are generally well maintained and most have double-glazing and central heating. 2,742 dwellings (2.85%) were owned by registered social landlords, 37 were other public sector (0.04%) and 82,129 (85.40%) were private sector.⁷

The London Housing Capacity Study 2005 has predicted significant increases in the numbers of homes projected for East London and the Thames Gateway between 2016 and 2031.

Area of the borough

In 2001 Havering covered 11,227 hectares (112 square kilometres or 43 square miles). The borough ranked third largest out of the 33 London Authorities, after Bromley (15,015 Hectares) and Hillingdon (11,570 hectares).⁸

Main Employers

In 2004 Havering was home to 7,500 businesses with 76,600 employees, the majority being small companies with fewer than 10 employees. Havering has a growing workforce with the total number of employees working in the borough increasing by 6% between 1998 and 2004 from 72,400 to 76,600.⁹

The Council is the largest local employer and the local hospitals are also large employers. Significant employers in the private sector are supermarkets and retailers, Aon Ltd, Fords, Havering College of Further and Higher Education, Liberata Life Pensions and Investments Ltd, Thorn Lighting Group, Neopost Ltd, Carpetright plc, Tilda Ltd, Martindale Pharmaceuticals, Romford Stadium Ltd and Towergate Insurance Services Ltd.

⁷ Source: London Borough of Havering, Housing Department, Housing Investment Programme 2005: Housing Strategy Statistical Appendix, figures as at 1 April 2005.

⁸ Crown Copyright
Source: 2001 Census Key Statistics Table KS01
Area is on Census day 29 April 2001

⁹ Figures exclude farm based agriculture class 0100 (1992 SIC)
Source: Office for National Statistics, Crown Copyright Reserved [from Nomis on 25 April 2006)
Annual Business Inquiry Workplace Analysis

Unemployment

In March 2006 the unemployment rate in Havering was 2.4%, which was lower than the London average of 4.6% and the rate for Great Britain of 3.6%. Havering had the fourth lowest rate in London. The rate ranged from 1.8% in Richmond upon Thames to 8.4% in Tower Hamlets. The rate for Havering is typically approximately half that for Greater London.¹⁰

Social Profile of the Community

Havering's communities include Gidea Park, a suburb with a strong heritage; Collier Row, a major residential area with mixed housing; Harold Wood, itself made up of distinctive localities like Harold Park; Upminster; and Rainham featuring ecologically diverse marshes and industrial areas, and brought closer to the rest of Havering since the opening of the new A13 to the South of Rainham (the old A13 to some extent cut Rainham off). Harold Hill was the largest Greater London Council post war estate, and one of the largest of its kind in Europe. Along with the south of the Borough, which lies in the Heart of Thames Gateway regeneration area, Harold Hill has started to attract significant levels of external funding.

Havering is experiencing dynamic change. In April 2001 Romford saw the completion of a new £118 million retail development on the site of a former brewery. Romford, is a major regional shopping centre with a traditional market, cinemas and nightclubs. The Borough has several vibrant local shopping centres and a good range of leisure amenities. Rainham and Wennington, and South Hornchurch are set to be transformed as part of proposals for the Thames Gateway area. This includes significant investment from the government, European Union and the private sector in employment, education, community and environmental projects on a large scale. Also, work is nearing completion on the construction of the new District General hospital in Romford on the site of the previous Oldchurch Park.

At the same time, there are some real problems to be addressed: job losses; low pay, skills and job security; fear of crime; areas of deprivation and need; pressure created by a high elderly population; groups who are excluded from the opportunities which the rest of Havering enjoys; and environmental issues, affecting the quality of streets and open spaces, traffic and public transport problems, pollution and waste.

¹⁰ *Source: GLA & ONS claimant count*

Copyright GLA and ONS

Note that the claimant-count unemployment figures relate to 'computerised claims' only. These account for around 98% of all claims. For this reason, borough totals may be slightly lower than those available from other sources.

Geography and Transport

Havering is located on the north east boundary of Greater London. To the north and east the borough is bordered by the Essex countryside, to the south by a three mile River Thames frontage, and to the west by the neighbouring boroughs of Redbridge and Barking & Dagenham. There are direct rail and London underground connections to the City and Central London which are less than 20 km (12 miles) from the Borough. There are two overground railway lines: One Railways with stations in Romford, Gidea Park, Harold Wood and Emerson Park, and C2C with stations at Upminster and Rainham. The District line links central London to Upminster, Upminster Bridge, Elm Park and Hornchurch. The A12, A13 and M25 main trunk roads all run through the Borough, providing access to the Channel and East Coast ports, the national motorway network and nearby Stanstead and London City Airports, both within easy reach, providing international air links. Major improvements have been made to the A13 which runs east west through the south of the Borough and has been re-routed south of its previous route and now has six lanes. The Channel Tunnel Rail Link is also planned to run through the Borough. Havering is located 15 minutes by rail from the site of the 2012 Olympics in Stratford.

In 2001 23.3% of households did not have access to a car or van. This was one of the lowest levels in London and compared to the London average of 37.5%. Of those aged 16-74 in employment, 46.7% usually travel to work by driving a car or van. This was one of the highest levels in London and compared to the London average of 33.5%. 17.8% usually travelled by train compared to the London average of 12.2%.¹¹

¹¹ *Crown Copyright*

Source: 2001 Census Key Statistics Tables KS15 and KS17

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2. Workforce Profile

2.1 Establishment Data

The Council employs 7987 people (headcount including schools based staff, which equates to 5490.53 full time equivalent (FTE)¹² staff).

Excluding schools based staff, the Council employs 2766.35 people within the following services :

DIRECTORATE	TOTAL FTE POSTS	FTE POSTS			GROSS VACANCIES (FTE)
		PO4 & ABOVE	SO1 - PO3	APTC 6 & BELOW	
CHILDREN'S SERVICES	730.46	169.28	176.29	384.89	77.04
FINANCE AND COMMERCIAL	412.85	109.77	116.60	186.48	86.16
PUBLIC REALM	772.80	47.47	136.21	589.12	93.50
SUSTAINABLE COMMUNITIES	1262.39	115.81	321.76	824.82	323.58
ASSISTANT CHIEF EXECUTIVES'	200.45	55.90	58.42	86.13	32.32
TOTAL	3378.95	498.23	809.28	2071.44	612.60

¹² Full-time equivalent (FTE) is the percentage of time a staff member works represented as a decimal. A full-time position is 1.00, a half-time position is .50 and a quarter-time position is .25

2.2 Diversity of the workforce

The figures and tables below show the gender, ethnicity, ethnic origin, disability and age distribution of all council employees, including schools based staff.

2.3 Gender profile of the workforce

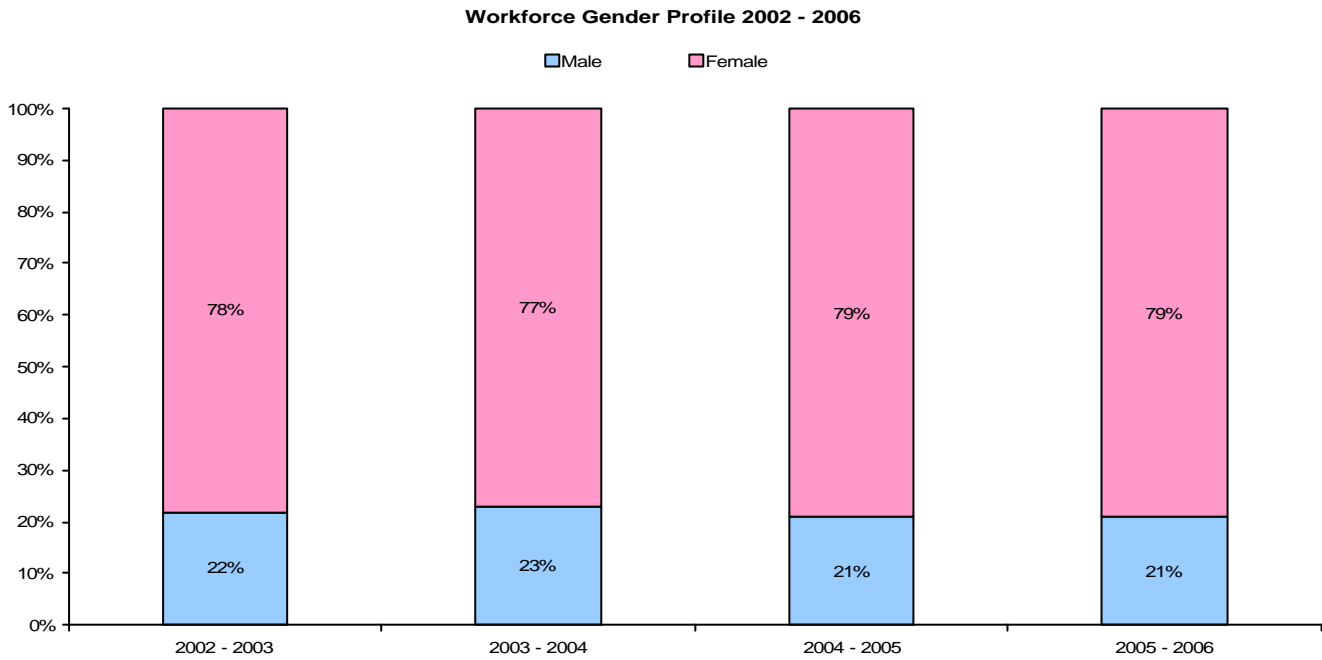
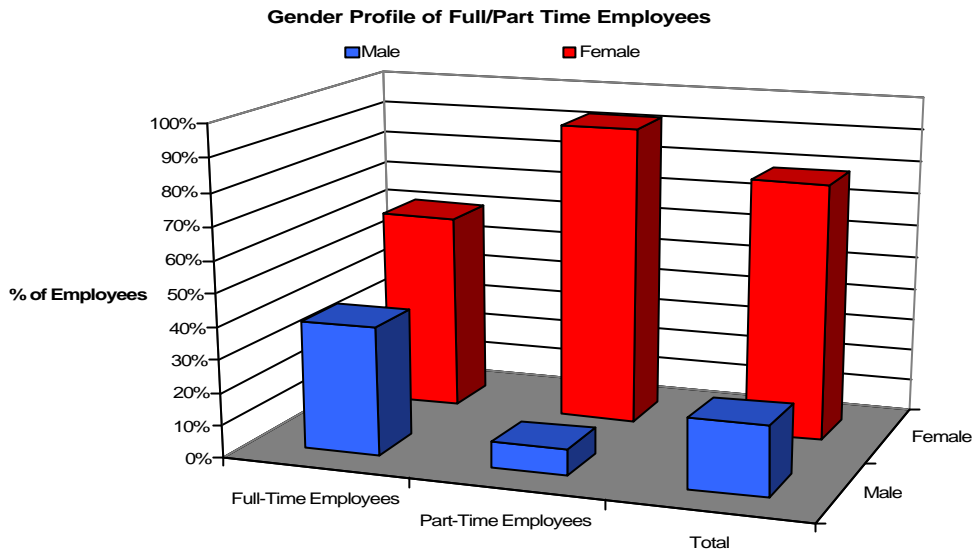


Figure 2.3.1 Gender profile of the workforce 2002 - 2006



	Full-Time Employees	Part-Time Employees	Total
Male	39%	8%	21%
Female	61%	92%	79%

Figure 2.3.2 Gender profile of the workforce in 2005/2006

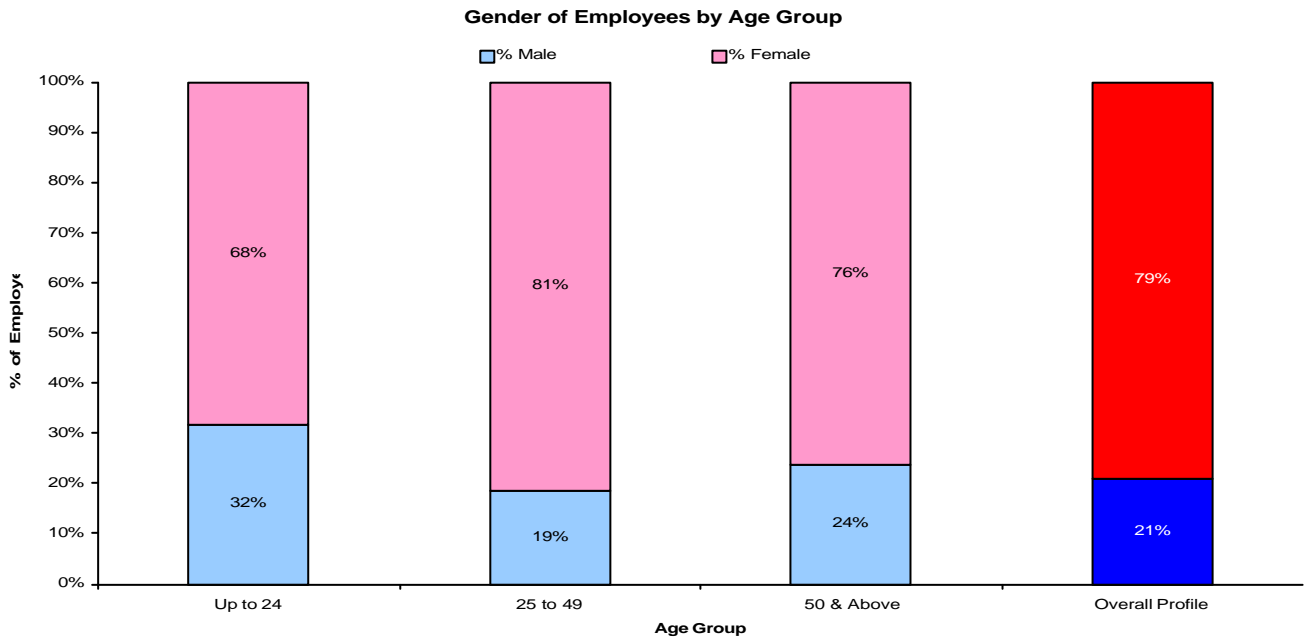


Figure 2.3.3 Gender of employees by age group

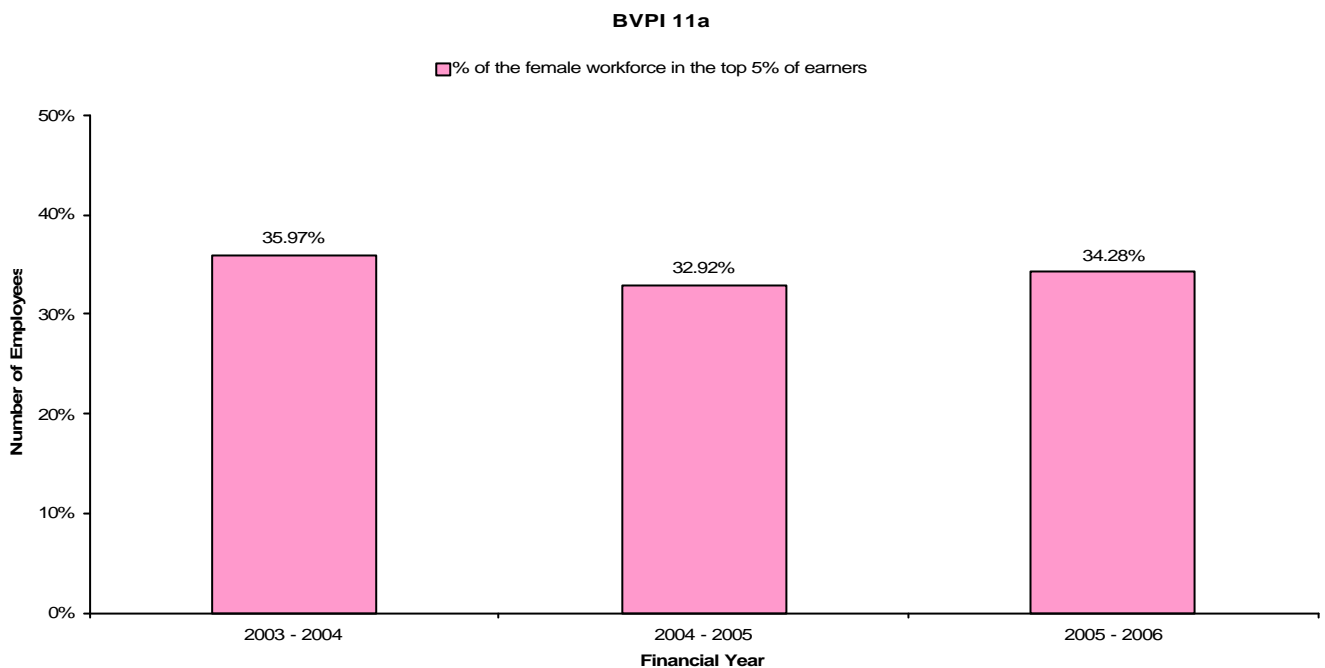


Figure 2.3.4 Gender Profile of the top 5% earners

Trend analysis

The gender profile of the workforce has remained largely unchanged over the four year period 2002 to 2006. There are currently approximately 4 female employees to every 1 male employee.

Figure 2.3.2 demonstrates that whilst there are larger numbers of women in the organisation than men, there are a greater number of women working part time.

The graph in figure 2.3.4 shows that, compared to the current workforce profile of 79% female employees, there are less than average female employees in the top 5% of earners (34.28%) (Best Value Performance Indicator (BVPI) 11a).

Local authority performance is assessed against the national average outturn figures for these indicators for Comprehensive Performance Assessment (CPA) purposes. In 2004/2005, the national upper quartile for this BVPI was 40.28%, the average 29.82%. The London Borough's upper quartile for this BVPI was 46.75%, the average 39.41%. Havering's performance is above the national average, but below top quartile performance nationally.

Strategic Objectives

Targets have been set to show progression year on year towards the national upper quartile for BVPI 11a by increasing the number of women in the cohort of the top 5% of earners by 2 FTEs each year :

2005/2006 outturn :	34.28%
Target for 2006/07	35.95%
Target for 2007/08	37.63%
Target for 2008/09	39.30%

2.4 Ethnicity profile of the workforce

The following information includes data for schools based employees.

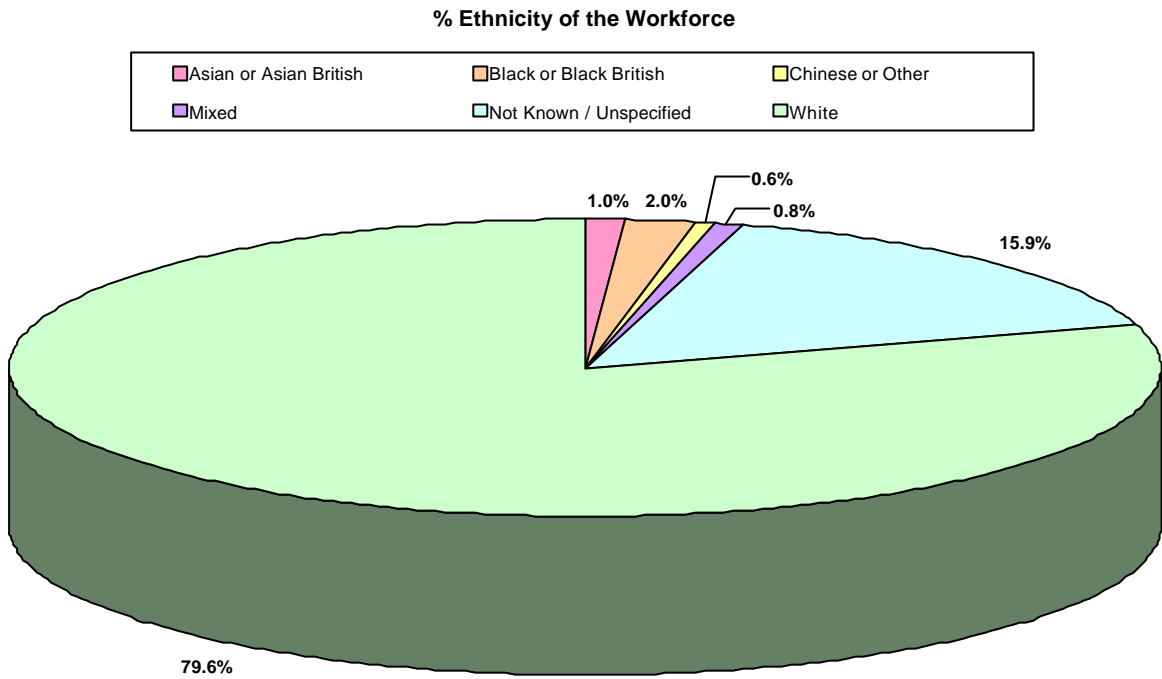
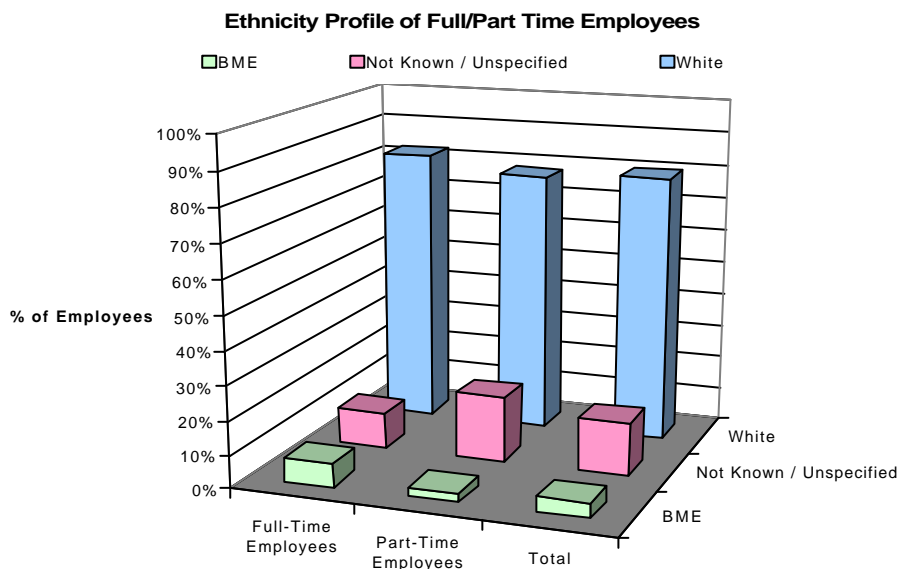


Figure 2.4.1 Percentage of ethnic minority staff in 2005/2006



	Full-Time Employees	Part-Time Employees	Total
BME	7%	3%	4%
Not Known / Unspecified	11%	20%	16%
White	82%	78%	80%

Figure 2.4.2 Full time/part time employees by ethnicity

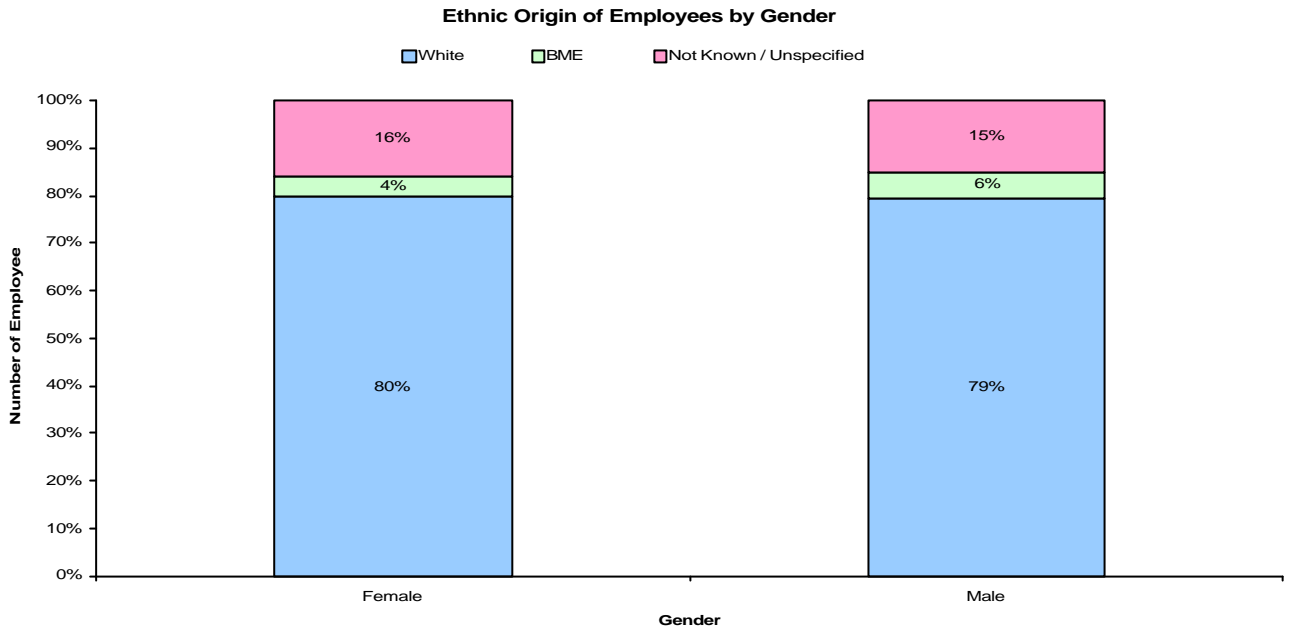


Figure 2.4.3 Ethnicity profile of the workforce by gender

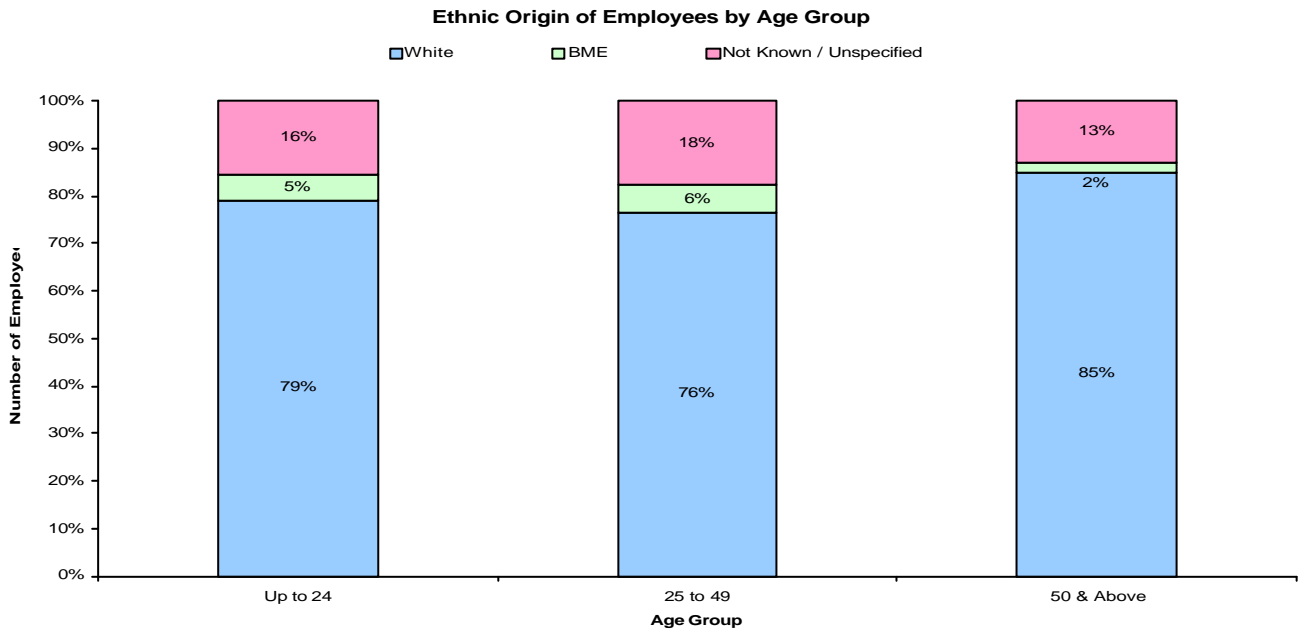


Figure 2.4.4 Ethnicity profile of the workforce by age group

Ethnic Category	2002 - 2003	2003 - 2004	2004 - 2005	2005 - 2006
White	54.3%	78.8%	86.8%	79.7%
Black and Minority Ethnic Employees	2.0%	3.3%	4.2%	4.4%
Black or Black British	0.9%	1.4%	1.8%	2.0%
Asian or Asian British	0.5%	0.9%	1.1%	1.0%
Mixed	0.4%	0.7%	0.9%	0.8%
Chinese or Other	0.2%	0.3%	0.4%	0.6%
Not Known / Unspecified	43.7%	17.9%	9.1%	15.9%

Table 2.4.5 Ethnicity profile of the workforce 2002 – 2003 to 2005 - 2006

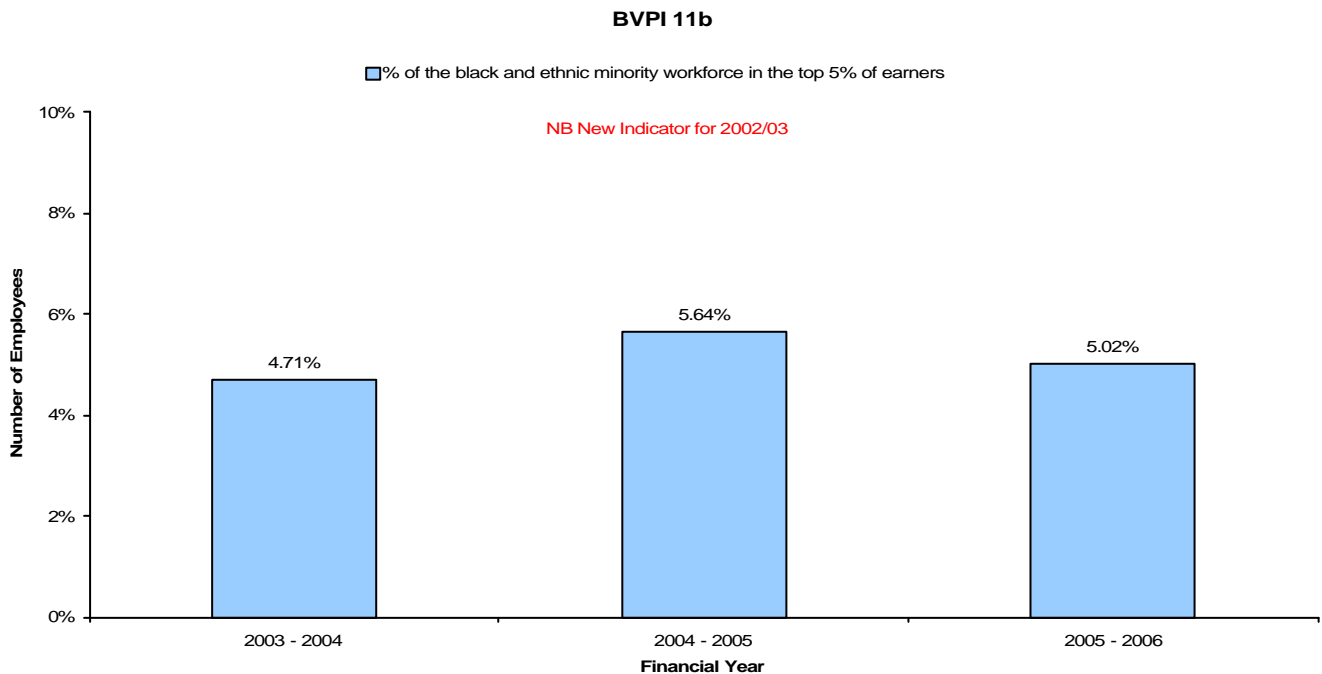


Figure 2.4.6 BME staff in the top 5% of earners

Trend analysis

The number of employees classifying themselves as belonging to a minority ethnic group has increased each year, from 2.0% in 2002 – 2003 to 4.4% in 2005 – 2006. A workforce audit of employees took place during 2003 – 2004 which improved the quality of data in relation to the ethnic make up of the workforce. The numbers of employees where their ethnic origin is not known or unclassified has increased slightly during the last financial year, this increase has taken place within the Children's Services area and are predominately schools based staff.

Proactive work has been undertaken with management teams to obtain ethnicity information for all of their employees, using the CRE's approved 'Management Classification' process where appropriate.

The graph in Figure 2.4.6 shows that, compared to the current workforce profile of 4.4% BME employees (Table 2.4.5 above), there are more than average BME employees in the top 5% of earners.

In 2004 – 2005, the percentage of BME employees in the top 5% of earners was 2.87% for all authorities across England, and 11.70% for all London Boroughs. Havering is currently 43% above the national average, but 57% below the average for London.

The percentage of the economically active (persons aged 18-65) minority ethnic community population in Havering is 5.09%¹³ (BVPI 17b). Havering's outturn figure (BVPI 17a) for 2005 – 2006 is 4.75%, which gives a comparability index of 93.30%¹⁴.

The national average outturn figure for 2004/2005 for PI 17a/17b was 84.50%, and the top quartile was 108.5%.

The London Borough's average outturn figure for 2004/2005 for PI 17a/17b was 90%, and the top quartile was 104.60%.

Future targets have been set to reach a comparability index in 2008/2009 of approximately 100%.

¹³ Source: 2001 Census, ONS

¹⁴ Comparability Index = [(17a / 17 b) x 100%]

Strategic Objectives

Targets have been set to show progression year on year towards the national upper quartile for BVPI17a by increasing the number of BME staff in the cohort by 10 FTEs each year :

2005/2006 outturn :	4.40%
Target for 2006/07	4.79%
Target for 2007/08	4.94%
Target for 2008/09	5.09%

Additionally, targets have been set to increase the numbers of BME staff in the top 5% of earners by 1 FTE each year :

2005/2006 outturn :	5.02%
Target for 2006/07	5.85%
Target for 2007/08	6.69%
Target for 2008/09	7.53%

2.5 Disability profile of the workforce

This information includes schools based employees.

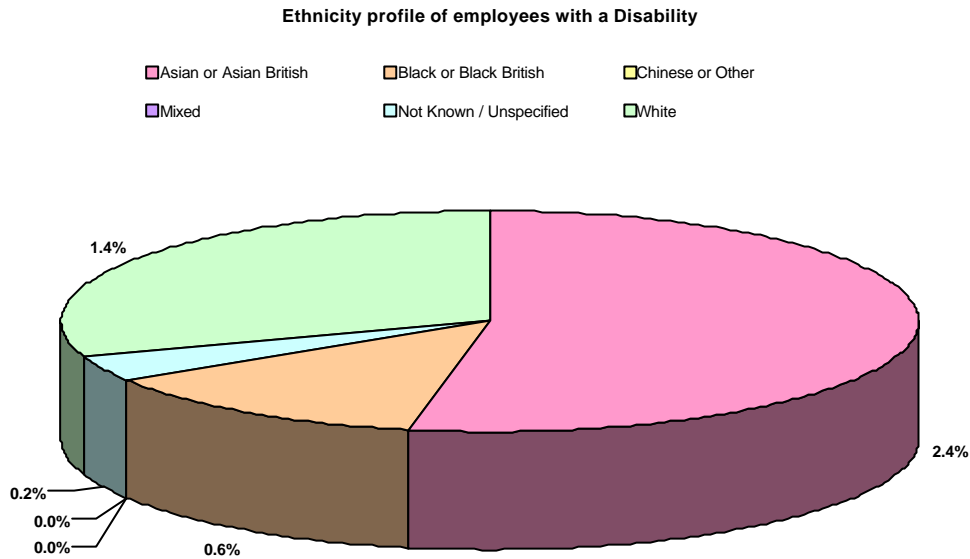


Figure 2.5.1 Ethnicity of employees who have declared a disability

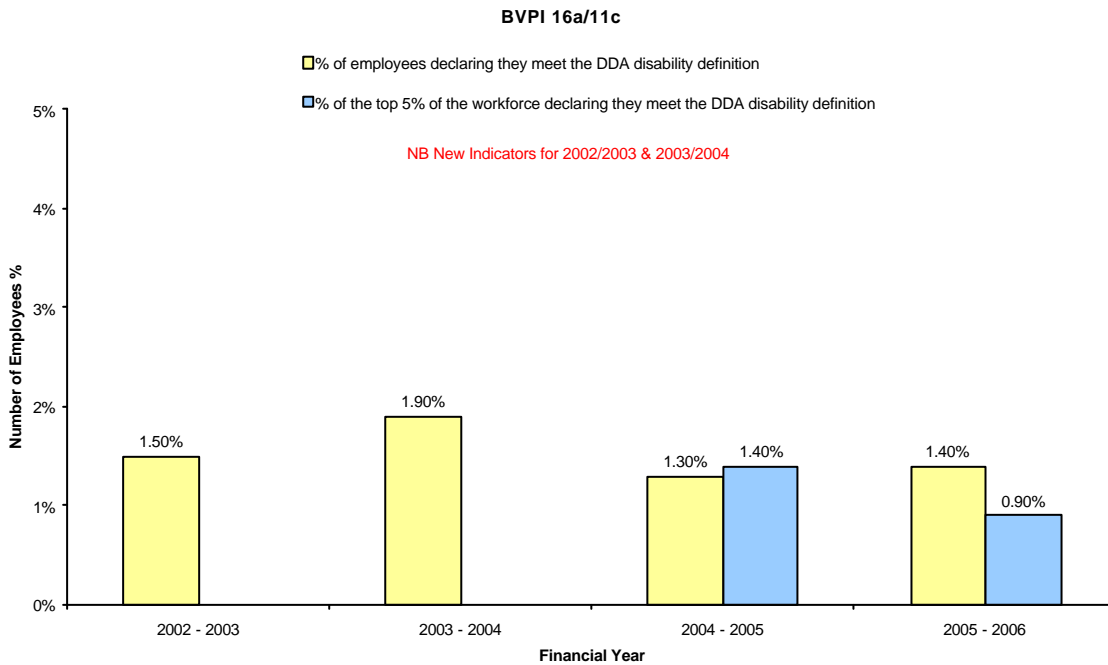


Figure 2.5.2 Percentages of the workforce who have declared a disability

Gender profile of employees who have classified themselves as having a disability

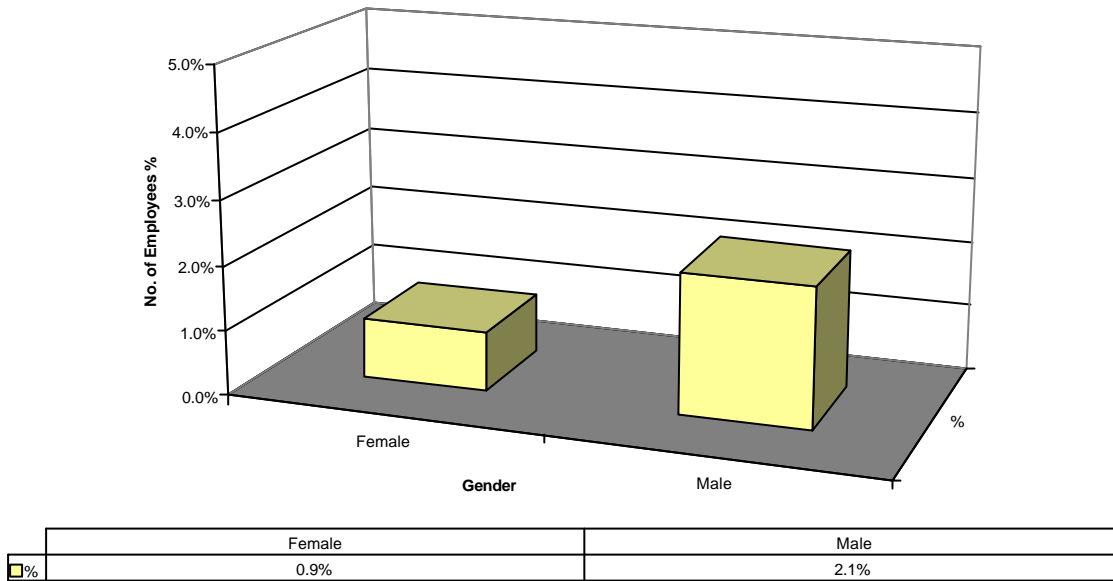


Figure 2.5.3 Gender profile of employees who have declared they have a disability

Trend analysis

The percentage of employees declaring that they meet the DDA disability definition has remained between 1% and 2% over the four year period shown above in Figure 2.5.2.

The national average outturn figure for 2004/2005 for PIs 16a/16b was 28.43%. The bottom quartile was 11.62%, the median 18.29%.

The London Boroughs average was 24.72%, the median 17.60% and the bottom quartile 12.16%.

Compared to the local disabled population, Havering has a low comparability index (11.02%).

The number of disabled employees in the top 5% of earners has remained constant at 2 employees over the last two financial years.

Strategic Objectives

Targets have been set to show progression year on year towards the national upper quartile for BVPI16a by increasing the number of disabled staff in the cohort by 10 FTEs each year :

2005/2006 outturn :	1.40%
Target for 2006/07	1.56%
Target for 2007/08	1.71%
Target for 2008/09	1.86%

Additionally, targets have been set to increase the numbers of disabled staff in the top 5% of earners by 1 FTE each year :

2005/2006 outturn :	1.67%
Target for 2006/07	2.51%
Target for 2007/08	3.34%
Target for 2008/09	4.18%

2.6 Age Profile

The following data includes information for all schools based employees.

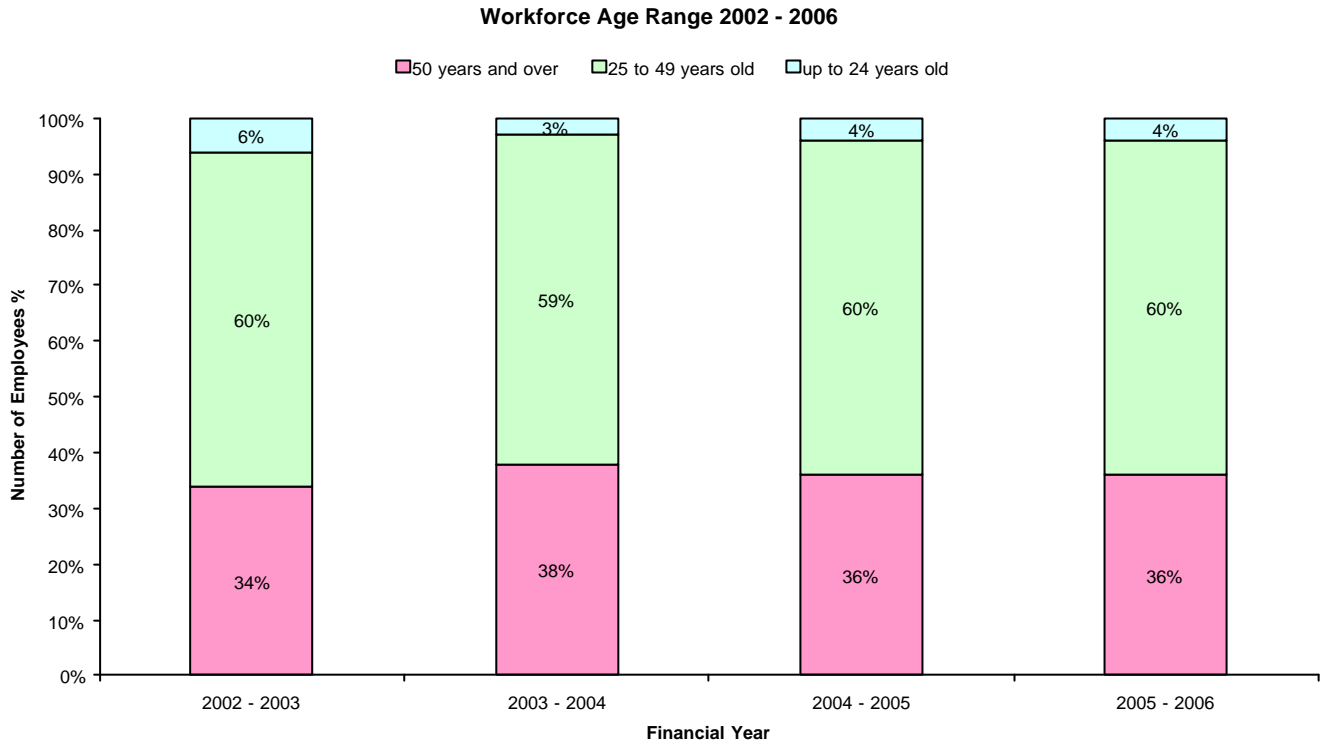


Figure 2.6.1 Composition of the workforce by age ranges

Trend analysis

Havering has a consistently high number of employees in the 50 years and over age category. This however is consistent with the local age profile for the borough (60.1% of people of working age, the lowest proportion in London and 20.4% of people over retirement age, the highest in London).

The numbers of employees aged under 24 is low at 4% compared to 8% of staff under 25 in local government and 16% in the whole economy.¹⁵

Proactive work is taking place at service area level to ensure that future capacity needs are met and skills transferred to ensure continued service delivery.

¹⁵ SOCPO/TMP Worldwide, 2002

One example of this is within the Financial Services area which has an aging workforce profile but has designed a career grade structure for all its staff which shows clear pathways for progression.

Human Resources also work proactively with management teams to identify those employees who are due to retire within the short and medium term to ensure effective forward planning.

Strategic Objective

There are no national performance indicators relating to age set by the Audit Commission. Through our talent management and recruitment strategies, we will ensure that Havering has a workforce fit for purpose and with the capacity to respond quickly and effectively to customer needs.

2.6 Diversity Actions

Havering has already undertaken many initiatives which will make the Council a more attractive employer including whole Council accreditation for Investors in People (IiP) achieved within the 2004 – 2005 financial year and achievement of the Employment Service's disability 'Two Ticks' award.

Implementation of a new Recruitment and Retention Strategy along with a Diversity Strategy for the Council will deliver a range of further initiatives designed to increase diversity in the workforce including :

- A range of proposals within the Building a Healthy Organisation initiative (such as improving employees' work/life balance) designed to create a better working environment for employees;
- Further development of a structured Leadership programme for managers and also now for senior managers;
- Promotion of an inter-Borough mentoring scheme which will develop managers' skills;
- The appointment of a dedicated Access Officer to focus specifically on disability issues;
- Closer links being developed with disability groups within the community resulting in a Disability Conference in June 2006 which promoted the Council as an employer and strengthened relationships.
- Further promotion of the guaranteed interview scheme for disabled applicants (under the Positive About Disabled People scheme) will take place by use of publicity and changing recruitment packs;
- A further workforce audit of employees is planned which will focus on disability issues to ascertain whether there are any perceived barriers for employees in declaring themselves disabled;
- Partnership working with the local JobCentre Plus response handling team to assist in recruiting a diverse workforce representative of the local community;
- Development of equalities targets and positive action initiatives;
- Increasing the Level of the Equality Standard for Local Government to which the authority conforms;

- Identification of the appropriate staff and their subsequent encouragement to attend the new Pathways to Success programme (pilot programme run by Eden Charles to offer staff from BME groups development opportunities for senior management posts);
- Increased links within the BME community in Havering to promote Havering as an employer;
- The Council's Talent Management Strategy supports the "grow your own agenda" . It has several strands including :
 - the Ambitions programme which is targeted at those who do not have an NVQ or equivalent qualification is designed to recruit junior employees who would meet the entry requirements of the Modern Apprenticeship scheme as delivered by the Learning & Skills council;
 - the Ambitions ^{plus} scheme is aimed at those who have an NVQ level 3 or equivalent which enables them to pursue an occupationally specific HE qualification. ^{plus} trainees would be employed by host departments directly and get work experience in occupationally specific areas and released to an HE provider;
 - Graduate intake under the National Graduate Development Programme, (NDGP) which was established in 2001 by the Employers' Organisation, (EO), with funding from the ODPM. The aim of the programme is to address the need for strong succession planning and the development of management capability. The final strand is for fast trackers and is still under development;
- Achievement of the Age Concern kitemark;
- Exploring ways of engaging the elderly population within Havering and look at ways of identifying those roles where employees may be developed if they are unable to continue working in their current role e.g. a Homecarer with a back injury retraining to an administrative role;
- Close working across the Council and partner organisations to improve forward and succession planning.

3. Resource management

3.1 Sickness absence management

Average Days Sickness Absence Per Employee (excluding schools based employees)

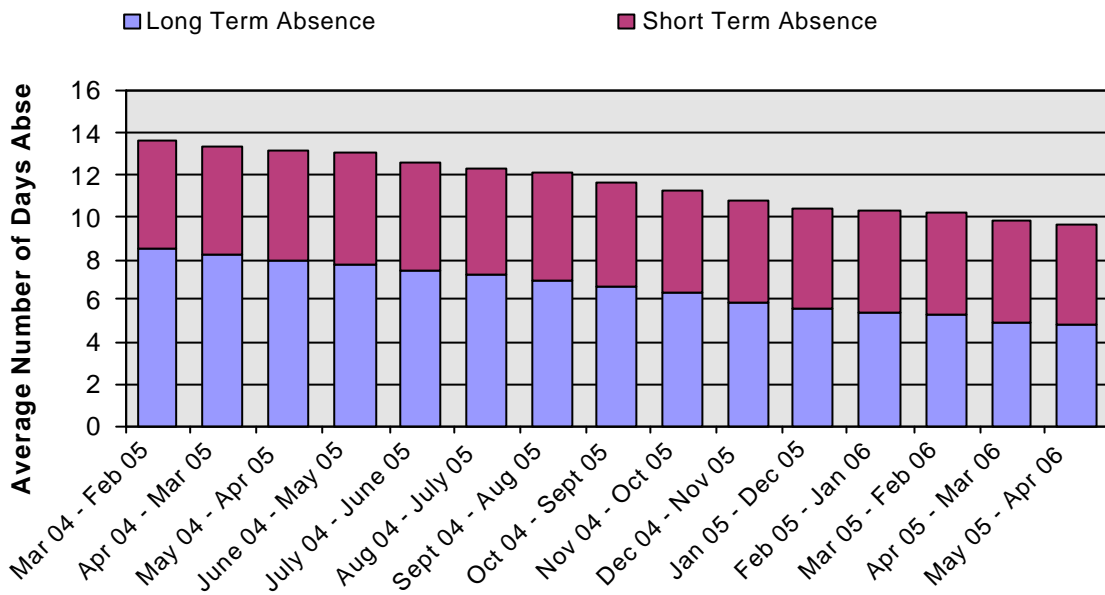


Figure 3.1.1 Rolling year average number of days absence per employee

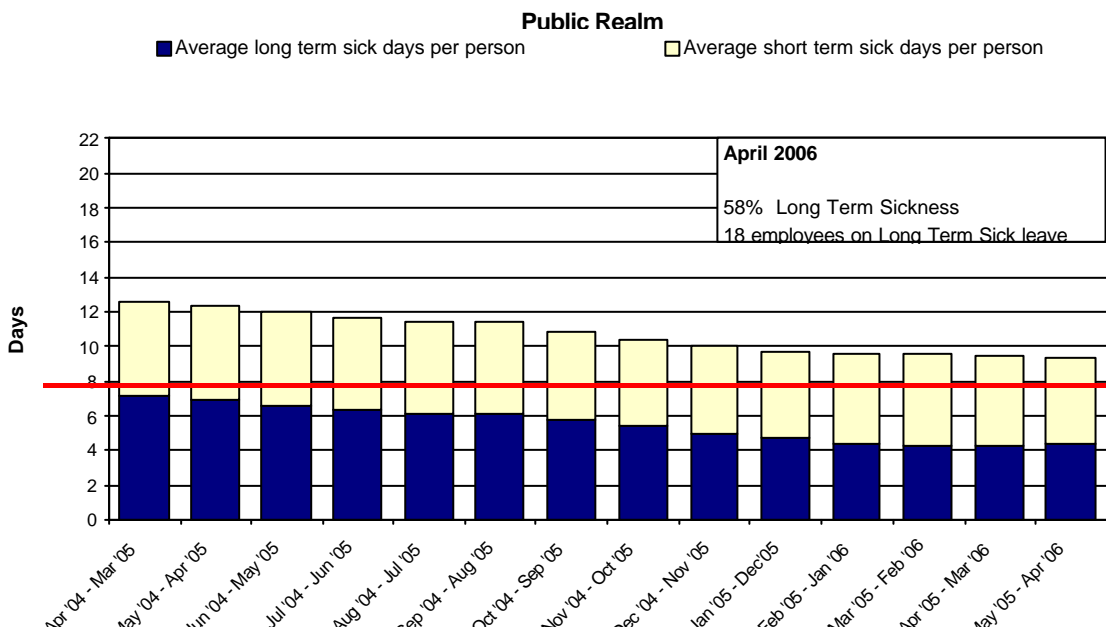


Figure 3.1.2 Rolling year average number of days absence per employee – Public Realm

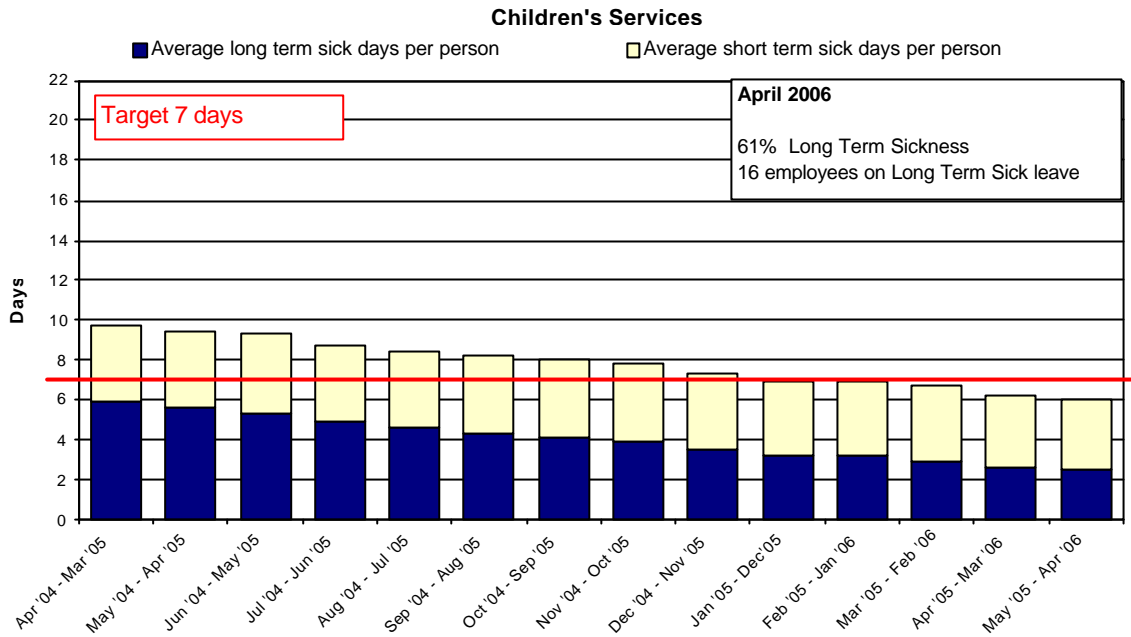


Figure 3.1.3 Rolling year average number of days absence per employee – Children's Services

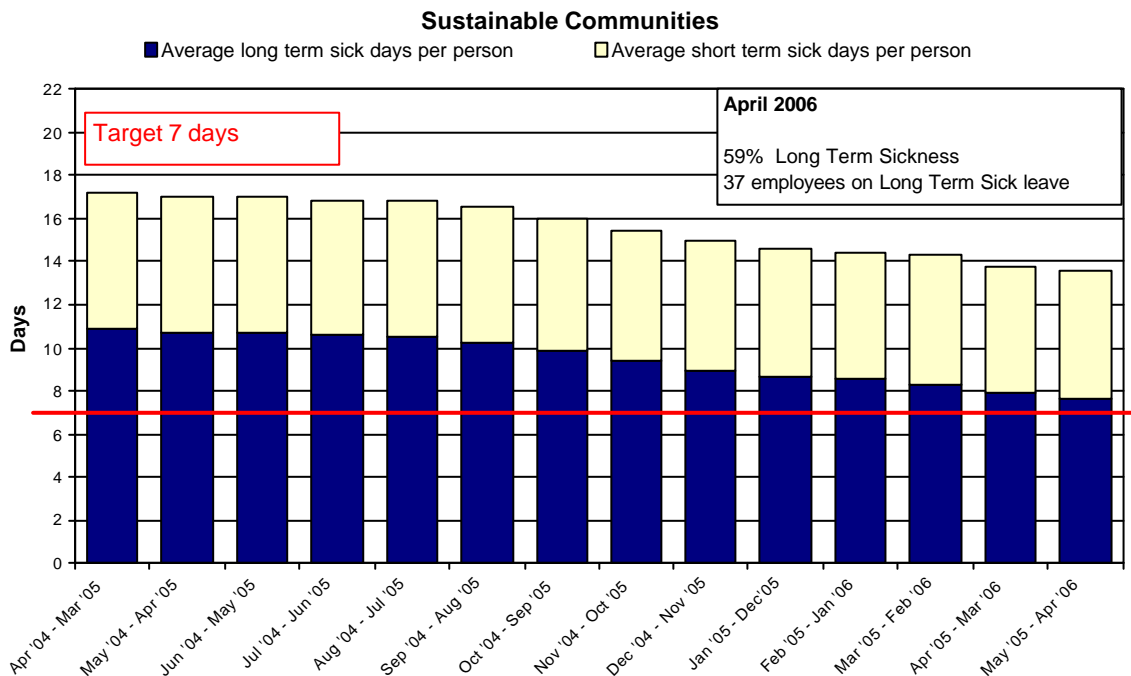


Figure 3.1.4 Rolling year average number of days absence per employee – Sustainable Communities

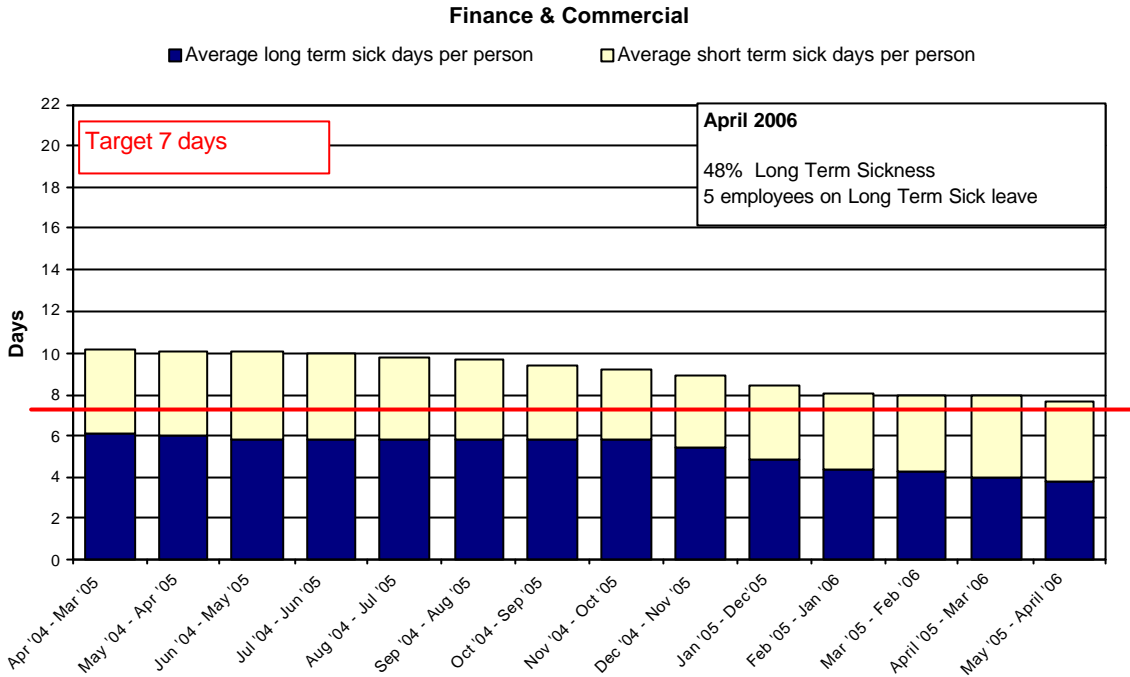


Figure 3.1.5 Rolling year average number of days absence per employee – Finance and Commercial

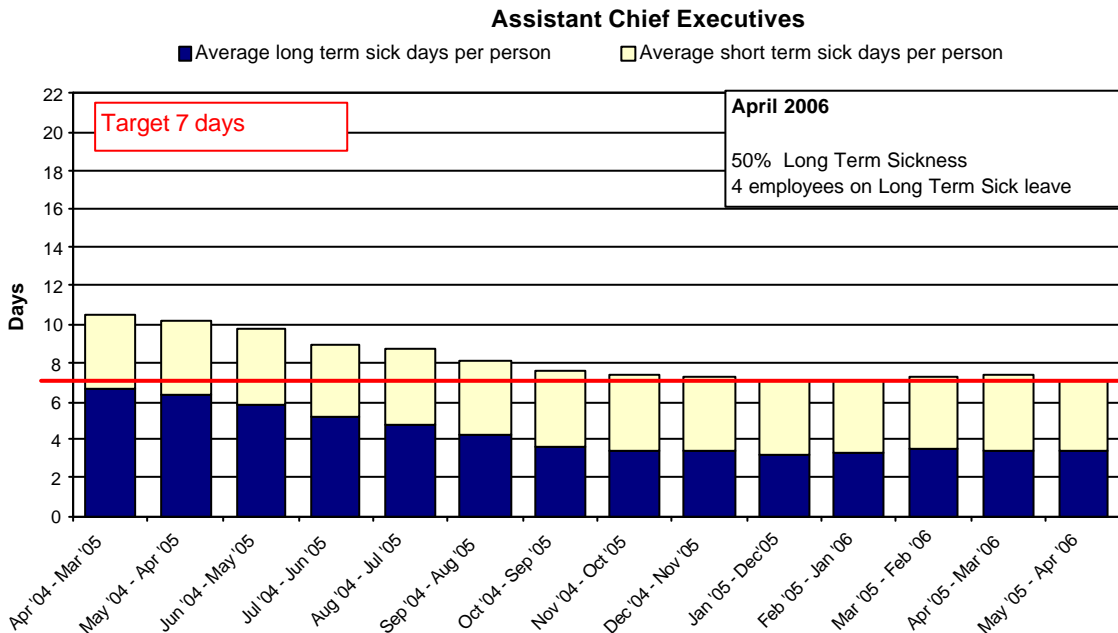


Figure 3.1.6 Rolling year average number of days absence per employee – Assistant Chief Executives

Trend analysis

There has been a marked improvement with regard to the inputs and outputs of sickness management over the last two years resulting in significant decreases in absence levels.

Working days lost through sickness absence decreased by 36% between the financial years 2003/2004 and 2005/2006. Absence levels for employees not based in schools have fallen to an average of 9.83 days per employee. Including schools based employees, the average falls to 7.61 days.

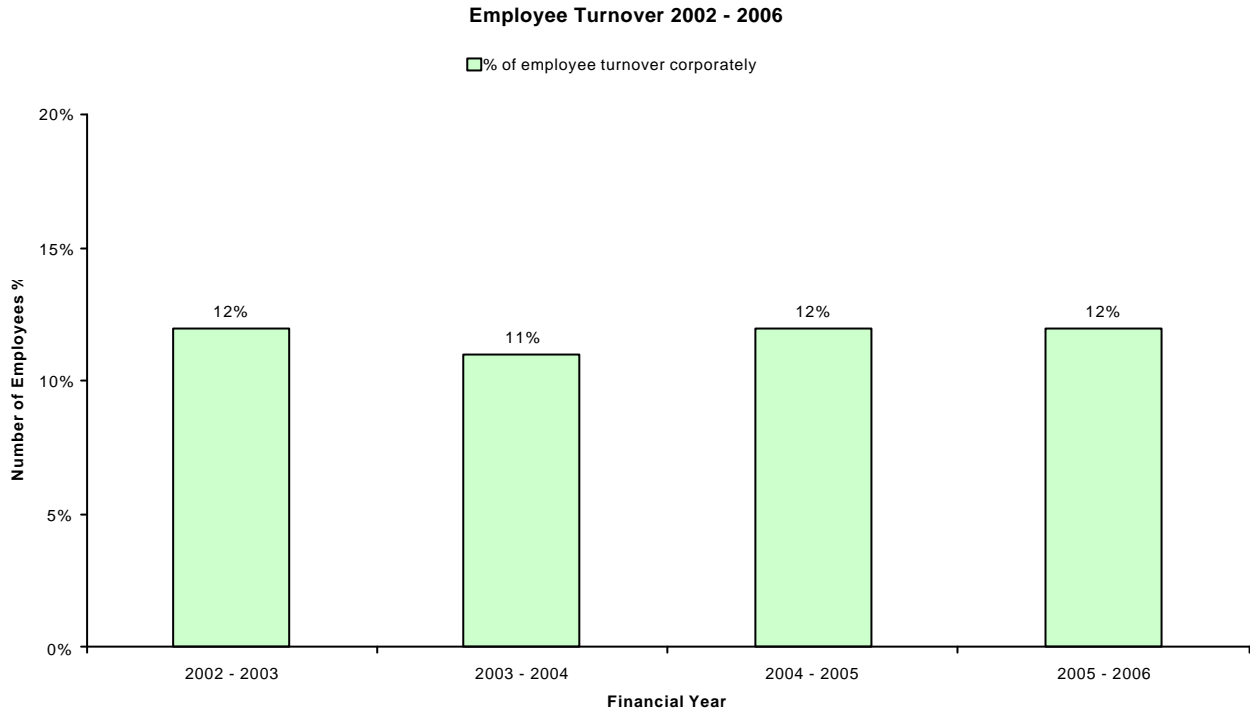
This figure of 7.61 days exceeds top quartile national performance of 8.44 days in 2004/2005, and the London Boroughs upper quartile of 7.92 days.

Strategic Objectives

Targets have been set to show a 1% decrease year on year for BVPI12 :

2005/2006 outturn :	7.61 days
Target for 2006/07	7.53 days
Target for 2007/08	7.45 days
Target for 2008/09	7.38 days

3.2 Employee turnover



Trend analysis

The turnover figure¹⁶ has remained between 11% and 12% for the four years shown above in figure 3.3.1. The CIPD report that the overall employee turnover rate for the UK is 15.7%, whilst the public sector has an average turnover rate of 11.5%.¹⁷

The Association of London Government has indicated that the mean employee turnover rate in 2005 across London boroughs was 15.1%, 15% for outer London boroughs.¹⁸ Whilst this is the case for boroughs as a whole, there are some areas, such as Social Workers, where turnover rates are considerably higher.

Of those staff who provided ethnicity information for 2005 – 2006, 14% of new starters and 6% of leavers were from a black or minority ethnic background.

¹⁶ Turnover = [(Total leavers in period / Average number of staff employed in period) x 100%]

¹⁷ CIPD (2005). Recruitment, retention and turnover 2005. Survey report. London: CIPD.

(Survey report). Available at: <http://www.cipd.co.uk/surveys>

¹⁸ Employee Turnover in London Boroughs Benchmarking Report Number 6 - ALG

The effect of recruitment for the 2012 Olympics is yet to be quantified, however as the deadline draws nearer, Havering will need to have flexible reward packages in place to ensure that we are able to compete for talent.

Strategic Objectives

In order that we can improve our knowledge of the reasons why staff are leaving, Human Resources will work with management teams to ensure that all employees are offered a structured exit interview when they leave the organisation.

All BME employees are currently offered the opportunity to speak to a member of the Supporting People to Achieve Cultural Empowerment (SPACE) group if they choose not to have an interview with their line manager.

3.3 Resourcing actions

Sickness absence management remains a key priority for this organisation. Human Resources will continue to work proactively with managers to ensure that absence levels continue to decrease through the targeting of resources to 'hotspots'.

A range of initiatives will be explored to improve absence management in Havering including :

- **Occupational Health Service**

An efficient Occupational Health service is integral to any strategy to deal with absence rates. Constant monitoring is taking place to ensure contract compliance.

A range of options will be explored for the future including considering retendering the contract, a partnership arrangement with another public sector body, working with the Primary Care Trust or providing the service in house.

Close monitoring of the York City Council and Lewisham Council Occupational Health pilots will continue to take place.

- **Private health care options**

Research has shown that if an employee does not return to work within 8 – 12 weeks, they are unlikely ever to return. One option under active consideration is

for the Council to pay for an operation for an employee if there is a long waiting list, for example an operation carried out immediately may cost £2000 but the cost to the Council if the employee is off long term could be £14,000 in lost productive time.

Early intervention, particularly in cases of musculo-skeletal injuries, has also been shown to have a positive impact on recovery times. The Council are considering offering employees immediate access to physiotherapy and/or other relevant outpatient services through the Occupational Health Service which could impact significantly on timescales for returning to work, particularly in long term cases.

- **E –enabling HR /payroll resources to provide a manager/employee self service model**

An HR system providing manager self service will deliver improved, 'real time' management information allowing managers to take prompt action to manage absence.

- **Variance between service conditions against desired sickness management results**

In specific areas such as catering and driving services there are strict conditions as to fitness for duty which in other areas would not necessitate sickness absence. For example employees in Catering or those in residential establishments cannot work with customers if they are suffering from certain illnesses for Health and Safety reasons. In those circumstances, one option which could be considered is the temporary redeployment of employees away from those critical areas until they are fit to return to work

Alternatively a Home Carer who is not able to lift patients due to an injury, but can perform administrative tasks in an office, could be temporarily redeployed until such time as they are fit to return to their substantive post.

- **Cultural Change**

We are continuing to work with managers/employees/trade union colleagues to change the culture of the organisation away from one where sickness absence is still seen as an entitlement to a position where employees feel valued and take responsibility for their actions.

- **Performance Management**

We will continue to upskill managers, making them accountable for managing absence through their PDPAs. Performance management information will continue to be provided on a timely basis to management teams and Members to enable poor performing services to be targeted.

- **Turnover**

Havering's turnover rate is below the average for London local government. Through regular analysis of areas of greatest and least turnover, management teams will be able to ensure that there is fluidity throughout the organisation, specifically in areas of strategic importance, ensuring that new skills and ideas are brought in whilst retaining existing knowledge.

A regular analysis of data for those people leaving Havering especially within their first year of employment will be undertaken to ascertain the reason why people are leaving and assess what further action may need to be taken as a result.

Improved arrangements for exit interviews across the Council will be implemented, making use of results to drive improvements.

**LEARNING & DEVELOPMENT
STRATEGY
2006 - 2009**

Learning & Development Strategy

Executive Summary

The following document outlines a strategy for Learning and Development for Havering for the next three years.

It takes account of the Council's strategic vision, as set out in its Corporate Plan, to *"create a safe, welcoming, healthier and more prosperous place where people choose to live, work and visit."*

It also builds on the Authority's HR Strategy in particular through its aims of :

- Enabling the Council to attract and develop the staff it requires;
- Identifying the staff skills and attributes the Council needs now and in the future;
- Working in partnership with education and training bodies to ensure the workforce expertise needed for the future.

The purpose of the learning and development strategy is to help create a learning environment, where the organisation is committed to learning as an important activity in its own right and where its people have the tools to develop their skills and potential.

The strategy sets out a plan of how the Council will encourage a sustainable learning culture. We believe that effective people management and personal development is fundamental to achieving service improvement. Unless we can attract, retain, develop, manage and motivate skilled people we will find it difficult to recruit people to deliver the Council's vision.

We recognise that we need to increase the capacity of our existing staff and not have an over-reliance on recruiting in an increasingly competitive market place.

Key themes

The strategy is built around four key themes. These four themes are outlined in the table below:

Developing the People – professional, competent, adaptable, creative, E-focussed and competent; leaders who shape compelling organisational goals and unlock the potential in others to achieve them.

Developing Communication and Relationships – building our capability in knowledge management; building partnerships, internal and external; sharing best practice; marketing ourselves internally as well as externally; working collaboratively, sharing knowledge, developing and agreeing service standards and sharing this information effectively

Developing the Organisation – empowering people, encouraging an environment of creativity; celebrating our successes; building our capability to deal with change, adaptable; a learning organisation, one that makes time for reflection, planning and review

Developing Supporting Systems and Processes – electronically held records of individual's training and development activities, with information available to both the individual and line managers; modernise methods for booking training and development.

Introduction

This document describes the elements of these four themes, and how and why these themes will help the Authority to meet the challenges ahead. It outlines a development strategy to enable all Havering's people to develop the qualities, competencies, skills, motivation and commitment needed to meet the challenges not only of today, but for the duration of the new strategic plan and beyond.

The strategy directly builds upon the framework outlined in the Human Resource Strategy '*Creating Capacity*', through which the Council can develop a workforce with the skills, knowledge and attitudes necessary to meet the challenges ahead.

The plan will be reviewed on a regular basis to maintain and ensure its relevance and focus. It will be used as the baseline for measuring progress against our development objectives.

Background and Context

The internal and external influences on Havering Council are becoming more powerful and underline the need for the Council's clear vision of where and how it wants to position itself for the future. Many of these influences and trends require a long term strategic response at a corporate level.

The key drivers behind the Havering learning and development strategy come from external and internal factors as well as various national, regional and local issues. These include:

- Ensuring that Havering has the right people resources and management to provide excellent public services to its customers
- Increasing need for flexible service delivery and flexible work options
- Meeting heightened and diverse customer needs and expectations
- The greater emphasis on partnership building and a collaborative focus
- The ODPM requirement to produce a Pay and Workforce Strategy
- The capacity building and efficiency agenda (Gershon), which calls for more e-government developments and value for money
- Addressing the demands of external inspection e.g. CPA, OFSTED, JAR's etc
- Responding to increasing recruitment and retention challenges, including local and national skills shortages
- Local and national demographics – the ageing population, more jobseekers
- Responding to the children's agenda

Investors in People

The Council bases its approach to learning and development on the Investors in People standards. Each Directorate achieved the standard in 2004/5 and this was converted to corporate accreditation in March 2005. Work is already underway to prepare for re-accreditation in 2008 under the new IiP standards.

Key Elements of the Learning and Development Strategy

The strategy is composed of four elements, which are to develop

- the people,
- communications and relationships,
- the organisation,
- systems and processes to support the function (see Table 2).

1. Developing the People

1.1 Defining Expectations for Behaviour and Performance

There are two areas that we need to define when talking about managing and improving performance.

The first of these is focussed on performance - outputs - the "what" of performance. The Council's current system for defining what is to be achieved is through the objective setting phase of the Personal Development and Performance Appraisal process. Key SMART objectives are identified which flow from the service plan and ultimately the corporate plan. The employee's learning and development needs in relation to their objectives are identified as part of this process.

The second area focuses on the less tangible skills and attitudes - the "how" of performance. If we can define the types of behaviours we expect to see in all our staff in achieving those outputs, and if these clearly support the values, ethos and spirit of the Authority, we will be in a better position to ensure these are achieved. Assessment against a set of Council competencies could eventually be incorporated into the PDPA process for all staff, allowing us to measure and reward the "how" aspects of performance.

1.2 Developing a Competency Framework

This involves developing a corporate competency framework for all staff that defines the behaviours expected of every employee in the Council, as well as enabling us to identify and nurture the high performing workforce of tomorrow from within our existing people. The competency framework should support Havering's values and the culture we want to create. The demonstration of these

competencies should be rewarded and recognised. The framework should be aligned with the people processes in the organisation (e.g. recruitment, induction, performance development review) and be supported by development activities.

The process of converting to a competency-based system involves substantial work and a substantial change to the style of operation. Staff and managers will need to be trained on any new processes, and a programme of communication, engagement, and training for staff will need to be developed. Key stakeholder involvement will be crucial.

1.3 Programmes of Development

It is crucial that the training and development programme we offer supports the Council's competency framework, strategic priorities and values.

Not all learning needs can best be met by training. The strategy places high importance on other forms of learning and development, such as:

- Action learning sets
- Mentoring
- Work shadowing
- On-the-job learning
- Observation
- Building in time for review and evaluation of programmes and initiatives
- Opportunities for more cross-council group working and sharing best practice
- Opportunities to learn more about the Council, in terms of strategic direction and service delivery (e.g. Chief Executive's Roadshows)

In developing a programme of learning and development for different areas of the Authority the following approach will be taken:

- Where possible, the learning and development programme will be linked to the achievement of formal qualifications that are externally recognised. However, we will ensure that this does not detract from the focus on learning. We will create the units so that they can stand as separate modules, to allow flexibility in the programme.
- We will explore building of partnerships for the delivery of these programmes with other councils and local educational organisations in order to maximise efficiencies in the delivery of the programmes, and to encourage networking and building of partnerships within the sector.
- The Council is committed to ensuring equality of opportunity for all who work here. This includes equality of opportunity in the development of its people. The programmes described below are designed to cater for the different individual learning and development needs of different groups. Tailored,

customised programmes will be developed to meet the needs of staff as and where needed.

- We will also look not just at existing skills shortages but at developing our future leaders through nurturing talent.

In recognising the different needs of different audiences, we will be offering three key strands of training and development:

- Leadership Development
- Talent Management
- Learning and Development Programmes

2. Developing Communications and Relationships

2.1 Building our Knowledge Management Capability

Knowledge management is the systematic process of identifying, capturing, and transferring information and knowledge that people can use to create, to be competitive within their sector, and improve. Knowledge management could assist the Council to address questions such as:

- How can we share what we know more effectively so we can spend our time creating rather than redoing?
- How can we improve the flow of knowledge among experts and to new employees who need to get up to speed quickly?
- How can we leverage the expertise of those with specialist knowledge so they can spend more time making sense of information and applying knowledge for innovative purposes?

As Havering meets the challenges ahead, it is imperative that we look for ways of encouraging knowledge sharing and sharing of best practice, both within teams, across the entire Council and externally.

The Authority must look at ways of encouraging knowledge sharing through partnership working and creating a mechanism for sharing knowledge of key links/contacts. By keeping up-to-date with key stakeholders and building solid relationships with them, we will be in a better position to achieve the objectives outlined in our Corporate Plan.

In terms of external communications, we need to explore how we can work more in collaboration with other Authorities to deliver cost-effective learning and development opportunities. We will continue to foster these relationships. In particular, collaboration could enable more joint staff development sessions with outside speakers, sharing the costs whilst at the same time sharing ideas.

We will further develop the Havering Intranet to facilitate knowledge sharing. We will also use this facility to develop further e-enabled training and development solutions.

2.2 Promotion and Marketing of Training and Development Opportunities

We will explore additional ways to get the message of staff development across to staff. This could include greater use of the Intranet, attendance at team meetings, and championing of learning and development opportunities by managers. We hope to encourage people to take greater responsibility for their own learning and development.

3. Developing the Organisation

Organisational development includes strategies and interventions which examine the organisation's culture, ways of working, the whole organisation or a part of its functioning, and support behaviour change and change management.

Specifically, it is recommended that the following practices and interventions are incorporated into the workings of the Council.

3.1 Change Management

To manage and sustain change successfully within the Authority, it is essential that we continue to build our change management capability. A change management plan and an assessment of risk should support projects resulting in substantive changes for the Council. This would include changes involving a restructure of the Council or a part of it, implementation of new systems and processes that will significantly impact upon the way people work, and/or changes to the working environment. The plan should cover communication and training, including timelines and lead responsibilities. Communication and good project management are certainly two of the key ways we can facilitate successful change.

3.2 Organisational Culture

If we are to achieve the vision and mission of the Council for the next 3-5 years, it is imperative that we create and support an organisational culture and climate that supports it. We need to look at the current climate and culture to compare the current and desired state. We need to carefully consider the type of behaviours that we reward and recognise, as this will ultimately provide the leverage needed for change. This can be achieved through the development of a pay and reward strategy linked to a competencies framework.

3.3 Equalities and Diversity

Havering is committed to ensuring equality of opportunity for all our staff. We will continue to develop in this area to ensure we remain at the forefront of good practice. Specifically, we will ensure that equalities and diversity are mainstreamed within all learning and development activities, and we will continue to deliver programmes to staff to help raise their awareness of and responsibilities in relation to key changes in legislation.

4. The Annual Training Plan

- 4.1 An Annual Training Plan and commissioning protocol will be developed in consultation with the Organisational Development Project Board. This plan and protocol will focus on activities that have corporate wide relevance.
- 4.2 Managers will also need to determine their own local training plans and associated priorities. Organisational Development will work with Directorate management teams to develop a protocol and resulting plans.
- 4.3 A consistent approach to both corporate & local training plans will act as evidence of a systematic approach to the planning of training as required under the IIP standards.

5. Developing Supporting Systems and Processes

5.1 Current training information systems

Currently, training and development records are collated by training event, rather than as an individual training record for each employee. We have enabled the booking of training and development activities through the use of electronic booking forms. This covers the core functions of course scheduling, resource allocation, participant nomination, post course evaluation and service level management information.

5.2 Future E-enabled Systems

With the introduction of a new e-enabled HR Information system, the Council would acquire the capability to record and monitor individual training records for employees. This will usefully serve as a way to monitor participation rates for learning and development within the Council, for individual employees, managers, and HR as a whole.

The implementation of a self-service facility will enable managers and employees to maintain their own record of learning and development which will give the Council a much wider view of the range of learning that occurs.

On-line appraisal and training needs analysis will also be capable of being undertaken electronically.

6. Critical Requirements, Outcomes and Success Factors

In order for the strategy to succeed the following are necessary requirements:

- **Members' support and endorsement** of the strategy;
- **Support from senior management** in acknowledging the importance of learning and development as a key success factor for ensuring the Council achieves its strategic objectives;
- **Line manager support** – support and encouragement from line managers to ensure staff take part in learning and development activities, and apply the learning to the workplace;
- **Involvement of relevant staff** providing professional knowledge that will help shape and define our requirements for future needs
- **Financial support** – ensuring that we secure sufficient funding that is properly targeted, costed, monitored and evaluated to meet our needs;
- **Time and Timing** – ensuring sufficient blocks of time are set aside for staff to participate in training and development activities; ensuring training and development plans are agreed as part of the PDPA process
- **Facilities** – ensuring we have sufficient and properly equipped training rooms and IT equipment and programmes to support the learning taking place;
- **Reward and Recognition** – Ensure that mechanisms for reward and recognition support the type of organisation we want to create; and
- **Staffing** – Ensure sufficient resources for providing cover, if required, so that employees can take part in training and development activities; ensuring that sufficient resources are provided within the training function to enable us to deliver the level of service in training and development we wish to provide to employees.

7. Management of the Strategy

The Organisational Development Manager will take responsibility for ensuring the strategy is monitored and updated as necessary, and translated into an operational plan that is delivered effectively and efficiently. The strategy will be monitored and reviewed on a yearly basis by the Organisational Development Project Board. The findings of this review and any recommendations for change will be discussed and agreed by senior managers and key stakeholders.

8. Support and Resources

We will fully utilise the resources available within the Organisational Development Team. Senior members of the Organisational Development team have two clear functions:

- To act as business partners to the directorates
- To take the lead on a portfolio of learning and development area.

This approach ensures that the range and content of courses and other interventions are closely aligned to business needs.

9. Conclusion

This Learning and Development strategy highlights areas of people and organisational change that will enable the Council to move forward and achieve its strategic objectives as outlined in the Corporate Plan and the HR Strategy.

It represents a three-year plan for learning and development within the Council. Specific initiatives will be identified and will need to be prioritised through an annual training plan and a programme which will flow from that.

ANNEX A

Organisational Development Project Board

Purpose:

To approve and endorse the corporate OD/learning and development strategy for the Council and provide a framework for the L&D activities of services to operate in.

Desired functions:

- To ensure OD/L&D activities are aligned with corporate aims.
- To initiate, monitor and review major corporate initiatives, e.g. all management training, (including the leadership programme), liP strategy, equalities & diversity training interventions, supervisory development and basic skills development.
- To set evaluation criteria at the inception of initiatives and tracking the delivery of benefits throughout delivery.
- To ensure that learning & development is delivered in creative and imaginative ways.
- To monitor that vfm is secured in relation to l&d activities.
- To help shape, adopt & promote a competence framework.
- To act as a communications channel between the group and the directorates groups.
- To act as a critical friend and provide challenge.
- To receive progress reports on major officer and member development activities.

Membership:

David Ede (Chair)	Assistant Chief Executive	Human Resources
Cynthia Griffin*	Group Director and/or Head of Service **	Public Realm
Sue Allen*	Group Director and/or Head of Service **	Children's Services
Mark Gaynor* Roger McFarland*	Group Director and/or Head of Service **	Sustainable Communities
Jeff Potter*	Group Director and/or Head of Service **	Finance & Commercial
Christine Dooley	Assistant Chief Executive or senior manager **	Legal & Democratic Services

Jonathan Owen	Assistant Chief Executive or senior manager **	Strategy & Communications
Mike Chiles*	Organisational Development Manager	Organisational Development
Steve Thorpe*	Senior OD Advisor	Organisational Development
Andrea Callegari	Senior OD Advisor	Organisational Development
Participant representative(s) from leadership programme.		
Phil Hamberger*	ACE	Basildon DC
Representatives from training suppliers, (eg three-dee Ltd*) <i>As required - Part of meeting only</i>		
Josie Kettley (Administrative support to the group)	OD Advisor	

* current member of senior management steering group

** to be determined by GD or ACE

Frequency Of Meetings

Meetings will be held every two months. (2 Hours)

Accountability

This Group via the Chair will be accountable to SMT.

Procedures

- Agenda to be managed and produced by the OD Manager
- Agenda items to be submitted from any attendee
- Agenda items to be submitted no later than one week prior to the meeting allowing time for circulation.
- Action notes will be taken and agreed actions are to be circulated no later than two weeks after the meeting has taken place.
- Attendees are to organise a suitable representative to be sent in their place or forward their comments/suggestions/updates to the forum, in advance of the meeting if they are unable to attend.
- Where required, meetings outside of this group will take place (but not replace the bi-monthly meetings) in order to deal with any urgent business.

ANNEX B

Member Development

The London Borough of Havering have provided training and development opportunities to its elected members for many years and in 2002 were highly commended for the successful and structured way it approached the induction programme for newly appointed councillors.

In 2005 following a successful bid to the Office of the Deputy Prime Minister for capacity building funds Havering embarked on a new Development programme for all its 54 elected members

The project focuses on both the members' functional and generic roles having objectives to

- Enable Members to better fulfil a strategic and community leadership role.
- Have a positive effect on the council's objectives at all levels as measured by existing performance management regime.
- Have a positive impact on CPA rating and other inspection outcomes

The project has included:

- The production of a competency framework for Members
- The delivery of individual development plans and the provision of 1-2-1 coaching
- A pilot project of a 360 instrument including feedback and coaching for 2 senior members
- Subject specific briefings
- Delivery of relevant parts of the IDeA's Modern Member Programme.
- The delivery of a Cabinet Leadership Programme

As at September 2005 26 Members (from all parties) had completed a personal development planning session and individual 1-2-1 coaching has flowed from this.

Following the May 2006 elections 26 newly elected Members joined the Council. In preparation for the new intake a comprehensive induction training programme was designed. A decision was taken early in the design of the induction that opportunities would not be restricted to new members only. All elected members were provided with details of forthcoming development events upon signing the declarations on the evening of May 4th.

Details of initial and forthcoming events are shown below, including attendance or expected attendance levels.

Saturday 6th May – Initial Induction Event

This event was attended by 38 Members of which 23 were newly elected. A number of presentations took place covering the democratic process, Members' code of conduct, the Strategic Management Team and Equalities and Diversity.

9th & 10th May – Cross Cutting Briefings

2 identical briefings took place on the evenings of 9th and 10th May. These sessions covered how we work, an introduction to finance, corporate planning and performance and opportunities for member development. 34 members attended in total 25 were newly elected. Following the presentations members were invited to visit a number of stalls manned by officers and covering areas such as Streetcare, Housing, culture, Community Safety, Regeneration and much more. There was also an opportunity for Members to see the ICT equipment that was available and to receive a demonstration of our Intranet pages, including the newly created 'Member Focus' section.

23rd, 24th, 25th May – Development Control Training

The overall aim of these sessions is to give a broad understanding of how the planning system works; how and on what basis decisions on planning applications and related matters are made and to provide guidance on Members role, duties and responsibilities in respect of planning issues both as a Ward Member and when serving on the Regulatory Services Committee. There are currently 35 members booked to attend (23 newly elected) over the 3 days.

5th June – Borough Tour

20 Members (15 newly elected) are currently booked to attend a guided borough coach tour. There will be stops for refreshments, including lunch, and a series of very short talks on Housing, Community Safety, Regeneration and our Cultural and Environmental Strategies.

Cabinet Development

Following on from the success of last years Cabinet Leadership events it is planned to provide further development opportunities for the new Cabinet Team. Initial scoping meetings with the selected provider are taking place on 22nd, 25th and 31st May. Each member of SMT and each cabinet member (including the leader of the council) will have the opportunity to discuss their needs and expectations for such an event before a bespoke session is designed. It is expected that an initial 2 day event will be held before the summer recess, with a follow up session to review progress later in the year.

Ongoing member development continues to have a high priority in Havering and it is expected that the previous Member Development Group (which had representation from all 3 parties during 02/06 Council) will continue, although the make up of the group is likely to differ e.g. now there are 34 Conservatives members 2 representatives may be involved from this group.

ANNEX C

Senior Management Leadership Programme

From January 2005, Heads of Service have attended a management development programme, in the same way that 3rd and 4th tier managers have since June 2003. The programme, entitled the Senior Manager Leadership Programme is being funded by the Office of the Deputy Prime Minister as part of the Capacity Building Programme. The ODPM is providing all of the funding that we asked for and is not requiring any matched funding.

The Senior Manager Leadership Programme includes-

- 60 degree feedback for individuals- the Transformational Leadership Questionnaire From Leeds Leadership Research and Development. Managers complete this on line and then receive up to three x one and a half hour feedback and coaching session
- 360 degree feedback for management teams
- action learning- an opportunity for heads of service to undertake action learning with peers from our neighbouring Boroughs – Barking and Dagenham, Redbridge, Newham and Tower Hamlets.
- workshops- 6 topics with two key workshops repeated. The workshops have also included participants from neighbouring boroughs. The workshop titles are- Leadership and strategic thinking, Strategic change, Cohesion and modernisation: managing the brand, Performance management, Leading and managing people and Knowledge management. This is being delivered by a range of consultants from IDeA
- work based projects to be completed, with coaching support, by the end of the programme. This will reinforce the learning from other parts of the programme and provide a tangible means of transferring the learning to the workplace.
- an e-learning approach based on PRIME not used in Havering before.
- An evaluation of the project at a number of levels.

The Programme will take about twelve days per head and run until January 2006.

A mix of training providers has been used-

- IDeA – local government's improvement and development agency
- Three Dee Ltd, who currently run our programme for 3rd and 4th tier managers
- Susan Dixon Ltd- an excellent local provider with strong previous links to Havering.
- LRDL – the leading provider of 360 feedback tools.

Other parts of this successful funding bid included renewing and updating our competency framework and a conference for all managers of third tier and above. This included interactive polling technology to consult with the participants.

ANNEX D

The Leadership Programme for 3rd & 4th Tier Managers

It was launched in June 2003 by Stephen Evans and the Leader of the Council as a management development programme for third and fourth tier managers. Subsequently a separate programme for Heads of Service and Directors has been launched.

Programmes for 3rd and 4th tier managers will be running continuously for a five year period i.e. through 2008 in order to cover all managers at this level.

New elements introduced for year 4 (2006) are shadowing opportunities for all participants with other managers in Barking and Dagenham and Work Based Projects.

The programme won a National Training “Highly commended “ award in 2005 and was short listed for the HR excellence awards in 2006.

Duration and attendance

The programme lasts for approximately ten days in total.

It consists of – an induction, a development centre (2 days), action learning (4 half days), two coaching sessions and four day workshops. After the end of the programme there is an “end of year event”. A one day shadowing opportunity and a work based assignment are also included.

Managers go through the programme with colleagues in groups of eight. The eight will be drawn from a range of Directorates. For workshops, two groups come together to make sixteen participants.

Once a manager is booked onto a group, eight dates are fixed and cannot be changed or negotiated. In addition there are three workshop dates and a context day- in contrast, these can be changed. Workshops are run five times each year and can be attended in any order within an eighteen month period..

The workshops are on Change, Improving performance, Customer Focus and Promoting a positive culture.

Managers are also encouraged to undertake other relevant development as part of the programme, for example mentoring. More detail is given on all of the content at induction.

The programme in detail

The programme covers eighty managers per year. Year groups are divided into ten groups each with eight participants. Each group starts with an Induction half day, introducing participants to the programme and to each other. The Induction covers learning styles, the principles of learning sets, a self assessed competency questionnaire, an explanation of the 360 degree feedback process and the learning contract. This is followed after a month by a “development centre” where participants are asked to undertake a number of exercises to help assess their individual development needs. This includes a “fishbowl” group activity of 360 degree feedback results. During the centre, each manager writes a Personal Development Plan.

Participants are offered a number of opportunities depending on their development needs. They may be offered the opportunity of joining a mentoring scheme promoting mutual support and the sharing of best practice. This scheme is supported by not only Havering but also by three other London Boroughs- Redbridge, Newham and Barking and Dagenham. Other possible outcomes of development centres are secondments or attendance at management Skills Workshops.

Throughout the rest of the programme, action learning sets run for each group, to embed learning and for problem solving.

- Interspersed between the learning sets are four workshops. These are based on the items of concern to our CPA result.

Senior managers make an input – some attend induction sessions while others are guest speakers. Our Assistant Chief Executive – Strategy and Communication and his staff input on Performance Management. Our Director for Finance and Planning and one of her Heads of Service and our Director for Sustainable Communities inputs to the Context Day. Our Chief Executive met all managers from the first year for informal discussions.

Management skills workshops

Our programme of management skill workshops, which has been running for some time, complements the Leadership Programme. It provides workshops varying from one to three days on individual topics such as “Project Management” and “Recruitment and Selection” . This provides for topics not covered on the Programme or covered superficially. A couple of the workshops such as “Leading your team” and “Supporting staff through change”, duplicate parts of the programme. This is so that managers scheduled later onto the programme do not have to wait to pick up skills and knowledge in these key areas.

Accreditation

The programme is flexible and enables us to change its content if Havering's priorities change and has allowed us to add an accreditation process with the Institute of Leadership and Management (ILM). Participants can now choose to undertake additional work to achieve an introductory Diploma or Certificate with the ILM. Twenty four have undertaken accreditation to date.

Increased engagement

What people have said about the programme-

Participants have said –

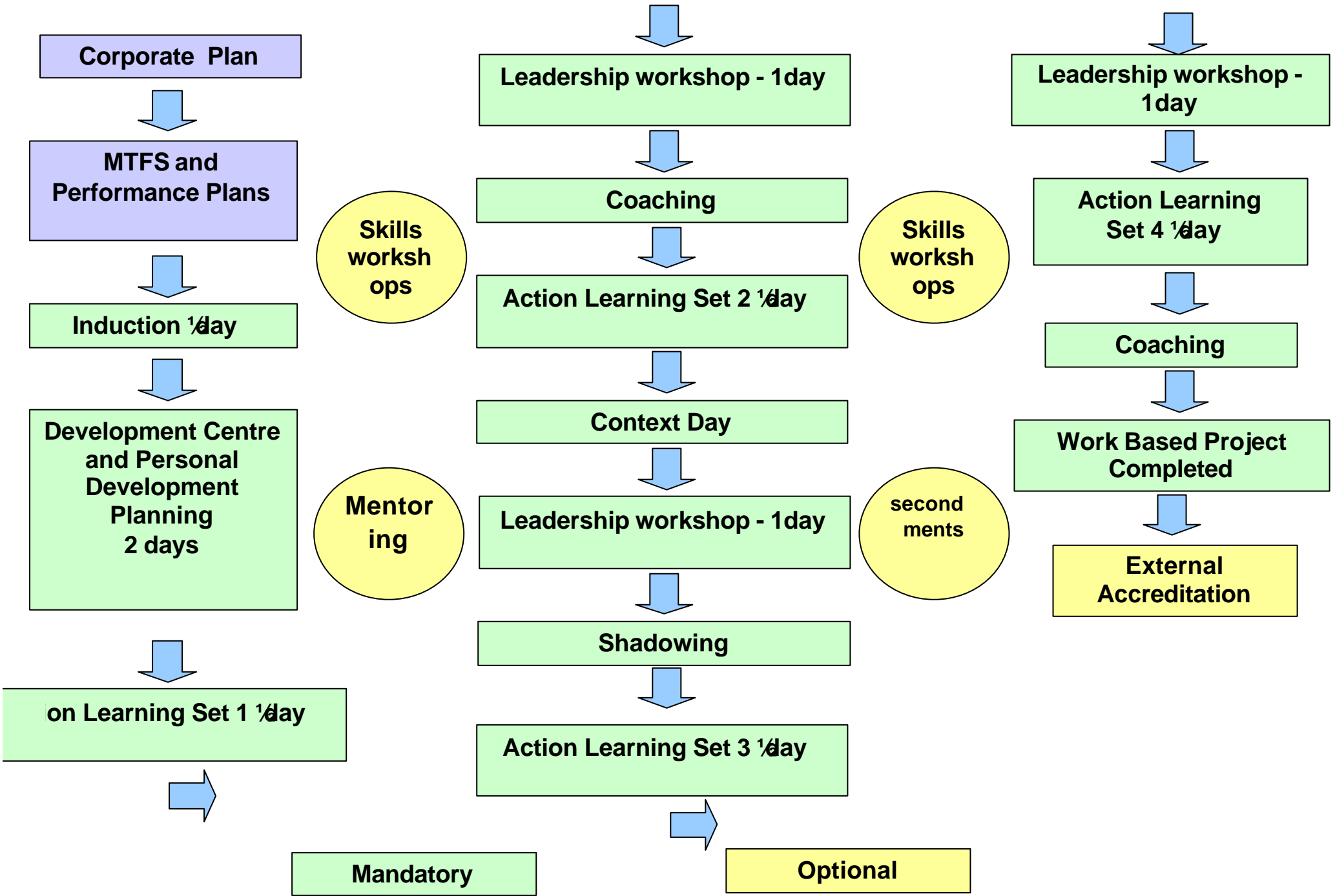
“...this has really switched the light on for me. I can really see the application of this (performance management) for my staff “

Line managers have said-

“This programme is critical to our transformational agenda. We depend on the skills and attributes of our staff. We need to invest in our staff. This programme benefits staff personally and will also benefit the organisation”.

“My managers have returned from the programme much more confident...”

“This programme gives an opportunity for all participants to grow. Our organisation needs to grow: the only way it will grow is if we improve performance: to make this happen individuals need to grow.”



ANNEX E

Supervisory Development Programme

A programme called Managing People for Results has run successfully for 2 years. A comprehensive review of the programme in 2005 pointed to a need to have this accredited by an external body.

The first programme commenced in spring 2006

Institute of Leadership and Management, Introductory Certificate in team leading
– programme outline

Course Objective/ unit outcome	The Level 2 Introductory Certificate in Team Leading aims to give practising or potential team and cell leaders the foundation for their formal development in this role. The programme has two primary objectives: To assist participants in gaining the basic knowledge required by a team/cell leader To develop basic team leading skills
Assessment Profile	In order to gain the Introductory Certificate in Team Leading, each learner must undertake the programme of learning and development, and successfully complete a short Knowledge Assessment

<i>Core & Selected Segments</i>	Aims
Induction Week 1 Session 1	To familiarise the students with the course content and the college services. Induction programme consisting of handbook, assessment details and get to know you exercises.
T3.1 Role of Team leader	The various roles, functions and responsibilities of a team leader – depending on workplace. Limits of authority and accountability, and how these are defined. The importance of respect and trust, and how to establish and maintain these. Range of leadership styles and their application in varied situations
T2.2 Identify and reducing	Recognise significant legislation relating to health, safety and welfare at work. Inform team members of health and safety requirements Maintain systems to monitor health and safety in the

risks to Health and Safety	workplace. Report on health and safety issues Contribute to the identification and reduction of risk and hazards in the workplace
T1.1 Developing Yourself	Identify personal skills and abilities in relation to the team leader role. Reflect on learning and apply it to improve workplace performance. Identify appropriate future goals and opportunities for development Seek, accept and respond positively to feedback on personal performance Devise simple personal action plan to meet personal development needs
T3.3 Motivating the Team	Understand what motivates people Motivate the team to achieve business objectives. Use recognition of achievement, and positive feedback to optimise the team's performance
T1.3 Dealing with problems	Recognise the effects of problems and potential problems in the workplace. Identify causes of problems as they arise. Involve appropriate team members in generating solutions. Evaluate alternative courses of action. Select, plan and implement appropriate solutions, Handle crises effectively
T4.1 Effective Communication	Understand and apply knowledge of the communication process. Recognise and overcome barriers to communication Select and use the most effective means of communicating in a range of workplace situations
Mock Paper	Mock paper to assess student absorption and understanding of modules covered within the level 2 intro team leader framework.
Tutorial Feedback	Feedback on marked mock paper covered on previous week, results and individual as well as group assessment on paper
Knowledge assessment test	Students to sit the knowledge assessment test, a requirement of assessment when studying for this qualification
Tutorial Feedback	Tutor feedback assessing the students knowledge and understanding of the assessment test. Results given out and individual feedback given
Resit Knowledge assessment test	This session has been made available within the scheme of work for any students that may have to resit the assessment test

ANNEX F

Draft Talent Management Strategy

The draft talent management strategy has four strands. It supports the “grow your own agenda” that addresses key issues :

- The council has an aging workforce and younger employees are under represented.
- The council recruits in an ever increasingly competitive market for people with the right skills.
- We have employment hot-spots and we rely too heavily on recruiting suitably qualified external applicants.
- We have an existing pool of talent that needs to be harnessed.

The four strands are :

1. Ambitions

This programme is designed to recruit junior employees who would meet the entry requirements of the Modern Apprenticeship scheme as delivered by the Learning & Skills council. Trainees would have the same employment rights as other employees and a fixed term contract. They would be part of the HR establishment, funded from a central budget and placed with host departments. Initially training would be offered in business administration and health & social care. Local FE providers would provide the relevant NVQ qualification. Proposals for this programme are currently under consideration by the Strategic Management Team.

2. Ambitions^{plus}

Where the Ambitions scheme is targeted at those who do not have an NVQ or equivalent qualification the^{plus} scheme is aimed at those who have an NVQ level 3 or equivalent which enables them to pursue an occupationally specific HE qualification. One entry route to this scheme will be those who have successfully completed the Ambitions programme. Trainees would be employed by host departments directly and get work experience in occupationally specific areas and released to an HE provider. Potential occupational areas include:

Health & social care

Environmental health

Trading standards

Development control

Proposals for this programme are currently under consideration by the Strategic Management Team

3. Graduate Management Trainees Scheme

The National Graduate Development Programme, (NDGP), was established in 2001 by the Employers' Organisation, (EO), with funding from the ODPM. The aim of the programme is to address the need for strong succession planning and the development of management capability.

Havering currently has three NMTs as part of the 2005 cohort, with four more trainees having been recruited as part of the 2006 cohort.

Key Features of the Programme

- There is a four stage selection process, application screening, regional interviews, assessment centre and a local interview. Stages 1 to 3 are sufficiently rigorous for stage 4 to viewed to be more of a "mutual sell".
- 2 year duration
- The Council will pay the, NMT at point 27, (£22,569 as at 1/4/05), raising to 29 over the 2 year period.
- There will be a minimum of 3 placements covering, strategy, a support function and a front line service.
- The EO will fund all national elements of the programme. These include national training events for 8 days per year and postgraduate study¹⁹ for 20 days in year 1 and 10 days in year 2.
- NMT access to an internal & external mentor

Programme Co-ordination

Organisational Development has responsibility for the following: -

- Acting as the point of contact with the EO
- Participating in the selection process at regional interviews, assessment centres and local interviews.
- Participation in regional events and programme reviews with the EO
- Identifying host Directorates/ACE service areas and communicating this to the EO.
- Conducting review meetings with the NMTs

¹⁹ The postgraduate diploma in local government management with Warwick Business School.

Funding & Establishment Arrangements

At present NMTs come under the establishment of HR and the relevant cost centre of the host directorate. Proposal for a centrally funded scheme are currently under consideration.

Job Search

It is already clear that there will be NMTs who the Council will wish to retain when their traineeship comes to an end. However it is possible that there might not be appropriate employment opportunities within their host service. The risk here is that a valued NMT will start looking elsewhere.

In these cases it is proposed that OD work closely with the NMT in conducting a pro-active job search across the organisation ahead of their completion date.

4. Fast track management scheme

Currently under development.

ANNEX G

Take Off (Basic Skills Programme)

Organisational Development together with its partners have devised the 'Take Off' Programme which is open to all council Staff. The training is free and can be arranged to take place at an employee's place of work or at one of the following partners' training venues:

- Havering College of Further and Higher Education
- Havering Adult College
- *Workers' Education Association*

Employees can choose a number of learning routes to best suit their needs and work pattern.

Study Details

Each employee will complete an initial assessment. Upon completion each employee will complete one or more of the following according to their learning needs:-

- ESOL (English for Speakers of Other Languages)
- Basic IT
- Report/Letter Writing
- Effective Meeting Skills
- CLAIT (Computer Literacy and Information Technology)
- Making notes
- Spelling, punctuation and grammar
- Reading for detail
- Proof reading
- Giving a short presentation

Employees will be given the opportunity to take City & Guilds National Tests or assignments

Who is the 'Take Off' Programme for?

The Take Off Programme is relevant for all council staff.

The following ten tasks are included in all areas of work in the council : -

1. Talking and giving information to members of the public and colleagues
2. Taking accurate messages from members of the public and colleagues
3. Reading and understanding work instructions

4. Reading and understanding health & safety guidelines
5. Reading information for training purposes
6. Completing workplace documentation
7. Time keeping and working within time constraints
8. Making number calculations accurately
9. Writing messages
10. Writing short reports, including accident reports

Each of us is required to carry out these tasks in order to progress in our areas of work. With the advancement of Information Technology and the need to continually alter and improve our work, it may become necessary to brush-up on work related skills.

Reasons for choosing the Take Off Programme include: -

- New systems and procedures have been introduced to an area of work that involve more reading and writing skills than before.
- Having the opportunity to access a computer, but have not had the opportunity to attend Information Technology courses.
- An employee would like to study a course, however, it has been a long time since they have studied.
- An employee is interested in progressing their career/vocation, but don't know where to start.

These are just a few examples of the reasons why the Take Off Programme can meet learning and development needs. However, employees do not have to fulfil one of the above criteria to attend.

Before deciding to attend the 'Take Off' Programme?

Employees are encouraged to discuss their learning requirements with their line manager. Together they can then decide which learning provider they would prefer to attend for initial assessment. The purpose of the initial assessment is to identify learning needs. Having received the results of the assessment, together with the line manager the employee can choose which learning provider to attend.

ANNEX H

Institute of Customer Services Programme

Background

The standard of customer service in the Council is very good in some areas and is in need of a closer focus in others. There are often barriers to overcome before customer service can improve. It is widely recognised that one-off customer care courses can do little to improve the standard of customer care, as more fundamental issues need to be addressed first. A substantial effort is required to win the hearts and minds of staff before they can put customers' needs first.

As part of the Customer Relationship Management Project, research was carried out to identify an appropriate customer service framework to put customer service in the driving seat.

The Institute of Customer Service (ICS) is dedicated to helping organisations and individuals raise their service standards. There are over 200 organisational members from both the private and public sectors, including the Audit Commission, Tesco and more than 30 local authorities. Hence their national award scheme is recognised and valued by a significant proportion of UK employers. The ICS Awards framework meets Havering Council's requirements as it can be used as a development tool to help us deliver on our Community Strategy and Corporate Plan.

Overall Position

In total Havering currently has 21 practitioners working towards an Award and 26 trained coaches helping with this. There is a waiting list of several people with interest from Facilities Management and Housing, who would like all of their staff to, at some point, achieve an Award.

Monthly Network Meetings are held for practitioners and coaches. It gives everyone a chance to come along to discuss how they are getting on with their Award, see how other people are doing and share any problems or issues.

The Award scheme will continue to be rolled out to staff across all services in the Council. Getting Started and Coaching Skills Workshops will be run twice yearly so that there is not too long to wait for the next group. This will also assist with getting as many members of staff on board with the Awards, helping Havering to achieve the aim of improving customer service across the Council.

Coaching

So far there are 26 coaches trained and it is hoped that it will be rolled out to many other members of staff as the number of practitioners grows. The coaches are committed to working in partnership with their practitioner to support their learning and development, confirm their performance and evidence meets the Award Requirements and prepare and confirm they are ready for assessment by an assessor.

The roll-out is dependent upon finding sufficient coaches in the right locations. Coaches need to be identified before practitioners can be nominated.

Presentations, posters and e-mails to targeted groups (i.e. where there are lots of practitioners on the waiting list), will be used to drum up interest from potential coaches.

It is important that coaches are the right calibre and have a high level of commitment. Therefore, there is a need to check coaches' individual motivations and get commitment from them as well as their managers. This is done by getting them to fill in an application form with the reasons why they want to become a coach and agree to dedicate their time to the scheme.

Coaches will attend the Getting Started Workshop and a Coaching Skills Workshop within one week after that. After the workshops to help with matching up coaches and practitioners the results from questionnaires such as "teacher, coach, mentor, friend" questionnaire (in Managing People Through Change book) for coaches and learning styles questionnaire for practitioners are reviewed. They are then matched up according to style.

ASSESSMENTS

The ICS allow 90% of final assessments to be conducted internally. Havering currently has two accredited assessors and one other person working towards accreditation. Each assessor is dedicated to the role and responsibilities set out by the ICS at the Assessor Development Programme.

However, there is an issue of bias when assessments are carried out by staff from within the organisation. Therefore reciprocal arrangements with other organisations have been set up so that most or all of our assessments are carried out by external assessors. This will ensure the integrity of our assessment process, as well as keeping costs to a minimum.

The Award Centre Manager has attended a couple of the ICS Regional Forum meetings and will continue to do so when possible. This creates an opportunity

to network with other companies involved with the ICS and provides up to date customer service information.

Havering has close links with other neighbouring boroughs, such as the London Borough of Redbridge and London Borough of Bromley; this provides the chance to share working practices and useful information on the Awards. The first Cross Borough ICS Co-ordinator Meeting is due to take place in June with several London Boroughs and a representative from Havering will be attending. These meetings will then run on a quarterly basis. The London Borough of Camden have recently become members of the ICS and in February this year Havering went to Camden to give a presentation on Havering's ICS progress.

Equality and Diversity

The Strategic Equality and Diversity Group (SEDG) is tasked by the Strategic Management Team (SMT) to take the organisations Equality & Diversity agenda forward. This includes adhering to our general and specific duties under the Race Relations Amendment Act (RRAA).

In 2002 Havering embarked on a programme of Diversity training for all employees. This training was delivered by Group 4 (Falk) and split into 3 categories:

Policy and Strategy - designed for members of the Strategic Management Team, Heads of Service and Members

Managing - designed for all staff who have line management responsibilities and undertake Personal Development and Performance Appraisal's (PDPA) and recruitment and selection.

Working with Colleagues and Customers - designed for all other non-teaching employees.

The programme was completed in August 2003 at which time approximately 2900 staff had been trained.

Currently basic equality and diversity training is provided by an in-house on line training package that can be accessed via the internet. The provision of more focused training is currently under review along with the investigation of diagnostic tools to ensure that training needs are analysed and the results of interventions evaluated. The priority for 2005/2006 is to ensure that Havering is compliant with the RRAA particularly in connection with the impact assessment of policies, functions and projects.

More recently we have piloted within the then Environment Directorate a forum theatre approach to developing appropriate cultures and the behaviours expected within them. This programme forms a significant part of our forthcoming two day Senior Managers Conference in late July.

ANNEX J

Learning & development programmes and initiatives

Generic in-house short courses are provided by the OD section under the following headings:

- ICT
- Management Development
- Human Resource Policy
- Equalities & Diversity
- Health Safety & Welfare
- Communications

A comprehensive list of titles is available under each heading. In 2004/05 3115 people training days were delivered. An analysis of nearly three years of post course evaluations shows that 97% of respondents felt the trainer was either good or excellent and 87% felt the course was either relevant or very relevant to their working situation.

WORKFORCE DEVELOPMENT ACTION PLAN

The pressures and drivers for change mean that it is crucial that the Council has the right staff with the right skills in the right place.

This action plan has been developed using the themes used in the ODPM Pay and Workforce Strategy 2003 as it's framework, as follows:

- Developing Leadership Capacity 1
- Developing the skills and capacity of the workforce 2
- Developing the organisation 3
- Resourcing local government 4
- Pay and Reward 5

These actions will form the basis of the HR Strategy for the next three years. Individual actions will be allocated within each years HR Service Plan.

1. Developing Leadership Capacity

The pressures and drivers for change mean that it is crucial that the Council has the right staff with the right skills in the right place.

Activities	Time-Line
Development of improved performance management competency arrangements including a framework and ensure that it is embedded within the organisation and managers are appropriately trained.	2006/2009
Introduce a consistent approach to inducting managers by developing a managers toolkit of essential skills and knowledge.	2007/2008
Review and update good practice recruitment guide for managers.	2007/2008
Promote training and career development opportunities at all levels to increase the numbers joining professions, which prove difficult to recruit, such as social care, planning etc.	2007/2008
Ensure that the Council has effective succession planning arrangements in place.	2007/2009
Develop and build on existing management & leadership initiatives.	2006/2009
Develop and build on existing mentoring, shadowing and secondment arrangements.	2006/2007

2. Developing the skills & capacity of the workforce

Activities	Time-Line
Undertake a skills audit across services and introduce a development plan based on the audit.	2007/2008
Identify and develop generic skills needed across services including procurement, performance management and statutory responsibility.	2007/2008
Succession Planning, develop career pathways with skills development and qualification release.	2007/2008
Implement Talent Management Strategy.	2007/2008
Develop flexible arrangements to recruit and retain older workers.	2008/2009
Develop a diversity strategy.	2006/2007
Ensure that the Corporate Equalities Plan is robust.	2006/2008
Review and develop additional equalities based training.	2006/2007
Achieve Equality Standard Level 5.	2008/2009

3. Developing the organisation

Activities	Time-Line
Continue to review/audit and update existing personnel policies and practices.	2006/2007
Provide accurate and timely employee related information through the implementation of a new HRMS system.	2006/2009
Continue to reduce sickness absence by developing a range of health initiatives.	2006/2008
Support service areas through the Investors in People reaccreditation process.	2006/2008
Review current consultation and communication arrangements with staff including the development of a staff survey.	2007/2008
Review recruitment strategy and policy and introduce new systems to ensure that we effectively monitor our recruitment information.	2006/2007
Ensure that the process is effective and the time taken to recruit is kept to a minimum.	2006/2007

Activities	Time-Line
Review the use of recruitment tools to ensure that they are fit for purpose and that managers are trained in their application.	2006/2007
Implement new Vendor Neutral Agency Provider to ensure value for money and an effective service.	2006/2008

4. Resourcing local government

Activities	Time-Line
Workforce data review (including current staff: age/gender/disability/sexual orientation/skills/qualifications) by Service Area.	2006/2008
Develop trainee scheme to increase the number of new/young people into the Council as well as continuing to support the National Graduate Development Programme.	2006/2008
Establish an integrated HR System (inc payroll) to improve the collection and analysis of workforce data.	2006/2008
Development of e-learning processes.	2006/2008
Develop methods of flexible working.	2006/2009
Service level workforce planning of future needs in line with workforce data taking account of local and national pressures.	2007/2008

5. Pay & Reward

Activities	Time-Line
Develop salary/reward benchmarking across the authority but in particular for skills shortages areas.	2006/2007
Development of a pay and reward strategy.	2006/2007
Review existing terms and conditions to ensure that they support flexible working.	2006/2008
Implementation of the Single Status Agreement.	2006/2007
Undertake an Equal Pay Audit.	2006/2007