



Public Document Pack

Haverling
LONDON BOROUGH

CABINET

7.30 pm	Wednesday 8 February 2012	Council Chamber - Town Hall
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Members 10: Quorum 5

Councillor Michael White (Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Steven Kelly (Vice-Chair)	(Deputy Leader) Individuals
Councillor Michael Armstrong	Transformation
Councillor Robert Benham	Community Empowerment
Councillor Andrew Curtin	Culture, Towns & Communities
Councillor Roger Ramsey	Value
Councillor Paul Rochford	Children & Learning
Councillor Geoffrey Starns	Community Safety
Councillor Barry Tebbutt	Environment
Councillor Lesley Kelly	Housing & Public Protection

Ian Buckmaster
Committee Administration & Member Support Manager

**For information about the meeting please contact:
Andrew Beesley 01708 432437
andrew.beesley@haverling.gov.uk**



**Please note that this meeting will be webcast.
Members of the public who do not wish to appear
in the webcast will be able to sit in the balcony,
which is not in camera range.**

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 DECLARATIONS OF INTEREST

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 (Pages 1 - 40)

To approve as a correct record the minutes of the meeting held on 18 January 2012, and to authorise the Chairman to sign them.

5 THE COUNCIL'S BUDGET 2012/2015 (Pages 41 - 260)

6 HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN 2012 - 2042, HRA BUDGET FOR 2012/13 AND HRA CAPITAL PROGRAMME 2012/13 - 2014/15 (Pages 261 - 326)

7 TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13 (Pages 327 - 348)

Public Document Pack Agenda Item 4



MINUTES OF A CABINET MEETING Council Chamber - Town Hall Wednesday, 18 January 2012 (7.30 - 8.55 pm)

Present:

Councillor Michael White (Leader of the Council), Chairman

Councillor Steven Kelly (Vice-Chair)

Councillor Michael Armstrong

Councillor Robert Benham

Councillor Roger Ramsey

Councillor Paul Rochford

Councillor Geoffrey Starns

Councillor Barry Tebbutt

Councillor Lesley Kelly

Councillor Andrew Curtin

Cabinet Member responsibility:

(Deputy Leader) Individuals

Transformation

Community Empowerment

Value

Children & Learning

Community Safety

Environment

Housing

Culture, Towns & Communities

Councillors Clarence Barrett, Linda Hawthorn, Linda Van Den Hende, Keith Darvill, Denis O'Flynn, Paul McGeary, Denis Breading, Pat Murray, Lynden Thorpe, Keith Wells, Billy Taylor and David Durant also attended.

Three members of the public and a representative of the press were present.

The decisions were agreed with no vote against.

There were no declarations of interest.

The Chairman reminded those present of the action to be taken in the event of an emergency.

45 **MINUTES**

The minutes of the meeting of Cabinet held on 14 December 2011 were agreed as a correct record and signed by the Chairman.

46 **THE COUNCIL'S BUDGET 2012/15**

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

Cabinet received a report at the last meeting in December which set out the details of national developments and information on the financial position within Havering.

The current report updated Members on the progress of the 2012/15 corporate budget and the proposed financial strategy for responding to the financial position facing the Council. The report also set out the additional proposals which had been identified for consideration by all the relevant Committees and for consultation with stakeholders.

The provisional Local Government Financial Settlement had now been announced, and relevant details were included in the report.

Reasons for the decision:

The report enabled the Council to develop its budget as set out in the constitution.

Other options considered:

None. The Constitution required this as a step towards setting its budget.

In response to a question about the possibility of there being a need to hold a referendum if there were any shortfall in income and the only way to meet that shortfall was to raise the Council Tax above the capped level, the Cabinet Member for Value agreed that a referendum would indeed be costly but added that Havering was better placed than other London boroughs to be able to meet its obligations without the need to exceed the 3.5% cap. He added that there was a need to consider different options for the future and that it was impractical to try to cover all costs simply by raising business rates and that the possibility of some form of "pooling" across the London boroughs could be a way to ensure that risk was better managed in future.

Cabinet AGREED to:

- 1. Approve the progress made to date with the development of the Council's budget for 2012/13 and beyond.**
- 2. Note the outcome of the provisional local government financial settlement announcement and in particular, the expected reduction in Government funding for 2012/13 of £5m.**
- 3. Note the expected date for the announcement of the final settlement and that, owing to timing, further supplemental information to the main Council Tax report might need to be submitted at the February Cabinet meeting.**

4. **Note the comments of the Local Government Minister on expected council tax increases and the introduction of referenda where rises were beyond defined levels.**
5. **Note that the proposals contained in the reports to Cabinet in July 2010 and July 2011 were now being incorporated in the Council's future budget.**
6. **Note the Council's intention to take advantage of the additional Council Tax freeze grant for 2012/13.**
7. **Issue the report for consultation to Members, the unions and affected staff, and other stakeholder groups.**
8. **Agree that a consultative presentation would be made to a joint meeting of the Overview & Scrutiny Committees.**
9. **Note the financial position of the Council in the current year.**
10. **Note that the GLA's consultation budget had yet to be published, details would be provided separately.**
11. **Note that the Administration was committed to maintaining the stability of the Council's finances and was doing everything it could to keep Council Tax rises to a minimum.**

47 **EXTENSION OF COUNCIL'S INSURANCE CONTRACT**

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

The report informed Members about the options available to the Council when the main insurance contract expired at the end of December 2012. It was proposed that the current contract should be extended for two years from that date and approval was sought for this action.

Reasons for the decision:

1. The option to extend the contract for two years was chosen as rates would be guaranteed for the whole duration of the extension. The 5% reduction in rates offered provided savings to the Council before the end of the contract.
2. The quality of the service provided by Zurich Municipal was considered to be very good and strong and effective working relationships existed.
3. It was advantageous to have consistency in Insurance providers as there was a significant resource cost in tendering and in transferring insurers should an alternative provider or providers be selected.
4. Risk Management activities including projects to consider risk tolerance and appetite, future insurance needs of services and the

costs/benefits of tendering smaller lots needed to be explored more fully before the Council returned to the market to tender for a replacement provider.

Other options considered:

- 1 The option to extend for one year was disregarded as this did not provide sufficient negotiating advantages.
- 2 The option to extend for three years or more was disregarded because rates could not be guaranteed and market conditions were hard to predict. Extending for the contract for two years would not prevent the Council negotiating a further extension - up to the five year term originally proposed, if this was considered at the time to be in the Council's best interests.
- 3 The option to re-tender was disregarded due to the cost of the exercise and the market information provided by the broker.

Cabinet:

1. **NOTED the options considered.**
2. **APPROVED the two year extension to the contract with Zurich Municipal from 1 January 2013.**
3. **NOTED the savings achieved and how this expenditure could be redirected.**

48 **DISPOSAL OF UNDER-UTILISED SITES WITHIN THE HOUSING REVENUE ACCOUNT**

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

At various occasions over the last few years Cabinet approval had been given to the disposal of a number of Council-owned sites that had been identified as surplus - either as a result of specific projects or more general property reviews carried out by Strategic Property Services. More specifically, on various occasions, approval had been given to the disposal of a number of small, under-utilised sites held within the Housing Revenue Account (HRA) and these disposals had resulted in an increased flow of affordable houses and capital receipts. A further review of potentially under-utilised sites within the HRA had been carried out and more potential disposal/development opportunities had been identified.

As the Council had pursued a policy of selling surplus sites for many years it became more difficult to identify new sites for disposal that did not pose challenges, either technically or in terms of planning, and especially in respect of objections to disposal that arose in many cases. Nonetheless, constant and ongoing appraisal of property assets to identify disposal opportunities was a requirement for all local authorities and for Havering it was essential to provide capital receipts to fund spending which would in turn support and enhance Council services.

The report identified further sites that did not appear to meet the Council's approved criteria for property ownership and therefore needed to be considered for disposal.

Reasons for the decision:

In order to improve the efficiency of the Council's portfolio of land and property assets and to generate further capital receipts it was important to ensure that surplus assets continued to be identified for disposal.

Other options considered:

If these sites were not sold, the most likely alternative was that they remained in their current use or would remain vacant. Any other alternatives were identified in the individual appendices for each site.

If the sites were not sold, it was likely that the capital programme would have to be reduced or funded from borrowing which would incur additional revenue costs.

In answer to a question a Member asked about whether the movement of a scout hall was necessary, officers replied that the position of the hall within the site prohibited development. The proposed move would not be far and would be beneficial to the scouts as well.

In response to a query about the Tempest Way garage site, officers confirmed that consultation had revealed considerable under-use, but that the site would be re-evaluated in the light of the Member's concerns.

Cabinet AGREED that the properties identified in the report (details in Appendix A) be declared surplus and authorisation be given for their disposal (subject to obtaining any necessary planning permissions and other consents as appropriate) and that the Property Strategy Manager in consultation with the Assistant Chief Executive (Legal and Democratic Services) be authorised to deal with all matters arising and thereafter to complete the disposal of the properties identified.

49 **HAVERING LOCAL DEVELOPMENT FRAMEWORK - ADOPTION OF JOINT WASTE DEVELOPMENT PLAN DOCUMENT (DPD)**

Councillor Robert Benham, Cabinet Member for Community Empowerment, introduced the report

The London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge had prepared a Joint Waste Development Plan Document (DPD) which was to be part of the Local Development Framework(s) for the respective boroughs. Preparation of the Joint Waste DPD built on the strong partnership agreement which the four Councils already had with the East London Waste Authority (ELWA) for managing municipal solid waste and which covered the geographical extent of the four boroughs. The main purpose of the Joint Waste DPD was to ensure there was sufficient waste management capacity across the four boroughs to manage the apportionment set by the London Plan (2011) for municipal and commercial and industrial waste.

Following Member approval within each of the boroughs, the Joint Waste DPD had been through appropriate consultation in line with the Town and Country Planning Regulations and had been independently examined by an Inspector appointed by the Secretary of State. The Planning Inspectorate had now approved the Joint Waste DPD, subject to a number of binding changes, which did not significantly alter the Plan. Formal adoption of the Plan was now recommended.

The other boroughs were progressing adoption in parallel with Havering.

Reasons for the decision:

Section 23(5) of the Planning and Compulsory Purchase Act 2004 required that a Development Plan Document should be adopted by resolution of the authority (Council). This was the course of action that officers recommend that Cabinet take for the Joint Waste DPD.

Other options considered:

The Council could choose not to adopt the Joint Waste DPD. However, Cabinet previously approved the pre-submission version of the plan and officers considered that the changes recommended by the Inspector did not alter it significantly.

The matter was discussed in some detail with Members being informed that Havering was making improvements in its overall level of recycling and by handling waste and recyclable material separately, landfill could be kept to a minimum and a higher proportion of recyclable material captured. Some waste material (for example: metals) resulted in a healthy return whilst other materials realised very little remuneration – but could often be put to other uses. Overall, the position was good and the future, positive.

Cabinet RECOMMENDED:

That the Joint Waste Development Plan Document, incorporating the Inspector's recommended changes (Appendix 2 to the report) be adopted in accordance with Section 23 of the Planning and Compulsory Purchase Act 2004 and the subordinate legislation made thereunder.

50 HAVERING LOCAL DEVELOPMENT FRAMEWORK - GYPSY AND TRAVELLER SITES DPD PROPOSED SUBMISSION DOCUMENT

Councillor Robert Benham, Cabinet Member for Community Empowerment, introduced the report

The Report before Cabinet reminded Members that Council had a legal responsibility to plan for the housing needs of all residents, including the Gypsy and Traveller community. Havering's statutory Local Development Framework (LDF) Core Strategy stated that sites to meet the housing needs of Gypsies and Travellers would be identified by the Council in a separate Development Plan Document (DPD).

Cabinet was asked to consider a report on the preparation of this and decide whether to recommend approval for consultation of the Proposed Submission Document (the draft of the DPD which was submitted to the Secretary of State for public examination).

In summer 2011, the Council undertook public consultation on an Issues and Options report for the Gypsy and Traveller Sites DPD. The report included a needs assessment and set out proposed criteria for deciding whether pitches were suitable for use by gypsies and travellers. It emphasised that gypsy and traveller pitches were inappropriate development in the Green Belt and should only be permitted in very special circumstances under national planning policy. It noted however that many of the existing sites in Havering had not given rise to local planning objections and had been occupied by the same families for several years.

The report identified 74 existing pitches at the time of the needs survey in 2010 on which the report was based. 12 pitches had permanent planning permission; 48 had temporary permission or expired temporary permission and 14 pitches were unauthorised.

The Council's preferred option for meeting the housing needs of gypsies and travellers was for 14 additional authorised pitches to be provided so that, taken together with the number of pitches which had or previously had had permanent or temporary permission, the total number of authorised pitches would be sufficient to meet the needs of the gypsy and traveller households who were living in Havering at the time of the needs assessment. The report made clear however that not all of the 48 pitches with temporary permission or expired temporary permission would necessarily be granted permanent planning permission and that this would be the subject of careful assessment on a case by case basis. Nevertheless, this was considered the right number of pitches for which to plan.

The responses to the consultation had been generally positive. In the light of this, officers had prepared the Proposed Submission Document (PSD) for Member approval. If accepted, it would then be the subject of public consultation and submission to the Secretary of State for public examination.

The PSD proposed that 45 of the 48 existing pitches with temporary or expired temporary permission be considered acceptable, given the importance of meeting the needs of gypsies and travellers so far as possible while protecting the Green Belt.

The two pitches with temporary permission at Maylands (the former Brook Street service station adjoining the A12 Trunk Road) were the subject of significant objections from Brentwood Council and local residents. Cabinet had been asked to note that staff considered that, in the light of the planning issues associated with this site and the representations received, the Maylands pitches would be unsuitable for permanent permission. In addition, a single pitch with temporary permission at Prospect Road had also been considered unsuitable for permanent permission as a result of planning issues associated with the site, including its location within a Site of Importance for Nature Conservation as well as being visually intrusive within the Green Belt.

The PSD proposed that 17 further pitches be authorised – 14 to achieve the Council's preferred option for the number of pitches and 3 to compensate for not making the Maylands and Prospect Road sites permanent. The report before Cabinet gave details of the sites to accommodate these pitches.

Officers were asked to clarify certain issues raised in the report – such as the status of sites with interim rights, the potential likelihood of the green belt being involved and how this was to be prevented and whether travelling show-people were included in the description.

In conclusion, and subject to the Council's approval, the PSD would be published for a six week period of consultation and then be submitted to the Secretary of State for examination. For those purposes, Cabinet was asked to agree to delegate:

- (a) Approval of the Final Sustainability Appraisal for the Gypsy and Traveller Sites DPD to the Cabinet Member for Community Empowerment.
- (b) To the Head of Regeneration, Policy and Planning, in consultation with the Cabinet Member for Community Empowerment, authority to make minor amendments to the wording which did not affect the substance of the Development Plan Document before formal submission, in the event that such changes are needed following consultation.

Reasons for the decision:

Havering's Local Development Scheme committed the Council to preparing the Gypsy and Traveller Sites DPD. This was also referred to in Havering's Core Strategy and Development Control Policies DPD as this supported its implementation.

Adoption of the DPD, with the appropriate level of site provision, would allow the Council to enforce successfully against future unauthorised sites.

Other options considered:

There were no alternative options as the requirements were set out in statute and subordinate legislation. Havering's Local Development Scheme (2010) committed the Council to preparing a Gypsy and Traveller Sites DPD, and public consultation was required under Regulation 27 of the Town and Country Planning (Local Development) (England) Regulations 2004 as amended.

Cabinet accordingly RECOMMENDED that Council:

- 1 Approve the Report on Consultation (as set out in Appendix 1 to the report to the Cabinet of 18 January 2012).**
- 2 Approve for consultation the Proposed Submission Gypsy and Traveller Sites Development Plan Document (as set out in Appendix 2 of that Cabinet report).**

51 EXCLUSION OF THE PUBLIC

Cabinet DECIDED, on the motion of the Chairman that the public should be excluded from the remainder of the meeting on the ground that it was likely that, in view of the nature of the business to be transacted, if members of the public were present there would be disclosure to them of exempt information within the meaning of paragraph 3 and 6(b) of Schedule 12A to the Local Government Act 1972 and it was not in the public interest to publish the information.

52 CONSIDERATION OF CHIEF EXECUTIVE'S REPORT CONTAINING EXEMPT INFORMATION

Councillor Lesley Kelly, Cabinet Member for Housing, introduced the report

Cabinet received a report (containing exempt information and not available to the press or public) setting out in detail aspects of the proposals referred to below.

The report sought permission to proceed with the making of a Compulsory Purchase Order (CPO) in relation to selected empty properties across the Borough, as part of the empty property enforcement programme.

The approach was in accordance with the aims agreed by Members when they approved the Empty Homes Strategy 2009-2012 at Cabinet on 18 November 2009.

The Housing Needs and Strategy section of the Housing and Public Protection Service dealt with empty properties in the Borough. 8 properties had been identified by Council officers as being high risk, long term empty properties. In each of the cases described in the report, negotiations between Officers and the property owners had failed to return the properties to occupation.

Officers considered that making a CPO over each of the properties listed in the Appendix was the most appropriate and expedient method of bringing those properties back into occupation:

Reasons for the decision:

All attempts to bring the subject properties back into occupation by working cooperatively with the owners had failed. If Compulsory Purchase Orders were authorised by Council, efforts would continue to negotiate with owners as recommended by Circular 06/2004 from the Office of the Deputy Prime Minister.

Other options considered:

Empty Dwelling Management Orders (EDMOs) had been considered, however were not considered suitable as the owners of the properties had largely not cooperated with the Council's efforts to have the properties reoccupied. Also many of the properties required extensive work. Under an EDMO, Council would recover the costs of any works undertaken by letting the properties. Given that most of the properties in the report required significant work; there would be a lengthy delay before the cost of the works could be fully recovered, and the use of EDMOs in these cases was therefore considered unfeasible.

Cabinet DECIDED to proceed with the proposals as recommended in the report submitted. The details of which are set out in the Appendix to these minutes containing exempt information (and not available to the press or public)

Chairman

APPENDIX A

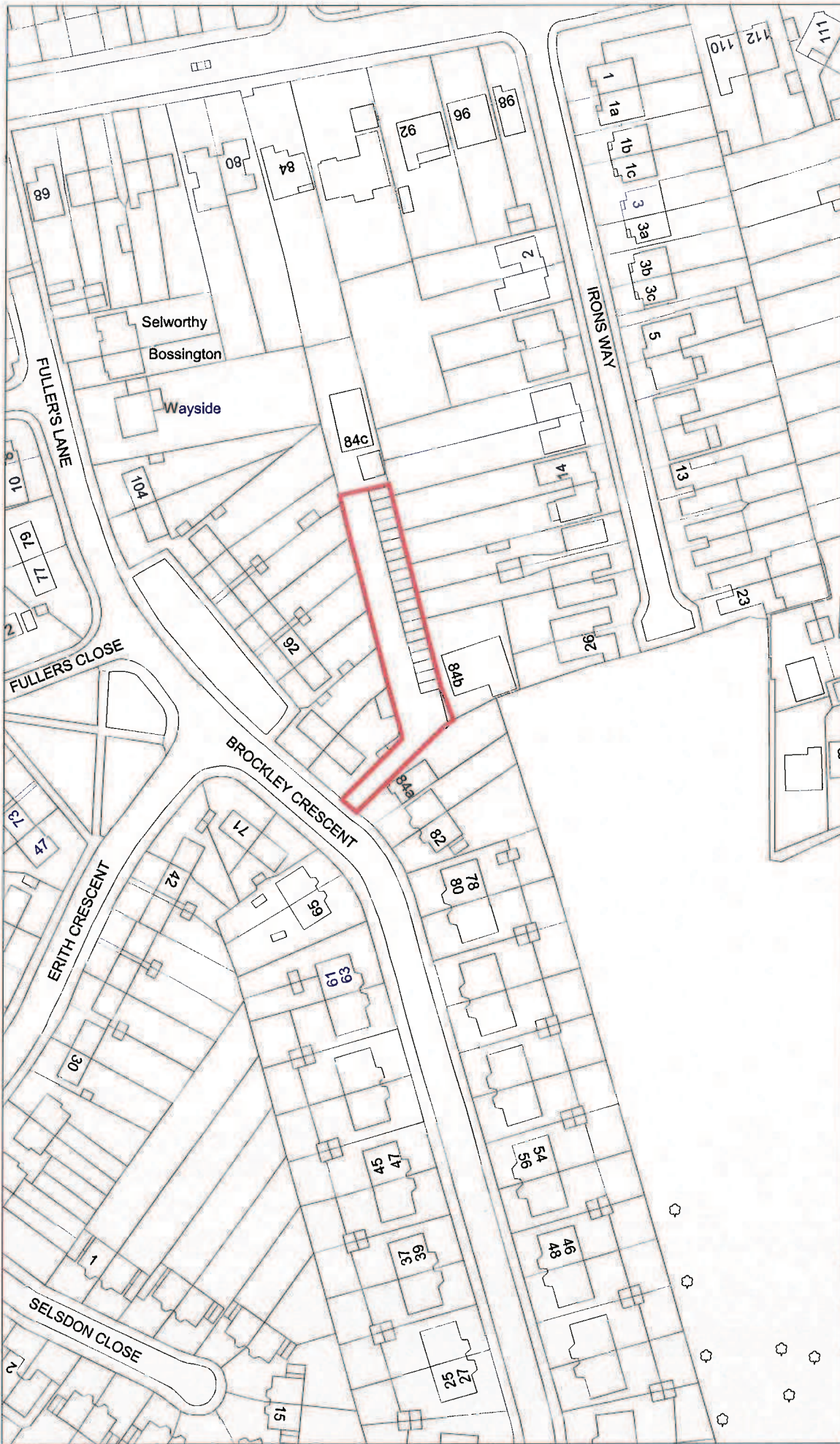
PROPOSED DISPOSALS

REF	SITE
A1	<p>Brockley Crescent</p> <p>Site of 20 garages surrounded on all boundaries by residential housing and providing access to 2 adjoining dwellings.</p>
A2	<p>Chelmsford Drive</p> <p>Site of 12 garages surrounded by residential housing and access land.</p>
A3	<p>Cooks Close</p> <p>Site consisting of 18 garages surrounded residential housing and Lawns Recreation Ground.</p>
A4	<p>Daventry Road</p> <p>Site of 16 garages surrounded by residential housing.</p>
A5	<p>Dewsbury Road</p> <p>Site consisting of Scout hall, former horticultural hall and garage site of 26 garages.</p>
A6	<p>Kilmartin Way</p> <p>Site consisting of 15 garages.</p>
A7	<p>Navarre Gardens</p> <p>Site of 10 garages which connects to an additional garage area and is set within a residential area.</p>
A8	<p>Penn Gardens</p> <p>Site of 3 garages set between residential housing.</p>
A9	<p>Quarles Close</p> <p>Site of 18 garages surrounded by residential houses and flats.</p>
A10	<p>Tempest Way</p> <p>Site consisting of 17 garages surrounded by residential housing.</p>

A11	Vanguard Close Site consisting of 12 garages surrounded by residential houses and flats.
A12	Vernon Road Site consisting of 15 garages close to disused Council depot site.
A13	Victory Way Former garage site consisting of 41 garages which have now been demolished.

**BROCKLEY CRESCENT GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.21 acres
Description	Garage site consisting of 20 garages
Current Use	As above
Site Details	<p>Description</p> <p>The site consists of 20 garages. The Housing department advise that only 2 are let and occupancy levels have been low for at least 3 years.</p> <p>Access to the site is obtained directly from Brockley Crescent.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered in part to the Council presently with the remainder of the site in the process of registration. There are no covenants that would preclude development. Part of the land is subject to a formal right of way.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



Strategic Property Services

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No	Revisions	Int	Date



Job Title:
Brockley Crescent Garages

Drawing Title:
Site Plan

Drawn By:
nt

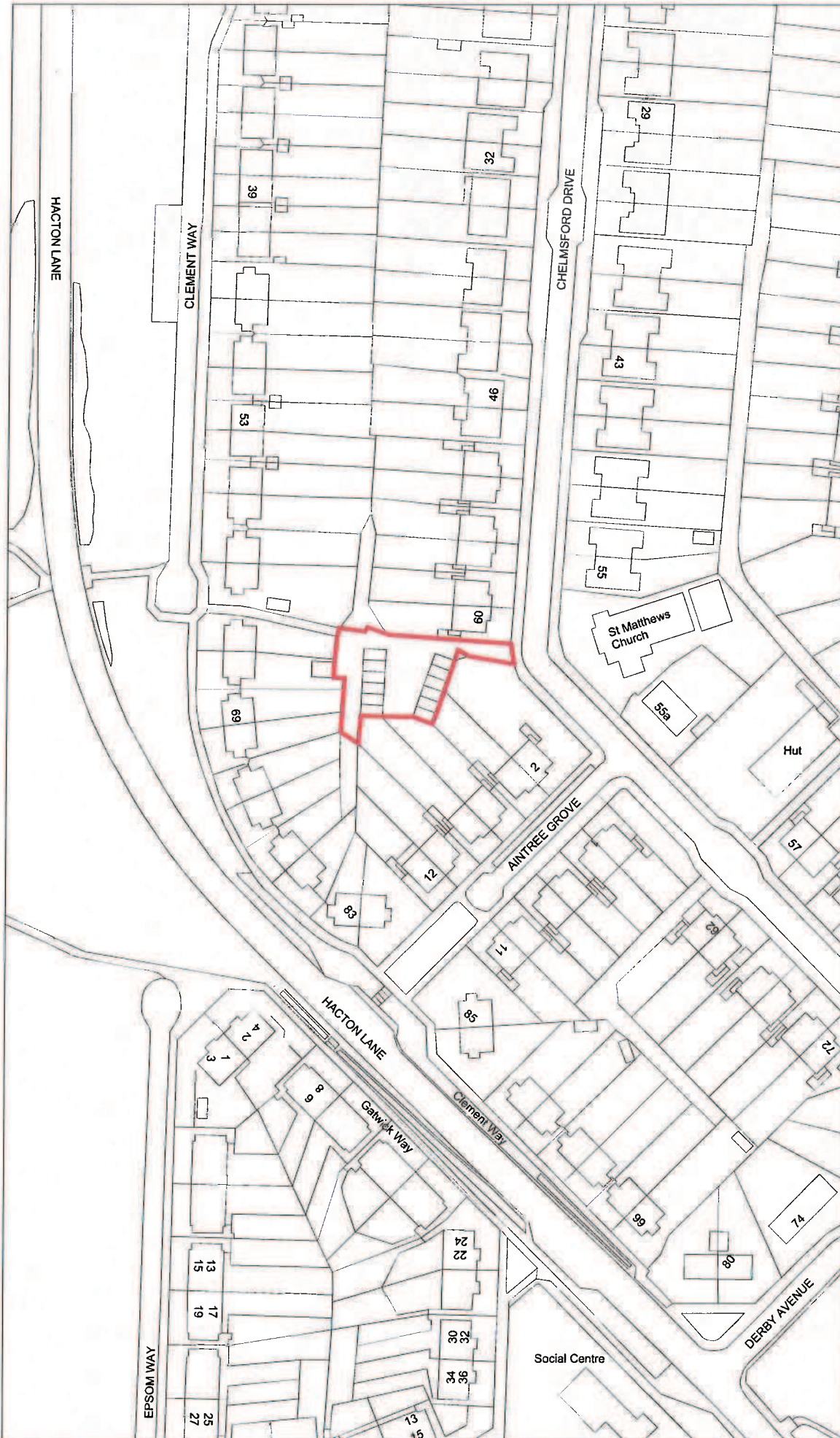
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Date:
December 2011

Drawing Number:
sps1341

**CHELMSFORD DRIVE GARAGE SITE,
UPMINSTER**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.18 acres
Description	Garage site consisting of 12 garages
Current Use	As above
Site Details	<p>Description</p> <p>The site consist of 12 garages. The Housing Department advise that only 4 are let presently and there is alternative provision available for all tenants on Hacton Parade.</p> <p>Access to the site is obtained directly from Chelmsford Drive.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered in part to the Council presently with the remainder of the site in the process of registration. There are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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No	Revisions	Int	Date



Job Title:
Chelmsford Drive Garages
Hornchurch

Drawing Title:
Site Plan

Drawn By:
nt

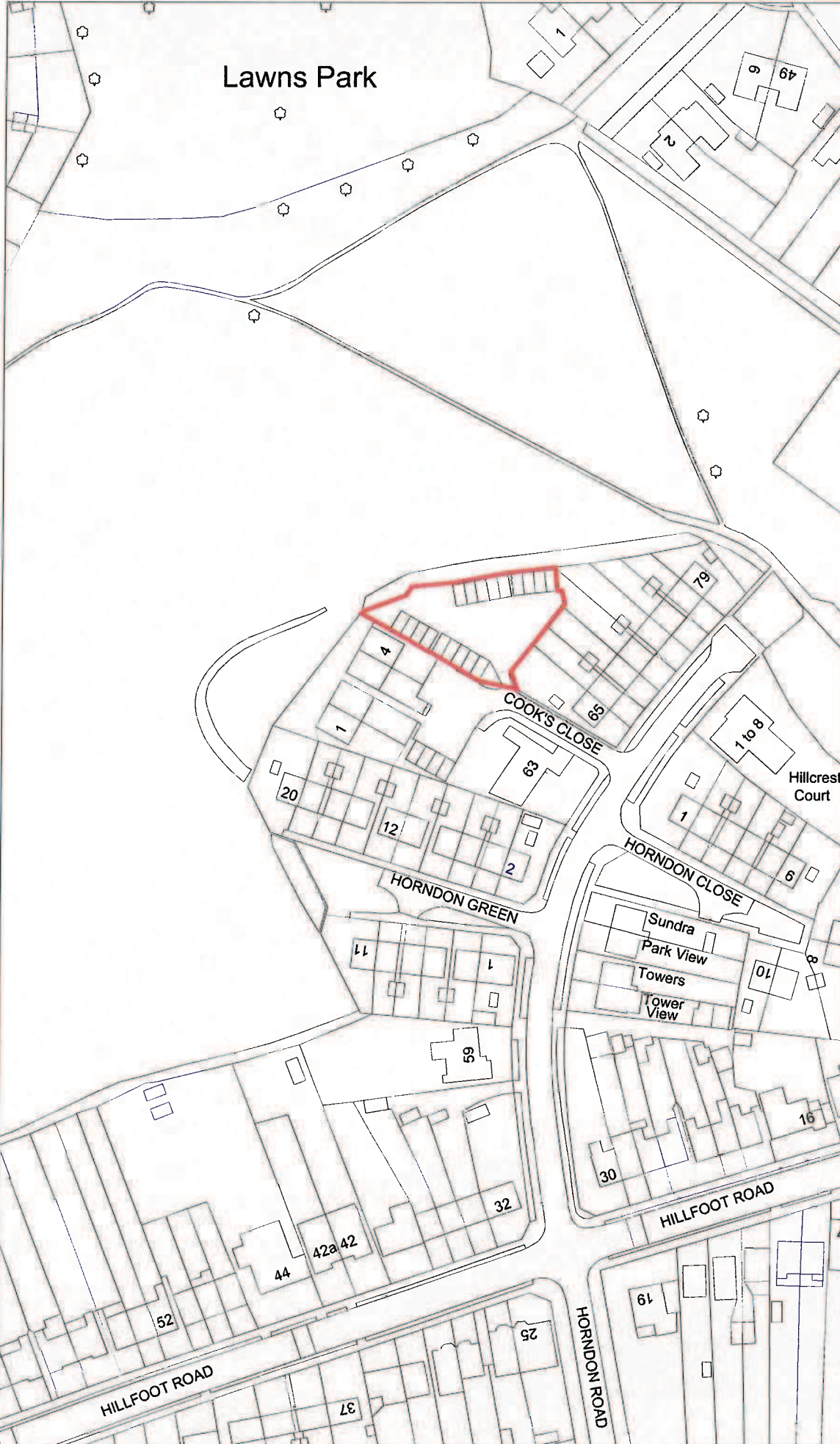
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Date:
December 2011

Drawing Number:
sps1342

**COOKS CLOSE GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.32 acres
Description	Garages
Current Use	As above
Site Details	<p>Description</p> <p>The site consists of 18 garages. The Housing department advise that 11 are let and some alternative provision is located at Mowbrays Close.</p> <p>Access to the site is obtained from Cooks Close.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development. Part of the land is subject to a formal right of way.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



Lawns Park

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No	Revisions	Int	Date



Job Title:
Cooks Close/Horndon Road

Collier Row

Drawing Title:
Site Plan

Drawn By:
nt

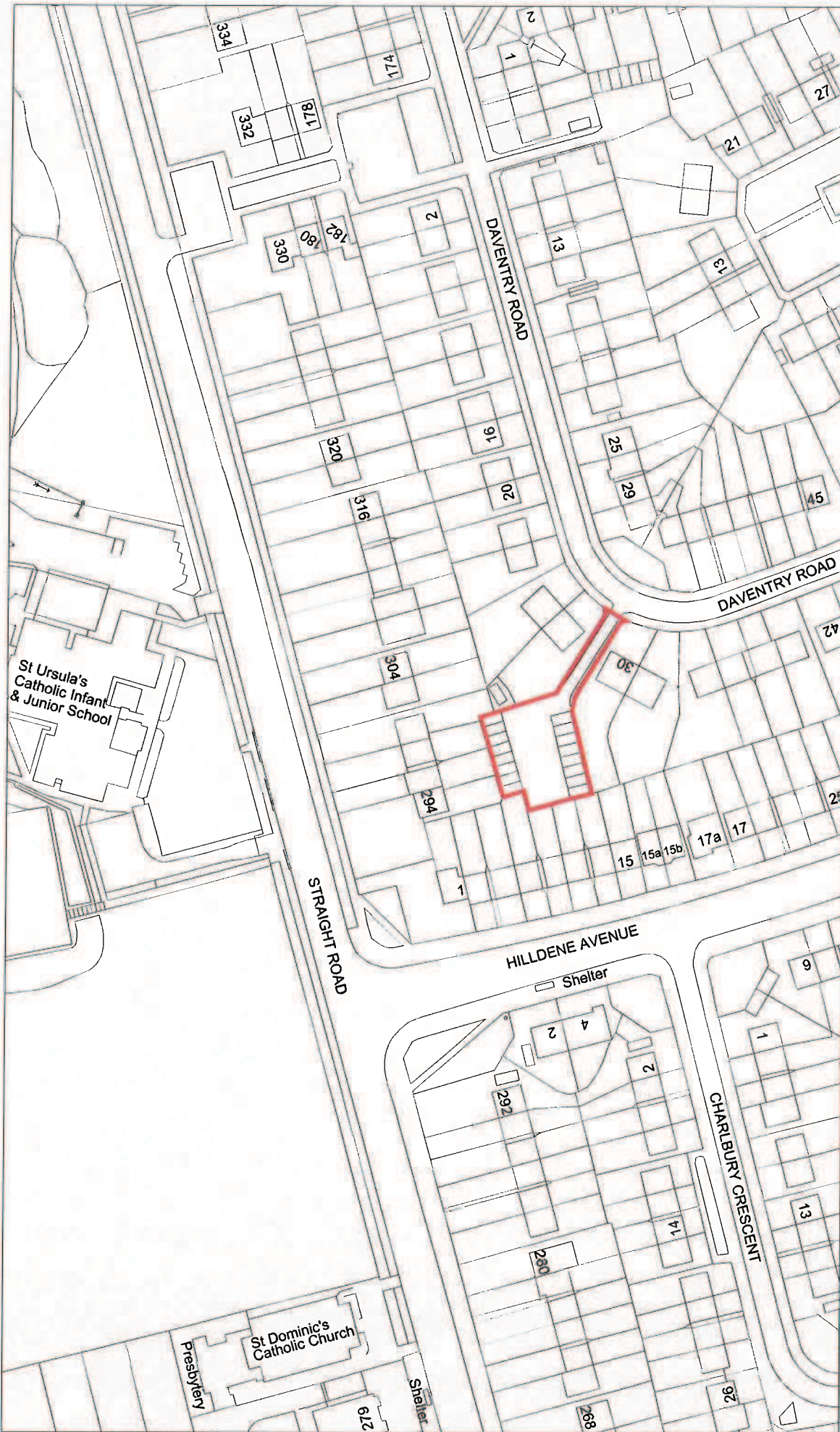
Scale:
1:1250 @ A4

Date:
December 2011

Drawing Number:
sps1343

**DAVENTRY ROAD GARAGE SITE,
HAROLD HILL**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.14 acres
Description	Garage site consisting of 16 garages
Current Use	As above
Site Details	<p>Description</p> <p>The site consists of 16 garages. The Housing department advise that none are in use presently.</p> <p>Access to the site is obtained directly from Daventry Road.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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No	Revisions	Int	Date



Job Title:
Daventry Road Garages

Harold Hill

Drawing Title:
Site Plan

Drawn By:
nt

Scale:
1:1250 @ A4

Date:
December 2011

Drawing Number:
sps1344

**LAND AND GARAGES AT DEWSBURY ROAD,
HAROLD HILL**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.46 acres
Description	Scout hall, former horticultural hall and garage site.
Current Use	The horticultural hall is vacant. The Scout hall is currently leased to the Scouts. 12 of the garages are in use.
Site Details	<p>Description The site consists of 26 garages, a leased scout hall and a vacant former horticultural hall. The Housing department advise that 12 garages are let. Alternative provision to accommodate all tenants is available on Tansy Close.</p> <p>Access to the site is obtained from Dewsbury Road.</p> <p>Principle of Development Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking and the reprovision of the community facility. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other Any redevelopment of the site will be dependent upon the relocation of the Scouts.</p> <p>The site provides access to an adjoining property. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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No	Revisions	Int	Date



Job Title:
Dewsbury Road Garages

Harold Hill

Drawing Title:
Site Plan

Drawn By:
nt

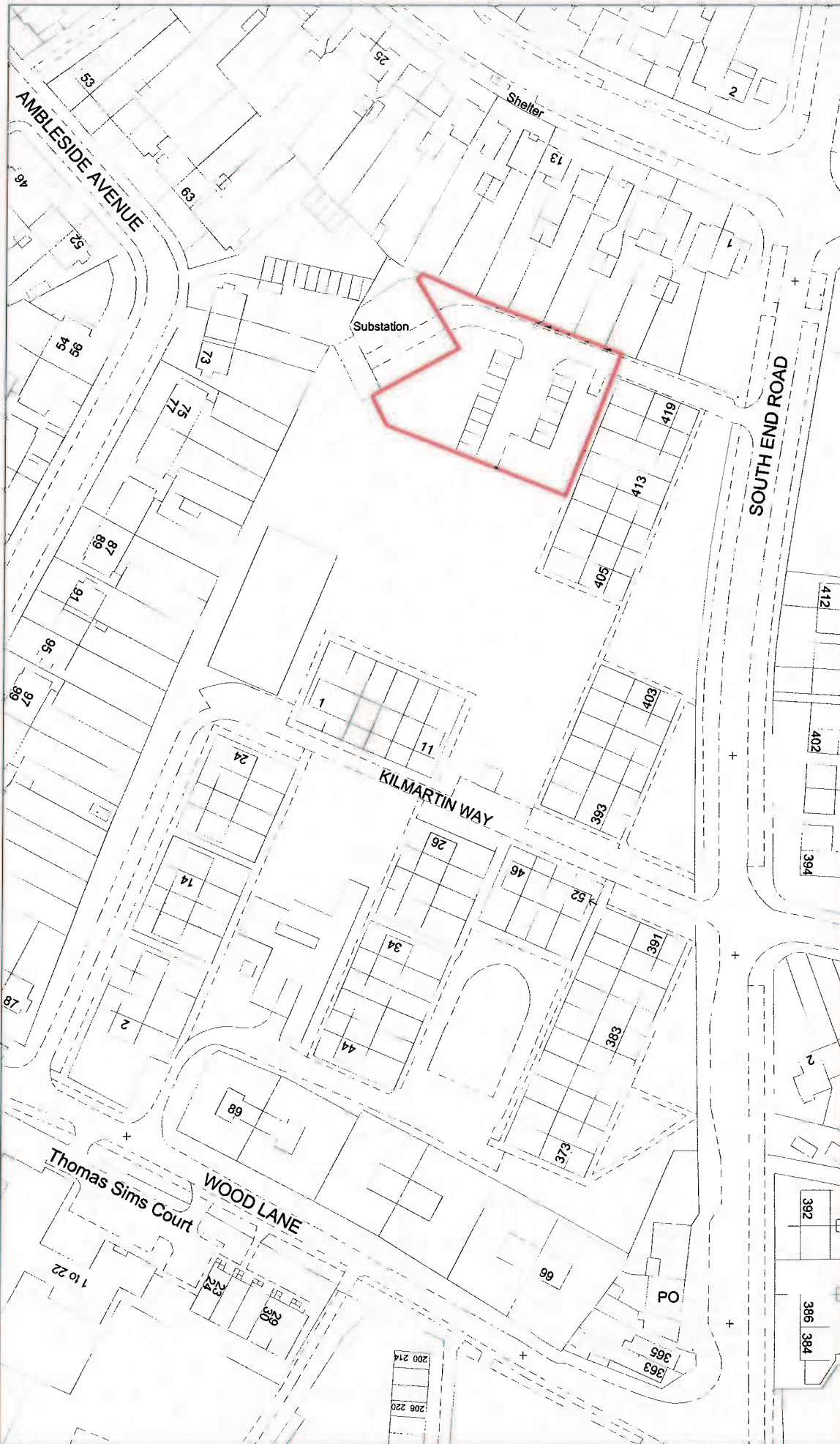
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Date:
December 2011

Drawing Number:
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APPENDIX A6
LAND AND GARAGES AT KILMARTIN WAY,
ELM PARK

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.6 acres
Description	Garage and amenity green
Current Use	As above
Site Details	<p>Description</p> <p>The site consists of 15 garages. The Housing department advise that only 3 are let presently.</p> <p>Access to the site is obtained from South End Road.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council. There are no covenants that would preclude development.</p> <p>Other</p> <p>The site adjoins an electricity substation and access to this will need to be maintained in accordance with rights granted across the land.</p>



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Job Title:
Kilmartin Way Garages

Elm Park

Drawing Title:
Site Plan

Drawn By:
nt

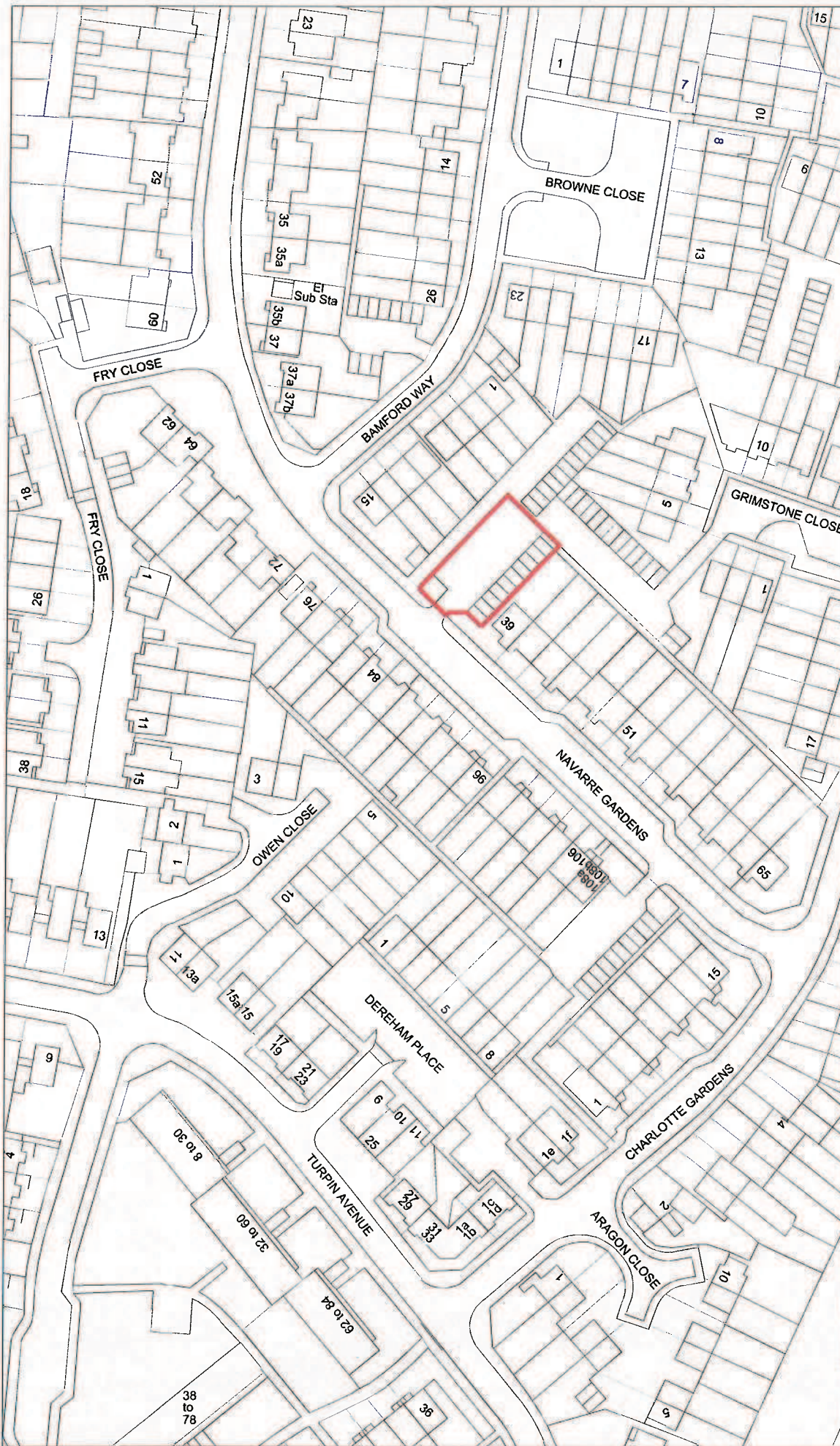
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Date:
December 2011

Drawing Number:
sps1347

**NAVARRE GARDENS GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.12 acres
Description	Garages
Current Use	Vacant Garages
Site Details	<p>Description</p> <p>The site consists of 10 garages. The Housing Department advise that all 10 are void.</p> <p>Access to the site is obtained directly from Navarre Gardens.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other</p> <p>None</p>



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No	Revisions	Int	Date



Job Title:
Navarre Gardens Garages
Collier Row

Drawing Title:
Site Plan

Drawn By:
nt

Scale:
1:1250 @ A4

Date:
December 2011

Drawing Number:
sps1349

**PENN GARDENS GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.02 acres
Description	Garages
Current Use	Vacant Garages
Site Details	<p>Description</p> <p>The site consists of 3 garages. The Housing Department advise that all 3 garages are void.</p> <p>Access to the site can be obtained directly from Penn Gardens.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. On account of the site area, it is considered too small to accommodate any new residential development.</p> <p>Legal Title</p> <p>The site is in the process of being registered to the Council presently.</p> <p>Other</p> <p>The site provides access to an adjoining property. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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Job Title:
Penn Gardens Garages

Drawing Title:
Site Plan

Drawn By:
nt

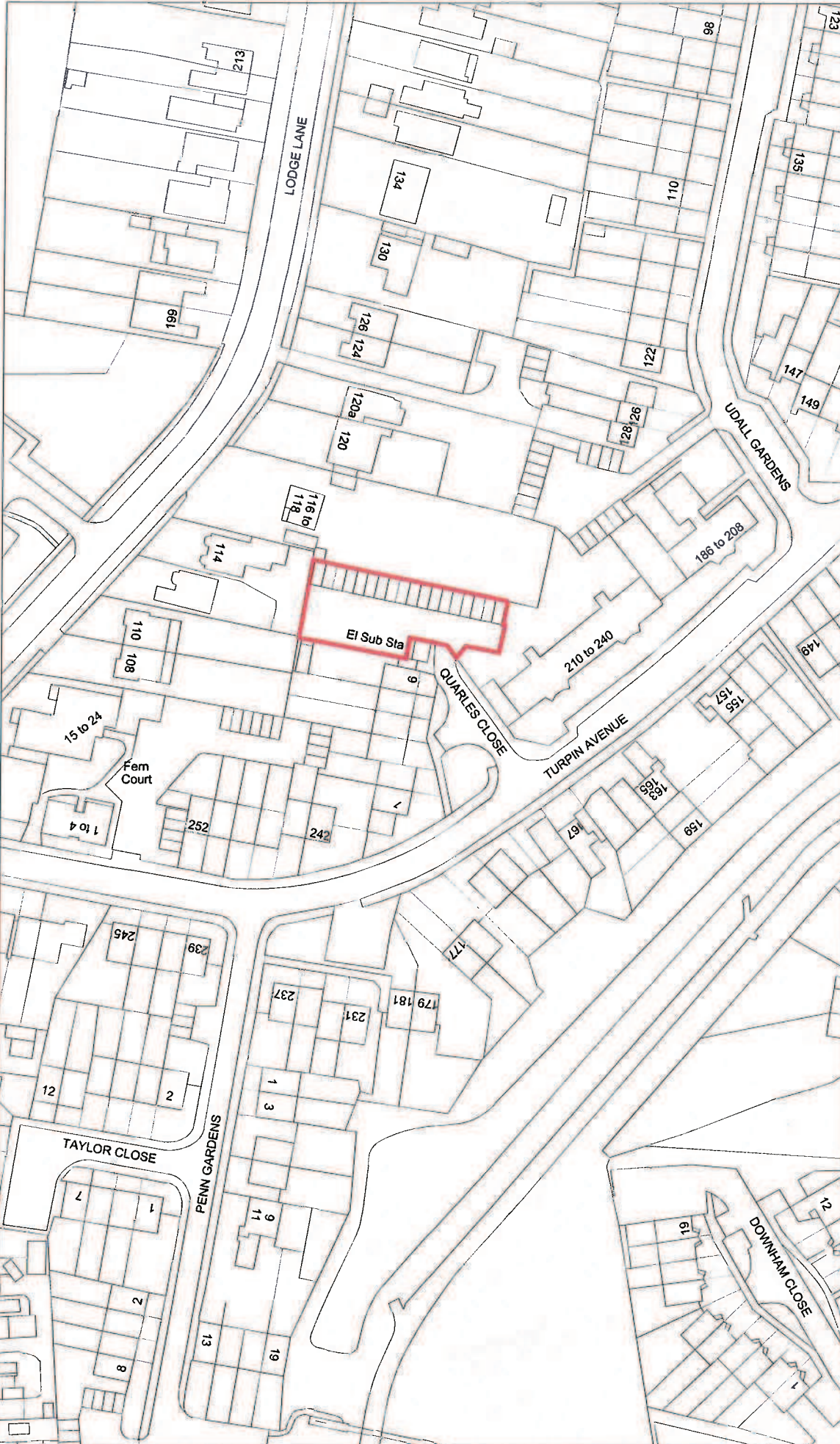
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Date:
December 2011

Drawing Number:
sps1350

**QUARLES CLOSE GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.21 acres
Description	Garages
Current Use	Garages
Site Details	<p>Description</p> <p>The site consists of 18 garages. The Housing department advise that 6 garages are let presently and alternative provision is available for all tenants in Udall Gardens.</p> <p>Access to the site is obtained directly from Quarles Close.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to an adjoining property. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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Job Title:
Quarles Close Garages

Collier Row

Drawing Title:
Site Plan

Drawn By:
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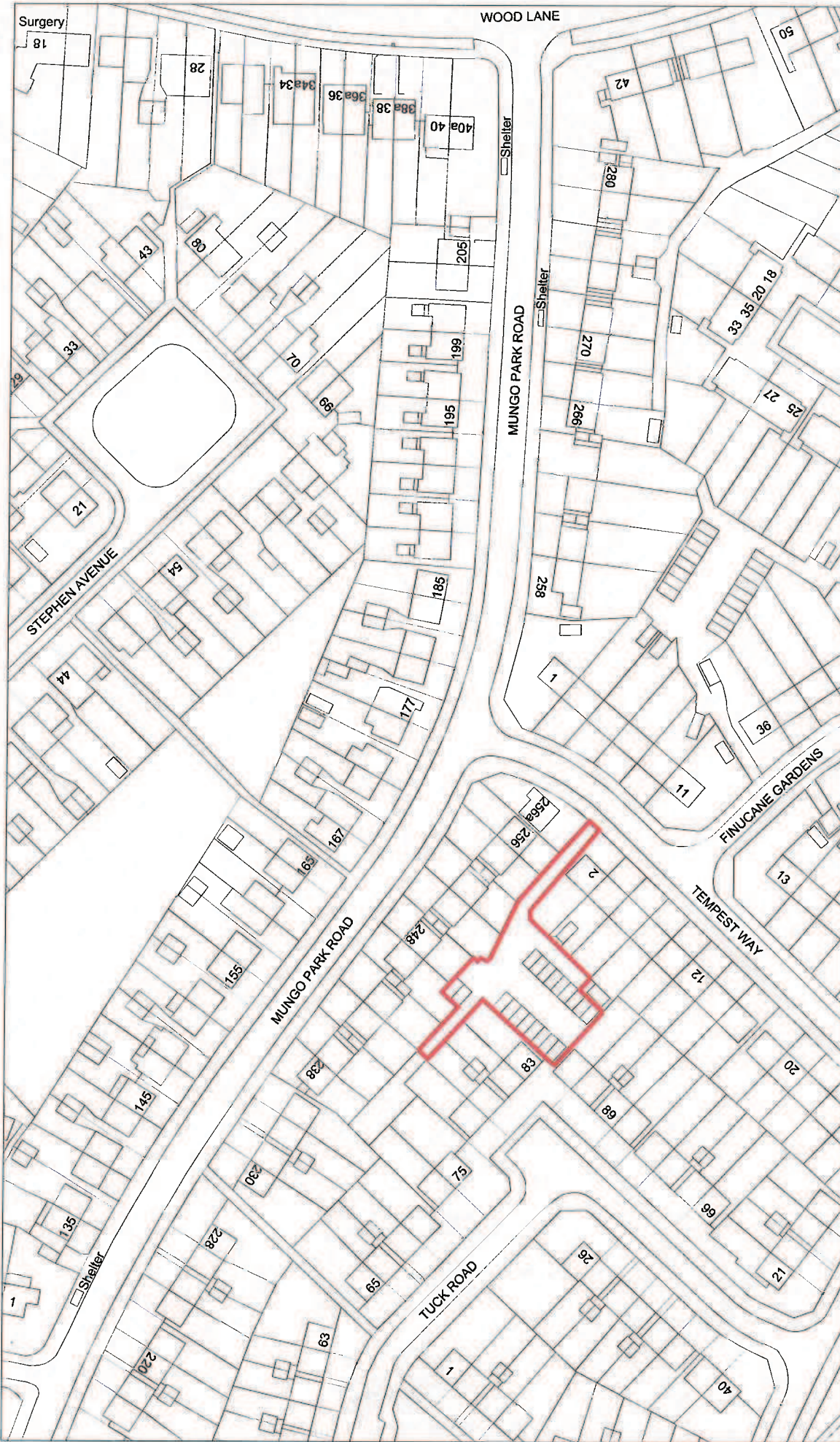
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Date:
December 2011

Drawing Number:
sps1351

**TEMPEST WAY GARAGE SITE,
ELM PARK**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.23 acres
Description	Garages
Current Use	Garages
Site Details	<p>Description</p> <p>The site consists of 17 garages. The Housing Department advise that 9 garages are let presently and alternative provision is available in Finucane Gardens.</p> <p>Access to the site is obtained directly from Tempest Way.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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Job Title:
Tempest Way Garages
Elm Park

Drawing Title:
Site Plan

Drawn By:
nt

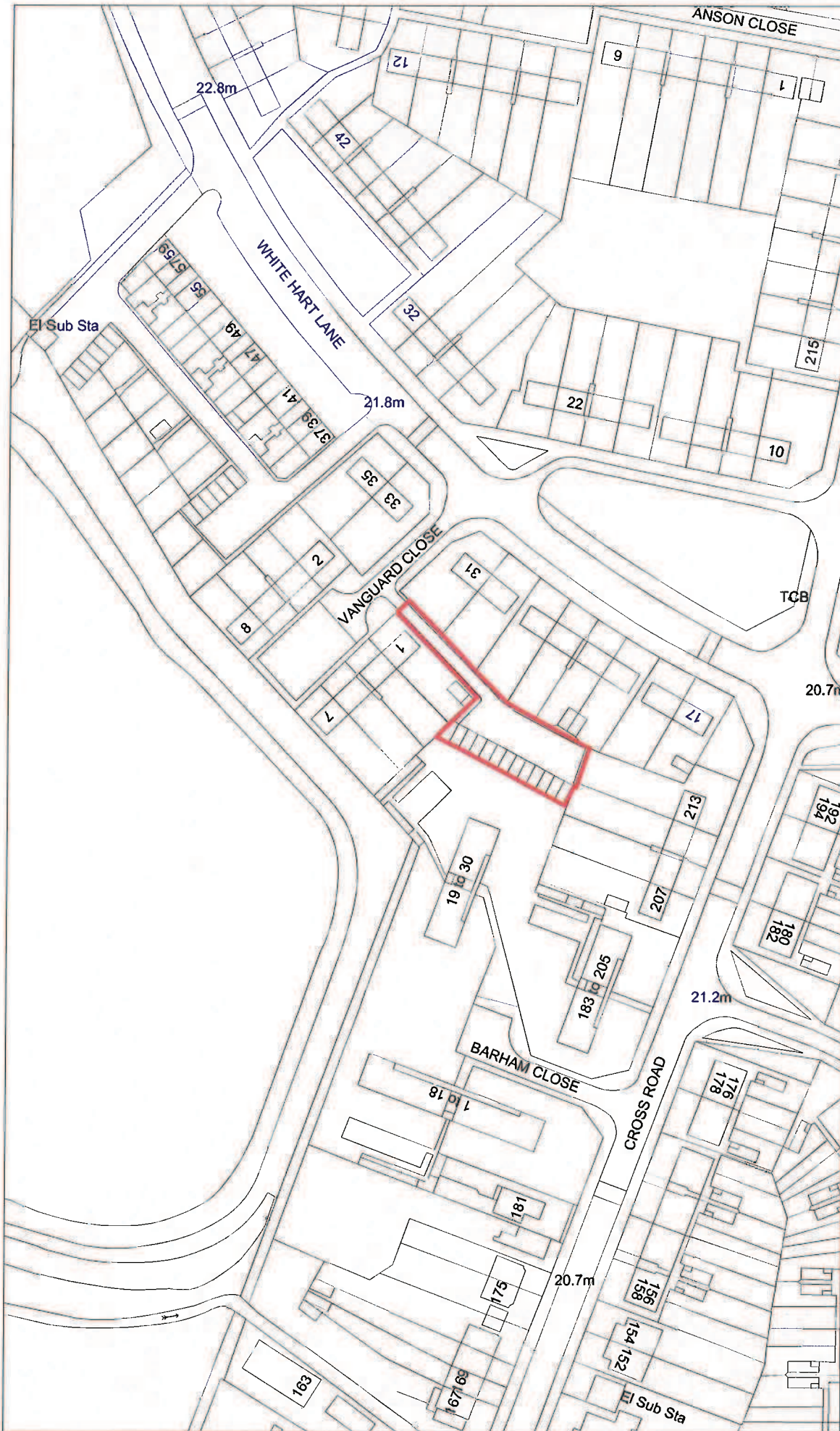
Scale:
1:1250 @ A4

Date:
December 2011

Drawing Number:
sps1353

**VANGUARD CLOSE GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.14 acres
Description	12 Garages
Current Use	As above
Site Details	<p>Description</p> <p>The site consists of 12 garages. The Housing Department advise that only 6 are let and alternative provision is available on Mawney Close and White Hart Lane.</p> <p>Access to the site is obtained via an access way off Vanguard Close.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The majority of the site is registered to the Council and the remainder is in the process of being registered presently. There are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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No	Revisions	Int	Date



Job Title:
Vanguard Close Garages
Collier Row

Drawing Title:
Site Plan

Drawn By:
nt

Scale:
1:1250 @ A4

Date:
December 2011

Drawing Number:
sps1354

**LAND & GARAGES AT VERNON ROAD,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.52 acres
Description	Garages and Land
Current Use	As above
Site Details	<p>Description The site consists of 15 garages. The Housing department advise that 5 are let presently and alternative provision is located across Vernon Road. The alternative garages are in need of repair and the cost of such repairs will be met from the receipt.</p> <p>Access to the site is obtained from Vernon Road.</p> <p>Principle of Development Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other The site provides access to adjoining properties. It is recommended that the disposal proceeds subject to the existing constraints.</p> <p>The Council already has approval to sell Vernon Road depot which has the benefit of a planning consent for two houses. It is intended that this site and the depot will be sold as one disposal.</p>



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No	Revisions	Int	Date



Job Title:
Vernon Road Garages

Collier Row

Drawing Title:
Site Plan

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Date:
December 2011

Drawing Number:
sps1355

**VICTORY WAY GARAGE SITE,
COLLIER ROW**

Housing Revenue Account or General Fund	Housing
Site Area (acres)	0.35 acres
Description	Demolished garage site
Current Use	As above
Site Details	<p>Description</p> <p>The site is a former garage site which has been demolished. Only hard-standing remains surrounded by steel palisade fencing.</p> <p>Access to the site is obtained directly from Victory Way.</p> <p>Principle of Development</p> <p>Planning and access issues have been considered by the relevant Officers. The site has no designation in the Local Development Framework. As such, residential use may be acceptable in principle subject to justification for the loss of parking. It should be noted, however, that it will be necessary for the individual characteristics and constraints of the site to be considered in the context of a development scheme before the planning position can be finally determined.</p> <p>Legal Title</p> <p>The site is registered to the Council and there are no covenants that would preclude development.</p> <p>Other</p> <p>The site provides access to an adjoining property. It is recommended that the disposal proceeds subject to the existing constraints.</p>



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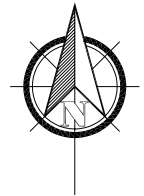
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No	Revisions	Int	Date



Job Title:
Victory Way Garages
Collier Row

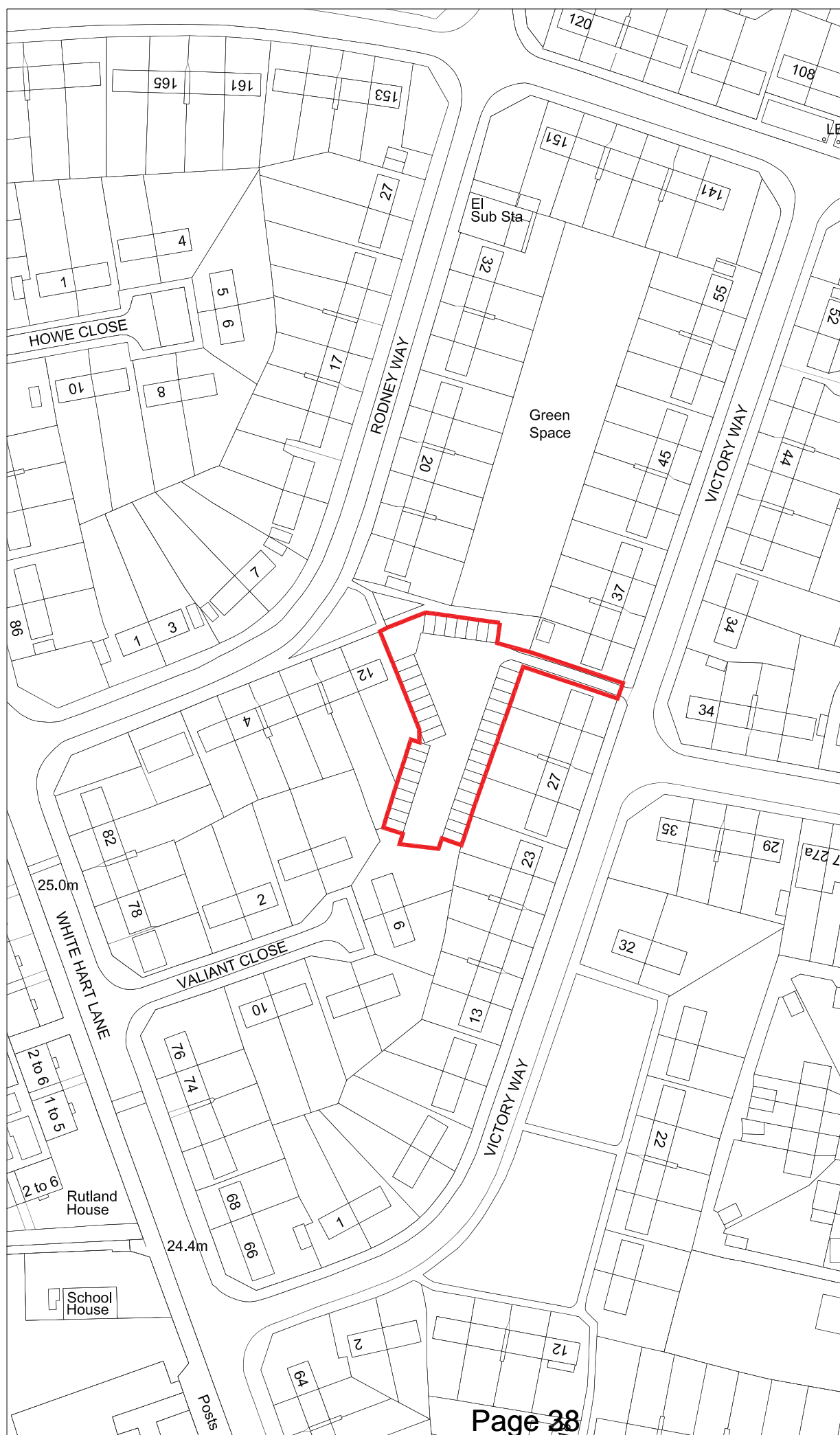
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Site Plan

Drawn By:
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Date:
December 2011

Drawing Number:
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Haverling

LONDON BOROUGH

CABINET, 8 FEBRUARY 2012

COUNCIL, 22 FEBRUARY 2012

THE COUNCIL'S BUDGET 2012/15

This report is being supplied to all Members of the Council.

**ALL MEMBERS ARE ASKED TO RETAIN THIS REPORT AND
ITS APPENDICES FOR REFERENCE AT THE COUNCIL TAX
MEETING ON 22 FEBRUARY 2012**

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CABINET

8 February 2012

REPORT

Subject Heading:

THE COUNCIL'S BUDGET 2012/15

Cabinet Member:

Councillor Roger Ramsey

CMT Lead:

Andrew Blake-Herbert

Report Author and contact details:

Mike Stringer
Head of Finance & Procurement
01708 432101
mike.stringer@havering.gov.uk

Policy context:

The Council is required to approve an annual budget and this report sets out the proposed budget for 2012/13 and includes recommendations to Council for the formal budget-setting process. This report deals with the overall budget position and sets out the detailed proposals for 2012/13 and recommends to Council the Council Tax level at band D as £1,505.00

Financial summary:

Is this a Key Decision?

Yes/No

Is this a Strategic Decision?

Yes/No

When should this matter be reviewed?

Reviewing OSC:

Value

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

Clean, safe and green borough	X
Champion education and learning for all	X
Economic, social and cultural opportunities in thriving towns and villages	X
Value and enhance the lives of our residents	X
High customer satisfaction and a stable council tax	X

**ALL MEMBERS ARE ASKED TO RETAIN THIS REPORT AND ITS
APPENDICES FOR REFERENCE AT THE COUNCIL TAX MEETING
ON 22ND FEBRUARY 2012**

SUMMARY

This report outlines the context within which the 2012/13 budget is being set and identifies the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needs to reflect the level of funding allocated to it by the Government. Since the General Election, the Coalition Government has made a series of announcements, recently culminating with the announcement of the provisional Local Government Settlement. This is expected to be the last such announcement under the existing funding regime.

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

The provisional settlement was announced on 8th December. Details were included in the previous report to Cabinet. In the light of the ongoing financial climate, information on a small number of budget pressures and savings proposals was released for formal consultation in January and as part of this process, was submitted to the joint Overview and Scrutiny Committee. The results of this consultation are set out in this report. Subject to any further changes made by Cabinet arising from the consultation and scrutiny, this report sets out the factors being recommended for inclusion within the 2012/13 budget.

The current position is that there would be no increase to the Havering element of the Council Tax, assuming the ELWA levy is agreed as set out in this report.

Final confirmation of the Greater London Authority (GLA) precept is not expected until the day on which the London Assembly meets, which is the day after this Cabinet meeting. The Mayor has, for the fourth year running, proposed no increase in the current precept, and this has been the subject of a similar consultation process. Any changes to the GLA position will be reported at the Cabinet meeting where known, but none are anticipated.

On the assumption that this is approved by the London Assembly, there would be no overall increase in Council Tax. The band D figure would remain at £1,505.00.

This report provides details of the various components of the budget with appendices.

RECOMMENDATION

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

1. Consider the advice of the Chief Finance Officer as set out in Appendix H when recommending the Council budget.
2. Consider the comments received during the consultation exercise, which are set out in the report from the joint Overview and Scrutiny Committee, which is attached as Appendix J to this report when recommending the total Council budget.
3. Approve the Council's General Fund draft budget as set out in Appendix E, formulated on the basis of:
 - an ELWA levy based on the anticipated budget and levy increase
 - the budget adjustment items shown at Appendix F
 - the other assumptions set out in this report.
4. Approve the delegated schools' draft budget as set out in Appendix E.
5. Approve the establishment of the Special Corporate Budget Provision as set out in paragraph 3.15.8.
6. Delegate to the Chief Executive and Group Directors to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
7. Delegate to Group Directors to approve any spending plans for new sources of funding where these exceed £250,000, in consultation with the relevant Cabinet Member.
8. Approve the schedule of Fees and Charges set out in Appendix K, with any recommended changes in year being implemented under Cabinet Member delegation.
9. Approve the Capital Programme for 2012/13 as set out in the report and Appendix I.
10. Delegate to the Chief Executive and Group Directors to implement the 2012/13 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities are required as detailed.
11. Agree that the final Greater London Authority precept and levies (when known) be incorporated, by making an appropriate adjustment to the contingency provision, subject to any changes being minor, to enable the band D Council

Tax to be levied in round pounds and that, if necessary, the Group Director Finance & Commerce (in the absence of the Chief Executive) report the revised recommended resolutions needed to give effect to this to Council on 22nd February 2012.

12. Agree that if there are any changes to the GLA precept and/or levies, that the Group Director Finance & Commerce (in the absence of the Chief Executive) be authorised to amend the recommended resolutions accordingly and report these to Council on 22nd February 2012.
13. Agree that information be made available to members of the public, staff, trade unions, etc, explaining the decisions made by Cabinet, and the final decision on the Council Tax setting.
14. Delegate to the Cabinet Member Value and the relevant service area Cabinet Members authority to commence tender processes and accept tenders where these relate to Capital schemes within the Capital Programme.
15. Delegate to the Chief Executive authority to consider the comments of the trade unions and to reflect any changes and/or comments in the recommendations to Council.

That Cabinet:

1. Recommend to Council, subject to recommendation 3 above, the General Fund budget, and the Council Tax for Band D properties, and for other Bands of properties, all as set out in Appendix E, as revised and circulated for the Greater London Authority (GLA) Council Tax.
2. Recommend to Council the delegated schools' budget, also as set out in Appendix E.
3. Recommend to Council for adoption the budget strategy statements set out in Appendix B.
4. Recommend to Council that a resolution be passed based on the proposals as set out in this report in order to set the Council Tax – the final text/figures to be advised to Council once the final GLA position is known.
5. Recommend to Council to pass a resolution as set out in section 8.4 of this report to enable Council Tax discounts to be given at the existing level
6. Recommend to Council the Capital Programme for 2012/13 as set out in Appendix I.
7. Recommend to Council to agree that the Capital Programme be expanded for schemes during the year which are funded via external funding under the authority of the Cabinet Member Value and the relevant service area Cabinet Members.

That Cabinet note:

1. The monitoring arrangements for 2012/13.
2. That further reports on the proposed new funding system, based on the localisation of business rates, will be brought to Cabinet as further information becomes available.
3. The prospects for 2013/14 and beyond, which indicate a very challenging financial environment still lies ahead, with little indication of any significant change, and that the need for continued financial prudence is especially important.
4. That supplementary information will be provided to Cabinet where information is awaited, such as from external bodies such as the GLA and the other levying bodies.
5. That any further reductions in grant funding introduced by the Government subsequent to the setting of the budget will be reported back to Cabinet, together with any consequent recommendations on maintaining financial stability.
6. That a further report will be brought to Cabinet setting out detailed plans for investment in primary school places.
7. That the Government has provisionally set the multiplier for National Non Domestic Rate at 45.8p in the pound standard and 45.0p in the pound for small businesses.
8. The effect of Council Procedures with regard to the moving of any amendment to the Council Tax Setting report.
9. That consultation with the Trades Unions will continue in respect of any proposals within the Budget that have an impact on staff.
10. That service budgets will be adjusted to reflect latest inflation estimates.
11. The virement and contingency rules set out in Appendix G.
12. That the expected one-off New Homes Bonus grant funds will be used to finance further Streetcare works and Business Investment activity.
13. That any reductions in the expected level of the levies will be applied in a similar manner.
14. The indicative Capital Programme for 2013/14 to 2014/15 as set out in the report and Appendix I.
15. That the Treasury Management Strategy is being presented to Cabinet concurrently with this report as a separate agenda item.

16. That **Midnight on Monday 13th February 2012** is the deadline for amendments to the Council Tax Setting and Budget Report.

REPORT DETAIL

This report is split into the following parts:

1. Overall Policy Direction and Strategy
2. Consultation and the Overview and Scrutiny Committees
3. Havering's Revenue Budget and Council Tax
4. Capital Programme
5. Treasury Management Strategy
6. GLA Budget
7. Overall Council Tax Impact
8. Other Matters
9. Prospects for 2013/14 and beyond
10. Housing Revenue Account.

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

1. Overall Policy Direction and Strategy – Achieving *Living Ambition*

- 1.1 The Council's driving vision, Called *Living Ambition*, seeks to deliver a better quality of life for local people, by focusing the Council's effort around five broad goals:
- Goal for *Environment* : to ensure a clean, safe and green borough
 - Goal for *Learning* : to champion education and learning for all
 - Goal for *Towns and Communities* : to provide economic, social and cultural opportunities in thriving towns and villages
 - Goal for *Individuals* : to value and enhance the lives of our residents
 - Goal for *Value* : to deliver high customer satisfaction and a stable council tax.
- 1.2 The five goals have been adopted as the Council's new over-arching strategy and are enshrined in the corporate planning process for the new financial year. The Council's financial planning – both in terms of investment and savings, reflects this focus and are structured to support the Council's progress towards the goals.
- 1.3 The proposals in these papers follow on from the range of savings agreed in July 2010, and again in July 2011 to cover the period to 2014/15. As such they continue to reflect the local priorities as defined by the Administration in the light of a range of factors including the results of public consultation (notably the nearly 12,000 responses to last year's *Your Council, Your Say* survey), the general economic climate, the outcome of the Comprehensive Spending Review (CSR) and Local Government Financial Settlement (LGFS), and the future prospects for public sector funding.

- 1.4 It is important to note that the Council's financial strategy and budget development process is an iterative one, taking on board a wide variety of issues and enabling forward planning. These include:
- Responding to the difficult and fluid financial climate
 - Ensuring that the Council's policy priorities drive resource allocations
 - Ensuring there remain clear links between revenue and capital budgets;
 - Continuing to ensure that all budgets have defined outputs
 - Continuing to seek greater efficiencies – including through working in partnership and prioritising effectively
 - Seeking funding from external agencies and/or partners
 - Continuing to benchmark and deliver value for money.
- 1.6 There will continue to be difficult decisions to make in future years. However, the overall planning process will ensure these decisions will take place in an informed manner to ensure resource allocation matches policy and service priorities.
- 1.7 A statement, setting out the Council's revenue budget strategy, is set out in Appendix B, and Cabinet is asked to endorse this and recommend its adoption to Council.
- 1.8 It is important for the Council that our financial strategy continues the success achieved in recent years and the thrust therefore continues so that it:
- reflects the economic climate and the need for financial prudence
 - ensures the level of reserves is appropriate
 - links service planning with financial planning
 - identifies service delivery trends, changes in legislation etc. that will have a financial impact
 - accurately predicts levels of spend in the future to avoid further overspends
 - identifies revenue costs resulting from capital expenditure
 - matches resources to priorities
 - costs areas of new or increased priority
 - provides savings to balance the books
 - provides savings to fund new investment and areas of increased priority
 - costs new investment and estimates any subsequent payback
 - increases value for money
 - manages risk and uses risk assessment to inform decision making
 - ensures all projects are adequately funded and resourced.

Partnership Working

- 1.9 Partnership working is strong in Havering and the Council continues to work with key public, private and community groups to shape the development of the Borough.
- 1.10 The Council has also continued to look for potential opportunities to collaborate with other local authorities, especially those within its immediate vicinity. Havering participates in an alliance of North East London boroughs and is actively engaged in an ongoing dialogue over potential collaborations. East

London Solutions has been established as part of this process as a means of governing the collaborative opportunities, and officers are working jointly in a number of areas which offer potential scope for further efficiencies.

Economic Climate

- 1.11 Cabinet will be aware that the general economic climate has been both highly volatile and extremely unpredictable – although it could probably now be argued there is a degree of certainty since the successive CSR and LGFS announcements. Markets have fallen, interest rates have reached unprecedented lows and remained at those levels, inflation has remained volatile and broadly above Government targets, and the economic turmoil has required a massive level of intervention from the UK Government and elsewhere. The scale of the budget deficit, and the actions that would inevitably be needed to be taken to address this, have been the subject of much discussion, and have been covered in full in reports to Cabinet, starting in July 2010. Subsequent reports to Cabinet have provided updates.
- 1.12 In setting the budget for 2012/13, it is essential that this is borne in mind. The scene for public sector funding was set by the CSR announcements, and the subsequent LGFS announcements have confirmed a major reduction in local government funding. Local government is clearly heavily affected by this and has therefore needed to both plan and be able to respond accordingly. The steps already taken during 2010 and earlier this financial year have meant that the Council is well-placed to respond to the CSR and LGFS. The approach to the development of the detailed budget proposals, and the budget itself for 2012/13, has had these factors firmly in mind.

Conclusions

- 1.13 The position of the Council is that Havering is likely to continue to have severe resource constraints for the next few years, and beyond, and as anticipated, these constraints are even more marked than anticipated in previous years. This has inevitably placed severe restrictions on the resources for services even further and leaves the Council facing the need for further savings plans to meet the expected financial position arising from the CSR. Whilst this may be seen as a continuation of the experience of recent years, the scale of reductions needed in public sector spend have, as has been seen, had a major impact on funding for local government.
- 1.14 The aim of the planning process is being achieved, i.e. to establish a stable financial position, to adopt a prudent approach to the continuing development of the Council's financial strategy, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council's control. The Council is able to demonstrate that it is prioritising finance according to its business objectives and in the context of the general financial climate.

2. Consultation and Overview and Scrutiny Committees

2.1 Consultation

2.1.1 The *Your Council, Your Say* consultation at the start of 2011 asked the local community to set out its priorities for the years ahead, to help shape future spending decisions. Since then, the Council has continued an ongoing dialogue with residents and other stakeholders, in addition to more formal consultation processes. Since the publication of the budget proposals in January, the Council has:

- Scrutinised the proposals through a joint meeting of all Overview & Scrutiny committees on 19th January
- Provided information on its website and through the press, inviting comment
- Undertaken a follow-up survey sent to approximately 1,500 residents who had responded to the Your Council, Your Say survey and expressed an interest in being kept informed about services in their area. As this report went to press, almost 500 responses had been received which reinforced previous survey results – showing that the top three priorities for residents were: levels of crime, road and pavement repairs and clean streets. The results so far also indicated that satisfaction with Havering as a place to live is holding firm. 75% agreed with the statement “I am satisfied with my local area as a place to live”, against 10% who disagreed.
- Held a meeting with local business representatives (Chamber of Commerce and Federation of Small Businesses) to discuss the impact of the Council’s budget for the business community, on Monday 30th January.

2.1.2 A range of meetings with the Trades Unions and staff has taken place since the July Cabinet report, including consultation on a number of organisation restructure proposals.

2.1.3 Where possible, the proposals in this report take account of the views given by our local community.

2.2 Overview and Scrutiny Committees

2.2.1 The budgetary pressures and savings proposals were presented to a joint meeting of the Committees on 19th January 2012. This follows an earlier joint meeting following the July 2011 Cabinet.

2.2.2 The proposals have been considered by the Committees, and whilst a number of issues have been raised for discussion, no issues or comments have at the point of preparing this report been formally referred to Cabinet for its consideration. A summary of the draft minutes arising from the joint Committee meeting is set out in Appendix J.

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

3.1 **Introduction**

3.1.1 Mindful of the outcome of the consultation on the proposals, set out below are the issues and factors taken into account in developing the 2012/13 budget. As well as the results of the consultation and budget finalisation, it is important to note that the position on the levies, if significantly different from the provisional sums, could affect the final level of the Havering Council Tax.

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

3.2 **Government Grant**

3.2.1 The final settlement was expected to be announced around the end of January, following the close of consultation on 16th January. This is likely to be too late to enable officers to incorporate this within this report. If there are any material changes in the final settlement, an update will be provided to Cabinet members, otherwise a short note will be provided. Appendix B contains summary information in respect of the provisional settlement as a backdrop to the council tax setting process; full details were included in the January report. Key matters are:

- (a) The Council submitted a written response to the consultation on the provisional financial settlement and this response is included as part of Appendix B
- (b) A meeting was held with the Local Government Minister to set out the impact of the settlement on Havering and how this in turn will affect the new future funding system
- (c) As a result of the settlement, Havering continues to receive a much lower level of grant funding than our neighbours.

3.2.2 The provisional settlement announcement identified the levels of Revenue Support Grant (RSG). For 2011/12, Havering currently receives £56.520m in formula grant. The provisional settlement gives Havering funding of £51.363m for 2012/13. In effect, Havering's RSG has been cut by around £8m in 2011/12, and a further £5m in 2012/13; this equates to a grant cut of around 20% over the two years.

3.3 **Specific Grants**

3.3.1 In the past, there was a wide range of specific grants that were received outside the general grant. Specific grants were for specific purposes and many (though a reducing number) have been subject to external audit verification prior to claim submission. They are not for mainstream funding and, hence, increased levels of specific grants have not assisted in reducing the overall Council Tax level, as they reflect a similar level of spend by the Council. These have historically changed year on year and in some cases the details have not been known until after Council Tax setting.

- 3.3.2 As explained in the Cabinet report of January 2011, there were major changes to the specific grant funding stream. Many grants ceased, either because they were ending altogether, or because they were being rolled into formula grant. This had been anticipated from the CSR, but the level of reduction was higher than had been anticipated. There was also a fundamental change, in that the new specific grant regime meant that the few grants that remained were unringfenced; this meant that it was up to local authorities to decide how to utilise them. That said, there was undoubtedly an expectation from the funding Government department of the uses to which the funding they provide would be put.
- 3.3.3 Details of the range of specific grants which the Council receives in the current year and what is now anticipated in 2012/13 are set out in Appendix C. There remain some gaps in this and there are likely to be further Government department announcements over coming months.
- 3.3.4 The budget in the past has broadly been based on services managing with the relevant levels of specific grant announced by Government departments, and, hence, amending spending plans to match the funding provided. This principle remains, although it is now applied to a much reduced range of funding.
- 3.3.5 Further announcements on grants are likely to follow the setting of the Council's budget. Assumptions are made in setting that budget on what those grant levels will be. The actual announcements may lead to differing amounts of grant funding being available. Cabinet is therefore being recommended to delegate to the Chief Executive and Group Directors to make any necessary changes to service and the associated budgets relating to any subsequent specific grant announcements – and any relating to local support services grant funding, covered below – where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
- 3.3.6 Whilst the majority of announcements from Government will relate to existing sources of funding, there is the possibility that new sources of funding will be identified. Should this be the case, the likelihood is that such funding sources may be unringfenced, ie it is within the Council's discretion where such funds may be expended. To ensure that an effective process is in place, it is proposed that the allocation of such funds, where these fall below £250k, is at the discretion of Group Directors. However, it is recommended that any new funding in excess of this amount requires formal approval by Group Directors, in consultation with the relevant Cabinet Member, and Cabinet is asked to approve this approach.

3.4 Local Services Support Grant

- 3.4.1 The Council has also previously received an Area Based Grant (ABG) which consisted of several grants that were previously specific grants. Under the 2011/12 settlement, in effect the existing ABG broadly ceased to exist.
- 3.4.2 It had been expected that ABG and the associated grants would cease in their entirety as part of the outcome of the CSR. However, there were still a handful of grants continuing, with a value of £632k, although these became known as

Local Services Support Grant (LSSG). These have now been rolled up as part of unringfenced grants, and are shown as such in both the Appendix and the Council Tax statement.

3.5 Dedicated Schools Grant

3.5.1 Details of the Dedicated Schools Grant (DSG) were not included in the report to Cabinet in January as the approach within the settlement did not follow that in previous years. As advised to Cabinet last year, it is down to individual authorities, at least at this stage, to assess this.

3.5.2 The estimated figures for Havering are summarised below. Any changes in respect of DSG and associated specific grants have to be managed within the context of the overall budget available to schools. The provisional figures for 2012/13 are subject to change based on pupil numbers, and are as follows:

	2011/12 Adjusted £m	2012/13 £m
Overall allocation	184.739	184.462
Less Academy recoupment	(18.804)	(55.707)
Total funding	165.935	128.755

3.5.3 More details of the DSG are included later in this report, and in Appendix B.

3.6 Council Tax Freeze Grant

3.6.1 As indicated in previous reports to Cabinet, this grant was originally introduced for 2011/12, available as permanent grant funding across the whole of the CSR period. A further announcement followed, indicating an additional level of grant funding would be made available, but only for financial year 2012/13, to any authority either reducing their Council Tax or holding it at the current level.

3.6.2 On the basis of the range of factors set out in this report, the overall financial position of the Council is such that the offer of this additional grant can be accepted. This is not without a degree of risk, as the withdrawal of this funding after a single year potentially delays the need for a rise in Council Tax, and impacts on the Council's base revenue position.

3.6.3 However, given the overall financial climate, and the ongoing need for austerity, it is both prudent and sensible to hold Council Tax at the existing level for a further year. This approach will undoubtedly be welcomed by the local community. There are already a number of uncertainties over the budget setting process for 2013/14, this is simply a further factor to be taken into account at the appropriate time.

3.7 New Homes Bonus

3.7.1 The New Homes Bonus (NHB) was introduced last year with the aim of encouraging Local Authorities to support housing growth within their respective areas and in doing so, receive an unringfenced grant as a reward. In broad terms, local Authorities who increase the number of properties / bring properties

back into use would benefit. Information on the NHB was included in the report to Cabinet last February.

3.7.2 Based on the latest estimates and the latest Government proposal, the grant for Havering would be £395k for the current year and a further, estimated, sum of £442k for 2012/13, making a cumulative sum of £837k in that year.

3.7.3 The Bonus is a cumulative grant thus increasing each year for a six year period. As stated within the New Homes Bonus Consultation, funding for the 2011/12 grant was announced in October's CSR, however funding beyond this will only be partially funded from Central Government and the remainder will come from the Revenue Support Grant. This will have the potential effect of reducing Havering's RSG / Redistributed Business Rates in future years. It remains unclear whether this funding will remain in place throughout the whole CSR period, nor what effect these payments will have as and when the new funding system is introduced.

3.7.4 It is not therefore felt to be sufficiently robust or reliable to incorporate as base budget funding, although clearly any funds received are available on a one-off basis. Once there is some clarity over the impact of the new funding system, it will be possible to assess whether this will become a long-term source of additional funding. This will be reviewed as part of the budget setting process for 2013/14.

3.7.5 The funds due to be received for 2011/12 and 2012/13 are understood to be guaranteed. As this is an unringfenced grant, it can be expended as councils choose. It is proposed that these funds will effectively be treated as an earmarked reserve, available for use on a one-off basis. The aggregate sum available in 2012/13 will be £1.232m, including funds received in 2011/12. It is proposed that these funds will be deployed on:

- Further investment in Streetcare, which has remained the key priority for residents, and
- Business investment, aimed at both bringing new businesses to Havering and encouraging those already here to remain in the borough.

3.8 Future Grant Funding

3.8.1 The future position was covered at some length in the reports to Cabinet in December 2010 and January 2011. These set out details of, firstly the CSR, and secondly the LGFS. The latter was announced only for financial years 2011/12 and 2012/13 whereas the former covers a four year period. It had been made clear that changes to the settlement system were expected, and these would apply from 2013/14 onwards.

3.8.2 The anticipated effect of the CSR was set out in the December 2010 report. Very broadly, the level of reduction in funding anticipated for Havering was subsequently reflected in the detailed LGFS announcements for both 2011/12 and 2012/13. The figures published also indicated a flattening out in likely grant reductions in 2013/14, but a further fall in the last year of CSR. However, this would not only depend on the actual overall level of funding available to

DCLG for local government, it would also depend on the funding system in place to distribute it.

- 3.8.3 Cabinet has previously been advised of the Government's intention to revert to a system where local authorities retain their business rate income, whereas under the current system, this is operated as a national pool. Further announcements were made prior to Christmas as part of the publication of the Local Government Finance Bill. At this stage, although details are still awaited, this transition will occur. It is unclear precisely how this will impact on funding, although it is understood that the information within the existing system will be used as the basis for migrating to the new system. This has been confirmed in the guidance issued as part of the publication of the Bill.
- 3.8.4 Alongside the Bill and the expected move towards localised business rates, Cabinet will be aware from previous reports of a number of other developments that will inevitably impact on the Council's financial position. These include the localisation of Council Tax benefits, further academies adjustments, and changes to the local government pension scheme.
- 3.8.5 This leaves considerable uncertainty over future funding levels. Whilst Havering has a long term plan in place, it will clearly be necessary to revisit this plan once more information becomes available. Further reports will be brought to Cabinet as and when this information is published, and as more details become available, once these have been fully analysed and the impact assessed. This degree of uncertainty does emphasise the need for prudence and sufficient capacity within the Council's budget to deal with the introduction of the new funding system, which may bring unexpected changes, and the other factors.

3.9 **General Inflation**

- 3.9.1 The previous report to Cabinet set out the broad approach being adopted. In essence, provision is being made for pay awards in line with Government announcements, whilst provision for inflationary rises in contracted services and income reflect the relevant circumstances in each case. Separate provision has been made for rises in utility costs, as these tend to be significantly higher than any general provision. The situation will be kept under review as the year unfolds, though at this stage, no change is envisaged. Inflationary rises remains an area of risk running into 2012/13 and will need to be carefully monitored.
- 3.9.2 A modest increase in fees and charges has been built into the annual review process as indicated. Account is, as usual, being taken of any fees set statutorily, as these are outside the control of the Council. The schedules of fees and charges are set out in Appendix K and the level of changes is being reflected in service budgets.

3.10 **Concessionary Fares**

- 3.10.1 Havering's contribution for 2011/12 is just under £7.4m. Details of the proposed contribution for 2012/13 were included in the previous report to

Cabinet. The overall increase for Havering has been confirmed as £342k. As indicated in that report, this is a further area of budget risk for future years.

3.11 Carbon Trading

3.11.1 The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) brought in the UK's first mandatory carbon trading scheme, starting in 2011/12. Provision was made in the budget for an estimated cost of around £450k, as indicated in the report to Cabinet in February 2011.

3.11.2 Whilst this is still in its early stages, initial forecasts indicate that the majority of this budget will be required. It is therefore proposed to retain the budget at the existing level, but to further review this once the position for 2011/12 is clearer.

3.12 Members Allowances Scheme

3.12.1 Given the financial climate and the challenging nature of the outlook for public sector finances, it is essential that the Council's democratic processes are reviewed to ensure that they deliver value for money to the local community. It is therefore proposed to undertake a further review of the Members Allowances Scheme and make recommendations to Council. The outcome of the review of the Scheme will be presented to Annual Council in May.

3.13 Levying Bodies

3.13.1 The levies are part of the local government settlement and therefore need to be taken into account when setting the Havering element of the Council Tax. The latest information in respect of levies is set out in Appendix D; at this stage the figures are shown as either provisional or estimated, with final figures expected shortly.

3.13.2 There are a number of levies, but the predominant levy relates to the East London Waste Authority (ELWA). The current overall levy budget is around £11.65 million, of which ELWA accounts for £10.9 million. As has been previously reported to Cabinet, ELWA's budget continues to identify further increases over the duration of the Council's financial strategy.

3.13.3 The ELWA budget is now due to be approved at the board meeting on 6th February 2012. The papers for that meeting may not be available in time for this to be reflected in this report; that being the case, supplementary information will be provided as necessary. However, early indications from ELWA are that both the overall levy increase, and Havering's element of it, will be in line with that previously reported to Cabinet.

3.13.4 For planning purposes, an increase of 5% in the remaining levies had previously been anticipated, although in financial terms, this only equates to around £38k. The final figures are dependent on the Council Tax base for each funding authority, so the provisional levies for 2012/13 are currently awaited. The figures included in the Council Tax statement are therefore estimates.

3.13.5 It is understood that the final ELWA budget proposals, due to be published at the same time as this Cabinet report, will recommend a reduced levy for

2012/13, below the level now assumed. Clarification is being sought from the Authority. With this in mind, should there be any reductions in the estimated position with the levies, including ELWA, it is recommended that this is applied for the non-recurring purposes proposed for the New Homes Bonus, as set out in paragraph 3.7.5. Supplementary information will be provided to Cabinet ahead of the Cabinet meeting.

3.14 Collection Fund and Council Tax Base

3.14.1 As part of the administration and management of Council Tax, the Council is required to maintain a separate Collection Fund Account into which its Council Tax receipts are paid. Each year, any surplus balance on this fund must be used to reduce the Council Tax in the following year, and any deficit must be met by increasing the Council Tax, or if significant by making a contribution to the Fund to keep it in balance. The budget setting process must take the position on the Fund into account, although clearly the final year end position will not become known for some months. So a prudent assessment is made of the forecast position and that is then reflected within the budget.

3.14.2 The Collection Fund is operated on behalf of both the Council and the GLA. Any contribution to and from the Fund is split on the basis of their respective responsibilities. The Fund operates in such a way that even very minor variations in recovery levels will affect the Fund balance. Thus, a shortfall in recoveries can lead to a deficit on the Fund, as will changes in discounts and bad debts.

3.14.3 For 2011/12, based on the latest available information, it is currently anticipated that, for the first time in several years, the Fund will show a surplus at year end. This is therefore reflected in the Council Tax statement, as required. Given the volatility in this area, the position can change. Therefore, although this surplus is reflected in the overall budget and Council Tax statement, a matching budget provision has been made. This is a prudent approach and will ensure that, should the Fund revert into a deficit position, this will not adversely impact on the medium term financial position.

3.14.4 The Council Tax base is reviewed each year to take account of new properties and changes to other factors, such as exemptions and discounts. Following this review, the Council Tax base for 2012/13 has been set at 90,139.

3.15 Proposals – Budget Savings and Budget Adjustments

3.15.1 As set out in the January Cabinet report, the financial climate has meant that scope for any further investment, or ability to absorb additional pressures, is extremely limited. The reports to Cabinet in July 2010 and 2011 set out a range of savings proposals aimed at bridging the forecast gap expected to arise from both the Emergency Budget and the CSR, and designed to deliver savings of £35.1m over a 4 year period. These savings proposals are in the process of being implemented, subject to consultation where appropriate, and are being included in the 2012/13 budget. The proposed phasing of this was as follows:

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Cumulative Savings	9.5	19.0	32.3	34.6	35.1

- 3.15.2 The January report included a small number of unavoidable budget adjustments, mainly pressures. The final proposals are set out in Appendix F. As previously reported to Cabinet, only those budget adjustments that are unavoidable have been included. These have generally resulted from circumstances outside the control of the Council.
- 3.15.3 In assessing the overall financial position at the point that the Emergency Budget, and subsequently the CSR, was announced, provision was made for a number of factors, including potential budget pressures, inflation, the Council Tax base, and levies. This enabled an assessment to be made of the potential budget gap, and formed the basis on which the savings proposals included in the July 2010 and July 2011 Cabinet reports were compiled. Those proposals were designed to deliver most, but not all, of the projected four year gap. Clearly, these factors were assessed some time ago, and it is now appropriate to revisit those impacting on the coming financial year, 2012/13.
- 3.15.4 A number of factors have moved in a positive direction, either due to external circumstances or resulting from decisions made by the Council as part of its budget setting process. The material elements of this include a reduction in the proposed contribution to the ELWA levy for 2012/13, the continuation of the pay freeze within the public sector, and growth in the Council Tax base.
- 3.15.5 Alongside these, the forecast gap anticipated a degree of budget pressure arising on an annual basis, alongside the expected demographic budget growth required for adults services. Given the ongoing financial climate, it is felt that, other than the two items set out in the January report, it is not appropriate to provide specific growth or financial provision for any other pressures.
- 3.15.6 Finally, the assessed budget gap included the possibility of being bridged through Council Tax rises. By freezing Council Tax for 2012/13, Havering can take advantage of the additional grant offered by the Government, accepting that this – at least currently – is only available for 2012/13.
- 3.15.7 Whilst these factors all work to the Council's advantage, all local authorities are facing unprecedented change in future funding arrangements, let alone the potential cost that will be incurred in handling the changes. This is a significant financial risk and one which, if possible, the Council should make specific financial provision for.
- 3.15.8 With that in mind, it is proposed to create a Special Corporate Budget Provision of £2.5m. Further reports will be brought back to Cabinet on the planned utilisation of this Provision, but it is intended to cover the following:
- Revenue impact of pressures in Children's Placements if these cannot be contained within existing budgets

- The potential impact of migration to the localised business rates system, including any investment needed to retain the existing business rate base and/or to attract new businesses to locate into Havering
- The potential impact of migration to the localised Council Tax benefits system
- Unexpected consequences of any further adjustments to academies' funding
- Possible shortfalls in achieving the full range of savings already approved by Cabinet
- The potential impact of the imminent transfer of Public Health functions to local authorities
- Financial consequences arising from changes to the local government pensions scheme
- Funding to bridge any shortfalls in capital receipts and/or additional spend required to maintain capital assets in line with any needs analysis
- Funding required to sustain the corporate transformation programme to ensure the ongoing deliver of savings previously approved by Cabinet
- The one-off impact of reversing the 2012/13 Council Tax freeze grant
- Rises in utility bills that create a permanent, ongoing base budget effect.

3.15.9 Although a Contingency Fund exists within the budget – which is covered elsewhere in this report – this is fundamentally provided to deal with in-year issues, and not base budget ones. The proposed Corporate Provision is being established to provide a firmer, long term, permanent budget to deal with a wide range of issues that will have a financial impact, albeit at this point in time one that cannot be financially evaluated nor for which specific timings can be quantified. A risk based assessment of the Provision is set out in Appendix H as part of the Chief Finance Officer's assessment of budget robustness.

3.15.10 The degree of uncertainty facing local authorities remains at a very high level. To ensure that the Council has a stable financial platform, with a robust approach to budget setting, it is recommended that this Provision is created at this point, as part of the budget setting process for 2013/14. This provides a suitable cushion that will provide funding to ensure that the Council is well-placed to absorb the impact of fundamental changes to its funding base, as well as the other issues listed above, to avoid what could potentially be a very difficult year. Not the least because of the high risk details of the funding available to the Council may not be known until around Christmas.

3.15.11 There are alternatives; to allocate some or all of these funds directly into service areas, to retain no provision at all, or to use the provision to reduce council tax. Given that it is not possible to properly evaluate most of these issues, allocating funds into service areas at this point in time is not seen as prudent. The option of having no provision at all could potentially leave the Council facing the combined issues of the loss of one-off grant monies coupled with the risk of a reduction in overall funding from Government, through the new system. Savings plans for the proposals included in the successive July reports are now so well advanced – or have already been delivered – that there is little scope for now delaying them. Reducing Council Tax would in turn reduce base income as well as causing cash flow issues and is not considered to be prudent, not the least because of the scale of the potential list of issues. Finally, any prospect of offering residents a rebate by a direct payment to them

has been ruled out as other authorities have taken advice and this has not been ruled to be legally possible.

3.15.12 Should all these factors work against the Council, there are very real prospects of a big rise in Council Tax being needed – which would trigger a referendum – or the need to make urgent savings. The Administration do not believe that any of these options is either tenable or in keeping with its aim of keeping Council Tax rises down to the lowest level possible.

3.15.13 The budget proposals, which have been open for public consultation since January, and the information set out in this report, explain how the Council will prioritise funding for next year, while enabling the Council Tax to be held at the same level as the previous year, ie **no change is being recommended to Council.**

3.15.14 As well as the proposals set out, the final budget reflects these elements; more detailed information on these was contained in the January Cabinet report:

- Pension Fund; the existing provision is being maintained pending greater clarity over the long term future of the Scheme
- Social Care services; provision has been included to reflect the ongoing impact of demographic changes
- Interest levels; the planned increase is now being deferred until 2013/14 given there is no indication of any rise in interest rates occurring
- London Borough Grants Scheme; part of the unallocated balance has now been allocated to the Citizens Advice Bureau, there is a small residual sum which is being held for the time being.

3.16 Current Financial Position – Revenue

3.16.1 The development of the financial strategy and detailed budget needs to take recognition of the financial position in the current year. Previous reports to Cabinet have set out the position for the current financial year; these have shown an overall underspend position, although a number of adverse variances have been effectively covered by underspends in corporate provisions.

3.16.2 The most recent revenue monitoring report covers period 8, November. This shows one major change from the position previously reported to Cabinet as part of the January report, when an overall underspend was forecast at £888k. There has been an overall reduction of £350k in the forecast for adults social care services. The current position now shows an overall underspend of £1,297k. However, this includes a number of adverse variances, as previously been reported to Cabinet, which are being offset by underspends in a range of corporate provisions, most of which are of a one-off nature and will only benefit the current financial year.

3.16.3 Part of the planning process ensures that any in-year variances are fully assessed and taken into account. This was covered as part of the January report.

3.17 Fees & Charges

3.17.1 The fees and charges will broadly increase by an average of 1.5%, allowing for those set outside the Council's control, as highlighted in the January report. A complete Schedule of Fees and Charges is set out in Appendix K and is presented to Cabinet for approval as part of the 2012/13 budget. The Schedule will be held on the Intranet and will be available via the Council's website.

3.17.2 Fees and Charges continue to be reviewed and amendments made in line with strategic priorities, and the results of the consultation process for services to be paid for at the point of delivery, rather than through Council Tax increases.

3.18 Redeployment and Redundancy/Early Retirement Costs

3.18.1 Broadly speaking, the Council's usual policy is that any redeployment, redundancy or early retirement costs arising from finalisation of the budget that cannot be met from other funds available will be met from the contingency. Costs that arise in year from service reviews must be met by the service and generate additional savings over the medium term. However, any such costs arising as a result of the Corporate Transformation programme are being met from the Corporate Transformation Reserve.

3.19 Contingency Provisions

3.19.1 The level of contingency has been reviewed in the context of the budget set out for Cabinet. The Chief Finance Officer (CFO) has set this by having due regard to:

- The budget as proposed
- An assessment of unquantifiable pressures and unforeseen events that could arise during the 2012/13 financial year
- The experience in previous years
- The degree of uncertainty as well as known impact of changes to funding streams
- The potential effect of changes to both the Council Tax system and Council Tax benefits, there will inevitably be transitional costs which the Council will incur as well as unknown effects from the changes themselves
- The overall budget strategy.

3.19.2 A risk assessment is set out for Members within Appendix H as part of the CFO's statement on budget robustness, having due regard to the controls in place that will mitigate both the severity and likelihood of the risk happening. In arriving at the risks included, consideration has also been given to such factors as the:

- Financial risks in any significant new funding partnership arrangements
- The ongoing economic climate
- The potential withdrawal of and/or reduction to grant funding
- Treatment and delivery of savings
- Level and timing of capital receipts

- Arrangements for budget and financial management
- Adequacy of the authority's insurance arrangements
- Impact of the loss of both general and specific grant
- Overall financial standing of the authority
- Capacity to manage in-year budget pressures.

3.19.3 The result of the assessment is that it is the view of the CFO that a sum of £2m continues to provide a sufficient revenue contingency to deal with any issues arising during the course of 2012/13, having regard to the level of risks and the mitigating factors. Any issues that have a longer term impact will need to be considered as part of the budget setting process for 2013/14 and beyond; the purpose of the Contingency Fund is to provide funds to address issues that impact specifically on that year.

3.19.4 This is critical given that, in spite of the LGFS announcement, there are issues as yet still unclear, and the need for further decisions relating to the LGFS outcome cannot be discounted. It is important to note that some of the risks have again changed this year, and in addition, consideration of the impact on the Council Tax level has also been considered. On the basis of experience in the recent years with respect to such matters as Adult Social Services, utility prices, and various income categories, it will continue to need careful monitoring during the year.

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

3.20 **Budget Robustness/Reserves Position and Opportunity Cost**

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

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

3.20.3 The Council's financial strategy sets out that the minimum level of General Fund reserves held will be £10m. Prior to making a final recommendation to Council, there is a need to further consider the current financial position for 2011/12 and its potential impact on reserves. Equally, the importance of retaining sufficient reserves has been emphasised by the variances that have arisen in service areas with large and volatile budgets and service demands, and with the impact of the economic climate within recent years.

3.20.4 After having regard to the consideration of the impact on reserves of the 2011/12 outturn, the existing reserves are likely to be sufficient to maintain this level. For information, this provides a level of reserves which gives limited cover for unforeseen circumstances that may have financial consequences, either one-off or across financial years.

3.20.5 The more detailed advice of the CFO in respect of reserves is also set out in Appendix H. This covers both the assessment of the level of reserves needed, and the opportunity cost arising from holding reserves.

3.21 **Balance Sheet Position**

3.21.1 The focus of the revenue budget strategy is on the Council's income and expenditure. However, regard also needs to be given to key balances included in the Council's Balance Sheet. The Council faces a number of risks and uncertainties which can be mitigated by:

- ensuring that it maintains an appropriate level of liquid resources, and
- maintaining an adequate level of general fund reserves and balances.

Liquidity

3.21.2 The Council has historically held approximately £100 million in cash on average during the course of the year. This represents the value of the Council's revenue reserves, net current assets, unapplied grants and unapplied capital reserves. Other than reserves, this is money that is committed and is being held pending such expenditure. Given gross expenditure in the region of £600 million, this represents around two months of expenditure.

3.21.3 It is possible that the average cash holdings of the Council will reduce owing to the significant changes in grant funding, although where there are further savings being introduced, this will to some extent offset this. It will be necessary to keep close watch on the cash flow position as 2012/13 rolls out.

3.21.4 The Treasury Management Strategy agreed by the Council at its annual budget setting meeting sets out the parameters for investment of this cash and includes the measures to be taken to ensure the creditworthiness of the Council's counterparties. The draft prudential indicators included in the Strategy also set out the limit for investments on terms of more than one year. In practice longer term lending is minimised to ensure that a high level of liquidity is maintained.

Earmarked Reserves

3.21.5 An earmarked reserve is a sum set aside to fund known items of anticipated expenditure for which the liability is not chargeable to the current year's accounts. The Council holds a number of these, the most significant of which are for the Corporate Transformation programme, funds to deliver strategic projects, insurance claims, capital bridge funding and invest to save resources.

3.21.6 The earmarked reserves are reviewed on a quarterly basis to ensure that they are still required. As a one off resource, any funds deemed to be surplus would be reallocated to support one off projects such as support to the capital programme, contributions to the pension fund or service initiative pump priming.

3.21.7 The Council's financial strategy precludes the use of reserves to finance known and ongoing financial liabilities, as this is the financially prudent approach required to ensure a stable financial position is achieved. Reserves can only be used once, and the Council's reserves have been established for specific purposes; their use as a one-off means of financing the Council's ongoing revenue budget falls outside the strategy previously approved by Council, and is not therefore recommended.

3.21.8 It is not proposed that any use should be made of existing earmarked reserves to support the Council's revenue budget, as this is not felt to be prudent and not in line with the Council's revenue budget strategy. As stated in the January report, the current advice of the Group Director Finance & Commerce is that the existing level of general reserves can be considered to be adequate, but issues in previous years over adult social care spend, and the recent major reductions in grant funding and imminent changes to the funding system, emphasise the need for prudence with the management of reserves.

3.22 Draft General Fund Budget 2012/13

3.22.1 Based on the detailed budget proposals and other factors set out above, the Council's General Fund budget for 2012/13 will be as set out in Appendix E. This is summarised as follows:

	2011/12 £000	2012/13 £000
Havering's Services	170,905	173,285
Levies	11,646	12,183
Total Expenditure	182,551	185,468
Unringfenced Grant	-19,309	-22,685
External Finance inc Collection Fund	-56,034	-55,051
Havering's Precept	107,208	107,732

3.22.2 The budget has been produced on the basis of the factors set out in this report. The movement between this year and next is analysed as follows:

	£000
Pressures	
Budget Pressures (New items, Adults, Freedom Pass, etc)	3,148
Inflation	1,541
ELWA & Other Levies (estimated)	538
Special Corporate Provision	2,500
Sub Total – Pressures	7,727
Savings	-9,691
Government Funding	2,489
Sub Total – Net Increase	525
Increase in Council Tax Base	-525
Net Total	0

3.23 Draft Schools' Budget 2012/13

- 3.23.1 A summary of the Dedicated Schools Grant (DSG) for 2012/13 is set out earlier in this report and the relevant Appendix. DSG funds education from 3-16 years and is based upon a unit of funding multiplied by the number of pupils. The final allocation will not be known until June and as this is after the start of the financial year, officers base the calculation of school budgets on an estimated settlement.
- 3.23.2 Local authorities, in consultation with their Schools Forums, distribute the DSG locally subject to various rules and taking into account local circumstances and Government priorities. The DSG is split into two, the centrally retained schools budget and the individual schools budget. The centrally retained schools budget can be spent on various "pupil related" items which are defined by government. They include, provision for pupils with special educational needs, pupil referral units, behavioural support services and provision of school meals and milk.
- 3.23.3 The budgets are set by identifying the requirements (eg staffing/resource levels) of the centrally retained areas with budgets for individual schools being calculated through a complex formula which takes account of factors such as age and number of pupils, size of school, number of pupils receiving free school meals, deprivation, whether the school has a swimming pool, playing fields etc.
- 3.23.4 In addition to the funding provided to schools from the DSG, they receive additional funding through the Pupil Premium to address low attainment of pupils from low income families and areas of high deprivation. For financial year 2012/13 the Pupil Premium provides schools with an additional £600 for every pupil aged 4 to 15 on roll at the January 2012 school census date who has been eligible for free school meals at any point over the previous 6 years. It is estimated that this will bring in an additional £4 million to Havering schools, an increase of £2 million above the Pupil Premium allocation in 2011/12.
- 3.23.5 When schools convert to academies their calculated budget share and a share of the centrally retained DSG is recouped by the Department for Education. An estimate has been made based on 11 secondary schools that became academies in 2011/12 and an additional one expected to convert in March 2012.
- 3.23.6 The Schools' budget is also set out in Appendix E and is summarised as follows:

Estimated Allocations	2011/12 £000	2012/13 £000
Total DSG	184,739	184,462
Academy Recoupment	-18,804	-55,707
Balance in support of LA Schools	165,935	128,755
Allocation for schools	151,608	115,066
Centrally retained	14,327	13,689

3.24 Maximising Benefits Take Up and Assisting the Community in the Current Economic Climate

3.24.1 The Council is very mindful of the economic climate and have had regard to this in setting the budget. It has also continued to undertake a range of activities to assist the community through this difficult period. This has included:

- Paying invoices quicker
- Arranging additional CAB advice
- Promoting ways to manage debt
- Diverting resources to ensure benefits are assured as soon as possible
- Publicising money saving ideas.

3.25 Havering Council Tax Precept for 2012/13

3.25.1 On the basis of the information set out in this report, including the levies being those as set out in Appendix D, there would be no change in the Havering element of the Council Tax. Havering's band D figure would remain at £1,195.18.

3.25.2 A summary statement, along with further information to support the setting of Council Tax, is set out in Appendix E.

3.25 Expenditure Restriction by Government

3.25.1 As set out in the previous report to Cabinet, the Government has made it clear that they intend to ensure that council tax payers are protected against Councils that reject the offer of the Council Tax freeze grant and impose what they consider to be "excessive" council tax rises. They have also confirmed their intention to proceed with the introduction of powers to enable residents to veto council tax rises.

3.25.2 As part of the settlement announcement, a requirement is being introduced for local authorities to undertake referenda should their proposed Council Tax rise exceed a pre-determined level. Any proposed rise in Council Tax at or above these levels would trigger a local referendum. The outcome is based on a simple majority of those voting, either in favour or against.

3.25.3 These levels are:

- 3.5% for most principal authorities;
- 3.75% for the City of London;
- 4.0% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities.

4. Capital Programme

4.1 The Council approved the adoption of an eight year Capital Programme as part of the planning process at its meeting in October 2008. This Programme was based on the gradual move towards the use of prudential borrowing to finance it and provision for this was reflected in the budget proposals. This Programme was subsequently approved by Council in February 2009.

- 4.2 Changes in the cost of prudential borrowing through the Public Works Loans Board were previously announced as part of the CSR. Given the ongoing financial climate, it is now felt that the Council's immediate budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital and Section 106 receipts and any sources of external funding only.
- 4.3 With this approach in mind, the proposed overall programme was submitted as part of the report to the previous Cabinet meeting. This includes a revised core programme over the remainder of the current year, and an indicative core programme for subsequent years, ending in 2014/15. A detailed schedule of schemes has been compiled within each of these programme areas for the coming financial year, 2012/13, and this is included in the relevant Appendix to this report. Detailed schemes within the remaining years of the core programme will be brought forward at the appropriate time. This will reflect any changes in the forecast position with capital receipts, and other funding flows where appropriate.
- 4.4 As part of the development of the Capital Programme, the need to provide investment in primary school places has been identified. This reflects projected pupil numbers over coming years. To ensure that funding is available on a timely basis, an initial assessment of needs has been undertaken for financial year 2012/13. This is included as part of the programme recommended to Cabinet.
- 4.5 More detailed work is currently being undertaken and a specific report on this aspect of the programme, along with information on the background and including a fully detailed programme, will be brought to cabinet in the near future.
- 4.6 With this in mind, Cabinet is asked to approve the capital programme as set out in Appendix I for 2012/13 and to note the indicative programme for 2013/14 and 2014/15.
- 4.7 It is proposed, to enable any specific schemes to proceed in a speedy and timely manner, that the relevant service area Cabinet Member, together with the Cabinet Member Value, be delegated authority to commence tender processes and accept tenders for capital schemes that previously were agreed by Cabinet. Cabinet is asked to approve this as part of this report.

5. **Treasury Management Strategy**

5.1 The Council is required to agree annually a Treasury Management Strategy including the setting of borrowing limits, and to reaffirm the Council's Treasury Management Policy.

5.2 Given the importance of the Investment Policy, this is repeated below:

"The Council will have regard to the (then) ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's

Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s investment priorities are: -

- (a) the security of capital and*
- (b) the liquidity of its investments.*

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.”

- 5.3 The Council’s Strategy for investment of funds prior to use or held for contingencies is agreed by the Council as part of the budget-setting process. The Treasury Management Strategy Statement, Minimum Revenue Provision Strategy and Annual Investment Strategy are set out in a separate report to Cabinet that appears elsewhere on this agenda.

6. Greater London Authority

- 6.1 The Greater London Authority (GLA) precept covers services of the Metropolitan Police, the London Fire and Emergency Planning Authority, the London Development Agency, as well as the core functions of the GLA and Transport for London.
- 6.2 This precept is outside of the control of the Council and as such does not form part of the strategy of the Council. The Council is concerned with the budget and level of Council Tax and of course lobbied to ensure any precept increases are reasonable and add value to the community of Havering.
- 6.3 The GLA budget was published for consultation in late December. The proposals confirmed the Mayor’s plan to continue to freeze the GLA precept for 2012/13 at the current level of £309.82 at band D. The Mayor’s draft consolidated budget was submitted to the London Assembly for discussion its meeting on 25th January with the final budget proposals being considered at the Assembly plenary meeting scheduled for 9th February. A recent Statutory Instrument extends the deadline for the Mayor to present his budget to the Assembly until 11th February, it is not expected that the current date will change however.
- 6.4 As this meeting falls a day after the Cabinet meeting, the final figure approved by the London Assembly will be as far as possible included in the report to Council.

7. Overall Council Tax for 2012/13

- 7.1 The table below summarises the position:

	£	% Increase/ (Decrease)
Havering Precept	1,195.18	0.0%
GLA Precept	309.82	0.0%
Total	1,505.00	0.0%

8. **Other Matters**

8.1 **Council Tax Bill**

The Council Tax bill will show the charges for Council services and the Greater London Authority. It must be served on or as soon as practicable after the day the Council Tax is set, and at least 14 days before the first instalment is due where the bill requires payment of instalments.

The requirement for local authorities to include efficiency information on and with council tax bills has been removed, although guidance has been issued regarding specific information that now needs to be included. This includes calculations for an authority's gross expenditure and council tax requirement, which are defined in the guidance.

8.2 **Restriction On Voting**

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

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

8.3 **Effect Of Standing Orders**

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

Rule 11.8(a)

"An amendment to a motion/report at the annual Council tax setting must be submitted to the Chief Executive no later than 6 clear days before the Council tax setting meeting, and must be such that the amendment would, if passed, in the view of the Chief Finance Officer enable a robust budget to be set".

This means that **Midnight on Monday 13th February 2012** is the deadline for amendments to the Council Tax Setting and Budget Report.

Rule 11.8(b)

“Upon receipt of such amendment, the Chief Finance Officer shall consider whether it meets the “robust budget” test, and:

- (i) If it does meet the test, the Proper Officer shall include it on the agenda for the meeting.
- (ii) If it does not meet the test but the Chief Finance Officer considers that, duly altered, it will do so, that officer shall consult the proposers and, if they accept the alteration(s), the Proper Officer shall include it, as altered, on the agenda for the meeting.
- (iii) If it does not meet the test and the Chief Finance Officer considers that, whether or not altered, it will not do so, that officer shall refer the amendment to the Proper Officer who shall proceed with it as an improper amendment under Rule 11(3)(b).”

8.4 Discount For Council Tax Payers Paying In Full

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

Resolution

“Any Council Tax payer who is liable to pay an amount of Council Tax to the authority in respect to the year ending on 31st March 2013, who is served with a demand notice under Article 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 and who makes payment to the authority of the full balance of the estimated amount shown on that demand by 1st April 2012, may deduct a sum equivalent to 1.5% from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount”.

8.5 Resolution for Council Tax

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

8.6 National Non Domestic Rates (NNDR)

Under Schedule 7 to the Local Government Finance Act 1988 (“the 1988 Act”), as amended by section 62 of the Local Government Act 2003, there are two multipliers. The small business non-domestic rating multiplier, which is applicable to those that qualify and successfully apply for the small business relief, and the non-domestic rating multiplier, which includes the supplement to pay for the small business rate relief scheme.

The DCLG has advised that the provisional 2012/13 multipliers have been calculated as:-

- Non-Domestic Rating Multiplier 0.458 (ie 45.8p)

- Small Business Non-Domestic Rating Multiplier 0.450 (ie 45.0p).

In accordance with Schedule 7 to the 1988 Act, the provisional multipliers will be confirmed by DCLG after either the local government finance report for 2012/13 has been approved by Parliament or 1st March 2011.

8.7 **Managing the 2012/13 Budget**

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

- Significant budgets being linked with outcome activity
- Financial and non financial information, i.e service outputs, being monitored together
- Using risk assessments to inform budget monitoring activity and detail
- Focusing resources on the areas of highest risk
- Reporting on an exception-only basis
- Monitoring delivery of the savings programme
- Monitoring income separately
- Maximising income recovery
- Monitoring and taking action to mitigate the risks identified in Appendix H.

9. **Prospects for 2012/13 and beyond**

- 9.1 The report to Cabinet in July 2010 anticipated to a large extent what has now been revealed by the successive announcements of the CSR and the provisional LGFS. In very broad terms, there has been as expected a major reduction in funding from Government for local authorities, through reductions in both general (formula) grant and in specific and area based grants. Whilst the Council's early start in approaching the expected reductions has meant Havering is well-placed in responding to CSR and LGFS, the scale of the reductions has proved to be even higher than had been anticipated.
- 9.2 Although a long-term plan has been in place for well over a year, the detailed position has gradually become clearer through various announcements, culminating in the most recent LGFS announcement. Further reductions are expected in the remaining years of CSR, as outlined previously to Cabinet. The impact of changes to the LGFS itself are impossible at this stage to predict.
- 9.3 Although the Council has successfully delivered departmental and service savings over a number of years, this has not created any long-term financial headroom, and there has always been a constant process of savings year on year required to deliver a balanced budget, given the level of pressures faced and continuing to arise. The Council's track record does however demonstrate a long history of successfully delivering savings, which means it is well-placed to continue to deliver these in the future.
- 9.4 The Council's transformation programme is aimed at a more ambitious and structured approach to transform the way the Council functions and deliver

significant levels of efficiency savings. The programme has become a key element of achieving a stable Council Tax over the CSR period. What will need to be considered is how to sustain a similar level of savings in future years beyond the culmination of the programme.

- 9.5 There is no doubt that the ongoing climate requires not only a high degree of financial prudence, but also a robust budget setting process. The level of risk arising from the breadth of changes that will affect all local authorities is significant. This emphasises the need to prepare for the remaining years within the current CSR period, and for consideration to be given during that timescale to the next CSR period beyond it. Further reports will be brought to Cabinet as greater detail on the Government's plans becomes available, and the forecast position will be refined as part of that process.

10. Housing Revenue Account

- 10.1 The report on the HRA budget for 2012/13 appears elsewhere on the agenda. This includes both the revenue budget and the associated capital programme.

Financial Implications and Risks

The Council's budget-setting process will ensure that financial implications and risks are fully met. Any financial implications or risks are covered in this report as necessary. There are significant risks given the continuing degree of uncertainty over the future funding regime for local authorities, and a number of other changes planned by the Coalition Government, but the steps already taken by the Council should mitigate much of this. It will however be necessary to continually refine the financial forecasts underpinning the Council's budget to ensure that any necessary actions can be taken at the appropriate times, allowing for consultation as appropriate.

It has been made clear by the Government that the need for austerity within the public sector remains. This may now cover a longer period than previously envisaged. There is a risk that further reductions in funding may become necessary. This emphasises the need for ongoing prudence, whilst maintaining sufficient capacity within the Council's budget to respond to both external pressures and changes, balanced against the needs of the local community.

Legal Implications and Risks

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

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

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

Human Resource Implications and Risks

Any HR issues which occur as part of any change processes will be dealt with according to the Council's HR procedures and employment legislation, and will be subject to consultation with staff and their union representatives, as appropriate.

Equalities and Social Inclusion Implications and Risks

The Council's Corporate Plan and MTFS affect all residents and organisations within the community. Full consultation on the proposals has been carried out as part of the planning process, and savings proposals are subject to an equalities impact assessment as part of the process.

Reasons for the Decision

The Council is required to set a budget for 2012/13 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

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

Background Papers

Attached as appendices.

Various Government and other body correspondence.

APPENDICES

- A REVENUE AND CAPITAL BUDGET STRATEGIES AND PROCUREMENT STRATEGY**
- B GOVERNMENT GRANTS AND ASSOCIATED MATTERS**
- C SPECIFIC GRANTS**
- D LEVIES**
- E COUNCIL TAX STATEMENT AND SUPPORTING INFORMATION**
- F BUDGET ADJUSTMENTS**
- G VIREMENT AND CONTINGENCY RULES**
- H BUDGET ROBUSTNESS AND RESERVES**
- I CAPITAL PROGRAMME**
- J OVERVIEW & SCRUTINY COMMITTEE DRAFT MINUTES**
- K SCHEDULE OF FEES & CHARGES**

REVENUE BUDGET STRATEGY

The Council will ensure that there is an effective Medium Term Financial Strategy in place to drive forward the financial planning process and resource allocation. The financial strategy will be determined by policies and priorities contained within the Sustainable Communities Strategy, together with other key Strategies, and with appropriate linkages in place to the Service Planning process.

The Council is clear about its Living Ambition, to provide our residents with the highest possible quality of life, the five key goals for the future development of the borough and the priorities in the Sustainable Communities Strategy, and will redirect resources to support their achievement.

The Council recognises the pressures on its budget, and while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible.

The Council will wherever possible seek new funding and new ways of working. The Council will continue to look at new methods of service delivery to improve services to the public and the value for money that they provide, including working in partnership with others.

The Council will continue to seek to improve efficiency and deliver value for money, in particular, the Council will aim to identify efficiencies that will not impact on service delivery, and to identify options that will improve the value for money of its services through improving performance, and/or reducing service costs.

The Council will ensure that, given the severe financial pressures it is facing, growth will only be supported in priority areas, or where the Council is required to fund new responsibilities.

The Council will however ensure that the most vulnerable members of its community are protected, will continue to lead in the development of social cohesion, and will ensure that the services provided and resources allocated reflect the diverse nature and needs of our local community and our responsibilities to the local environment.

The Council will lobby to ensure that the Government provides adequate funding to take on any new responsibilities and to illustrate the impact of the low funding basis for Havering and its residents, but will ensure that, in broad terms, its spending is in line with the basis on which the Government allocates grant funding.

The Council will ensure that it engages with its local community, its partners and individual stakeholders in developing financial plans, and will reflect on the outcome of its consultation process in the identification of priorities and the allocation of resources.

That, while addressing its priorities and setting a balanced and prudent budget, the Council will seek to keep any increase in the Council Tax to the lowest possible level and in line with its stated aspirations whilst maintaining reserves at the minimum level of £10m.

And as part of that process, the Council will not utilise those reserves, or any reserves earmarked for specified purposes, to subsidise its budget and reduce Council Tax levels as this is neither a sustainable nor a robust approach.

The Council will adopt a prudent capital programme designed to maintain and where possible enhance its assets, in line with the Living Ambition.

The Council will finance capital expenditure through a combination of external funding and capital and Section 106 receipts, and will only apply prudential borrowing as a last resort, unless a business case can be made to finance investment through borrowing, where there is an income or savings stream arising from the investment.

CAPITAL BUDGET STRATEGY

The capital budget strategy sets out the Council's approach to capital investment over the medium term. It has been developed in consultation between senior officers, Members and the Council's key strategic partners and is integrated with Havering's Community Strategy.

The Council will ensure it engages with the local community and wider stakeholders in developing its financial plans.

The Council has adopted a prudent capital programme in line with the Living Ambition designed to:

- protect, maintain and develop existing assets and infrastructure – the backlog of repairs to existing assets such as school buildings, office accommodation, and infrastructure assets such as roads and paths;
- develop new facilities for which there is significant public demand or upgrading assets to meet the expectations of local people, and obtaining value for money from the use of our assets and resources;
- support the delivery of the Council's transformation programme and further initiatives to improve efficiency and effectiveness e.g. through the adoption of new technology to release revenue savings or improve service delivery to the community.

The Council will seek to continue to improve efficiency and value for money, in particular to:

- maximise asset utilisation;
- ensure assets are fit for purpose and health and safety compliant;
- facilitate and promote community use;
- explore alternative management arrangements e.g. leases to community groups;
- explore opportunities for innovative ways to procure and deliver capital projects to maximise the resources available;
- consider the wider aspects of capital projects, for example whole life asset costs, equality and diversity, and environmental implications;
- investigate shared usage/ownership arrangement with other local authorities, partners and stakeholders.

As well as the above, the Council's approach to capital asset management includes the review of existing assets in terms of suitability for purpose, alternative and future use, and maintenance requirements. The aim for the Council to rationalise its asset portfolio and only hold assets that support the delivery of its goals, offer value for money or in some other way are important for community, heritage or other significant social purpose. The capital budget strategy is intrinsically linked to the revenue budget strategy. The revenue implications of capital expenditure and funding decisions are explored and accounted for on an ongoing basis. These are reflected as appropriate and include the consideration of the challenging financial climate which the Council faces.

The Council will finance capital expenditure through a combination of:

- Receipts
- External Funding
- S106 Contributions
- Revenue Contributions to Capital
- Capital Grants
- Capital Allowances
- Supported Borrowing
- Prudential Borrowing

Each funding stream is considered in terms of risk and affordability in the short and longer term.

The current and future economic climates have a significant influence on capital funding decisions. As a result planned disposals are kept under regular review to ensure the timing maximises the potential receipt where market conditions are not favourable.

Capital expenditure will only be permitted where funding streams have been identified and confirmed. Prudential borrowing will only be used as a last resort, unless a business case can be made to finance the investment from an income or savings stream.

Every effort is made to maximise grant funding, leverage opportunities and other external funding opportunities, where they are consistent with the Council's vision, goals and other specific strategies. Use of grant funding will however only be made where the cost to the Council is minimised or where this – both capital and revenue – can be contained within existing resources.

Where expenditure is to be financed through capital, this will only occur where funds have been realised. S106 contributions are not committed until they are actually received. This is due to the complex conditions and timing issues that can be associated with them.

The Council is also continuing to attract private investment into Council facilities through exploration of potential partnership and outsourcing arrangements.

This funding approach has been made with reference to the Council's current and longer term financial position, the prudential code, the current and projected economic climate, and the Council's asset management strategy as set out in the Corporate Asset Management Plan.

The capital programme will be reviewed on an annual basis. This will consider items such as new funding opportunities and Member priorities. In year changes e.g. the availability of additional external funding, will be made on an ongoing basis as part of routine programme management. These will be implemented with regard to the Council's Constitution and agreed procedures.

PROCUREMENT STRATEGY

Havering spent £132M during 2010/11 on goods, works and services provided by external organisations, and has a duty to make sure that this spending represents value for money.

The objective for our procurement expenditure is to become strategic and act as one organisation in the planning and buying of goods, works and services.

Procurement Aims

Our key procurement aims are:

- Efficient and effective procurement;
- Socially responsible procurement;
- Effectively managing suppliers

The above aims will be delivered through:

- Partnering with others organisations to spread tendering costs and present a more attractive offering to suppliers that will deliver VFM.
- Recognising that the Strategic Procurement Business Partner/ Operational Procurement Team are the leads for key procurement activity that they will provide advice and guidance to Directorates.
- Ensuring that contracted services deliver efficiency savings and quality.
- Developing and disseminating procurement procedures and good procurement practice.
- Encouraging a diverse and competitive range of suppliers.
- Ensuring that Procurement is planned and managed.
- Using procurement to deliver or support the Council's service aims and goals.
- Encouraging and supporting Small and Medium Enterprises (SME's).
- Encouraging and developing Shared Services and other partnerships.
- Achieving Value for Money through better procurement.
- Helping to develop a commissioning strategy.

Key principles

All departments must keep to and promote the following principles to deliver best value procurement:

- Be open and transparent about procurement activity;
- Be driven by desired results;
- Create the most advantageous balance of quality and cost;
- Reduce the burden on administrative and monitoring resources;
- Simplify routine transactions;
- Allow flexibility in developing alternative procurement and partnership arrangements;
- Encourage competition, where appropriate;
- Encourage better use of technology;
- Encourage high-quality businesses to provide quotes;
- Be supported by our corporate procurement strategy;
- Include our corporate policy aims; and
- Follow all our regulations and the law that applies in the EU and UK.

All services must show that that through their procurement of goods, works and services that they:

- Are committed to people who use the services;
- Meet our values and strategic priorities
- Meet the Council's vision
- Provide value for money
- Meet service aims;
- Are committed to continuous improvement;
- Are committed to quality, equality and diversity;
- Work efficiently;
- Have effective management, systems and procedures;
- Have flexible working arrangements to meet users;
- Are committed to sustainability and minimising climate change; and
- Are committed to our policy aims.

The key documents that need to be referred to are The Procurement Strategy and The Contract Procedure Rules (CPRs). These can be accessed via the link below.

<http://www.havering.gov.uk/Pages/Procurementpolicy.aspx>

GOVERNMENT GRANT & ASSOCIATED MATTERS

LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2012/13 BRIEFING

The Department for Communities and Local Government were due to issue the final Local Government Finance Settlement for 2012/13 within two weeks of the close of consultation on the provisional settlement on 16th January 2012.

This is likely to be too late for inclusion in this report, therefore supplementary information will be provided to Cabinet to reflect the final settlement and any changes from those contained in the provisional one.

A detailed analysis of the provisional announcement was contained in the January report to Cabinet. The main points affecting local government in general, and Havering in particular, are summarised below:

- The settlement covers the second of the final two year period before there is a fundamental change in the system of funding
- The final settlement is likely to be announced around 2 weeks after consultation closes on 16th January, which may not be early enough for inclusion in the February report to Cabinet
- Havering's provisional grant allocation is £54.043m, however this now includes the base sum for Council Tax freeze grant
- The equivalent figure excluding this grant is £51.363m for 2012/13, which is only marginally different from the figure included in the final announcement last year
- The national settlement shows the average year-on-year grant reduction is 7.3% once the Council Tax Freeze Grant is stripped out
- London is, again, regionally, the least worst affected area, although average grant reductions are still 7.0%, but this position is distorted by the GLA
- However, looking specifically at outer London boroughs, the average grant reduction is 7.9%; only shire councils see a bigger reduction than this.

The Council's response to the consultation on the provisional LGFS is attached. A delegation met with the Local Government Minister and the contents of this response were discussed with him. Given that this is the last year of the existing funding system, discussions focused on the transition to the new system and how, as this is likely to be based on the existing one, this disadvantages Havering's position.



Havering
LONDON BOROUGH

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Mr Andrew Lock,
Zone 5/J2
Eland House
Bressenden Place
London
SW1E 5DU

Date: 12th January 2012

By email settlement.consult@communities.gsi.gov.uk

Dear Mr Lock

LONDON BOROUGH OF HAVERING'S RESPONSE TO THE 2012/13 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

This letter sets out the London Borough of Havering's formal response to the 2012/13 provisional Local Government Finance Settlement.

London has faced extremely tough settlements in recent years. It has received the smallest average increase in funding of all the regions in England and, with the majority of London boroughs on the funding floor, most London local authorities have received below inflation increases in funding. There is a small measure of relief that London's formula grant cuts are proportionate to those of other regions in 2012/13, however it must be noted that London authorities bear their share of cuts on an already diminished baseline. Combined with demographic pressures on social services and education, as well as significant cost pressures in waste management, this has left London's councils in an extremely challenging position.

The additional complexity of the formula grant system makes the model even less transparent than in previous years and more difficult for expert practitioners (let alone members of the public) to understand. As identified when the House of Commons commissioned the Committee of Public Accounts to undertake a review of the system. They said the three principal mechanisms for doing so had serious weaknesses. The funding formulae reflected multiple objectives that were not always clearly expressed or prioritised. Also, Departments have constrained the extent of funding increases and decreases in the short term, which have led to long term inequity in allocations.

With that in mind, we welcome comments by the Secretary of State that there will be greater transparency and clarity around funding from 2013-14. More generally, we look forward to engaging, in some way, the Local Government Resource Review to find

solutions that give more financial autonomy to local government and incentivise London's continued contribution to the recovery in the national economy.

The Borough had anticipated this extremely challenging Local Government Finance Settlement, with cuts to local government funding far exceeding those applied to almost every other part of the public sector. However, Havering is extremely disappointed with the prospect of their formula grant funding being cut by 9.1% (ignoring the Council Tax freeze grant) in 2012/13.

The London Borough of Havering's calculated 2012/13 provisional formula grant allocation is £51.363m, representing a reduction of 8.2% on the authority's 2011/12 adjusted baseline.

However, for the first time, the council tax freeze grant allocations for 2011/12 have been included in the headline formula grant amounts for 2012/13. This has inevitably led to some confusion but resulted in our allocation apparently increasing to £54.043m (massaging the reduction to 4.4%).

By including the 2011/12 council tax freeze grant allocations in the formula grant control totals for 2012/13, the funding gap between the estimated business rate income and the national local government funding totals has effectively been closed, and therefore removed the need to pay any additional funding to local authorities in 2012/13.

As this change is essentially cosmetic, charts and tables comparing formula grant figures across 2011/12 and 2012/13 exclude the council tax freeze grant allocation.

As can be seen in the table below, a reduction of that level represents the availability of significantly less resources than the average for both inner and outer London, Metropolitan Districts, Shire Unitaries and England overall.

Change in Formula Grant Comparison (based on adjusted figures)	2012/13
Havering	-8.2%
Inner London boroughs incl. City	-7.4%
Outer London boroughs	-7.9%
Metropolitan districts	-7.6%
Shire Unitaries	-7.6%
Shire Counties	-7.9%
Shire Districts	-11.5%
England	-7.3%

Whilst Havering has always understood that, due to the current economic climate, the provisional settlement would require funding reductions to be made across all local authorities, the Borough considers the methodology for implementing these reductions to be unfair.

The London Borough of Havering's Concerns:

1. Timing of the Settlement Announcement

The provisional settlement was announced on 8th December 2011; the Council's report on its revenue and capital budgets for 2012/13 was released publicly on 11th January 2012. Effectively, Members and officers only had 19 working days to review the outcome, assess the impact, refine its plans, and compile and complete the report - an extremely short timescale given the complexities of the settlement and the scale of the funding reductions facing local authorities, and the overall size of the Council's budget. We are now nearing the third week of January 2012 and, as yet, are still unclear of the timing for the final local government finance settlement which will provide definitive figures.

The Council had adopted a highly proactive stance to the expected Government approach to reducing the national budget deficit, agreeing savings in the region of £20m or 12% in July 2010, with a further package of around £16m agreed in July 2011. The Council has been extremely proactive in responding to the economic climate and the Government's plans. Following the publication of the provisional local government finance settlement and the associated specific grant announcements, it is clear the Council needs to consider further budget adjustments over the next two financial years. Consequently, we will now be required to submit further budget reports through the Cabinet process which give rise to two particular concerns:

- Firstly, insufficient time may be now available to adequately consult with local residents and businesses on new budget proposals – many of which are likely to impact on front facing services; and
- Secondly, questions may arise about the robustness of the budget being presented to full Council for approval – given that not all the required financial information from Government has yet been published.

2. Reduction of general funding for Academies

Havering is disappointed at the lack of consultation on the method used to top slice the Local Authority Central Spend Equivalent Grant (LACSEG) from formula grant. We are particularly concerned about the cost assumptions used and the assumed distribution of new academies in 2012-13.

The cash adjustment for academies means our starting position for assessing grants for 2011/12 saw a base reduction of £630k for 2010/11, with a further reduction of £497k for this year. Our understanding is that these adjustments reflect a simple pro-rata reduction of funding across all councils, taking no account of whether they have academies or not, nor indeed the actual number of academies that are likely to be built within their areas. This arbitrary top-slicing seems to directly contradict the ethos of the settlement being equitable and transparent.

The transfer of funding, does not at any point reflect the changes in service costs facing local authorities. The Department for Education's own impact assessment assumes that savings in local authority central services from an increase in the number of academies "will be negligible", given that the marginal cost of providing support to an additional school is close to zero. This has two implications for formula grant:

- The topslice unfairly penalises local authorities as their actual savings will be much smaller than the funding being transferred to academies.

- It results in an incorrect baseline adjustment, as even though authorities' functions may change their overall costs do not. Reducing the baseline in this way therefore underestimates the formula grant cuts facing each local authority, and reduces the protection they receive in the form of floors.

Following the Department for Education's (DfE's) consultation, launched in July 2011, we had been concerned that the Department might require further funding adjustments to be made to individual local authority formula grant allocations. The July consultation appeared to suggest that the actual funding transfers away from local authorities in 2011/12 and 2012/13, that were incorporated in the local government finance settlements, were underestimated by between £180m to £193m in 2011/12; and £228m to £313m in 2012/13.

3. Area Cost Adjustment

The London Borough of Havering was invited to present a paper to the Settlement Working Group meeting on 6 June 2005 in support of a request for a review of the methodology of the Area Cost Adjustment (ACA).

Within London, the geographic area for calculating the ACA is split into four: City, Inner London, Outer West London, and the Rest of Outer London. The ACA is calculated on the basis of average earnings of employment from within each geographic area concerned. In 2005 Havering was deemed to have low average earnings due to the lack of major centres of employment within the Borough and the dominance of the Havering market and other low paid or part time employment in the local economy.

However Havering's good rail links with Central London (the 2001 Census showed 28% of Havering's residents as commuting more than 20km) suggest that place of employment is not sufficient in determining local market conditions; residents will commute long distances for more attractive jobs, and Havering is therefore in competition for staff with employers outside the authority including in Central London (and, by inference, similar distances the other side of London).

Havering therefore operates in a much wider market base than simply the availability of other jobs within its own borders. This situation will inevitably impact on the pay levels required to recruit and retain high-calibre staff. In fact, the 2005-06 Annual Survey of Hours and Earnings highlighted that, looking at pay levels based on place of residence, Havering's figure of £12.19 is in line with the All London average of £12.08.

The ACA has a significant impact on the level of formula grant received by individual authorities and, ultimately, on council tax levels. In 2010/11, the Band D Council Tax ranged between £686.88 and £1,351.93 (average £1,150) in Central London and between £1,255.45 and £1,662.54 (average £1,433) in Outer London, giving a difference of £283 between Inner and Outer London.

The ACA rates in the 2011/12 formula are 30.50% for Inner London and 10.81% for the Rest of Outer London. An adjustment of only 1% in a London Borough's ACA would result in an adjustment to its council tax of approximately £30. Hence, if a uniform ACA rate were to be re-adopted for the whole of London, the discrepancy between Inner and Outer London Council Tax rates would be negligible.

Given the above flaw, we request that the Government includes a thorough re-examination of the ACA in the future Settlement Working Group's future work programme.

4. Comparative Expenditure and Funding Information

Historic underfunding through the local government finance system has resulted in Havering requiring a very high council tax, as can be seen below:

Borough	Council Tax 2011/12	
	Exc GLA	Inc GLA
Havering	1,195.00	1,505.00
Bexley	1,128.59	1,438.41
Outer London Average	1,123.47	1,433.29
Redbridge	1,095.53	1,405.35
Barking & Dagenham	1,016.40	1,326.22
Bromley	991.31	1,301.13
Newham	945.63	1,255.45

In fact, Havering is an efficient, low spending authority. The comparative tables below show our relative expenditure and funding figures on a per capita basis:

	Net Expenditure 2010/11	Population	Spend per Head
Havering	442,895,000	239,279	1,850.96
Newham	825,738,000	238,581	3,461.04
Redbridge	609,158,000	276,911	2,199.83
Barking & Dagenham	487,385,000	176,960	2,754.21
Bromley	613,201,000	317,936	1,928.69
Bexley	463,436,000	230,597	2,009.72
Outer London	11,658,128,000	5,033,467	2,316.12

	2011/12 Formula Grant	Population	Grant per head	Grant per head Ranked	2012/13 Formula Grant (including council tax freeze grant)	Population	Grant per head	Grant per head Ranked
Havering	56,520,000	237,456	238	5	54,043,000	239,279	226	5
Newham	219,919,000	239,175	919	1	204,538,000	238,581	857	1
Redbridge	101,060,000	273,676	369	3	96,148,000	276,911	347	3
Barking & Dagenham	106,026,000	175,528	604	2	100,368,000	176,960	567	2
Bromley	67,320,000	315,294	214	6	62,940,000	317,936	198	6
Bexley	66,628,000	229,071	291	4	62,898,000	230,597	273	4
Outer London	2,000,288,000	4,993,573	401		1,882,629,000	5,033,467	374	

As highlighted in the table at the beginning of this document, the proposed financial reductions facing Havering in 2012/13 affects Havering more than any other category of local authority across England, other than Shire Districts and Counties.

Therefore, Havering's residents are being penalised twice:

- The historic funding system has resulted in comparatively low levels of grant funding for the Council, which in turn has required high levels of council tax to make up the shortfall; and
- The new system leaves Havering facing a larger grant reduction than the average London Borough, which in turn requires the Council to make either greater cuts to current services, or to implement a significant council tax rise to make up the shortfall.

5. Floors and Scaling methodology

The London Borough of Havering is concerned that the measurement of 'grant dependency' (the ratio of formula grant to council tax) may be a poor proxy for reliance on central government funding. High levels of council tax relative to grants can reflect *inadequate* levels of funding – for example, where funding models fail to reflect the socioeconomic and demographic needs of an authority – necessitating higher levels of council tax. Providing these authorities with less protection in the form of floors risks creating a vicious cycle whereby the councils are forced to raise council tax even further to protect local services. Havering is not necessarily opposed to a floor system which reflects authorities' reliance on central government funding, but these are issues we would like to see explored in more detail.

The floor mechanism seeks to categorise individual local authorities into one of four bands, depending on their previous reliance on formula grant to fund their overall budget requirements in 2010/11. (Band 1 authorities are deemed to be most reliant on formula grant and are protected from more than 7.4% losses; Band 4 authorities are deemed to be least reliant and are protected from more than 10.4% losses.) Havering is grouped with other authorities into Band 4.

Havering has a number of significant concerns regarding this new floor mechanism, which we outline below:

Subjective and inappropriate groupings

The proposed new 'floor' mechanism creates significant cliff edges within the local government funding system and groups together local authorities with significantly different income generating abilities.

For example, Havering's formula grant, as a percentage of its budget requirement in 2010/11, was calculated as 34.2% and it has been placed in the same 'floor banding' as Surrey (18.7%) and Buckinghamshire (20.1%); whereas authorities such as Barnet (37.9%) and Stockport (38.0%), which are far similar to Havering in terms of their reliance on formula grant, are placed in a more financially beneficial band.

The fact that these outcomes occur indicates that the proposed methodology is far from fair and progressive.

Further, in recent years it has been recognised, through changes to the Area Cost Adjustment, that "cliff edges" do not have a place in the local government funding system. Therefore, it seems perverse to now introduce cliff edges in a fundamental component of the local government funding methodology.

6. General

The settlement fails to take account of the impact on Havering of the current financial climate. In particular, there is no recognition of the sharp fall in interest on investments caused by the significant reductions in interest rates. By way of illustration, in 2010/11 Havering received £0.9m in interest earnings compared to just over £5.0m in 2008/09. This means that income used to support expenditure on services, thereby reducing the impact on council tax, is no longer available.

The Council continues to face increasing demand for services including growing demand for services relating to our older population, increasing numbers and costs relating to adults with learning disabilities, a continuing increase in numbers and cost pressures from placements for children with disabilities and looked after children and a rise in pressures on temporary accommodation. All of these factors have a serious impact on our ability to deliver services within current funding levels.

A high proportion of Havering's expenditure relates to third party payments, mainly contracts, which limit our ability to reduce spend as well as providing greater inflationary pressures. This is particularly an issue for us with CPI running at 4.8% and RPIX at 5.3%. Each 1% increase in inflation can cost the Council up to £2m per annum.

There is insufficient recognition in the settlement of the fact that Havering has significantly above average numbers of older people and the associated costs relating to providing services for this group of residents.

7. Our requests

We genuinely believe that the local government funding system is neither objective nor equitable in its allocation of resources amongst individual local authorities; and, as a direct result, Havering's council tax payers are being effectively penalised. We would therefore ask the Minister to consider the following proposals:

- The floor methodology within the local government finance settlement should remain unchanged from that used in 2010/11, with a single floor level applying to all authorities within each local authority tier; and
- If Ministers are committed to introducing a range of floor values, a formulaic approach should be implemented that determines an individual authority's floor level based on their own reliance on formula grant, rather than group them into subjective bands - officers from Havering would gladly work with CLG Officials to design an appropriate scheme.

In conclusion, Havering continues to suffer from low levels of Government Funding which does not reflect the real cost and service pressures that we face and does not give the level of funding that our residents deserve. Given the recent poor settlements for Havering and the ongoing, continued cost and service pressures we are facing, it is critical that the government gives due consideration to our concerns with current funding levels. Funding should be increased and this should be reflected in the calculations arising from the Localisation of Business Rates from 2013/14.

8. Background information

As part of our response to last year's provisional settlement, we included a range of background information relating to Havering. This information provides context to our response to the settlement, and has again been included as part of this response, in Appendices A and B.

Yours sincerely

Cheryl Coppel

London Borough of Havering Background Information, Key Statistics and Data

Key Findings:

- Although overall Havering is not a highly deprived area, there are inequalities and pockets of deprivation, particularly within the Gooshays, Heaton and South Hornchurch Wards
- Unemployment levels in Havering estimated to be similar to national averages, but the borough has seen London's fastest increase in claimants of Job seeker's allowance
- The median annual salary for Havering residents is £26,025
- Pensioner households comprise the biggest proportion of households in Havering, making up nearly 30% of all households, 15.6% of which are lone pensioner households
- Lone pensioner households in Havering are most likely to belong to the social group manual workers and pensioners in rented accommodation, who often have low levels of income and are starting to express long term conditions

Population Statistics

The below information has been extracted from the JSNA published December 2010. This document is available on the Council's website at <http://www.hspnetwork.org.uk/links/>. A fuller extract from the document relating to the main population elements with the greatest bearing on Havering's funding position are attached to this document.

- Since 2007, the population of Havering has been growing at a faster rate than the England average, and this is expected to continue in the future, with the population rising by 8.3% by 2020
- Havering's retirement age population is expected to grow the fastest overall in the future, increasing by 19.2% by 2025. The fastest growth is in the 90+ age group, expected to increase by 125% by 2025
- The number of children and young people in Havering is also expected to show a large increase, growing by 14.5% by 2025. The fastest increase is expected to be in the 5-9 age group, growing by 22.7% by 2025
- Havering's population is becoming more ethnically diverse, and this is expected to continue in the future. The second largest ethnic group (after White) comprises those of Black ethnicity, particularly those of Black African descent.
- There is more ethnic diversity among children and young people in Havering than in the population overall, particularly among 4 – 11 year olds. 22.9% of school pupils are of non-white ethnicity, compared to an estimated 7.7% in Havering overall
- Although the numbers remain small, the quantity of overseas nationals registering to work who live in Havering has increased by 41.5% over the last five years. Nigerian, Polish and Indian nationals are the predominant groups

General Points

- Since 2007, the population of Havering has been growing at a faster rate than the England average, and this is expected to continue in the future, with the population rising by 8.3% by 2020. This is faster than the population rise across England (7.4% by 2020) and will mean that an extra 19,500 people will be living in Havering by 2020. The increase in population in Havering is due to a greater number of births than deaths and a greater level of migration into the area (both from within England and from other countries) than out of the area.
- Havering's retirement age population is expected to grow the fastest overall in the future, increasing by 19.2% by 2025. The fastest growth is in the 90+ age group, expected to increase by 125% by 2025
- The number of children and young people in Havering is also expected to show a large increase, growing by 14.5% by 2025. The fastest increase is expected to be in the 5-9 age group, growing by 22.7% by 2025
- Projections suggest that the population of Havering will increase by 3.9% in the next 5 years (2015), and by 8.3% in the next 10 years (2020).

Future resource pressures on services

Older People

- Havering has the highest proportion of pensioners in London, with round a fifth of the population in Havering being of retirement age, which is also above the England average
- The number of older people is expected to increase in the future in Havering, with the fastest increase being in the 90 and over age group, which is expected to increase by 125% by 2025.
- Havering has a larger proportion of older people living alone than is the average nationally. Older people living alone are much more likely to have contact with social services and use services such as home help and meals on wheels than elderly people living with others. Given that we have the highest proportion of older people in Havering, this therefore places more of a burden on our services than other Local Authorities.
- Around 46% of all Havering pensioners have a long term limiting illness
- Nearly 6% of pensioners in Havering are estimated to have dementia; dementia is predicted to be most common among those living in Heaton, Cranham and St Andrew's wards. The number of those with dementia is expected to rise by 8% over the next 5 years – placing a significant strain on mental health commissioning resources.
- People of pensionable age made up 71% of all adult social care users in 2008/09 receiving residential care, nursing care or care in the community. The projected growth in the numbers of elderly residents in Havering in the future suggests that the demand on social care services from the elderly population will continue to increase.
- Over 60% of pensioner households in Havering do not have access to transport, a higher proportion than the England average
- Around 11,190 pensioners in Havering are predicted to have a fall this year, with around 8% of these resulting in hospital admissions. The number of hospital admissions due to falls in older people is predicted to increase by 14% over the next 5 years
- Around a quarter of pensioners in Havering are estimated to be obese

- Around 12% of pensioners in Havering are estimated to have diabetes, with numbers expected to increase by 10% in the next 5 years

Adult Services - Disabilities, Learning Disabilities and Mental Health

Key Findings:

- It is estimated that more than 14,000 adults of working age in Havering have a disability and more than 6,000 are unable to work because of a disability
- Overall, adults in Havering are less likely to have a disability or a long term limiting illness than the national average and are likely to live for a greater number of years without a disability than is the case nationally
- It is less common for people in Havering to claim incapacity benefit (given to people who cannot work due to illness or disability) than is the average in England and London
- 43% of those claiming incapacity benefit in Havering have a mental health issue
- Over 20,000 people in Havering are estimated to have a common mental health problem, although overall, mental health issues are estimated to be less common among Havering residents than is the average in England and London
- It is less common for people in Havering receiving treatment for severe mental health problems to be in employment or in stable accommodation than the average in England and London (less than 4% are in employment and less than 50% are in stable accommodation)
- Adults with learning disabilities in contact with social care in Havering are less likely to be in employment or in stable accommodation than is the average in London and England (less than 5% are in employment and less than 40% are in stable accommodation)
- Findings from the pupil level annual school census suggest that moderate learning difficulties and behavioural, social and emotional difficulties are the most common type of learning difficulties among Havering school pupils
- It is estimated that the number of adults in Havering with moderate or severe disabilities will increase by 7% in the next 10 years, with the number of adults with learning disabilities increasing by the same amount
- A larger proportion of adults in Havering are carers than is the average in London however a smaller proportion of carers in Havering receive support than is the average in London and England

Children & Young People's Population Projections

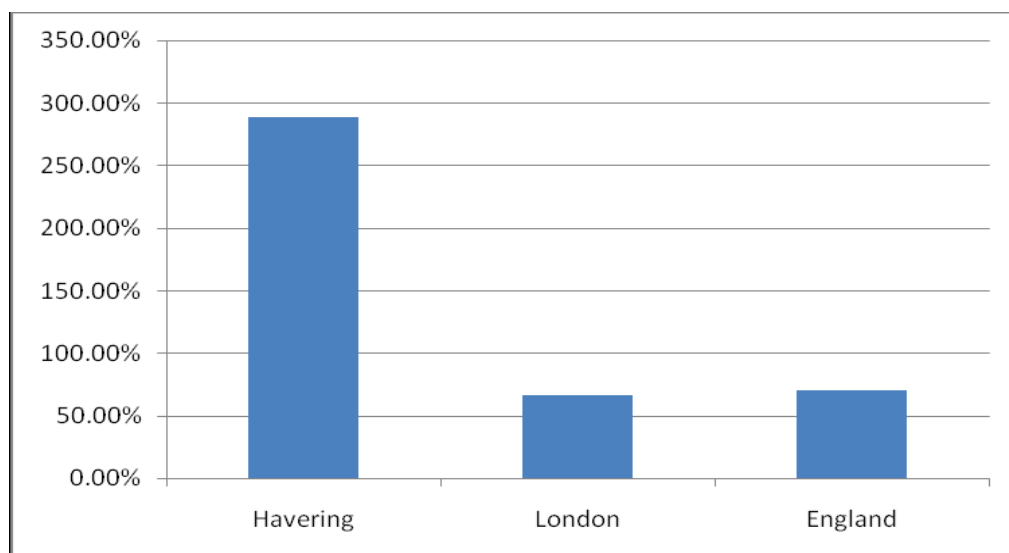
As well as a rapid increase in the number of older people in Havering, we are also likely to see a large increase in children and young people, placing pressures on school places and children's services.

Future projections suggest that compared to 2010:

- The number of children aged 0-15 years old in Havering is expected to increase by 4.7% in the 5 years to 2015 and by 14.5% by 2025
- The number of 15-19 year olds in the borough will decline during the next 10 years but will then begin to rise again and will exceed current numbers by 2023
- Numbers of 0-4 and 5-9 year olds will continue to rise in the future, with the biggest increase being in the number of 5-9 year olds, which will have increased by 15% by 2015
- The number of 10-14 year olds is expected to decline in the short term (until around 2014), but will continue to increase to above current numbers following this

Housing Pressures

Havering is likely to see a strain on budgets in terms of demand for social housing. The increasing need to provide more homes for a growing population in London and the rest of the South-east makes Havering's current pattern of land use a key issue for the future. Evidence of the increasing demand and need for housing can be demonstrated by rising house prices. For instance, there was a 110% increase in house prices between 1999 and 2009 compared to 104% across London as a whole. Whilst Havering has only outstripped the London trend by a few percentage points Havering's Social Housing Waiting List shows a more marked difference:



The pressure from population growth means there will be pressure to release employment land for housing development, especially if demand for that employment land is low over the short term. According to the Draft Replacement London Plan, Havering will probably be required to deliver 12,350 new homes over the next ten years. However, the change of use of land from Havering's already small proportion of commercial land to residential land will reduce options for growing the local economy, and the borough's job density, over the medium to long term.

Benefits Uptake

Havering has experienced the fastest increase in claimants of Job Seekers Allowance across London, covering the period from May 2008 to May 2010, shown in the detailed table below:

Area	Overall Increase May 08 to May 10
Havering	108%
Hillingdon	105%
Bexley	94%
Sutton	93%
Hounslow	92%
Kingston upon Thames	88%
Harrow	88%
Croydon	79%
Richmond upon Thames	79%
Barnet	77%
Ealing	74%
Merton	72%
Redbridge	71%
Wandsworth	69%
Barking and Dagenham	69%
Bromley	69%
Enfield	68%
Greenwich	59%
Brent	58%
Lewisham	58%
Westminster	57%
Lambeth	56%
Kensington and Chelsea	55%
Southwark	54%
Waltham Forest	53%
Islington	52%
Haringey	52%
Hammersmith and Fulham	49%
Hackney	48%
Newham	47%
Camden	44%
City of London	40%
Tower Hamlets	35%

Settlement Response Letter Appendix B

Local Authority	OLB R398 Newham	OLB R383 Barking & Dagenham	OLB R385 Bexley	OLB R399 Redbridge	OLB R387 Bromley	OLB R393 Havering	
2010-11 Council Tax Requirement	£m	70.543	52.477	93.951	99.005	131.669	106.589
Formula Grant 2010-11 (adjusted)	£m	247.935	115.018	75.876	111.146	78.553	64.542
Learning disability 2010-11 adj	£m	6.431	4.043	4.894	3.122	8.408	7.287
Early Years Intervention Grant 2010-11 adj	£m	25.717	15.278	9.637	10.908	11.962	8.914
Migration Impact Fund 2010-11	£m	0.049	0.053	0.000	0.054	0.000	0.025
Cohesion 2010-11	£m	0.157	0.252	0.057	0.107	0.000	0.107
LEGI 2010-11	£m	0.000	1.734	0.000	0.000	0.000	0.000
WNF 2010-11	£m	11.945	1.501	0.000	0.000	0.000	0.000
Prevent 2010-11	£m	0.380	0.138	0.138	0.248	0.138	0.000
Housing and Council Tax Benefit Subsidy Admin Grant 2010-11	£m	4.252	2.167	1.723	2.055	2.188	1.702
Preventing Homelessness 2010-11 adj	£m	0.778	0.911	0.253	0.456	0.366	0.303
'Revenue Spending Power 2010-11'	£m	368.186	193.848	186.530	227.101	233.285	189.469
2010-11 Council Tax Requirement	£m	70.543	52.477	93.951	99.005	131.669	106.589
2011-12 Formula Grant	£m	219.919	106.026	66.628	101.060	67.320	56.520
Learning Disability 2011-12	£m	6.562	4.125	4.994	3.185	8.580	7.436
Early Years Intervention Grant 2011-12	£m	22.400	13.308	8.823	9.986	10.951	8.161
Housing and Council Tax Benefit Subsidy Admin Grant 2011-12	£m	4.059	2.034	1.666	1.975	2.060	1.669
Preventing Homelessness 2011-12	£m	0.875	0.600	0.500	0.530	0.500	0.500
Indicative Council Tax Freeze Grant 2011-12	£m	1.758	1.315	2.351	2.510	3.301	2.680
NHS funding to support social care and benefit health 2011-12	£m	3.572	2.432	2.411	2.930	3.176	2.667
Estimated 2011-12 Revenue Spending Power including NHS support for social care	£m	329.687	182.317	181.323	221.182	227.556	186.222
Change in estimated 'revenue spending power' 2011-12	£m	-38.499	-11.531	-5.208	-5.919	-5.729	-3.247
Change in estimated 'revenue spending power' 2011-12	%	-10.46%	-5.95%	-2.79%	-2.61%	-2.46%	-1.71%
Change in formula grant	%	-11.3%	-7.8%	-12.2%	-9.1%	-14.3%	-12.4%

DEDICATED SCHOOLS GRANT 2012/13

For 2012/13, funding per pupil is being maintained at £5,086.43, the same level as in 2011/12. Local Authorities will be notified of final DSG allocations during Summer 2012 (it was in July for 2011/12). The timetable for collecting the January 2012 pupil numbers and finalising the DSG in 2012/13 is as follows:

School Census /PRU Census/SLASC/Early Years Census/Alternative Provision count	29 January 2012
Database closed for validation of School Census /PRU Census/SLASC exercises/AP count	25 April 2012
Database closed for validation of EYC	25 April 2012
LAs notified of pupil numbers and final DSG allocations	Summer 2012
DSG payment profile changed for June 2012 payment	Summer 2012

The initial estimate for the London Borough of Havering's for 2012/2013 DSG is:

	2011/2012	2011/2013
Pupil numbers for DSG purposes – Actual for 2011/12, Local Authority estimate for 2012/13	36,320	36,320
less estimated change in pupil numbers based on October 2011 pupil census		(54.5)
A: Dedicated Schools Grant - Local Authority estimate of pupil numbers	36,320	36,265.5
B: Dedicated Schools Grant - Guaranteed Unit of Funding Per Pupil (£)	5,086.43	5,086.43
Estimated Dedicated Schools Grant (£) [AxB]	184,739,000	184,462,000
less Academy: Estimated Recoupment from Dedicated Schools Grant (£)	(39,410,000)	(55,707,000)
Final DSG Allocation to support the Schools Budget (£) [rounded to nearest £1,000]	145,329,000	128,755,000

The final DSG allocation will be based upon 2012 census data which has yet to be collated. The final DSG allocation is therefore subject to change from this estimated figure.

Dedicated Schools Grant Changes for 2012/2013

The Dedicated Schools Grant (DSG) Technical Note 2012/2013 identifies the following changes for calculation of the DSG allocations 2012/2013:

- A. a continuation, of protecting funding for three years olds at 90% of the three year old population
- B. a Minimum Funding Guarantee of minus 1.5%; and
- C. a cash floor for local authorities of minus 2%

Coverage and conditions of grant

The DSG can only be used for the purposes of the Schools Budget as defined in the School Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools and early years provision in Private, Voluntary and Independent (PVIs) providers, and a budget for other provision for pupils which local authorities fund centrally, such as some Special Educational Needs provision and Pupil Referral Units. Local authorities can combine funding from the centrally retained part of the Schools Budget with budgets of other local authority services and other agencies, provided their Schools Forums agree.

The DSG will be paid as a ring-fenced grant and will be subject to formal grant conditions. The conditions will be kept to a minimum, with a requirement to use the grant in support of the Schools Budget and a provision for the Secretary of State to recover grant

Payment of the Dedicated Schools Grant

The Department will pay DSG to authorities in 25 equal instalments each year, the dates of which will be notified to authorities in due course. Payments in the early part of the financial year will be based on the final 2011-2012 DSG allocations. From Summer 2012 the profile will be based on finalised DSG allocations derived from the January 2012 pupil numbers, adjusted for the amounts recouped for academies. The first payment of the new profile will be adjusted to take account of the amount previously paid and the amounts recouped for academies.

Following notification of the final DSG allocations for 2012-2013, each authority is required to submit a statement certified by its Chief Finance Officer that the DSG is being deployed in support of the Schools Budget. At outturn stage the local authority is required to append an additional note to the Statement of Accounts confirming the deployment of the DSG in support of the Schools Budget. The Chief Finance Officer is also required to confirm final deployment of the DSG in support of the Schools Budget in connection with the Section 251 outturn form.

Funding for Academies

The DFE will continue the recoupment methodology for adjusting DSG allocations for converting academies. Recoupment will apply to all academies with maintained predecessors that have opened/converted since 2008-2009. The Local Authority has the ability to estimate the funding for new Academies that will be recouped from the DSG; the allocation amount will be pro rata for the months the school is open

Pupil Premium

The level of the pupil premium will be £600 for every pupil on roll at 19 January 2012 who has been eligible for free school meals at any point in the previous 6 years. The Pupil Premium will be paid to local authorities through a separate specific grant.

Post 16 Provision

Last year the DFE announced its intention to equalise the funding for Post 16 provision over a period of years ending in 2015 to address the disparity in funding levels between school sixth forms and colleges. Students attending school 6th forms currently attract a higher funding rate than those in Further Education colleges. Additional payments for teachers' pensions currently in the formula will be removed and there will be a phased removal of the Teachers' Pay Grant paid to Local Authorities. Reductions per learner will be limited to a maximum of 3%. Final allocations have not yet been announced for the 2012/13 academic year.

SPECIFIC GRANTS SUMMARY
SPECIFIC GRANTS SUMMARY BY GROUP

Directorate	Specific Ringfenced Grants 2011/12 £000's	Specific Ringfenced Grants 2012/13 £000's	Specific Unringfenced Grants 2011/12 £000's	Specific Unringfenced Grants 2012/13 £000's	Total 2011/12 £000's	Total 2012/13 £000's
AB0000 - Culture and Community	97,907.4	97,514.2	632.0	709.5	98,539.4	98,223.7
AC0000 - Adults' and Health Services	521.9	93.4	10,103.0	10,170.9	10,624.9	10,264.3
AE0000 - Children's Services	187,015.5	135,312.2	8,243.7	8,992.3	195,259.2	144,304.5
AF0000 - Finance and Commerce	187.1	187.1	2,679.7	2,679.7	2,866.8	2,866.8
AL0000 - Legal and Democratic Services	-	-	220.2	132.1	220.2	132.1
Total Grants	285,631.9	233,106.9	21,878.6	22,684.5	307,510.5	255,791.4
LESS HOUSING AND BENEFITS	-	-	-	-	-	-
LESS DSG	180,323.0	128,755.0	-	-	180,323.0	128,755.0
Total excluding Benefits and DSG	8,121.8	7,235.5	21,878.6	22,684.5	30,000.4	29,920.0
Addendum Information – New Homes Bonus	0.0	0.0	400.0	836.7	400.0	836.7
Overall Total	8,121.8	7,235.5	22,278.6	23,521.2	30,400.4	30,756.7

Note : New Homes Bonus is shown for information purposes. As set out in the body of the report, this grant is not being included as base budget owing to uncertainty over its longevity. This is unlikely to become clear until the Government's detailed funding proposals for 2013/14 have been released

Grant name	SPECIFIC RINGFENCED GRANT 2011/12 £000's	SPECIFIC RINGFENCED GRANT 2012/13 £000's	SPECIFIC UNRINGFENCED GRANT 2011/12 £000's	SPECIFIC UNRINGFENCED GRANT 2012/13 £000's
CULTURE AND COMMUNITY				
CUSTOMER SERVICES				
Births Deaths and Marriages	7.1	7.1	0.0	0.0
Council Tax Benefit	19,880.4	19,880.4	0.0	0.0
Rent Allowances	44,444.5	44,444.5	0.0	0.0
Rent Rebates	31,193.0	31,193.0	0.0	0.0
Benefits claims, overpayments and appeals	1,516.4	1,445.7	0.0	0.0
Recession Funding	152.9	152.9	0.0	0.0
Benefits Administration Grant			0.0	0.0
TOTAL CUSTOMER SERVICES	97,194.2	97,123.5	0.0	0.0
HOUSING AND PUBLIC PROTECTION				
Supported Employment Grant	2.5	2.5	0.0	0.0
Homelessness Grant	0.0	0.0	500.0	500.0
New Homes Bonus (see note on summary page)	0.0	0.0	N/A	N/A
TOTAL HOUSING & PUBLIC PROTECTION	2.5	2.5	500.0	500.0
STREETCARE				
Supported Employment	5.2	5.2	0.0	0.0
DFT - Minor repairs and potholes	322.5	0.0	0.0	0.0
TOTAL STREETCARE	327.7	5.2	0.0	0.0
REGEN AND STRATEGIC PLANNING				
Planning Delivery Grant	345.0	345.0	0.0	0.0
Countyside Project	38.0	38.0	0.0	0.0
Flood Funding	0.0	0.0	132.0	209.5
TOTAL REGEN AND STRATEGIC PLANNING	383.0	383.0	132.0	209.5
TOTAL CULTURE AND COMMUNITY ENGAGEMENT	97,907.4	97,514.2	632.0	709.5

Service/Grant name	SPECIFIC RINGFENCED GRANT '2011/12 £000's	SPECIFIC RINGFENCED GRANT '2012/13 £000's	SPECIFIC UNRINGFENCED GRANT 2011/12 £000's	SPECIFIC UNRINGFENCED GRANT 2012/13 £000's
ADULTS' AND HEALTH SERVICES				
COMMISSIONING				
Drug Intervention Programme	61.1	61.1		
Supporting People	412.4	0.0		
Homecare	16.1	0.0		
Direct Payments	32.3	32.3		
NHS Support for Social Care			2,666.8	2,553.1
TOTAL COMMISSIONING	521.9	93.4	2,666.8	2,553.1
ADULT SOCIAL CARE				
Learning Disability and Health Reform Grant	0.0	0.0	7,436.2	7,617.8
TOTAL ADULT SOCIAL CARE	0.0	0.0	7,436.2	7,617.8
TOTAL ADULTS' AND HEALTH SERVICES	521.9	93.4	10,103.0	10,170.9

Service/Grant name	SPECIFIC RINGFENCED GRANT 2011/12 £000's	SPECIFIC RINGFENCED GRANT 2012/13 £000's	SPECIFIC UNRINGFENCED GRANT 2011/12 £000's	SPECIFIC UNRINGFENCED GRANT 2012/13 £000's
CHILDREN'S SERVICES				
INDIVIDUAL SCHOOLS BUDGET				
Dedicated Schools Grant	180,323.0	128,755.0		
YPLA Funding (Formerly LSC)	4,915.6	4,915.6		
LSC Teachers Pay Grant	173.4	tba		
TOTAL ISB	185,412.0	133,670.6	0.0	0.0
<u>LEARNING AND ACHIEVEMENT</u>				
LSC Havering College of Adult Education	71.9	181.8		
LSC Havering Adult Education Central Office (FLIF/TTG funding)	1,158.3	1,086.5		
Extended Rights to Free Travel			46.8	58.0
TOTAL LEARNING AND ACHIEVEMENT	1,230.2	1,268.3	46.8	58.0
CHILDREN AND YOUNG PEOPLE				
Supported Employment	5.4	5.4		
Early Intervention Grant			8,196.9	8,934.3
Youth Offending Team	367.9	368.0		
TOTAL CHILDREN AND YOUNG PEOPLE	373.3	373.3	8,196.9	8,934.3
TOTAL CHILDREN'S SERVICES	187,015.5	135,312.2	8,243.7	8,992.3

Service/Grant name	SPECIFIC RINGFENCED GRANT 2011/12 £000's	SPECIFIC RINGFENCED GRANT 2012/13 £000's	SPECIFIC UNRINGFENCED GRANT 2011/12 £000's	SPECIFIC UNRINGFENCED GRANT 2012/13 £000's
FINANCE & COMMERCE				
BUSINESS SYSTEMS				
Supported Employment	4.9	4.9	0	0
TOTAL BUSINESS SYSTEMS	4.9	4.9	0.0	0.0
HUMAN RESOURCES				
Supported Employment	47.2	47.2		
TOTAL HUMAN RESOURCES	47.2	47.2	0.0	0.0
DEVELOPMENT & BUILDING CONTROL				
Planning Control	135.0	135.0	0	0
TOTAL DEVELOPMENT & BUILDING CONTROL	135.0	135.0	0.0	0.0
EXTERNAL FINANCE				
Council Tax Freeze Grant 11/12			2,679.7	N/A
Council Tax Freeze Grant 12/13 only			N/A	2,679.7
TOTAL EXTERNAL FINANCE			2,679.7	2,679.7
TOTAL FINANCE AND COMMERCE	187.1	187.1	2,679.7	2,679.7

Note : the Council Tax freeze grant for 2011/12 is now included as part of Revenue Support Grant and no longer counts as a specific grant. The 2012/13 grant is a specific grant, although a one-off, and is included in the schedule accordingly

Service/Grant name	RINGFENCED SPECIFIC GRANT 2011/12 £000's	RINGFENCED SPECIFIC GRANT 2012/13 £000's	SPECIFIC UNRINGFENCED GRANT 2011/12 £000's	SPECIFIC UNRINGFENCED GRANT 2012/13 £000's
LEGAL & DEMOCRATIC SERVICES				
Community Safety Funding	0	0	220.2	132.1
TOTAL LEGAL AND DEMOCRATIC SERVICES	0.0	0.0	220.2	132.1

LEVIES

The levies are as follows:

	2011/12 £000	2012/13 £000	% Increase (Decrease)	Estimated/ Provisional/ Final
East London Waste Authority	10,894	11,394	4.6%	Estimated
Environmental Agency (Thames)	164	172	5.0%	Estimated
Environment Agency (Anglian)	16	16	5.0%	Estimated
Lee Valley Regional Park	265	278	5.0%	Estimated
London Pension Fund Authority	306	322	5.0%	Estimated
	11,645	12,183	4.6%	
<p>Note 1 : the ELWA levy is subject to approval by board at its meeting on 6th February 2012. Any amendment to the levy will be advised to Cabinet and reflected in the subsequent report to Council</p> <p>Note 2 : all other levy figures are estimates calculated using the same percentage figure pending confirmation from the levying body. A figure of 5% has been used for planning purposes</p>				

COUNCIL TAX STATEMENT AND SUPPORTING INFORMATION**1. Collection Fund**

The Council is required to maintain a collection fund. Into this fund is paid all income from the Council Tax payers, and National Non Domestic Rate Payers (NNDR). From it is paid the precept set by the Greater London Authority and the requirements of the Council (which includes the levies).

The money collected from the NNDR and Council Tax payers and the payment to the Government into the NNDR pool will also pass through the fund. The balance on the fund estimated at 31st March 2012 has to be distributed to the GLA and Havering to reduce their individual elements of the Tax.

2. Band D equivalent and the Council Tax Base

The “Band D equivalent” is the number of properties in the Council’s area, equated to relate properties in all bands of the Council Tax to a Band D property, and is the basis of the figure used by the Government to allocate external finance.

The Council Tax base is this figure, after allowing for likely variations during the year in the number of properties on the register and likely losses on collection. The Council Tax base has been approved by the Group Director Finance and Commerce under delegated powers and is 90,139 and it is this figure that is used to calculate the Council Tax.

LONDON BOROUGH OF HAVERING
PROVISIONAL COUNCIL TAX STATEMENT – 2012/13 BUDGET

Estimate 2011/12 £	Havering's Expenditure	Estimate 2012/13 £	
168,905,105	Service Expenditure	171,284,583	
2,000,000	General Contingency	2,000,000	
170,905,105	Havering's Own Expenditure	173,284,583	
	Levies		
10,894,000	East London Waste Authority	11,394,000	Estimated
164,190	Environment Agency (Thames)	172,400	Estimated
16,107	Environment Agency (Anglia)	16,912	Estimated
265,184	Lee Valley Regional Park Authority	278,443	Estimated
306,280	London Pensions Fund Authority (LPFA)	321,594	Estimated
11,645,761	Sub Total – Levies	12,183,349	
-19,309,066	Unringfenced Grant	-22,684,500	
163,241,800	Sub Total – Total Expenditure	162,783,432	
	External Finance		
-13,348,265	Revenue Support Grant	-1,027,691	
-43,183,889	National Non Domestic Rate	-53,015,411	
-56,532,154	Sub Total – External Finance	-54,043,102	
498,000	Collection Fund Deficit/(Surplus)	-1,008,000	
107,207,646	Havering's Precept on the Collection Fund	107,732,330	

<u>The Collection Fund</u>				Estimate 2012/13 £	£ p
Estimate 2011/12 £	£ p	Expenditure			
107,207,646	1,195.18	Precepts			
		London Borough of Havering	107,732,330	1,195.18	
27,790,854	309.82	Greater London Authority (provisional 2012/13)	27,926,864	309.82	
67,322,702	750.53	Contribution to NNDR pool (provisional 2012/13)	67,514,299	749.00	
278,284	3.10	Cost of NNDR collection (provisional 2012/13)	278,284	3.09	
	2,258.63	Total Expenditure	203,451,777	2,257.09	
202,599,486	3				
		Total Income			
-67,600,986	-753.63	National Non-Domestic Rate	-67,792,583	-752.09	
134,998,500	1,505.00	COUNCIL TAX per Band D property	135,659,194	1,505.00	
	0				
89,700		Council Tax Base	90,139		
					Council Tax percentage change 0.0%
		Council Taxes Per Property Band			Change
Valuation as at 1/4/91	£ p		£ p	£ p	
Under £40,000	1,003.33	Band A	1,003.33	0.00	
£40,000 - £52,000	1,170.56	Band B	1,170.56	0.00	
£52,001 - £68,000	1,337.78	Band C	1,337.78	0.00	
£68,001 - £88,000	1,505.00	Band D	1,505.00	0.00	
£88,001 - £120,000	1,839.44	Band E	1,839.44	0.00	
£120,001- £160,000	2,173.89	Band F	2,173.89	0.00	
£160,001- £320,000	2,508.34	Band G	2,508.34	0.00	
Over £320,000	3,010.00	Band H	3,010.00	0.00	

PROVISIONAL SCHOOLS BUDGETS 2012/13

(Net of estimated academy recoupment)

2011/12 £		2012/13 £
8,239,489	Early Years	8,239,489
73,196,535	Primary Schools	73,196,535
65,204,240	Secondary Schools	28,661,696
4,968,637	Special Schools	4,968,637
151,608,901	Estimated Total DSG to Schools	115,066,357
14,326,537	Centrally Retained	13,688,773
14,326,537	Estimated Total DSG to be Retained Centrally	13,688,773
165,935,438	Total Indicative DSG Allocation	128,755,131

Note 1 : 2012/13 figures for Schools categories is allocated on basis of 2011/12 figures pending Section 251 calculation

BUDGET ADJUSTMENTS

Item Number	Adjustment Item	Service Area	Description and Implications	Value £000
Budget Additions – Income Items				
1	Market Income	Romford Market	Current economic climate means it is highly unlikely the target level of income can be achieved	200
2	Fees	Technical Services	There has been a continued reduction in fees arising from works which has impacted adversely on the trading position	250
Budget Reductions				
3	London Borough Grants Scheme	Corporate	Reduction in corporate contribution to London-wide scheme following decisions by London Councils on overall funding strategy	(250)

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

Virements

Virement is the ability to meet increased expenditure or reduced income under one service's budget head from savings in another. Virements may be used for both revenue and capital budgets.

Any decisions taken by the Executive shall not exceed those budgets allocated to each relevant budget head. Members do not have authority to create budgets.

Approval of virements must comply with the limits laid down in the Financial Procedure Rules.

Budget virements are required when a change to Council policy and/or service delivery requires resources to be reallocated, or when additional resources are received, or to meet any anticipated budgetary shortfalls.

Revenue virements are subject to the following authorisation process:

- (a) Virements in excess of £1 million will require Cabinet approval and will be a key decision requiring notification in the Forward Plan.
- (b) Virements between £500,000 and up to £1 million will require approval by the relevant Cabinet Members.
- (c) Virements between £250,000 and up to £500,000 that are key decisions will require approval by the relevant Cabinet Members.
- (d) Virements between £250,000 and up to £500,000 that are not key decisions will require approval by the CMT member and the Group Director Finance & Commerce.
- (e) All other virements will need to comply with procedures specified by the Group Director Finance & Commerce.

Capital virements are subject to the following authorisation process:

- (a) Virements in excess of £1 million will require Cabinet approval and will be a key decision requiring notification in the Forward Plan.
- (b) Virements between £500,000 and up to £1 million will require approval by the relevant Cabinet Members.
- (c) Virements between £250,000 and up to £500,000 between CMT members will require approval by the relevant Cabinet Members.
- (d) Virements between £250,000 and up to £500,000 within a single CMT member's service area will require approval by the CMT member and the Group Director Finance & Commerce.
- (e) All other virements will need to comply with procedures specified by the Group Director Finance & Commerce.

The cumulative value of virements for the year should be considered when deciding whether the various thresholds have been reached. The Group Director Finance & Commerce will take the final decision as to whether a number of smaller virements need to be grouped together for threshold calculation purposes.

Use of Contingency Funds

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

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

- (a) the amounts are not greater than £25,000, and
- (b) the item is deemed by them as unforeseen and a relevant use of the contingency, or
- (c) if the item is urgent (e.g. an emergency or threat to life) and there is insufficient time to consult with the relevant Cabinet Member.

The relevant Cabinet Member can release all other sums from the contingency if:

- (a) the item is deemed by the Group Director Finance and Commerce as unforeseen and a relevant use of the contingency, or
- (b) the item is urgent (e.g. an emergency or threat to life) In consultation with Group Director Finance and Commerce.

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

The Group Director Finance & Commerce will also provide for a level of contingency for capital projects that is appropriate in their view, taking into account the level of risk associated with the capital programme. Sums will be released in accordance with the capital virement rules set out in the Financial Procedure Rules.

**LOCAL GOVERNMENT ACT 2003
BUDGET ROBUSTNESS & OPPORTUNITY COST OF RESERVES**

1. BACKGROUND

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

2. REPORT OF CFO ON ROBUSTNESS OF THE ESTIMATES

2.1 The budget has been prepared using the Medium Term Financial Strategy from 2009 as its starting point. This Strategy has been embellished through:

- The revenue and capital budget strategy statements, which are included as part of this report
- The forecast position as set out in the Cabinet reports of July 2010 and 2011
- The schedule of savings proposals set out in those reports
- The outcome and forecast impact on the Council of the CSR as reported to Cabinet in December 2010
- The outcome of the provisional LGFS as reported to Cabinet in January 2011
- The subsequent LGFS announcement for 2012/13, summarised in this report.

2.2 As the development of the budget for 2012/13 has progressed, the position has been the subject to reviews with Heads of Service, Group Directors, Cabinet Members and the Cabinet Member for Finance & Commerce.

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

All the proposals have been developed alongside service planning.

Furthermore:

- a) In respect of pressures, the Council has reviewed its pressures alongside those identified by the LGA and London Councils to provide a cross check/challenge
- b) In respect of savings, the proposals have been risk assessed against an agreed set of criteria which will ultimately inform in-year monitoring
- c) A review of legislation takes place on an ongoing basis as part of the budget development process to assess possible implications.

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

- staffing changes incorporating proposed restructures
- inflation
- existing budgets
- the proposals for budget adjustments and savings
- the impact of changes to specific grants.

2.4 The budget includes a contingency that will provide a reasonable level for unforeseen issues that could arise during the year. This has had due regard to a risk assessment. Further information on the basis of this is set out later in this statement.

2.5 A review of all 2011/12 significant budget variances has taken place to assess any impact on the 2012/13 budget outside of the proposals in order to:

- (a) Ensure action plans are in place where a possible adverse variance could occur
 - (b) Ensure use of any possible additional favourable variance is considered in the context of the overall strategy
 - (c) Inform the risk assessment of contingency and reserves.
- 2.6 It is however also evident that the robust approach taken in previous years, in maintaining the contingency sum, and in holding reserves at the minimum level recommended, has enabled the Council to successfully manage in the past a major call on financial resources from one of our key services. This has been achieved without any noticeable impact on front-line services during the year. Whilst this is not a tenable long-term approach, the approach to resolving this problem in-year strengthens the argument to sustain appropriate levels of reserve funds as part of the Council's financial strategy.
- 2.7 The budget has been drawn up to provide financial stability and a platform for 2012/13 and future years. The proposals include a number of specific efficiency savings for which plans have been prepared and are in the process of being implemented over time. The Council's financial strategy will continue to roll forward having regard to the pressures, issues and priorities of Havering.

3. THE ADEQUACY OF RESERVES

- 3.1 Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Chief Finance Officer (CFO), taking into account all local relevant circumstances.
- 3.2 In previous years, the Audit Commission's Comprehensive Area Assessment (CAA) has taken account of both the level of financial reserves and the identification and management of variances, in assessing an authority's use of resources. The Audit Commission also expects a good authority to review their reserves on an annual basis.
- 3.3 The Strategy agreed by Council in July 2009 set out that the minimum level for the authority will be £10m. This Strategy has been maintained since that time. As is the norm, a full review has taken place as part of the budget setting process. The risk assessment is attached at Annex 1 and the CFO's advice is that the minimum level of reserves, and the provision of the contingency sum, should remain at their current levels, consistent with the level set in previous years.
- 3.4 The working balances as at 31 March 2011 amounted to £12m; above the minimum amount recommended by the MTFS and the revenue budget strategy, but set at a level to ensure greater financial robustness given the uncertain financial climate that has existed for some time and remains the prospect for the foreseeable future. Whilst Members may regard this as a considerable level of reserves, these reserves support any issues on both revenue and

capital and the Capital Programme's reliance on the delivery of capital receipts has remained.

- 3.5 After taking account of the most recent projection in the current year, it is anticipated that the Council's general reserves will continue to be at the current level of £12m at 31 March 2012.
- 3.6 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough Council Tax capping regime, which will limit Council Tax rises in future years to pay for one-off use of balances.
- 3.7 As a general rule, the Council should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Council decides to use balances to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years. All Members must be mindful of their stewardship responsibility to the Council.
- 3.8 Having regard to the above and the current year's projected outturn, no use of general reserves/working balances or change to the existing financial provision within the contingency or special reserve is therefore recommended. This is consistent with the revenue budget strategy statement recommended for approval by Council as part of this report.
- 3.9 The Council maintains earmarked funds for specific purposes and their use is planned and approved for specific purposes, often to conform with accounting policies, manage arrangements across financial years, or to fund known future commitments. The most significant are for the following:
 - (a) Corporate Transformation Reserve, which was created as part of last year's budget and the closedown of accounts process. The Reserve is being used to fund the various transformation programmes across the Council
 - (b) Insurance Reserve, which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed
 - (c) Strategic Reserves for corporate priority projects and bridge funding for schemes such as the Property Strategy and the Leisure contract cash flow.
- 3.10 Other reserves continue to be expended/planned in accordance with the approvals/purpose. A review has taken place of these as part of the budget finalisation.

3.11 The working balances of the HRA are also subject to a risk assessment; this will be included in the report to Cabinet on the HRA budget for 2012/13.

4. OPPORTUNITY COST OF RESERVES

4.1 Holding general reserves to meet unexpected events or emergencies is a necessary requirement. However, there are opportunity costs and benefits of holding cash balances, which can be measured in different ways, depending on what these resources were alternatively to be used for. For example, holding cash gives a financial benefit in contrast to using the cash to fund capital expenditure. The financial benefit would be the difference between the investment return and the total borrowing cost. At the current time, these are in fact broadly neutral, but a cost of around 4% will be incurred in respect of a provision to repay debt.

4.2 On this basis, for every £1 million of cash held, the purely financial benefit could be deemed to be £30k per annum or approximately £300k per year for balances of £10 million. This is dependent on prevailing money market conditions, which in the current economic climate can fluctuate significantly. Using the balances to repay debt earlier would not achieve a matching saving given the costs around early redemption and the similarity in short-term lending rates and long-term borrowing rates. For information, £1m equates very approximately to 1% on the Council Tax.

4.3 If, however, this is considered in the context of using these balances to fund one off expenditure, then the opportunity cost is the improvements that would accrue from that expenditure. This might for example be improvements in services, increased performance or some other measure. Such items have been considered by officers during the course of developing the MTFs, but these have not generally been included within the final proposals or the detailed budget given the broad financial constraints within which Havering is operating.

4.4 Should these items be included within the budget, they would obviously provide a basis for additional and/or improve services; with the need to appreciate that reserves exist for various reasons, and once expended, either have to be replenished, or the funding terminated. This is the opportunity that is being missed by holding general reserves. However this is only relevant if those items match the Council's priorities and Medium Term Financial Strategy.

4.5 It is important that in considering the level of working balances that the issue of the opportunity costs and benefits of such an approach is also considered and that Members weigh up the potential benefits against the risks. The other important factor in making this judgement is to consider is that balances can as indicated only be spent once, and can realistically only be used to support one off expenditure, or to allow time for management action to be implemented.

4.6 As stated above, the use of significant levels of balances to fund ongoing spending or reductions in Council Tax can pose material financial risks, especially the Council's ability to generate funds through Council Tax is limited by the capping regime. This could mean that any need to replenish balances could impact on front line services. Hence the level of reserves held overall is a balance between the risks facing the Council and the need to protect the

Council and Council Tax payers from the short and longer term potential impact of these risks and the opportunity costs of holding those balances. The previous advice that the £10 million minimum level of balances is a prudent and appropriate level at this time given the risks being faced by the Council must be stressed.

5. REVIEW OF RESERVES AND CONTINGENCY

- 5.1 As indicated earlier in this report, the assessment of the sums required for reserves and contingency purposes has been subject to a review. This review takes into account the various risks facing the Council, the level of risk, the actions taken to mitigate risk, and the financial assessment of the risk. The review has also included consideration of the Corporate Risk Register, with the objective of ensuring that all such risks having a potential financial impact are covered in the reserves and contingency assessment.
- 5.2 The outcome of this review is set out in Annex 1. This shows each risk and the detail associated with it, and includes a cross-reference to the Corporate Risk Register. Each risk is evaluated in term and a financial assessment is made of the potential costs arising and the degree of likelihood, which in turn drives the sum for which provision is being made.
- 5.3 The Corporate Risk Register is kept under review by the Corporate Management Team, so any changes are then reflected when the reserves and contingency assessment is updated.

6. SPECIAL CORPORATE BUDGET PROVISION

- 6.1 As set out in section 3.15 of the report, it is recommended that a Special Corporate Budget Provision of £2.5m is created. The reasons for this are detailed in the report. Attached at Annex 2 is a risk-based assessment of the issues for which the provision is being created. This identifies an overall potential risk of £13.5m, and based on the risk likelihood, the need for a budget provision of £2.5m. This takes into account the likelihood of both each item in isolation and the degree of risk of them arising concurrently.
- 6.2 The overall financial position will be kept under review and the need to draw on the Fund will be reported to Cabinet. This may not become evident until much more detail is available on the impact of the new funding systems and of the other major changes facing local authorities from April 2013.

**RISK ASSESSMENT FOR RESERVES / CONTINGENCY 2012/13
REVIEWED AT 31 JANUARY 2012**

Risk (incl Corporate Risk Register entry December 2011)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
1. Reduction in Grant Funding CR8 Financial Challenges CR4 Business Growth	GDF&C	Grant levels do not materialise and/or are reduced or cut, eg further withdrawal of Specific Grants, further reductions to Revenue Support Grant, reduced funding following changes to funding system, further reductions within CRS period, leading to need to scale down/cease services.	Medium	Covered by specific budget provision	Covered by specific budget provision	2,500	1,250
2. Reduction in Income Levels CR4 Business Growth CR8 Financial Challenges	GDF&C/ GDC&C/GDSC&L	Income levels do not materialise and/or debts are not collected at forecast levels, e.g. (a) Increasing arrears (b) Falling income (c) Falling recovery rates.	Medium	500	250	1,000	250
3. Increased service demand CR5 Change Management CR10 Social Care and Public Health	CE/ GDSC&L/ GDF&C/ GDC&C	Demand led services increase over budget assumptions, e.g. Children's placements, Adult's social care, homelessness, benefits.	Medium	1,000	500	5,000	1,250
4. Savings Shortfall CR5 Change Management CR8 Financial Challenges	CE/ GDF&C	Major savings/efficiency programmes are not delivered in accordance with plans, e.g. efficiency programmes fail to achieve expected savings, unable to deliver full value of savings, within expected timescales	Medium	Covered by specific budget provision	Covered by specific budget provision	3,500	1,000
5. Loss of or Inaccurate/Unreliable Data CR9 Information Governance	ACE&L&DS	Costs incurred which are not budgeted for, e.g. loss of confidential data, decisions taken on the basis of inaccurate, out of data data	Low	250	100	250	100
6. Workforce Issues CR1 Workforce Planning	CE/ GD F&C	Workforce issues, e.g. (a) Vacancies/cover needs resulting in higher cost (b) Support to statutory officers (c) Equal pay matters (d) Disputes	Low	1,000	250	2,500	1,250

Risk (incl Corporate Risk Register entry December 2011)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
		(e) Recruitment/retention (f) Residual costs (g) Succession Planning (h) Single Status					
		Changes in Capital Programme/cash flow assumptions, e.g.					
7. Management of Capital Programme CR4 Business Growth & Investment CR5 Change Management	GDF&C	(a) Capital receipts are not forthcoming in time (b) Receipts do not materialise at all (c) Interest rate market works against Havering (d) Interests from Capital Programme slippage	Medium	1,000	250	2,500	1,250
8. Supply Chain Resilience CR7 Partnerships, Shared Services & Contractor Arrangements	GDC&C	Increase in costs or financial risks in partnership arrangements (including shared services/service collaboration). Failure in key supplier, eg financial failure, liquidation, failure in supply chain	Medium	500	250	2,500	1,250
9. Budget Management CR8 Financial Challenges CR10 Health and Social Care CR2 Community Engagement & Communications	GDF&C	Arrangements for budget and financial management, e.g. unexpected overspends, increase in costs above rate of inflation such as pay awards, contracts, utility bills, variances not identified by monitoring system	Medium	1,250	625	3,500	1,750
10. Business Continuity CR6 Business Continuity & Emergency Planning	GDF&C	Business continuity, eg flu pandemic, terrorism, network virus, legionella outbreak, adverse weather	Low	500	125	2,000	750
TOTAL POTENTIAL				6,000	2,350	25,250	10,100
ASSESSMENT HAVING REGARD TO RISK LIKELIHOOD – MINIMUM LEVEL REQUIRED			Overall Medium Risk		2,000		10,000
CE = Chief Executive GDF&C = Group Director Finance & Commerce GDC&C = Group Director Culture & Community			GDSC&L = Group Director Social Care & Learning ACEL&DS = Assistant Chief Executive Legal & Democratic Services				

**RISK ASSESSMENT FOR SPECIAL CORPORATE BUDGET PROVISION 2012/13
REVIEWED AT 31 JANUARY 2012**

Potential Factor	Factor Owner	Factor Description	Assessment of Risk (counter measures in place)	Provision	
				Value of Assessment £000	Minimum Value Having Regard to Risk £000
1. Revenue impact of pressures in Children's Placements if these cannot be contained within existing budgets	GDSC&L	Demand led services increase over budget assumptions, and this cannot be contained beyond the immediate financial period, ie there is a base, ongoing increase in costs that cannot be contained elsewhere	Medium	2,500	250
2. The potential impact of migration to the localised business rates system, including any investment needed to retain the existing business rate base and/or to attract new businesses to locate into Havering	GDF&C/ GDC&C	Migration to the new system may lead to higher reductions in funding than previous assessments have quantified. Elements of the new system may work against Havering's position. Funding may be needed to attract or retain businesses within Havering, preserving or improving business rate yield	Medium	1,000	250
3. The potential impact of migration to the localised Council Tax benefits system	GDF&C/ GDC&C	Again, migration to the new system may be affected by changes in need and a consequent rise in benefit payments. The impact of moving to a localised system of benefits may lead to changes in demand. There may be pressure to compensate for the expected reduction in funding at the point of transfer	Medium	2,000	250
4. Unexpected consequences of any further adjustments to academies' funding	GDF&C/ GDSC&L	Funding has already been adjusted, but not directly related to the actual shift to academy status. A change in basis, coupled with a higher than average migration locally, could impact on funding levels	Low	1,000	125
5. Possible shortfalls in	CE/	The full level of savings identified in Cabinet reports may	Low	1,000	250

Potential Factor	Factor Owner	Factor Description	Assessment of Risk (counter measures in place)	Provision	
				Value of Assessment £000	Minimum Value Having Regard to Risk £000
achieving the full range of savings already approved by Cabinet	GDF&C	not prove to be attainable and it may not be possible to compensate elsewhere owing to other pressures. This may impact on the base budget position			
6. The potential impact of the imminent transfer of Public Health functions to local authorities	CE/ GD F&C/ GDSC&L	It is not clear exactly which functions and what level of resources will transfer, nor whether there are any obvious financial pressures that will shift across. It is broadly assumed funding will be compatible with need, but this may not be the case locally	Medium	1,000	250
7. Financial consequences arising from changes to the local government pensions scheme	GDF&C	Various discussions are underway concerning potential changes to the scheme. Whilst the objective is to reduce the cost to the public purse, this also depends on the level of returns pension funds achieve. It is also heavily dependent on the number of contributors to the Fund not being adversely affected by changes to the scheme, which is a potential risk, ie a significant fall-out rate arising if member contributions are increased	Medium	1,000	250
8. Funding to bridge any shortfalls in capital receipts and/or additional spend required to maintain capital assets in line with any needs analysis	GDF&C	The continued gloomy financial impact may affect both the timing and scale of capital receipts. Lack of investment may lead to higher costs being incurred to maintain assets	Low	1,000	125
9. Funding required to sustain the corporate transformation programme to ensure the ongoing deliver of savings previously approved by Cabinet	CE GDF&C	The delivery of the major transformation programme, which is driving the savings programme, requires a range of resources. Further funds may be needed to maintain these resources, or to extend them should a longer term programme be required	Medium	500	125
10. The one-off impact of reversing the 2012/13 Council Tax freeze grant	GDF&C	The funding is only available – at present – for a single financial year. The removal of the funding will need to be accommodated within the 13-14 budget setting but is likely	Medium	2,000	500

Potential Factor	Factor Owner	Factor Description	Assessment of Risk (counter measures in place)	Provision	
				Value of Assessment £000	Minimum Value Having Regard to Risk £000
11. Rises in utility bills that create a permanent, ongoing base budget effect	GDF&C	to impact on the base budget position Utility bills have risen sharply for several years and there appears little prospect of this trend reversing, and any rises are generally permanent	Medium	500	125
TOTAL POTENTIAL				13,500	2,500
ASSESSMENT HAVING REGARD TO RISK LIKELIHOOD – MINIMUM LEVEL REQUIRED			Overall Medium Risk		2,500
CE = Chief Executive GDF&C = Group Director Finance & Commerce GDC&C = Group Director Culture & Community			GDSC&L = Group Director Social Care & Learning ACEL&DS = Assistant Chief Executive Legal & Democratic Services		
Note : the assessment of value having regard to risk takes into account the availability of the Contingency Fund to address in-year issues but not base budget ones, the likelihood of all of the factors occurring, and the overall provision assessed as being required to ensure financial stability is maintained					

CAPITAL PROGRAMME

1. BACKGROUND

- 1.1 Capital expenditure is expenditure on acquiring or enhancing tangible or intangible fixed assets. This is usually land or buildings, but can be equipment in some instances. All expenditure that is considered to be capital should be accounted for as capital and not charged to revenue.
- 1.2 The Asset Management Plan and Capital Strategy detail the Council's approach to capital investment. These documents set out the use of capital resources and areas of funding. They also discuss how this investment has contributed to the achievement of the Council's goals and vision and how this is planned to develop over the medium term.
- 1.3 Among these key activities is the management of existing assets. Without this it is likely that revenue maintenance costs would increase as assets deteriorate. Capital resources are also required to facilitate investment in Member priority projects e.g. Highways.
- 1.4 The previous capital programmes have been largely funded by capital receipts. The main other funding streams have been:
- Town and Country Planning Act (S106 Agreements) – these are planning gains received from developers in recognition of the additional services that will be required as a result of development schemes. These can relate to a number of areas including education provision, highways improvements and public realm enhancements - services look to use these funds to supplement existing programmes.
 - Grant – largely Education / Transport for London and specific to the schemes.
 - Borrowing where it is either on an invest to save basis or where the investment supports a savings stream, and can be repaid.
- 1.5 Other funding streams are:
- Prudential Borrowing – having regard to appropriate indicators the Council is able to borrow resources to fund capital expenditure. Before doing so it must be assured that sufficient revenue funds are available to meet the ensuing liabilities over the period of the loan. Very broadly borrowing of £1m incurs a revenue liability for 25 years.
 - Revenue Contributions to Capital – revenue resources can be used to fund capital expenditure when these are deemed to be available.
 - Capital Allowances – most notably in relation to the maintenance of the Council's housing stock
 - External Funding – opportunities to maximise external funding are taken whenever these are consistent with the aims and objectives of the Council. Major funding bodies include the Heritage Lottery Fund, Sport England and the

European Social Fund. Many of these schemes require the Council to contribute match funding to the delivery of project and careful consideration is given to how this can be achieved.

- Supported Borrowing – central government allocates grant to support a certain level of borrowing. However, as a floored authority the Council is unable to take up any opportunities for additional supported borrowing as no actual grant is received.

2. CURRENT STRATEGY

- 2.1 It is well known that outside of specific capital grants, the Council's main funding in the past has been capital receipts generated via disposals and some contributions from S106 agreements. This approach has been adopted to reduce pressure on the revenue budget and hence Council Tax. Targets were set and agreed by Council for the receipts to be generated.
- 2.2 It had become apparent that this could not continue indefinitely, as the potential to realise large receipts has reduced. Not only has the quality and number of sites reduced, but it has been further affected by the economic climate. This has significantly reduced the potential value of the remaining sites and has added a further complication as to the most appropriate time to market disposals. If sales are delayed until the market recovers, significantly larger receipts may be generated. However, it is not possible to predict with any degree of certainty when, or even if, this will occur.
- 2.3 With this in mind, the Council has been planning for other funding streams, if it is to have a realistic capital programme to meet its needs. All potential funding opportunities are being explored, e.g. S106 agreements, external grants, but it had been assumed that increased borrowing would need to be the major source of funding. Historic benchmarking data indicates that Havering has one of the lowest levels of long term borrowing in London.
- 2.4 In the short term this will be needed to bridge the timing gap, to ensure that best value is achieved in the disposal of its surplus assets. In the longer term as disposal opportunities are exhausted, borrowing is likely to be the major source of funding for capital expenditure, outside of specific grants.
- 2.5 Any borrowing creates a liability in revenue whilst the loan is repaid. This will normally be over 25 years, but will depend on the asset being purchased. As a direct charge funded through Council Tax, borrowing levels have to be managed through the budget process along with other budgetary pressures. In conjunction with the appropriate repayment period, borrowing needs to be included as part of the Council's long term financial strategy. It must be considered that as borrowing levels increase over consecutive years that borrowing costs will also incrementally increase. Appropriate revenue provision would need to be made to address this.
- 2.6 Local Authorities are required to comply with the Prudential Code when carrying out their treasury strategy for borrowing. This is a professional code of practice to support authorities in taking their decisions on capital investment in fixed assets. In essence, this ensures that capital investment plans are affordable, prudent and

sustainable. Any level of borrowing determined by the Council would need to comply with this code.

- 2.7 At current interest rates a loan of £1m would cost in the region of £85k per annum. Capital market conditions are always changing and as part of the Council's routine treasury management, opportunities would be taken to minimise this where ever possible.
- 2.8 The Council approved the adoption of an eight year Capital Programme as part of the planning process at its meeting in October 2008. This Programme was based on the gradual move towards the use of prudential borrowing to finance it and provision for this was reflected in the budget proposals. This Programme was subsequently approved by Council in February 2009.
- 2.9 Changes in the cost of prudential borrowing through the Public Works Loans Board were announced as part of the CSR. Given the current financial climate and this increase in costs, it is now felt that the Council's budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital receipts and Section 106 receipts and any sources of external funding only.
- 2.10 This broad approach is felt to be sufficient to finance a core programme until the end of financial year 2014/15, subject to the generation of the anticipated level of capital receipts. It will be necessary to consider the approach beyond that further into the future, when the long term funding streams for local government become clearer.

3. COMMITTED PROGRAMME

- 3.1 The ongoing programme comprises four major elements:
- Ongoing programmes/schemes funded through external resources, principally grants
 - Ongoing programmes/schemes from earlier financial years funded from Council resources
 - Schemes falling within the block sums approved as part of the 2011/12 budget setting process
 - Schemes agreed specifically by Cabinet and subsequently approved by Council for inclusion in the Programme.
- 3.2 The majority of schemes falling with the 2011/12 block sum have been approved as part of specific executive decisions during the course of the year. This is in line with the decisions taken by Cabinet in February 2011. Committed generally means that the scheme is either contractually committed, ie tenders have been let/orders have been placed, or design work is underway, or firm plans are in place to undertake the works/procure the services and there is a clear expectation that spend will be incurred within an agreed timeframe. Uncommitted means that there is either no definitive scheme within the programme area and/or no clear timeframe for the spend to be incurred, although this may include schemes which are directly linked to a capital or Section 106 receipt, but for which no contractual commitment exists. It does need to be borne in mind that, until tender stage, sums allocated for specific

schemes are best estimates, subject to a number of factors that may lead to a different level and/or a different phasing of spend as schemes are finalised and subsequently progress.

- 3.3 As indicated in the previous report to Cabinet, an ongoing review has been taking place with regard to the likely level of capital receipts expected over the current duration of the Capital Programme, running to 2014/15. The Programme is being continually rebalanced to ensure that the level of receipts expected is matched against the overall Programme spend and the element of it that requires funding from receipts. This has been reflected in the forecast position for the Programme.
- 3.4 A summary of both spend to date and planned spend within each service area is shown in Appendix 1. This reflects all programmes/schemes irrespective of the funding source, and shows the total spend up to and including the preceding financial year plus the forecast spend for the current and future years, and main funding source. In summary, this is as follows:

	Budget £	Total Actuals £	Remaining Spend £	Capital Receipts £	Other Funding £
Total Programme:					
- excluding core programme					
- including schools' controlled capital	250,418,341	163,523,888	86,894,453	38,435,083	48,459,370

- 3.5 This is provided as background information for Cabinet to note as part of consideration of the uncommitted programme.

4. PROPOSED CAPITAL PROGRAMME BLOCK ALLOCATION

- 4.1 Given that it is now proposed that the core programme is based on the application of receipts and external funding as the prime sources of finance, the overall programme has been assembled in the context of the expected level of receipts. This review has also taken into account anticipated levels of grant funding as well as the timing of receipts. The principle of a block allocation for specific programme areas has been used to generate an overall indicative programme.
- 4.2 The indicative core programme has been revised since consideration at Cabinet in January. It is now proposed for the 3 years subsequent to 2011/12 to be as follows:

	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Total	6,823	4,900	4,700	16,423

- 4.3 A detailed schedule of schemes within the 2012/13 programme has been drawn up, based on assessed needs and within the context of the individual core elements of the programme. This is set out in Appendix 2. This schedule also includes any schemes that fall outside the core programme, where formal approval is still required from Cabinet and Council to their inclusion in the Capital Programme. This schedule is presented for formal approval as part of the budget setting process. The Appendix also includes the indicative amounts for subsequent years, again for approval, though a detailed schedule of schemes for 2013/14 will be produced as part of the budget setting process for that year.

4.4 As part of this process, a need to undertake investment to accommodate changes in the required number of school places within the Council's primary schools has been identified. Detailed proposals are currently being drawn up and costed. These will form part of a specific report to Cabinet in the near future. Sums have been included at an overall level within these schedules as part of the budget setting process to ensure that formal approval is given to this part of the Capital Programme. This will provide the financial resources required to develop a detailed programme.

5. EXTERNAL FUNDING

- 5.1 The table only covers those schemes reliant on funding generated by the Council. There are other funding streams, as indicated above, and these are generally through a grant, which means there is no revenue cost to the Council. Such funding sources mean that the overall scale of the Programme is larger than that covered solely by the table.
- 5.2 Information on external funding sources has in the past tended to be provided after the setting of the budget. Whilst such funding increases the scale of spend, there is no overall net increase, as the costs are matched by external resources, principally grant funding.
- 5.3 The major areas where external funding is received are Streetcare (principally funding from Transport for London, TfL), schools, and regeneration – though the last of these tends to come via different sources over time, the other two have tended to be a single announcement. Details of TfL funding are awaited, but the Council has already been notified of a capital grant for education purposes. This grant is the 2012/13 Local Authority Capital Maintenance and Basic Need grants and the information received to date indicates a broad sum for this, but also indicates that this grant is neither ring-fenced to specific workstreams within education, nor time-bound, ie funding may run beyond 2012/13.
- 5.4 It is proposed that a detailed programme will be developed for external sources of funding, in line with any specific provisions relating to that funding, where details of the funding have yet to be identified. This will be reflected in future capital monitoring reports.
- 5.5 Officers already have delegated authority to accept grant funding on behalf of the Council and any such funding can usually only be applied for specified purposes. Approval has been sought through this report for any schemes resulting from the provision of external funding to be included within the Capital Programme under the authority of officers, to ensure an efficient process is in place.

**COMMITTED CAPITAL PROGRAMME
ACTUAL AND FORECAST SPEND**

	Budget £	Total Actuals £	Remaining Spend £	Capital Receipts £	Other Funding £
Original Core Programme	20,223,000	0	20,223,000	20,223,000	0
Finance & Commerce					
Asset Management	15,087,830	10,521,625	4,566,205	4,153,339	412,866
Asset Management – Schools	79,859,845	41,242,029	38,617,816	4,673,760	33,944,056
Business Systems	8,213,202	4,873,547	3,339,655	3,296,279	43,376
Development & Building Control	43,579	9,127	34,452	0	34,452
Financial Services	5,203,635	1,960,237	3,243,398	1,701,497	1,541,901
	108,408,091	58,606,565	49,801,526	13,824,875	35,976,651
Adults & Health					
Transformation (Commissioning)	941,901	654,015	287,886	128,985	158,901
Children's Services					
Children & Young Peoples Services	8,917,971	4,692,313	4,225,658	398,341	3,827,317
Learning & Achievement	544,022	468,109	75,913	113,273	-37,360
Schools ICT Capital	1,256,636	668,269	588,367		588,367
Schools Leasing Capital	43,067	0	43,067	0	43,067
Schools Controlled Capital	37,516,013	37,516,014	-1	0	-1
	48,277,709	43,344,705	4,933,004	511,614	4,421,390
Culture & Community					
Culture & Leisure	32,387,943	23,275,771	9,112,172	7,613,395	1,498,777
Customer Services	775,372	971,998	-196,626	-168,683	-27,943
Housing & Public Protection	10,004,727	5,461,123	4,543,604	2,606,794	1,936,810
Regeneration Policy & Planning	32,460,407	19,992,143	12,468,264	7,420,790	5,047,474
Streetcare	14,534,258	9,938,257	4,596,001	5,159,694	-563,693
	90,162,707	59,639,292	30,523,415	22,631,990	7,891,425
Legal & Democratic Services					
Corporate Health & Safety	2,370,662	1,171,310	1,199,352	1,199,352	0
Community Safety Services	257,271	108,001	149,270	138,267	11,003
	2,627,933	1,279,311	1,348,622	1,337,619	11,003
TOTAL	270,438,941	163,523,888	106,915,053	58,455,683	48,459,370
Romford Leisure Centre	24,774,000	0	24,774,000	24,774,000	
<p>Note 1 : these projections currently exclude schemes already approved by Cabinet and Council, but for which detailed cash flow projections have yet to be compiled, in particular Briar Road and Upminster Cemetery</p> <p>Note 2 : Romford Leisure Centre has been included as formal approval has been given by Cabinet and Council, but the detailed cash flow and funding split is still being finalised</p>					

	Budget £	Total Actuals £	Remaining Spend £	Capital Receipts £	Other Funding £
<p>Note 2 : credits under the funding columns relate to timing differences between spend and funding allocations</p> <p>Note 3 : the original core programme sum is as set out in the report to Cabinet in January 2012</p> <p>Note 4 : total actuals includes all spend up to and including 2010/11, remaining spend includes all spend from 2011/12 onwards</p>					

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

BUSINESS SYSTEMS (INFORMATION TECHNOLOGY)

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other £
ICT Infrastructure Transformation Programme	New intranet	100,000	100,000				100,000		
ICT Infrastructure Transformation Programme	Electronic Document management	132,000	132,000				132,000		
ICT Infrastructure Transformation Programme	Lync telephony	130,800	130,800				130,800		
ICT Infrastructure Transformation Programme	Software licences - Microsoft Enterprise Agreement, Microsoft Dynamics CRM, Oracle on Demand	755,200	755,200				755,200		
ICT Infrastructure Transformation Programme	Future data centre provision	180,000	30,000	150,000			180,000		
ICT Licences	IT Licence Revenue support 2012/13	202,000	202,000				202,000		
ICT Infrastructure Transformation Programme	Integrated Children's System NON CORE PROGRAMME SCHEME	1,088,965	601,965	487,000					1,088,965
Total		2,588,965	1,951,965	637,000	0	0	1,500,000	0	1,088,965

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

EDUCATION (SCHOOLS)

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
Towers Infant and Junior Schools	Alteration (upgrade) to Gas Main for Boiler	27,789	27,789					27,789	
Hacton Primary School	Alteration (upgrade) to Gas Main for Boiler	27,628	27,628					27,628	
Whybridge Junior School	Install Gas Main and Meter	15,243	15,243					15,243	
Wykeham Primary School	Alteration (upgrade) to Gas Main for Boiler	18,628	18,628					18,628	
Parklands Infant and Junior Schools	Install Gas Main and Meter	17,608	17,608					17,608	
Pyrgo Priory Primary	Install Gas Main and Meter	16,351	16,351					16,351	
Dycorts School	Install Gas Main and Meter	25,000	25,000					25,000	
St Peters Catholic School	Install Gas Main and Meter	25,033	25,033					25,033	
Whybridge Junior School	Oil Fired Boiler replacement and associated pipe works	200,000	195,000	5,000				200,000	

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
St Peters Catholic School	Oil Fired Boiler replacement and associated pipe works	200,000	195,000	5,000			200,000		
Towers Infant School	Oil Fired Boiler replacement and associated pipe works	200,000	195,000	5,000			200,000		
Towers Junior School	Gas Fired Boiler replacement and associated pipe works	200,000	195,000	5,000			200,000		
Wykeham Primary School	Oil Fired Boiler replacement and associated pipe works	200,000	195,000	5,000			200,000		
Hacton Primary School	Replace Heating Pipework and Controls	300,000	292,500	7,500			300,000		
Upminster Infant School	Electrical distribution	200,000	195,000	5,000			200,000		
Upminster Junior School	Electrical distribution	200,000	195,000	5,000			200,000		
Suttons Primary School	Flat Roof Felt Replacement	200,000	195,000	5,000			200,000		
Suttons Primary School	Asbestos Roof Replacement	200,000	195,000	5,000				200,000	
Corbets Tey School	Roof replacement main block	200,000	195,000	5,000					200,000

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
Clockhouse Primary	Roof Replacement A Block Corridor	90,000	87,750	2,250			90,000		
Engayne Primary	Roof Covering Replacement	40,000	39,000	1,000			40,000		
Chafford School Block A	Roof Covering Replacement	55,000	53,625	1,375			55,000		
Sanders Draper School Block A	Roof Covering Replacement	225,000	219,375	5,625			225,000		
Gaynes School Block E	Roof Covering Replacement	110,000	107,250	2,750			110,000		
The James Oglethorpe	Roof Covering Replacement	145,000	141,375	3,625			145,000		
Whybridge Junior School	Window replacement	50,000	48,750	1,250			50,000		
Langtons Block A	Window replacement	40,000	39,000	1,000			40,000		
Gaynes Block E	Window replacement	110,000	107,250	2,750			110,000		
Gaynes Block C	Window replacement	180,000	175,500	4,500			180,000		
Gaynes Block A	Window replacement	40,000	39,000	1,000			40,000		
Parklands Block G	Window replacement	46,000	44,850	1,150			46,000		
Various Schools	Hygiene Water Works Programme	500,000	500,000				500,000		

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources			
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £	
Various Schools	Asbestos Removal Programme	500,000	500,000							
Various Schools	DDA works	100,000	100,000						500,000	
Various Schools	Emergency Repairs	500,000	500,000						100,000	
Branfil Primary Permanent Expansion 2FE to 3FE	Replacement infant block and additional new build classroom accommodation and associated facilities to provide a 1 FE expansion.	5,500,000	5,000,000	500,000						
Temporary and Permanent Expansions at Various Schools to Provide Key Stage 1 and Key Stage 2 Accommodation	Works to enable temporary and permanent expansions at various schools to address statutory school place provision for Key Stage 1 and Key Stage 2	9,876,472	2,065,000	1,611,472	6,200,000				5,500,000	
Totals		20,580,750	12,183,503	2,197,247	6,200,000			1,900,000	17,680,750	

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

STREETCARE

Capital Scheme Name	Scheme Description	Amount £000	Profile of Spend				Funding Sources		
			2012/13 £000	2013/14 £000	2014/15 £000	2015/16 and beyond £000	Capital Receipts £000	Grants & S106 £000	Other External £000
Highways									
Footways	Various highway footway improvement schemes	450	450			450			
Footway Slurry Seal Programme	Various highway footway improvement schemes	200	200			200			
Carriageways	Various highway carriageway improvement schemes	600	600			600			
Anti-Skid	Anti skid surface areas in connection with above works	25	25			25			
Street Lighting									
Street Lighting	Street Lighting replacement programme	250	250			250			
Centre Island Bollards	Centre Island bollard conversion / removals	25	25			25			
Lamp Column painting	Large scale painting programme on main routes	20	20			20			
Other									

Capital Scheme Name	Scheme Description	Amount £000	Profile of Spend				Funding Sources		
			2012/13 £000	2013/14 £000	2014/15 £000	2015/16 and beyond £000	Capital Receipts £000	Grants & S106 £000	Other External £000
Gidea Park station scheme, Phase 3	Station & shopping area improvement scheme part funded by TFL	70	70				70		
Shopping Centre scheme, Mawney Road	Small scale shopping area improvements	40	40				40		
Shopping Centre scheme, White Hart Lane	Small scale shopping area improvements	50	50				50		
Shopping Centre scheme, Rush Green	Local shopping area improvement scheme	90	90				90		
Rivers, one off works	One off rivers & flood management investments to prevent flooding	25	25				25		
Subway enhancements	Completion of 2 year subway enhancement programme around town centre	30	30				30		
Tree pit upgrades, remove grates & trip hazards	Removal of metal grates and replacement with resin bonded non trip materials	15	15				15		
Litter Bins	Purchase of replacement & or additional litter bins	15	15				15		
Highway Shrub Beds one off hard cut backs		20	20				20		
Parking									
Car parks, bays white lining	Re lining of car parking bays	15	15				15		
Waste									
Waste storage areas for flats recycling	Provision of recycle containers and storage facilities for flats	15	15				15		
Environmental Maintenance									

Capital Scheme Name	Scheme Description	Amount £000	Profile of Spend				Funding Sources		
			2012/13 £000	2013/14 £000	2014/15 £000	2015/16 and beyond £000	Capital Receipts £000	Grants & S106 £000	Other External £000
Dangerous Tree Replacement Programme	Removal of dangerous trees arising from storm damage, disease and or accidents	45	45				45		
Total		2,000	2,000				2,000		

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

PROTECTION OF ASSETS AND HEALTH & SAFETY

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
H&S equipment - general	Corporate H&S bidding pot for all services	75,000					75,000		
Corporate buildings	Fire risk assessment works	75,000					75,000		
Mercury House - power supply	Rephasing electrical supply	95,000					95,000		
Town Hall lift	Replacement of passenger lift	90,000					90,000		
Town Hall heating	Boiler replacement	75,000					75,000		
Town Hall portacabin	Improvements to corporate storage facility	30,000					30,000		
Bedfords Park depot	Essential maintenance works	50,000					50,000		
Other sub depots	Essential maintenance works	10,000					10,000		
Total		500,000	500,000	0	0	0	500,000	0	0

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

HOUSING (DISABLED FACILITIES GRANT)

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other £
Disabled Facilities Grant	Disabled Facilities Grant	1,134,000	1,134,000				508,000	626,000	0
Total		1,134,000	1,134,000	0	0	0	508,000	626,000	0

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

ADULTS SOCIAL CARE

Capital Scheme Name	Scheme Description	Amount £000	Profile of Spend				Funding Sources		
			2012/13 £000	2013/14 £000	2014/15 £000	2015/16 and beyond £000	Capital Receipts £000	Grants & S106 £000	Other External £000
RJC Site Access Health & Safety Improvement	Provision of road access into premises from Main Road	90	90				90		
RJC Refurbishment of Flats for Reablement Project	Upgrade & fit-out of 10 Flats for Reablement expansion into Phillip House at RJC	70	70				70		
Nason Waters LD Day Ops. modernisation	Refurbishment & upgrade in compliance with LBH policy for LD Service provision	321	321					321	
The Hermitage Upgrade to doors & windows	Refurbishment/replacement of External Glazing etc.	5	5					5	
Transforming Adult Social Care	LBH Supported Housing/Living Programme	5	5					5	

Capital Scheme Name	Scheme Description	Amount £000	Profile of Spend				Funding Sources		
			2012/1 3 £000	2013/1 4 £000	2014/1 5 £000	2015/1 6 and beyond £000	Capital Receipt s £000	Grants & S106 £000	Other Externa l £000
YTRC Security & Environmental to Entrance Porch Improvements	Protection to Staff & Client via enclosed porch to Resource Centre with siphon power doors provision	25	25				25		
YTRC & Rotunda Site Access	Safety Access Control for Protection of Residents, Clients & Staff via Permit Access Traffic Barrier	10					10		
Total Sums		526	526				526		

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

PARKS, LIBRARIES, LEISURE & CEMETERIES

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
Raphael Park	Restoration of Raphael Park	100,000	100,000				100,000		
Fairykyles Gallery	Development of a gallery space in Fairykyles Arts Centre	40,000	40,000				40,000		
Heritage Buildings	Restoring heritage buildings	20,000	20,000				20,000		
Allotments	Investing in allotment sites	15,000	15,000				15,000		
Countryside paths	Maintaining countryside paths	5,000	5,000				5,000		
Playgrounds	Investing in playground sites	10,000	10,000				10,000		
Depots	Investment in depot sites	15,000	15,000				15,000		
Environmental Protection Act Compliance	Installation of Filtration Equipment (Supplementary Funding)	75,000	75,000				75,000		
Additional Cemetery Land	Extension of Upminster Cemetery (Supplementary Funding)	102,000	20,000	50,000	32,000		102,000		
Environmental Act Compliance 2011	Installation of gas monitoring and renewal of cremator	33,000	33,000				33,000		

Capital Scheme Name	Scheme Description	Amount £	Profile of Spend				Funding Sources		
			2012/13 £	2013/14 £	2014/15 £	2015/16 and beyond £	Capital Receipts £	Grants & S106 £	Other External £
		415,000	333,000	50,000	32,000	0	415,000	0	0

DETAILED CAPITAL PROGRAMME 2012/13
CORE PROGRAMME AND SPECIFIC SCHEMES

REMAINING CORE PROGRAMME

Description	2013/14	2014/15	Total
	£'000	£'000	£'000
Parks, Libraries, Leisure & Cemeteries	1,000	1,000	2,000
Developing ICT Infrastructure	1,000	800	1,800
Street Environment	2,000	2,000	4,000
Protection of Assets and Health and Safety	500	500	1,000
Regeneration	100	100	200
Disabled Facilities Grant	300	300	600
Total	4,900	4,700	9,600

OVERALL PROGRAMME SUMMARY

	£'000
Forecast spend – committed programme excluding core programme per Appendix 1	86,894
Less costs funded from other sources than capital receipts	-48,459
	38,435
Core programme 2012/13	6,823
Core programme 2013/14 and 2014/15	9,600
Estimated cost of schemes yet to be formally approved and profiled (capital receipts element only)	4,070
Total Estimated Cost	58,928
Forecast capital receipts April 2011 onwards	-58,928
Net Balance	0

DRAFT OVERVIEW & SCRUTINY COMMITTEE MINUTES
19 January 2012

The Committee received and noted a report that had been presented to Cabinet covering the context in which the Council's budget 2012/15 had been set.

The Leader of the Council, Councillor Michael White presented an overview of issues relating to the Budget. Thanks were given to the Cabinet Member, Value and Group Director, Finance & Commerce for the effective job they had done in controlling the Council's finances.

The Council's transformation programme set out how savings would be delivered and the Council had been listening to residents via the large 'Your Council Your Say' survey run in 2011. This had informed the setting of budgets.

The Leader explained that he would be meeting with the appropriate Government minister in the next week. He explained that it would be challenging to reach a consensus on a London-wide funding scheme unless the differing financial positions of the various London boroughs could be addressed. Officers confirmed that London Councils and the Society of London Treasurers were working on a London-wide model with the aim of agreeing a starting point across London.

The report detailed three proposed budget adjustments and a small number of corporate changes to original grant allocations. The capital programme was based on receipts and it was acknowledged that there were risks around the timeliness and original value of receipts.

The next steps in the budget setting process would include obtaining confirmation of the Greater London Authority and East London Waste Authority levies and further consultation with residents.

Members asked several questions and points of clarification concerning the budget proposals which were responded to by officers.

SCHEDULE OF FEES AND CHARGES

**Social Care & Learning
Head Of Adult Social Care Services**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Meals on Wheels Service Sale of Meals to Service Users Cost of 1 Meal	4.99	4.99	11/04/2011	N/A
Day Centre Providing Day Care to Service Users Day Centre Daily Rate Meal at Day Centre Subsidised Day Centre Rate *	40.00 3.82 1.36	40.00 3.82 0.00	11/04/2011 11/04/2011 11/04/2011	N/A N/A N/A
Transport to Day Centres (Return Journey) per day * phased reduction during 11/12	5.00	5.00	11/04/2011	N/A

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Culture & Leisure**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
FAIRKYTES Per Daytime Session (Mon-Fri up to 6pm) Main Room Room 12 Photo Studio - WITHDRAWN Room 13 Room 9 Art Room Sculpture Pottery Studio 1 Studio 2 Studio 3 Billet Studio 1 Billet Studio 2	26.30 22.60 16.50 15.00 18.00 14.00 10.00 39.20 26.30 15.50 25.80 15.50	28.00 24.00 17.50 16.50 19.50 15.00 11.00 42.00 27.50 17.00 27.50 17.00	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
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- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Culture & Leisure**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Per Peak Session (Mon to Fri from 6pm to close & Sat & Sun all day)	32.00	34.00	01/04/2012	I/N
Main Room	26.30	28.00	01/04/2012	I/N
Room 12				I/N
Photo Studio - WITHDRAWN				
Room 13	22.60	24.00	01/04/2012	I/N
Room 9	18.10	19.50	01/04/2012	I/N
Art Room	26.80	28.00	01/04/2012	I/N
Sculpture	16.00	17.00	01/04/2012	I/N
Pottery	12.00	13.00	01/04/2012	I/N
Studio 1 (excludes Saturday evenings)	48.50	55.00	01/04/2012	I/N
Studio 1 (Saturday evening per hour from 6.30 pm. Min hire 3 hours)	48.50	Withdrawn	01/04/2012	I/N
Studio 2	31.00	32.50	01/04/2012	I/N
Studio 3	19.50	21.00	01/04/2012	I/N
Billet Studio 1	31.00	32.50	01/04/2012	I/N
Billet Studio 2	19.60	21.00	01/04/2012	I/N
Sole Occupancy of Studio/Workshop/Store	150.00	1.00	01/04/2012	n/a
Saturday and Sunday Evening				
Studio 1 (main hall)				
Saturday 6.30pm - 11pm		195.00	01/04/2012	New Charge
Sunday 6.30pm - 10.30pm		180.00		New Charge
FOOTBALL AT PARKS WITH CRICKETS (28 WEEKS)				
Pavilion with washing facilities				
Senior				
Each Saturday or Sunday during Season	1,466.75	1,488.75	01/04/2012	I/N
Each alternate Saturday or Sunday during Season	740.25	751.35	01/04/2012	I/N
Additional Matches during Season	52.60	53.40	01/04/2012	I/N

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Culture & Leisure**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season	718.85 334.85 25.75	729.65 339.85 26.15	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N
Pavillion without washing facilities Each Saturday or Sunday during Season Senior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season	1,215.65 596.00 42.20	1,233.90 604.95 42.85	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N
Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season No Pavillion Facilities	550.15 275.00 19.60	558.40 279.15 19.90	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N
Senior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season	881.95 446.10 31.95	895.20 452.80 32.45	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N
Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season	409.05 204.25 13.95	415.20 207.30 14.15	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N

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(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
¹ FOOTBALL AT PARKS WITH NO CRICKET (32 WEEKS) Pavilion with washing facilities Senior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season Pavilion without washing facilities Senior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Additional Matches during Season	1,703.00 852.00 53.60 773.25 386.85 23.85 1,349.15 674.05 42.20 622.80 311.40 19.60	1,728.55 864.80 54.40 784.85 392.65 24.20 1,369.40 684.15 42.85 632.15 316.05 19.90	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 1a No Pavilion Facilities Senior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Junior Each Saturday or Sunday during Season Each alternate Saturday or Sunday during Season Mini Soccer 1 Hour Slot each Saturday or Sunday during season 1 Hour Slot alternate Saturday or Sunday during season Rugby Per 1 hour game	1,017.35 508.90 466.20 232.95 312.20 155.60 10.35	1,032.60 516.55 473.20 236.45 316.90 157.95 10.50	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
¹ No Pavilion Facilities Cricket Each Saturday or Sunday during Season Pitches with Pavilions Each Saturday and Sunday, Spring and Summer And Bank Holiday Mondays Each Saturday or Sunday Alternate Saturday or Sunday Adults Colts Teams	1,263.05 2,268.55 1,134.25 567.20 740.25 61.80 30.95	tba tba tba tba tba tba tba	01/04/2011 01/04/2011 01/04/2011 01/04/2011 01/04/2011 01/04/2011 01/04/2011	I/N I/N I/N I/N I/N I/N I/N

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(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
BOWLS All on a lease basis apart from King Georges Playing Fields where special arrangements apply	5,413.85	5,495.06	01/04/2012	I/N
ALLOTTMENTS Land charge per acre Plot Rent	145.00 36.30	147.18 36.84	01/04/2012 01/04/2012	I/N I/N
HORNCHURCH Weekday Use by Athletics Clubs (excluding training session) Half Day Full Day Saturday Use by Athletics Clubs (excluding training session) Half Day Full Day Sunday Use by Athletics Clubs (excluding training session) Half Day Full Day Use by Schools (excluding training session) Half Day Full Day	80.20 154.50 92.20 170.50 121.60 231.80	81.40 156.90 93.60 173.10 123.50 235.30	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N I/N
Schools Training Sessions (per hour inc equipment) Occasional use - Football - without lights Seniors (3 hours) Occasional use - Football - without lights Juniors (2.5 hours)	72.15 144.20 22.75 170.50 93.80	73.30 146.40 23.10 173.10 95.30	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Occasional use - Football - with lights Seniors (3 hours) Occasional use - Football - with lights Juniors (2.5 hours)	276.10 121.60	280.50 123.50	01/04/2012 01/04/2012	I/N I/N
FUNFAIRS Ground rent per day of operation - self standing part of larger event Returnable deposit per visit Additional ground rent for extra non-operational days spent on site	430.65 576.95 1,323.85 138.55	437.10 585.60 1,343.70 140.65	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N
CIRCUSES Ground Rent per day	243.60	247.25	01/04/2012	I/N
PARKS Minimum charge for hire of park & open space for charitable organisation	77.35	78.50	01/04/2012	I/N

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(B) Charges determined by Committee

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
SOCIAL HALLS Dukes Hall Category A Monday to Friday - Morning or Afternoon Monday to Thursday Evening Friday Evenings Saturday and Sunday Morning or Afternoon Saturday and Sunday Evening	31.00 45.90 89.70 89.70 89.70	31.60 46.80 91.00 91.00 91.00	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N
Category B Monday to Friday Morning or Afternoon Monday to Thursday Evening	17.65 26.20	18.00 26.60	01/04/2012 01/04/2012	I/N I/N
Category C Monday to Friday - Morning or Afternoon Monday to Thursday Evening	10.65 18.20	10.90 18.60	01/04/2012 01/04/2012	I/N I/N
Dukes Annexe and Bar Area Category A Friday night, Saturday, Sunday Monday to Friday Morning or Afternoon Monday to Thursday evenings Category B Monday to Friday - Morning or Afternoon Monday to Thursday evenings	36.35 13.90 21.35	36.90 14.10 21.70	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N
	11.80 18.20	12.00 18.50	01/04/2012 01/04/2012	I/N I/N

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(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 1a Category C Monday to Friday - Morning or Afternoon Monday to Thursday evenings Dukes Partition Bar and Middle Category A Friday night, Saturday, Sunday Monday to Friday Morning or Afternoon Monday to Thursday evenings	7.50 12.80 65.00 21.35 32.00	7.60 13.00 66.50 21.70 32.50	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N
Category B Monday to Friday - Morning or Afternoon Monday to Thursday evenings	14.95 22.45	15.20 22.80	01/04/2012 01/04/2012	I/N I/N
Category C Monday to Friday - Morning or Afternoon Monday to Thursday evenings Dukes Partition Stage & Middle Category A Friday night, Saturday, Sunday Monday to Friday Morning or Afternoon Monday to Friday evenings	10.65 18.20 59.80 19.70 30.45	10.80 18.50 60.70 20.00 30.90	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Category B Monday to Friday - Morning or Afternoon Monday to Thursday evenings	12.30 18.20	12.50 18.50	01/04/2012 01/04/2012	I/N I/N
Category C Monday to Friday - Morning or Afternoon Monday to Thursday evenings Catering extra charge Stage lighting facility	7.50 11.70 77.85 79.50	7.60 11.90 79.00 80.70	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N
NEW WINDMILL				
Category A Monday to Friday Morning or Afternoon Monday to Thursday evenings Friday Evenings Saturday & Sunday Morning or Afternoon Saturday & Sunday Evening	27.80 43.25 79.50 79.50 79.50	28.20 43.90 80.70 80.70 80.70	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N
Category B Monday to Friday - Morning or Afternoon Monday to Thursday evenings	17.05 26.20	17.30 26.60	01/04/2012 01/04/2012	I/N I/N
Category C Monday to Friday - Morning or Afternoon Monday to Thursday evenings	11.20 18.20	11.40 18.50	01/04/2012 01/04/2012	I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 GREEN ROOM Standard Monday to Friday - Morning or Afternoon Monday to Friday evenings Catering extra charge Stage lighting facility	8.00 13.40 77.35 79.50	8.10 13.60 78.50 80.70	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N
TWEED WAY Category A Monday to Friday Morning or Afternoon Monday to Thursday evenings Friday Evenings Saturday & Sunday Morning or Afternoon Saturday & Sunday Evening	20.80 32.10 59.80 59.80 59.80	21.10 32.60 60.70 60.70 60.70	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N
Category B Monday to Friday - Morning or Afternoon Monday to Thursday evenings	16.45 24.35	16.70 24.70	01/04/2012 01/04/2012	I/N I/N
Category C Monday to Friday - Morning or Afternoon Monday to Thursday evenings Catering extra charge	10.65 17.45 36.95	10.80 17.70 37.50	01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 ANNEXE Category A Monday to Friday Morning or Afternoon Monday to Friday evenings Saturday & Sunday Morning or Afternoon Category B Monday to Friday Morning or Afternoon Monday to Friday evenings Category C Monday to Friday Morning or Afternoon Monday to Friday evenings	11.20 16.45 20.70 9.15 12.80 7.00 11.70	11.40 16.70 21.00 9.30 13.00 7.10 11.90	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N I/N I/N

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Cemeteries (fees doubled for non-residents of LBH)				01/04/2012	
Interments					
- Over 16 years	690.00	759.00	798.00		S
- cremated remains	132.00	145.00	152.00		S
- extra depth (each interment over two) or casket/walled grave per depth	132.00	145.00	152.00		S
- Resident child not over 16 Years	Free		0.00		
- Non resident stillborn to 1 month in child's grave or public grave	132.00	145.00	152.00		S
- Non resident child not over 10 years in child's grave or public grave	204.00	224.00	235.00		S
- Non resident child not over 16 years in child's grave	1380.00	1518.00	1,594.00		S
Use of chapel (including organist at Upminster cemetery subject to availability)	48.00	50.00	53.00		S
Hospital Contract NVB burials			152.00	New fee	C
Exclusive Right of Burial (50 years with option of further 10 years)					
Lawn Section grave	915.00	1190.00	1,250.00		S
Traditional Grave	1420.00	1846.00	1,938.00		S
Children's section (under 10)	280.00	308.00	323.00		S
Children's section (under 16)	560.00	616.00	647.00		S
Surcharges					
Saturday full burial surcharge	345.00	362.00	399.00		S
Sunday full burial surcharge	690.00	759.00	798.00		S
Saturday cremated remains surcharge	114.00	125.00	131.00		S
Sunday cremated remains surcharge	171.00	180.00	189.00		S

Funeral After Published Time or 48 hours of booking Booking cancelled within 48 hours of burial	171.00 Full interment fee	188.00 Full interment fee	197.00 Full interment fee	S
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(B) Charges determined by Committee

Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Extension of Right of Burial for 10 years					
Lawn Section Grave	193.00	293.00	308.00	01/04/2012	S
Traditional Grave	294.00	369.00	387.00		S
Children's Section (under 10)	66.00	69.00	72.00		S
Children's Section (under 16)	132.00	139.00	146.00		S
Walled graves	588.00	738.00	775.00		S
Other Charges					
Transfer of Exclusive Rights by Will, Letters of Administration or Assignment	33.00	35.00	37.00		S
Transfer of Exclusive Rights by Statutory Declaration or combination of methods	61.00	67.00	70.00		S
Certified extract from Burial Register	29.00	30.00	38.00	*	S
Staff attendance to select/ locate a grave by appointment	26.00	29.00	30.00		S
Permit Charge					
Clean and Renovate	Free	Free	Free	*	S
Standard Headstone/Additional Memorial	87.00	96.00	121.20	*	S
Additional Inscription/vase only	59.00	65.00	82.00	*	S
Traditional Grave	175.00	245.00	308.00	*	S
Grave Maintenance Fees					
Planting and clipping	126.00	132.00	167.00	*	S
Clipping only	78.00	82.00	103.00	*	S
Turfing (Winter months only after grave has settled)	61.00	64.00	67.00		S

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive
					Basis of Increase
Cremated Remains Burial Plots					
Purchase of exclusive rights - 25 yr term	315.00	347.00	364.00	01/04/2012	S
Tablet with First inscription	317.00	333.00	420.00	*	S
Additional / subsequent inscriptions	102.00	107.00	134.00	*	S
Blank stone	235.00	247.00	312.00	*	S
Photograph fixed to memorial	213.00	224.00	240.00	*	S
Granite memorial vases for use with cremated remains tablets (includes 45 letters)	307.00	322.00	406.00	*	S
Regulding or additional letter on granite vase	1.90	2.00	2.00	*	S
South Essex Crematorium					
Cremation includes organ/organist/polytainer or biodegradable casket:					
Over 16 years	512.00	542.00	570.00		S
Non resident to 6 years but not exceeding 16 yrs	138.00	152.00	160.00		S
Non resident up to 6 years	69.00	76.00	80.00		S
Hospital Contract Non-viable foetus cremation	37.00	41.00	43.00		S
Saturday Cremation (subject to availability)	768.00	845.00	887.00		S
Sunday Cremation (subject to availability)	1024.00	1126.00	1,182.00		S

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(B) Charges determined by Committee				*VAT inclusive	
Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Additional Services and Surcharges					
Bookings cancelled after 10am one working day before reserved time	173.00	182.00	191.00	01/04/2012	S
Surcharge for services over-running	173.00	190.00	200.00		S
Surcharge for Cremation after 4pm	173.00	182.00	191.00		S
Use of chapel for private memorial service or extra time	173.00	182.00	191.00		S
Use of single bearer	17.00	18.00	19.00		S
CD recording of service	37.00	39.00	67.00	*	D
CD discs 2-10			18.00	*	D
DVD recording of service	47.00	49.00	84.00	*	D
DVD discs 2-10			23.00	*	D
Webcast of service	67.00	70.00	84.00	*	D
Strewing cremated remains from elsewhere	71.00	75.00	79.00		S
Witness Committal	31.00	34.00	36.00		S
Weekend Witness committal	62.00	68.00	72.00		S
Storage of cremated remains after one month per quarter	30.00	32.00	40.00	*	S
Storage of cremated remains after one month per year	71.00	75.00	95.00	*	S
Genealogy Searches per search not through Deceased Online.	20.00	21.00	22.00	*	S
Containers					
Bronzed metal urns	46.00	51.00	54.00	*	S
Standard wooden or metal casket	62.00	65.00	68.00	*	S
Juvenile caskets	26.00	27.00	28.00	*	S
Various Decorative urns/caskets (new charge)	RRP	RRP	RRP	*	S
Dedicated Hymn Book	57.00	60.00	63.00	*	S
Various keepsake memorials made from or to contain cremated remains including diamonds, paperweights, jewellery	RRP/Quotation	RRP	RRP	*	S

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Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Memorials				01/04/2012	
Kerb Plaques					
Perspex Plaque - 10 year term	248.00	265.00	278.00	*	S
Perspex Plaque only	77.00	85.00	89.00	*	S
Bronze Plaque - 10 year term	325.00	350.00	368.00	*	S
Bronze Plaque only	154.00	170.00	179.00	*	S
Second dedication (plus cost of plaque)	83.00	87.00	91.00	*	S
Kerb plaque renewal	171.00	180.00	189.00		S
Bronze Wall Plaque					
Plaque with 10 year dedication	325.00	350.00	368.00	*	S
Plaque only	154.00	170.00	179.00	*	S
Bronze wall plaque renewal	171.00	180.00	189.00		S
Large Wall Plaques					
Single Slate or Large Bronze Wall Plaques		0.00	0.00	*	
Single (slate or bronze tablet) - 10 year dedication	393.00	424.00	445.00	*	S
Single plaque only (slate or bronze tablet)	222.00	244.00	256.00	*	S
Single tablet - renewal fee for 10 years	171.00	180.00	189.00		S
Double Slate Wall Plaque (subject to availability)		366.00	384.00	*	S
10 year dedication with single inscription	672.00	726.00	762.00	*	S
10 year dedication with double inscription	786.00	943.00	990.00	*	S
Subsequent inscription within 1 year of original dedication (or renewal)	207.00	217.00	228.00	*	S
Double Tablet - 10 year renewal	342.00	360.00	378.00		S

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Wall Niche for 10 years					
Single Niche including first interment and casket	1199.00	1259.00	1,322.00	01/04/2012	S
Renewal/Prepurchase for Single Niche for 10 years	615.00	646.00	678.00		S
Replacement single plaque	408.00	428.00	450.00		S
1st Interment & Inscription in pre-purchase single Niche	584.00	613.00	644.00		S
Double Niche and First Interment	2037.00	2140.00	2,247.00		S
Renewal/Prepurchase for Double Niche for 10 years	1230.00	1292.00	1,357.00		S
Replacement double plaque	631.00	663.00	696.00		S
1st Interment & Inscription in pre-purchase double Niche	807.00	848.00	890.00		S
Wall Niche Additional Items:					
TM Motif (optional)	69.00	69.00	72.00		S
Additional Bud Vase	22.00	22.00	23.00		S
Additional Inscription	196.00	196.00	206.00		S
Casket including nameplate	65.00	65.00	68.00		S
Second Interment and inscription	381.00	381.00	400.00		S
Photograph	218.00	229.00	240.00		S
Sanctum ii Vaults for 10 years					
Vault and tablet including weekday witness committal	1199.00	1260.00	1,323.00		S
Second Interment	114.00	120.00	126.00		S
Second inscription	386.00	405.00	425.00		S
Replacement Plaque	303.00	318.00	334.00		S
Renewal for 10 years	782.00	822.00	863.00		S
Regilding (inc postage)	83.00	87.00	91.00		S
Replacement vase	10.00	11.00	12.00		S
Vase Blocks and Tablets (includes Scented Garden Memorials)					
10 year dedication	583.00	612.00	643.00		S
Replacement Plaque	181.00	190.00	200.00		S
Renewal for 10 years	402.00	422.00	443.00		S

Basis of Increase:

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S - An increase above inflation consequent upon a corporate plan saving
D - Increase recommended by Manager of Bereavement Services

**Culture and Community
Head of Culture and Leisure**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Memorials					
Summer House Memorial					
Floris wall plaque for 10 years	285.00	300.00	315.00		S
Plaque only	114.00	120.00	126.00		S
Renewal for 10 years	171.00	180.00	189.00		S
Posy Holder for 10 years	130.00	137.00	144.00		S
Renewal for 10 years	118.00	124.00	130.00		S
Shrub or Rose with 10 year dedication (includes bronze plaque)	615.00	654.00	687.00		S
Renewal fee for 10 years (also applies to vase block with rose)	461.00	484.00	508.00		S
Trees with 10 year dedication (includes bronze plaque)	710.00	754.00	792.00		S
Renewal fee for 10 years	556.00	584.00	613.00		S
Benches and Chairs - 10 Year dedications					
Bench	1,639.00	1,721.00	1,807.00		S
Chair	1,191.00	1,251.00	1,313.00		S
Bench 10 Year renewal	782.00	821.00	862.00		S
Chair 10 Year renewal	690.00	725.00	761.00		S
Replacement Bench	857.00	900.00	945.00		S
Replacement Chair	501.00	526.00	552.00		S
Regular maintenance (per 2 years of remaining lease if not purchased or renewed since 1/1/2001)	31.00	33.00	35.00		S
Renovation of Bench	145.00	152.00	160.00		S
Renovation of Chair	93.00	98.00	103.00	01/04/2012	S

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**Culture and Community
Head of Culture and Leisure**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Bench, Tree & Shrub Additional dedications: Within 1 year of original (plus cost of plaque) After 1 year of original dedication or renewal (plus cost of plaque)	13.00	14.00	15.00	01/04/2012	S
2nd Dedication Life time of item (plus cost of plaque)	323.00	339.00	356.00		S
Replacement bronze plaque	154.00	170.00	179.00	*	S
Replacement perspex plaque	77.00	85.00	89.00	*	S
Memorials					
Miscellaneous					
Mallard Bridge	228.00	239.00	250.00	*	S
Private purchase (plus cost of plaque)	10.00	11.00	12.00		S
Replacement metal vase	10.00	11.00	12.00	*	S
Floral arrangements stand - plus cost of flowers	21.00	22.00	23.00	*	S
Hanging baskets - per year	91.00	96.00	101.00	*	S

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- S - An increase above inflation consequent upon a corporate plan saving
- D - Increase recommended by Manager of Bereavement Services

**Culture and Community
Head of Culture and Leisure**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from April 2011) £	Charges 2011/12 (September 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	*VAT inclusive Basis of Increase
Books of Remembrance					
2 line entry	73.00	77.00	81.00	01/04/2012	S
3 - 5 lines	108.00	113.00	119.00		S
6 - 8 lines	155.00	163.00	171.00		S
Cards of Remembrance & Additional Entries in existing miniature books					
2 line entry	25.00	26.00	27.00		S
3 - 5 lines	46.00	48.00	50.00		S
6 - 8 lines	70.00	74.00	78.00		S
Miniature Triptych of Remembrance/Book of Remembrance					
2 line entry	52.00	55.00	58.00		S
3 - 5 lines	73.00	77.00	81.00		S
6 - 8 lines	97.00	102.00	107.00		S
Book of Remembrance Sundries					
Motif	56.00	59.00	62.00		S
Triptych photograph	56.00	59.00	62.00		S

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- D - Increase recommended by Manager of Bereavement Services

**Culture & Community
Head of Customer Services**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from 1st April 11)	Charges 2012/13 (from 1st April 12)	Operative Date of Latest Notified Charge	Basis of Increase
Customer Services Legal Fees Recovery of Rates/Community Charge/Council tax Summons Council Tax (inc £3 paid to the court) Liability Order Summons NNDR (inc £3 paid to the court) Liability Order NNDR Means Enquiry Summons Council Tax (£240.00 paid to the court) Arrest Warrants with Bail Council Tax (inc. £25 paid to the court) Arrest Warrants without Bail Council Tax (inc. £25 paid to the court) Committal Order Council Tax	105.00 10.00 180.00 47.00 325.00 110.00 130.00 40.00	105.00 10.00 180.00 47.00 325.00 110.00 130.00 40.00		

Basis of Increase:

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**Social Care and Learning
Head Of Children's Services**

Charges determined by Committee

Income Source	Charges 2010/11 £	Charges 2011/12 (from April 2011) £	Revised 2011/12 (from April 2011) £	% Increase above 2010/12 £
Music School				
(a) Saturday Morning Music School (32 sessions per year including 2 concerts)				
(b) Wednesday and Weekday Music Centre (32 sessions per year including 3 concerts)				
Registration Fee	86.30	87.60	91.50	6%
Individual Lesson	133.90	135.90	147.30	10%
Group Lesson – 2 pupils	93.90	95.30	99.55	6%
Group Lesson – 3 pupils	62.70	63.70	66.45	6%
Keyboard Class	47.40	48.10	50.20	6%
Music Kindergarten	38.60	39.20	40.90	6%
Young Musicians Registration Fee	49.60	50.40	52.60	6%
Young Musicians Instrumental Class (group of 4)	47.40	48.10	50.25	6%
(c) Associate Ensemble Membership				
Associate Member (Secondary)	38.60	39.20	40.90	6%
Associate Member (Primary)	19.30	19.60	24.15	25%
Associate Member (Adult)	41.20	41.80	43.65	6%
Total Associate Membership income	-	-	-	-
d) Hire of Instruments (Annual Charges)	27.10	27.50	28.75	6%
e) Scholarship				
Secondary - Individual Lesson (30 mins)	110.80	112.50	121.90	10%
Secondary - Individual Lesson (15 mins)	74.60	75.70	82.05	10%
Primary - Individual Lesson (30 mins)	92.70	94.10	101.95	10%
Primary - Individual Lesson (15 mins)	56.50	57.40	62.15	10%

**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Stray Dog Service Impounding fee per dog	25.00	25.00	all to be from 1st April 2012	
Bingo club Copy licence	25.00	25.00		
Notification of change	50.00	50.00		
Betting shop Copy licence	25.00	25.00		
Notification of change	50.00	50.00		
Betting premises tracks Copy licence	25.00	25.00		
Notification of change	50.00	50.00		
Family Entertainment centres Application to vary	1,000.00	1,000.00		
Copy licence	25.00	25.00		
Notification of change	50.00	50.00		
Adult gaming centres Application to vary	1,000.00	1,000.00		
Copy licence	25.00	25.00		
Notification of change	50.00	50.00		

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- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Environmental Health				
Gambling Act 2005 Lottery (fees set by Govt)				
New registration	40.00	40.00		
Annual re registration	20.00	20.00		
Permit fees (fees set by Govt)				
Notification of right of licensed premises to have 2 gaming machines	50.00	50.00		
Family Entertainment Centre				
New application	300.00	300.00		
Change of name	25.00	25.00		
Copy of permit	15.00	15.00		
Prize Gaming permit (S 16)				
New application	300.00	300.00		
Change of name	25.00	25.00		
Copy of permit	15.00	15.00		

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Culture & Community
Head of Housing & Public Protection

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Licensed premises gaming machine permit New application (new operator) New application (existing operator) Vary a permit Transfer application Annual fee (1 st fee payable within 30 days of issue) Change of name Copy of permit	150.00 100.00 100.00 25.00 50.00 25.00 15.00	150.00 100.00 100.00 25.00 50.00 25.00 15.00		
Club gaming machine permit New application Renewal New application (existing operator) Vary a permit Copy of permit Annual fee (1 st fee payable within 30 days of issue)	200.00 100.00 100.00 100.00 15.00 50.00	200.00 100.00 100.00 100.00 15.00 50.00		

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p align="center">Environment Protection Act</p> <p>Application Fee Standard Process Additional fee for operating without a permit Service stations PVR I/dry cleaner/ waste oil burner <0.4MW Vehicle refinisher service station PVR I & II combined additional fee for operating without a permit Mobile screening and crushing plant For the third to seventh applications For the eight and subsequent applications where the above is for a combined part B and waste site, add £297</p>	<p align="center">1,579.00 1,137.00 246.00 346.00 246.00 68.00 1,579.00 943.00 477.00 297.00</p>	<p align="center">tbc</p>		<p align="center">fees set by DEFRA in March 2012</p>

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Annual subsistence charge Standard process LOW Standard process MEDIUM Standard process HIGH *to be added where the above is for combined part B and waste site Service stations PVR I/dry cleaner/ waste oil burner <0.4MW low medium high vehicle refinisher low medium high Service station PVRI and II combined Low Medium High Mobile screening and crushing plant For the first and second plants Low/ medium /high For the third to seventh applications low /medium/high For the eighth and subsequent applications low/medium/ high where a part B is subject to E-PRTR Regulations reporting, add £99 to above late payment fee</p>	<p>739 (*99.00) 1111 (*149) 1672 (*198) 76.00 151.00 227.00 218.00 349.00 524.00 108.00 216.00 326.00 618/989/1484 368/590/884 189/302/453 99.00 50.00</p>			<p>fees set by DEFRA in March 2012</p>

Basis of Increase:

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Culture & Community
Head of Housing & Public Protection

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Transfer and Surrender</p> <p>standard process transfer standard process partial transfer new operator at low risk reduced fee activity Surrender Transfer : Service Stations and Waste Oil burners <0.4MW Partial Transfer : Service Stations and Waste Oil burners <0.4MW</p> <p>Substantial changes to s10 & s11</p> <p>Standard process standard process where the substantial change results in a new PPCactivity Service stations/Dry cleaners /waste oil burner <0.4MW/ vehicle resprayers subsistence charges can be paid in 4 equal installments paid on 1st April, 1st July, 1st October, and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36</p>	<p>162.00 476.00 75.00</p> <p>45.00</p> <p>1,005.00 1,579.00 98.00</p>			<p>fees set by DEFRA in March 2012</p>

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Licensing Act 2003 fees set by DCMS Application for the grant or renewal of a personal licence Temporary event notice Theft, loss, etc. of premises licence or summary Application for a provisional statement where premises being built etc Notification of change of name or address Application to vary licence to specify individual as premises supervisor Application for transfer of premises licence Interim authority notice following death etc. of licence holder Theft, loss etc. of certificate or summary Notification of change of name or alteration of rules of club Change of relevant registered address of club Theft, loss etc. of temporary event notice Theft, loss etc. of personal licence Duty to notify change of name or address Right of freeholder etc. to be notified of licensing matters</p>	<p>37.00 21.00 21.00 10.50 10.50 23.00 23.00 10.50 23.00 23.00 23.00 10.50 10.50 10.50 10.50</p>	<p>37.00 21.00 21.00 10.50 10.50 23.00 23.00 10.50 23.00 23.00 23.00 10.50 10.50 10.50 10.50</p>		
<p>Main Fee Levels Based on non domestic rateable value: Band A £0 -£4300 Band B £4301 -£33000 Band C £33001 -£87000 Band D £87001 -£125000 Band E £125001 and over</p>				

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Premises Licences*</p> <p>New Applications and variation</p> <p>Band A Band B Band C Band D Band E</p> <p>Multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (bands D & E only)</p> <p>Band D x 2 Band E x 3</p> <p>Annual charge*</p> <p>Band A Band B Band C Band D Band E</p>	<p>100.00 190.00 315.00 450.00 635.00</p> <p>900.00 1,905.00</p> <p>70.00 180.00 295.00 320.00 350.00</p>	<p>100.00 190.00 315.00 450.00 635.00</p> <p>900.00 1,905.00</p> <p>70.00 180.00 295.00 320.00 350.00</p>		

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Annual charge multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (bands D & E only)</p> <p>Band D x 2 Band E x 3</p> <p>Additional Fees*</p> <p>* There are additional fees for premises licence applications, and the annual fee for exceptionally large scale events (5000+), unless certain conditions apply. Please read Regulation 4(4) and 4(5) of the licensing Act (Fees) Regulations 2005.</p> <p>Additional Premises licence fee</p> <p>Numbers in attendance at any one time</p> <p>5,000 - 9,999 10,000 - 14,999 15,000 - 19,999 20,000 - 29,999 30,000 - 39,999 40,000 - 49,999 50,000 - 59,999 60,000 - 69,999 70,000 - 79,999 80,000 - 89,999 90,000 and over</p>	<p>640.00 1,050.00</p> <p>1,000.00 2,000.00 4,000.00 8,000.00 16,000.00 24,000.00 32,000.00 40,000.00 48,000.00 56,000.00 64,000.00</p>	<p>640.00 1,050.00</p> <p>1,000.00 2,000.00 4,000.00 8,000.00 16,000.00 24,000.00 32,000.00 40,000.00 48,000.00 56,000.00 64,000.00</p>		

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**Culture & Community
Head of Housing & Public Protection**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Additional annual fee payable (if applicable)				
Numbers in attendance at any one time				
5,000 - 9,999	500.00	500.00		
10,000 - 14,999	1,000.00	1,000.00		
15,000 - 19,999	2,000.00	2,000.00		
20,000 - 29,999	4,000.00	4,000.00		
30,000 - 39,999	8,000.00	8,000.00		
40,000 - 49,999	12,000.00	12,000.00		
50,000 - 59,999	16,000.00	16,000.00		
60,000 - 69,999	20,000.00	20,000.00		
70,000 - 79,999	24,000.00	24,000.00		
80,000 - 89,999	28,000.00	28,000.00		
90,000 and over	32,000.00	32,000.00		
Club premises certificates				
New application variation				
Band A	100.00	100.00		
Band B	190.00	190.00		
Band C	315.00	315.00		
Band D	450.00	450.00		
Band E	635.00	635.00		
Annual charge				
Band A	70.00	70.00		
Band B	180.00	180.00		
Band C	295.00	295.00		
Band D	320.00	320.00		
Band E	350.00	350.00		

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>ENVIRONMENTAL HEALTH ANNUAL LICENCES</p> <p>Animal boarding establishments Animal Boarding change to Licence Animal Boarding renewal (Animal Boarding Establishments Act 1963)</p> <p>Breeding establishments for dogs (Breeding of dogs act 1973 and 1991)</p> <p>Keeping of dangerous wild animals (Dangerous Wild Animals Act 1976)</p>	<p>255.00 46.00 190.00</p> <p>190.00</p> <p>190.00</p>	<p>259.00 47.00 193.00</p> <p>193.00</p> <p>193.00</p>	<p>all charges to be implemented from 1/4/12</p>	<p>I I I</p> <p>I</p> <p>I</p>

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Special treatment establishments (London Local Authority Act 1991)				
- Single treatment	178.00	231.00 reduced to £ 181 if paid by the 15th April 2012 £ 337 reduced to £277 if paid by 15th April 2012		I
- Multiple treatment	273.00			I
- variation of licence	67.00	68.00		I
- transfer of licence	66.00	67.00		I
- one day licence		60.00		I

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Performing Animals (Performing Animals(Regulations)Act 1925) Registration Application to vary registration Certificate	95.00 46.00 25.50	97.00 47.00 26.00		I I I
Pet Shops application Pet Shops change to Licence (Pet Animals Act 1951)	190.00 46.00	193.00 47.00		I I
Poisons (Poisons Act 1972) - Inclusion on list of persons entitled to sell poison - Alteration of list - Retention of name on list	58.00 28.00 58.00	59.00 29.00 59.00		I I I
Riding Establishments				
Riding establishments application	309.00 Plus Vet fees	314.00 Plus Vet Fees		I
Riding establishments application to change Licence	46.00 Plus Vet fees	47.00 Plus Vet Fees		I
Riding establishments (Riding Establishments Acts 1964-1970)				

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- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Notification to operate a Zoo	154.50	157.00		I
Application for a Zoo Licence	515.50 Plus Vet Fees	523.00 Plus Vet Fees		I
Zoo Licence application to change (Zoo Licensing Act 1981)	287.00 Plus Vet Fees	292.00 Plus Vet Fees		I
Sex Establishment Sex Establishment Application Sex Establishment Licence application to change [Local Government (Miscellaneous Provisions) Act 1982]	10,000.00 2,060.50	10,150.00 2,092.00		I I
Hypnotism consent (Hypnotism Act 1952)	112.00	114.00		I
Caravan and Camping Site	340.00	345.00		I

Basis of Increase:

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Street Trading Licences Subject to review and a separate consultation for proposed street trading protocol Trading between 05:00 - 20:00 Seven days per week Six days per week Five days per week Four days per week Three days per week Two days per week One day per week Trading between 20:00 - 02:00 Seven days per week Six days per week Five days per week Four days per week Three days per week Two days per week One day per week These can be paid annually in advance	1,857.50 1,592.50 1,331.00 1,062.00 798.00 531.00 267.00 2,299.00 1,971.50 1,642.50 1,314.50 985.00 658.00 329.00	1,885.00 1,616.00 1,351.00 1,078.00 810.00 539.00 271.00 2,333.00 2,001.00 1,667.00 1,334.00 1,000.00 668.00 334.00		

Basis of Increase:

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Temporary Street Trading Licences (up to 6 months) trading between 05.00 and 20.00				
Seven days per week	929.00	943.00		I
Six days per week	797.00	809.00		I
Five days per week	666.00	676.00		I
Four days per week	531.00	539.00		I
Three days per week	399.00	405.00		I
Two days per week	266.00	270.00		I
One day per week	134.00	136.00		I
Trading between 20.00 and 02.00				
Seven days per week	1,150.00	1,167.00		I
Six days per week	986.00	1,001.00		I
Five days per week	821.00	834.00		I
Four days per week	657.00	667.00		I
Three days per week	492.50	500.00		I
Two days per week	329.00	334.00		I
One day per week	165.50	168.00		I
Daily Temporary Licence for special events	38.00	39.00		I
Duplicate Licence	41.00	42.00		I
Variations to existing Licences	87.50	89.00		I

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Stray Dog Service</p> <p>Administration Fee Weekdays 09.00 - 16.59 Weekdays 17.00 - 21.59 Weekdays 22.00 - 08.59 Weekends 09.00 - 16.59 Weekends 17.00 - 08.59 Bank Holidays Charge per day per dog/part day</p> <p>Land Quality Reports Written report that takes less than 2 hours to complete: a) 5 working day response (where available and on request) b) 20 working day response</p> <p>For every hour over 2 hours</p>	<p>10.00 50.00 60.00 60.00 70.00 70.00 70.00 11.00</p> <p>415.20</p> <p>208.80</p> <p>72.00</p>	<p>10.00 50.00 60.00 70.00 60.00 70.00 70.00 11.00</p> <p>421.20 *</p> <p>212.40 *</p> <p>73.20 *</p>		<p>I</p> <p>stray dog service is outsourced and is contracted to Gemini. The fees are set for 3 years.</p> <p>I</p> <p>I</p> <p>I</p>

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>5 – YEAR LICENCE HMO Licensing Basic fee per unit of accommodation (i.e. accommodation which is occupied by a single household as defined in Sec 258 of the Housing Act 2004 e.g., a bed-sit or bedroom in a shared house. In the case of a flat in multiple occupation each bedroom will count as a separate unit.</p>	121.00	123.00		I
<p>Discounted rate per unit for landlords accredited through the London Landlord Accreditation Scheme (LLAS) or membership of a recognised Landlord's Association (i.e. an association where members sign up to a code of practice that has been approved e.g. the National Landlords Association</p>	100.00	102.00		I
<p>Discounted rate per unit for Registered Charity or non-profit making organisation</p>	60.50	61.00		I
<p>Assistance in filling in the application form or a site visit prior to the form being submitted</p>	55.00 per hr (up to a max of £200.00)	56.00 per hr (up to max of £250)		I

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Licence variations e.g. registering a change of ownership, change of managing agent or changes in the use of layout of the property	100.00	102.00		I
Issue of Temporary Exemption Notices	100.00	102.00		I
Failure to complete application within 6 months from date received by the Council	No Refund	No Refund		
Renewal of HMO Licence	50% of the Original Cost	50% of the Original Cost		
Duration of Licence	5 years	5 years		
Fee for each type of Statutory Notice served under the Housing Act 2004 with the ability to add the cost of any report required from external experts such as Gas, Electricity or Structural Surveyors.		443.36		New fee to be agreed by Lead member as per Trudi Penman
Fee per visit for Housing Inspection and Assessments for Immigration Gambling Act 2005 Fees set by LA (subject to maxima set by Govt)		120.00 *		New fee to be agreed by Lead member as per Trudi Penman

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Bingo club New premises application Annual fee Application to vary Application to transfer Application for reinstatement Application for a provisional statement License application (provisional statement holders)	3,045.00 596.00 1,000.00 500.00 776.00 1,035.00 776.00	3,091.00 605.00 1,015.00 508.00 788.00 1,051.00 788.00		I I I I I I I
Betting shop New premises application Annual fee Application to vary Application to transfer Application for reinstatement Application for a provisional statement License application (provisional statement holders)	1,015.00 596.00 760.00 500.00 776.00 1,035.00 776.00	1,030.00 600.00 771.00 508.00 788.00 1,051.00 788.00		I maximum annual fee that can be charged is £600 I I I I I

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- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Betting premises tracks New premises application Annual fee Application to vary Application to transfer Application for reinstatement Application for a provisional statement License application (provisional statement holders)	2,436.00 783.00 1,000.00 500.00 750.00 2,400.00 750.00	2,473.00 795.00 1,015.00 508.00 761.00 2,436.00 761.00		
Family Entertainment centres New premises application Annual fee Application to transfer Application for reinstatement Application for a provisional statement License application (provisional statement holders)	1,360.00 596.00 500.00 750.00 1,390.00 780.00	1,380.00 605.00 508.00 761.00 1,411.00 792.00		

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**Culture & Community Directorate
Head of Housing & Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Adult gaming centres New premises application Annual fee Application to transfer Application for reinstatement Application for a provisional statement License application (provisional statement holders)	1,380.00 596.00 500.00 750.00 1,340.00 750.00	1,401.00 605.00 508.00 761.00 1,360.00 761.00		

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**Social Care and Learning
Head Of Children's Services**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from Sep 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Europa Centre</p> <p>Visits (Non-Havering schools & colleges) Contact Europa for Havering prices</p> <p>a) Tuition of French, German, Spanish 5 native speakers</p> <p>Duration 1.5 hours, 15 students or less autumn term spring & summer terms</p> <p>Duration 1.5 hours, 16-30 students autumn term spring & summer terms</p> <p>Duration 2 hours, 15 students or less autumn term spring & summer terms</p> <p>Duration 2 hours, 16-30 students autumn term spring & summer terms</p> <p>Additional Assistants at Europa Centre (per hour) Charge for staff supervision costs for using lunch facility Hire of class space during visit (per half day)</p>	<p>187.00</p> <p>199.00</p> <p>255.00</p> <p>263.00</p> <p>245.00</p> <p>260.00</p> <p>303.00</p> <p>350.00</p> <p>25.00</p> <p>20.00</p> <p>25.00</p>	<p>187.00</p> <p>199.00</p> <p>255.00</p> <p>263.00</p> <p>245.00</p> <p>260.00</p> <p>330.00</p> <p>350.00</p> <p>25.00</p> <p>20.00</p> <p>25.00</p>	<p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p> <p>01/09/2011</p>	<p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p>S</p> <p>S</p> <p></p> <p></p> <p></p>

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**Social Care and Learning
Head Of Children's Services**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from Sep 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>b) Foreign Language Courses Primary (10 Lessons of 45 minutes - termly cost) Secondary (GCSE Support - per lesson 60 lessons over 2 years) After School (10 Lessons of 45 minutes - termly cost) Private Tuition (per hour)</p>	<p>54.00 6.60 54.00 30.00</p>	<p>54.00 6.60 54.00 30.00</p>	<p>01/09/2011 01/09/2011 01/09/2011 01/09/2011</p>	<p>S</p>
<p>c) Hire of the Centre (non educational) Half Day (10:00am - 12.30 or 1pm to 3.30pm) Full Day (10:00am to 3.30pm) Evening Hire (per Hour) Input of any additional Europa Centre assistants (in addition to the supervisory member of staff already present) (per hour, pro rata)</p>	<p>200.00 400.00 75.00 25.00</p>	<p>200.00 400.00 75.00 25.00</p>	<p>01/09/2011 01/09/2011 01/09/2011 01/09/2011</p>	<p>S</p>
<p>d) Hire of the Centre (educational institutions) Half Day (10am-12.30 or 1pm-3.30pm) with advisory input Full Day (10am-3.30pm) with advisory input Full Day (10am-3.30pm) to include half-day advisory input Full Day (10am-3.30pm) independently run Evening Hire (per hour)</p>	<p>350.00 650.00 550.00 400.00 35.00</p>	<p>350.00 650.00 550.00 400.00 35.00</p>	<p>01/09/2011 01/09/2011 01/09/2011 01/09/2011 01/09/2011</p>	<p>S</p>

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**Social Care and Learning
Head Of Children's Services**

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from Sep 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
e) Language Assistant Support in schools (per hour - 2 hour minimum)	30.00	30.00	01/09/2011	S
f) Transalation/interpreting Services	Prices quoted per job	Prices quoted per job		
g) Mobile Europa	300.00	300.00	01/09/2011	
1 visit of 1.5 hours	550.00	550.00	01/09/2011	
2 visits of 1.5 hours (same day)	800.00	800.00	01/09/2011	
3 visits of 1.5 hours (same day)				
h) Consultation, Training & INSET - contact Europa for details Costs vary depending upon activity (consultation, adviser travelling to educational establishment, attendance of courses etc.	Prices quoted per job	Prices quoted per job		
i) Adult Evening Courses	198.00	198.00	01/09/2011	
French, German, Spanish and Italian	411.00	411.00	01/09/2011	
British Sign Language - Level 1	599.00	599.00	01/09/2011	
British Sign Language - Level 2				

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Directorate
Assistant Chief Executive - Legal & Democratic Services

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Legal & Democratic Services				
Licences to Assign (Seal)	400.00	410.00	1.4.12	I/N
Licence to Alter	400.00	410.00	1.4.12	I/N
Sale of Council Houses - Mortgage Fees	122.00	124.00	1.4.12	I/N
Mortgage Redemption Fee - early redemption - complete term	112.00	114.00	1.4.12	I/N
Fees of release for pre-emption discount repayment	55.00	55.00	1.4.11	
Release from Mortgage Covenant	130.00	130.00	1.4.11	
Second Charge Questionnaire	80.00	80.00	1.4.11	
Enquiries re: Discount repayment from Commercial sources	85.00	85.00	1.4.10	
Enquiries re: Discount repayment from Commercial sources	60.00	60.00	1.4.11	

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- L - Increase recommended by Head of Legal Services
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Directorate
Assistant Chief Executive - Legal & Democratic Services**

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Administration fee re:enquiries from commercial sources on 2nd charges	45.00*	46.00*	1.4.12	I/N
Reserve/Access Licences - single payment - annual payment	35.00 20.00	50.00 20.00	1.4.12 1.4.11	L
Lease of shops/offices - town centre - other Complex Commercial Leases (fees dependent on complexity, urgency and time costs to be capped at £2,000 ex vat)	600.00 450.00	610.00 450.00	1.4.12 1.4.11	I/N
Sale of surplus land/property A.B. All other conveyancing costs where Council can charge when terms so provide are by agreement in terms of solicitors Remuneration Order 1972.	(Fees dependent on consideration payable)			

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Directorate
Assistant Chief Executive - Legal & Democratic Services

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Planning Agreements and Road Agreements</p> <p>S38 Highways Act 1980 Supervision Section 278 Highways Act 1980 Section 106 Town and Country Planning act 1990 Legal Charges</p> <p>Local Land Charges</p> <p>Certain fees are laid down in regulations made under the Local Land Charges Act 1975.</p> <p>Fees for Official Local Land Charge Certificates</p> <p>Registration of a charge in Part II of the registers</p> <p>Filing a definitive certificate of the Lands Tribunal under Rule 10(3)</p> <p>Filing a judgement order or application for the variation or cancellation of an entry in Part II on the Register</p>	<p>Fee dependent on work done subject to minimum fee of £500</p> <p>380.00</p> <p>70.00</p> <p>2.50</p> <p>7.00</p>	<p>385.00</p> <p>70.00</p> <p>2.50</p> <p>7.00</p>	<p>1.4.12</p> <p>1.4.11</p> <p>1.4.09</p> <p>1.4.09</p>	<p>I/N</p>

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**Directorate
Assistant Chief Executive - Legal & Democratic Services**

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Registration of any other charge	7.00	7.00	1.4.10	
Inspection of documents filed under Rule 10 in respect of each parcel of land	nil	nil	1.4.09	
And in addition in respect of each parcel of land one where rule 11 (3) of the search extends to more than one parcel, subject to a maximum of 16.00	nil	nil	1.4.09	
Official search (including issue of official certificate of search)	4.00	4.00	1.4.10	
P - In only the part of the register	15.00	15.00	1.4.10	
Q - In the whole of the register - post or fax	10.00	10.00	1.4.10	
R - In the whole of the register - where the requisition is made by electronic means in accordance with rule 16	2.00	2.00	1.4.10	
S - In addition in respect of each parcel of land above one, where under Rule 11 (3) more than one parcel is included in the same requisition (whether the requisition is for a search in the whole as in any part of the register) subject to a maximum of 9.80				

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Directorate
Assistant Chief Executive - Legal & Democratic Services

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Office copy of any entry in the register (not including a copy or extract of any plan or document filed pursuant to these rules)	1.50	1.50	1.4.10	
Office copy of any plan or other document filed pursuant to these rules	nil	nil	1.7.10	
Personal Searches in whole or part of the Register	15.00	15.00	1.7.10	
Extract of register in place of personal search	70.00	70.00	1.4.10	
CON29(R) Enquiries	29.50	29.50	1.4.09	
One parcel of land	50.00	50.00	1.4.09	
Several parcels of land	17.00	17.00	1.4.09	
- first extra parcel	26.50	26.50	1.4.09	
- each addition	28.50	28.50	1.4.09	
(fees that exceed 100 to be fixed by arrangement)	42.00	42.00	1.4.09	
Update Search Fee				
Part 2 Enquiries				
Each printed enquiry				
With exception to Question 4				
Each additional enquiry				
With exception of surrounding area enquiries				

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- N - A nominal increase e.g. due to rounding of charge
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Directorate
Assistant Chief Executive - Legal & Democratic Services

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Provision of access data to external body to answer CON29(R) and (O) questions Data for CON 29(R) questions	nil	nil	1.7.10	
Certified Copy of Land Search	11.00	11.00	1.4.10	
Copying Charges - Legal Documents	2.00*	2.00*	1.4.11	
First Page	0.20*	0.20*	1.4.11	
Subsequent pages	35.00	35.00	1.4.11	
Certified copy of transactional documents	27.40	28.00	1.4.12	
Certified copy of extract of Highways Register	50.00*	50.00*	1.4.10	I/N
Street Naming & Numbering				
1 new property/ house or premise name change				
to include property conversions up to 4 units)				
<u>New Addresses - (Block names included) in an existing road</u>				
1-5 plots	50.00	50.00*	1.4.10	
6-25 plots	70.00	70.00*	1.4.10	
26-45 plots	150.00*	150.00*	1.4.11	
46-100 plots	200.00*	200.00*	1.4.11	
100+ plots	300.00*	300.00*	1.4.11	
<u>New Addresses plus new road names</u>				
1-5 plots		100.00*	1.4.12	
6-25 plots		140.00*	1.4.12	
26-45 plots		300.00*	1.4.12	
46-100 plots		400.00*	1.4.12	
100+ plots		600.00*	1.4.12	

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Directorate
Assistant Chief Executive - Legal & Democratic Services

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Use of Council Chamber and Committee Rooms – Town Hall Council Chamber Monday to Friday - per whole day Monday to Friday - per half day Weekends - per whole day Weekends - per half day Evenings - after 6pm (Fridays and weekends only)	313.00 157.00 439.00 218.00 189.00	320.00 160.00 445.00 223.00 195.00	1.4.12 1.4.12 1.4.12 1.4.12 1.4.12	I/N I/N I/N I/N I/N
Committee Room 3 Monday to Friday - per whole day Monday to Friday - per half day Monday to Friday - per 2 hour session. Evening - after 6pm (Fridays and weekends only)	200.00 100.00 75.00 100.00	200.00 100.00 75.00 100.00	1.4.12 1.4.12 1.4.12 1.4.12	I/N I/N I/N I/N
Other Committee Rooms - per hour (daytime & evening) Room 1 Room 2 Room 4	23.40 23.40 17.80	25.00 25.00 18.00	1.4.12 1.4.12 1.4.12	I/N I/N I/N

Lettings to Charities and Voluntary Organisations

Lettings to charities and voluntary organisations will usually attract a 50% discount.

Basis of Increase:

- C - An increase dependent on committee approval
- D - Increase recommended by Manager of Democratic Services
- E - Increase recommended by Manager of Election Services
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- L - Increase recommended by Head of Legal Services
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Directorate
Assistant Chief Executive - Legal & Democratic Services**

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Land and Property Services Various charges for services to private sector Democratic Services Copies of the Constitution All Departments Local Government (Access to Information) Act 1985 Inspection of papers in background paper list Page Copying Supply of photocopies of background papers - first page - cost per additional page	24.40 24.40 2.00* 0.20*	24.40 24.40 2.00* 0.20*	1.4.10 1.4.10 1.4.10	

Basis of Increase:

- C - An increase dependent on committee approval
- D - Increase recommended by Manager of Democratic Services
- E - Increase recommended by Manager of Election Services
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- L - Increase recommended by Head of Legal Services
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Directorate
Assistant Chief Executive - Legal & Democratic Services**

Vat Inclusive*

Income Source	Charges 2011/12 (from 1st April) £	Charges 2012/13 (from 1st April) £	Operative Date of Latest Notified Charge	Base of Increase
Electoral Registration				
Sale of Electoral Registers				
Data format	20.00	20.00	1.2.01	
-Additional charge per 1000 entries	1.50	1.50	1.2.01	
Paper format	10.00	10.00	1.2.01	
-Additional charge per 1000 entries	5.00	5.00	1.2.01	
Registration Certificate	16.25	16.50	1.4.12	I/N
Charge for each additional year checked	5.25	5.30	1.4.12	I/N
Ward Map	3.25	3.30	1.4.12	I/N
Photocopying - first page	2.50*	2.55*	1.4.12	I/N
- cost per additional page	0.20*	0.20*	1.4.12	I/N

Basis of Increase:

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- D - Increase recommended by Manager of Democratic Services
- E - Increase recommended by Manager of Election Services
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- L - Increase recommended by Head of Legal Services
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Culture and Leisure Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
FINES Adults Children Spoken Words Lost Tickets Lost Items - Replacement Cost (Min charge £10)	0.25 0.10 0.25 3.30	0.26 0.12 0.26 3.50	01/04/2012	I/N I/N I/N I/N I/N
Overdue notifications 1st Overdue (E-Mail) 1st Overdue (Text/Telephone) 1st Overdue (Post) 2nd Overdue	No charge 0.15 1.00 Remove	0.16 1.10		I/N I/N
Reservations Adult (E-mail) Adult (Text/Telephone) Adult (Post) Children Items not held within borough Adult (E-mail) Adult (Text/Telephone) Adult (Post) Children	1.10 1.20 1.60 No Charge 2.55 2.70 3.20 No Charge	1.12 1.30 1.70 2.60 2.75 3.30		

Basis of Increase:

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G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

S - An increase above inflation consequent upon a corporate plan saving

S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Culture and Leisure Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
People's Network-Printing * BW A4 (Printout per page) Colour A4 (Printout per page)	0.25 * 1.30 *	0.30 1.40	01/04/2012	I/N I/N
People's Network-Usage 1st Hour Elect Equipment i.e. Lap Top Charging per day etc Elect Equipment i.e. Mobile Phone charging per day etc All other elect appliances	No Charge 1.00 1.00 1.00	1.00 1.00 1.00	01/04/2010	I/N
Room Hire (3 Hour Session) Upminster per hour Upminster-After 8pm £25 locking up fees Hornchurch 1st hour Large meeting room Additional hours Large meeting room Hornchurch-After 10pm £25 locking up fees Hornchurch Class Room One per hour Hornchurch Class Room Two per hour Elm Park Meeting Room per hour Romford 1st hour Large meeting room Additional hours Large meeting room Romford-After 10pm £25 locking up fees	20.00 25.00 25.00 20.00 25.00 20.00 15.00 20.00 25.00 20.00 25.00	20.00 25.00 25.00 20.00 25.00 20.00 15.00 20.00 25.00 20.00 25.00		

Basis of Increase:

C - An increase dependent on committee approval

G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

**Culture and Community
Head Of Culture and Leisure Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Exhibitions(per week) Upminster at exhibitors liability for one week Hornchurch at exhibitors liability for one week	No Charge No Charge		01/04/2010	

Basis of Increase:

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G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

S - An increase above inflation consequent upon a corporate plan saving

FINANCE AND COMMERCE
Head of Asset Management

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<u>Market Charges</u>				
Licensed Traders -Monthly Charges(Includes Weds,Fri & Sat Markets)				
Markets- All Locations				
Ground space/ 6ft frontage	167.00	169.50	01/04/2012	I/N
Lighting-monthly per point	11.40	11.60	01/04/2012	I/N
Extra Land(Daily Charges)	5.20	5.30	01/04/2012	I/N
Other one-off charges				
Nomination of Licence	249.30	253.00	01/04/2012	I/N
Nomination of Licence to member of Family	180.20	183.00	01/04/2012	I/N
Other alterations to Licences	41.20	42.00	01/04/2012	I/N
<u>Market Charges</u>				
Casual Traders-Daily Charges				
Casual Licence – Saturday Market – Ground Space of 6ft frontage	22.00	22.50	01/04/2012	I/N
Casual Licence – Wed or Friday Market – Ground Space of 6ft frontage	15.00	15.25	01/04/2012	I/N
Lighting Charges-Per point per day	2.50	2.55	01/04/2012	I/N
Extra Land per day	5.20	5.30	01/04/2012	I/N
Extra Market Days – At Christmas/Sundays/Banks Holidays				
Ground Space of 6ft frontage				
Licensed Traders (having held a licence for at least 2 mths, incl nominations)	15.00	15.25	01/04/2012	I/N
Casual Traders	20.00	20.30	01/04/2012	I/N

Other Additional Daily Charges (Lighting/Extra Land etc) as appropriate

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**Culture and Community
Head Of Streetcare Services**

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>1</p> <p>1a Parking Facilities</p> <p>1b Penalty Charge Notices (Levels set by London Councils and agreed by the Mayor of London</p> <p>1c and endorsed by the Secretary of State)</p> <p>Less Serious Contravention Band A</p> <p>Less Serious Contravention Band A if paid within 14days</p> <p>Serious Contravention Band A</p> <p>Serious Contravention Band A paid within 14 days</p> <p>Less Serious Band B</p> <p>Less Serious paid within 14 days</p> <p>Serious Band B</p> <p>Serious Band B if paid within 14 days</p> <p>Vehicle Clamping and Removal</p> <p>Vehicle Immobilisation release fee</p> <p>Vehicle Pound release fee (if clamped)</p> <p>Disposal Fee</p> <p>Vehicle Pound storage fee (per day)</p>	<p>80.00</p> <p>40.00</p> <p>130.00</p> <p>65.00</p> <p>60.00</p> <p>30.00</p> <p>110.00</p> <p>55.00</p> <p>70.00</p> <p>200.00</p> <p>70.00</p> <p>40.00</p>	<p>80.00</p> <p>40.00</p> <p>130.00</p> <p>65.00</p> <p>60.00</p> <p>30.00</p> <p>110.00</p> <p>55.00</p> <p>70.00</p> <p>200.00</p> <p>70.00</p> <p>40.00</p>	<p>01.04.11</p> <p>01.04.11</p> <p>15.04.11</p> <p>15.04.11</p> <p>01.04.11</p> <p>01.04.11</p> <p>15.04.11</p> <p>15.04.11</p> <p>01.04.11</p> <p>01.04.11</p> <p>01.04.11</p> <p>01.04.11</p>	

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Parking Facilities 1c Romford Area Car Parks - Mixed Tariff Monday to Friday - Period Hours 0 - 1 1 - 2 2 - 3 3 - 4 4 - 5 5 - 6 6 - 7 7 - 8 over 8 Lost Ticket Solo Motorcycle Saturday - Period Hours 0 - 1 1 - 2 2 - 3 3 - 4 4 - 5 5 - 6 6 - 7 7 - 8	* 0.60 1.20 2.40 3.00 6.00 7.00 8.00 9.00 10.00 10.00 Nil Charge * 1.20 2.40 2.60 3.00 6.00 7.00 8.00 9.00	* 0.60 1.20 2.40 3.00 6.00 7.00 8.00 9.00 10.00 10.00 Nil Charge * 1.20 2.40 2.60 3.00 6.00 7.00 8.00 9.00	04.06.07	G

Basis of Increase:

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- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>¹ Saturday - Period Hours (continued) over 8 Lost Ticket Solo Motorcycle Front of Town Hall - First 20mins (Then variable as above) Market Place (Non-market days) 0 - 1 1 - 2 Pay by Phone Convenience Fee*¹ Pay by Phone Text Messages*¹ <i>*pending democratic approval</i> ¹This charge is levied by an external supplier and is not received by the Council. It is an independent service fee included here for transparency</p>	<p>10.00 * 10.00 * Nil Charge 0.20 * 0.60 * 1.20 *</p>	<p>10.00 * 10.00 * Nil Charge 0.20 * 0.60 * 1.20 *</p>	<p> 04.06.07 01.04.11 01.04.11</p>	<p> G</p>

Basis of Increase:

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- I - Based on relevant inflationary change
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- S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Car Parks excluding Romford Area Car Parks - Mixed Tariff</p> <p>1c Monday – Saturday</p> <p>0 - 2 0.20 *</p> <p>2 - 3 0.50 *</p> <p>3 - 4 2.00 *</p> <p>4 - 5 4.00 *</p> <p>5 - 6 5.00 *</p> <p>6 - 7 6.00 *</p> <p>7 - 8 7.00 *</p> <p>8-12 8.00 *</p> <p>Solo Motorcycles 6pm to 7am No Charge No Charge</p> <p>Long Stay Car Parks Marshalls 6.00 *</p> <p>Weekdays – All day 6.00 *</p> <p>Saturdays – All day</p> <p>Pay by Phone Convenience Fee*¹</p> <p>Pay by Phone Text Messages*¹</p> <p><i>*pending democratic approval</i></p> <p>¹This charge is levied by an external supplier and is not received by the Council. It is an independent service fee included here for transparency</p>	<p>0.20 *</p> <p>0.50 *</p> <p>2.00 *</p> <p>4.00 *</p> <p>5.00 *</p> <p>6.00 *</p> <p>7.00 *</p> <p>8.00 *</p> <p>No Charge</p> <p>No Charge</p> <p>6.00 *</p> <p>6.00 *</p>	<p>0.20 *</p> <p>0.50 *</p> <p>2.00 *</p> <p>4.00 *</p> <p>5.00 *</p> <p>6.00 *</p> <p>7.00 *</p> <p>8.00 *</p> <p>No Charge</p> <p>No Charge</p> <p>6.00 *</p> <p>6.00 *</p> <p>0.20 *</p> <p>0.10 *</p>	<p>07.02.10</p> <p>04.06.07</p> <p>01.04.11</p> <p>01.04.11</p>	<p>G</p> <p>G</p>

Basis of Increase:

C - An increase dependent on committee approval

G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

**Culture and Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>1</p> <p>1a Season Tickets</p> <p>1b Romford Central Area</p> <p>1c All car parks</p> <p>Outside Romford Central Area</p> <p>5 Day season – Balgores Square</p> <p>All other car parks</p> <p>The Overnighter* (07:00 - 10:00 Mon-Fri/All day Sat-Sun)*</p> <p>On Street Parking Meters and High Street Pay and Display (Maximum Stay 2 hours)</p> <p>0 – 12 mins</p> <p>12 mins – 30 mins</p> <p>30 mins – 1 hour</p> <p>1 hour – 1 hour 30 mins</p> <p>1 hour 30 mins – 2 hours</p> <p><i>*pending democratic approval</i></p>	<p>per quarter 200.00</p> <p>per month 70.00</p> <p>per quarter 200.00</p> <p>150.00</p> <p>per month 30.00 *</p> <p>0.20</p> <p>0.60</p> <p>1.00</p> <p>1.60</p> <p>2.00</p>	<p>per quarter 200.00</p> <p>per month 70.00</p> <p>per quarter 200.00</p> <p>per month 70.00</p> <p>150.00</p> <p>per month 50.00</p> <p>per month 30.00 *</p> <p>0.20</p> <p>0.60</p> <p>1.00</p> <p>1.60</p> <p>2.00</p>	<p>01.02.12</p> <p>01.02.12</p> <p>04.06.08</p> <p>07.02.11</p> <p>01.02.12</p> <p>01.02.12</p> <p>01.02.12</p> <p>07.02.11</p>	<p>G</p> <p>G</p> <p>G</p> <p>G</p> <p>G</p> <p>G</p>

Basis of Increase:

C - An increase dependent on committee approval

G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge
S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 1a Disc Parking Scheme and Other Miscellaneous Charges 1b Purchase of Disc (per year) 1c Consent to Park Waiver per day (up to 2 weeks) Consent to park Waiver per day (from 2 weeks to 3 months) Health and Homecare Permit (per annum) Amendment to existing permit Cancellation of permit License Holder Car Parks (per annum)	36.00 10.15 15.25 36.00 15.00 15.00 86.30 *	36.00 10.15 15.25 36.00 15.00 15.00 86.30 *	07.02.11 07.02.11 01.04.10	I/N I/N I/N

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- S - An increase above inflation consequent upon a corporate plan saving

**Finance & Commerce
Head of Development & Building Control**

Vat Inclusive*

(B) Charges determined by Committee

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from Jan 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Photocopying per A4 sheet (minimum charge £1)	0.16 *	0.20 *	01/04/2012	I/N
Photocopying of plans (per sheet)	16.90 *	17.50 *		I/N
Planning History (per site)	22.35	22.50		I/N
Building Control History (per site)	22.35	22.50		I/N
Other Planning requests - per hour (minimum 1/2 hour)	27.30/half-hour	65.00/hour		I/N
Other Building Control requests - per hour [The Building (Local Authority Charges) Regulations 2010]	65.00	65.00		-
Committee reports (available from website for free)	No Charge	No Charge		-
Planning Decision Notices	17.20 *	17.50 *		I/N
Building Control Approvals and Completion Certificates	17.20	17.50		I/N
Planning Enquiry Letter (per response)	22.35	22.50		I/N
Building Control Enquiry Letter (per response)	22.35	22.50		I/N
Pre-application advice (Major Development)	1,437.00 *	1,450.00 *		I/N
Pre-application advice (Minor Development)	718.50 *	725.00 *		I/N
Section 106 Monitoring	533.00	540.00		I/N
Demolition Notices	130.00 (per Notice)	130.00 (per site)		I/N

Basis of Increase:

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G - An increase below inflation consequent upon a corporate growth plan.

I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head of Customer Services**

(B) Charges determined by Committee

Vat Inclusive*

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
REGISTRAR OF BIRTHS, DEATHS AND MARRIAGES AND CIVIL PARTNERSHIP Off site attendance to Officiate at an approved premise wedding/civil partnership Monday to Friday Saturday Sunday/ Bank Holiday	390.00	396.00	01/04/2012	I/N
	470.00	480.00	01/04/2012	I/N
	590.00	600.00	01/04/2012	I/N
Langtons Hall-New Approved Premise High Season (March-October) Monday to Thursday Friday Saturday Sunday/ Bank Holiday	300.00	305.00	01/04/2012	I/N
	400.00	405.00	01/04/2012	I/N
	550.00	600.00	01/04/2012	I/N
	675.00	685.00	01/04/2012	I/N
Low Season (November-February) Monday to Thursday Friday Saturday Sunday/ Bank Holiday	250.00	255.00	01/04/2012	I/N
	350.00	355.00	01/04/2012	I/N
	450.00	460.00	01/04/2012	I/N
	575.00	585.00	01/04/2012	I/N

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- S - An increase above inflation consequent upon a corporate plan saving
- T - A decrease consequent upon a corporate growth plan

**Culture and Community
Head of Customer Services**

(B) Charges determined by Committee

Vat Inclusive*

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
On site attendance to Officiate at a wedding/civil partnership at Langtons House High Season (March-October) Monday to Thursday Friday Saturday Sunday/ Bank Holiday	180.00 295.00 375.00 570.00	183.00 300.00 380.00 578.00	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N
Low Season(November-February) Monday to Thursday Friday Saturday Sunday/ Bank Holiday	160.00 265.00 325.00 495.00	162.00 270.00 330.00 500.00	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N
Other Civil Ceremonies Naming Ceremonies / Re-affirmation of vows * (prices include VAT) - Langtons Wedding Rooms High Season (March - October) Monday to Thursday Friday Saturday Sunday	180.00 * 312.00 * 396.00 * 660.00 *	183.00 * 300.00 * 380.00 * 578.00 *	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N T T T

Basis of Increase:

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- T - A decrease consequent upon a corporate growth plan

**Culture and Community
Head of Customer Services**

(B) Charges determined by Committee

Vat Inclusive*

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Low Season (November - February) Monday to Thursday Friday Saturday Sunday	174.00 * 294.00 * 336.00 * 564.00 *	162.00 * 270.00 * 330.00 * 500.00 *	01/04/2012 01/04/2012 01/04/2012 01/04/2012	T T T T
Civil Wedding/Partnership Package	1900.00	1900.00		
Naming Ceremonies / Re-affirmation of vows * (prices include VAT) - Langtons Hall	312.00 * 420.00 * 612.00 * 720.00 *	305.00 * 405.00 * 600.00 * 685.00 *	01/04/2012 01/04/2012 01/04/2012 01/04/2012	T T T T
High Season (March - October) Monday to Thursday Friday Saturday Sunday	252.00 * 432.00 * 492.00 * 600.00 *	255.00 * 355.00 * 460.00 * 585.00 *	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N T T T
Low Season (November - February) Monday to Thursday Friday Saturday Sunday	135.00 35.00	140.00 36.00	01/04/2012 01/04/2012	I/N I/N
Individual Citizenship ceremony Wedding Rehearsal fee(per half hour)				
(An Additional £30 is charged if any ceremony falls on any of the following three days: Valentine's day, Christmas Eve or New Year's Eve)				
(An Additional £30 is charged if a ceremony falls on any of the				

following three days: Valentine's day, Christmas Eve or
New Year's Eve)

Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving
- T - A decrease consequent upon a corporate growth plan

**Culture and Community
Head of Customer Services**

(B) Charges determined by Committee

Vat Inclusive*

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Langtons Hall Hire (Hourly) Monday-Friday 9.00-19.00 Monday-Thursday 19.00-24.00 Friday Evening, Saturday and Sunday (A discount of 20% applies for bookings of more than 6 hours at the weekend)	27.00 38.00 75.00	27.00 38.00 75.00		
Langtons Room Hire (Hourly) at all times (A discount of 30% applies for Charity/Community groups by application)	27.00	27.00		
Copy Certificate fast-track service+ Within 24 hours Within 1 hour++ (+charges in addition to statutory fee for charge of actual certificate) (++ To be a 'while you wait' service from 11/12)	10.00 25.00	10.00 + 25.00 +		
Change of ceremony appointment fee	25.00	25.00		
Sponsorship for Langtons Ceremony Brochure (price includes VAT for 10/11 but not applied for 09/10) Whole A5 page -portrait Half A5 Page - Landscape Quarter A5 Page - Portrait Back Cover - Whole A5 Page - Portrait Inside Back Cover - Whole A5 Page - Portrait	550.00 300.00 175.00 1,100.00 825.00	560.00 305.00 180.00 1,120.00 840.00	01/04/2012 01/04/2012 01/04/2012 01/04/2012 01/04/2012	I/N I/N I/N I/N I/N
Nationality Checking Service Single Adult Married Couple Child	60.00 85.00 35.00	60.00 85.00 35.00		

<p>Non-Refundable +++ appointment fee for Notice of Marriage (Saturdays) <i>(payable in addition to the statutory fee)</i> <i>(+++applies to non-attendees only)</i></p>	<p>25.00</p>	<p>25.00</p>		
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Basis of Increase:

- C - An increase dependent on committee approval
- G - An increase below inflation consequent upon a corporate growth plan.
- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving
- T - A decrease consequent upon a corporate growth plan

**Culture and Community
Head of Customer Services**

(A) Statutory and Nationally Agreed Charges

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
<p>Registrar of Births, Deaths and Marriages and Civil Partnerships Places of Worship Registration Act 1855 Section 5 Certification of place of meeting for religious worship</p> <p>Marriage Act 1949 Section 27 (6) Entry In marriage/civil partnership notice book Section 41(6) Registration of building for solemnization of marriages</p> <p>Section 51 Fee of registrar for attending marriage/civil partnership i) at a register office ii) at a registered building or at a place where the house hold or detained person usually resides iii) Fee of Superintendent Registrar for attending marriage/civil partnership at the place where a housebound or detained person usually resides</p> <p>Section 64(1) Certified copy of entry issued under the subsection i) When application is made at the time of registering ii) After the time of registration</p> <p>Certified copy of entry for Civil Partnerships i) At the time of registration ii) After the time of registration</p>	<p>28.00</p> <p>33.50 120.00</p> <p>40.00 80.00 49.00</p> <p>3.50 7.00</p> <p>3.50 9.00</p>	<p>28.00</p> <p>33.50 120.00</p> <p>40.00 80.00 49.00</p> <p>3.50 7.00</p> <p>3.50 9.00</p>	<p>01.04.98</p> <p>06.04.10 01.04.98</p> <p>01.12.05 06.04.10 06.04.10</p> <p>06.04.10 06.04.10</p> <p>06.04.10 06.04.10</p>	

Basis of Increase:

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- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture and Community
Head of Customer Services**

(A) Statutory and Nationally Agreed Charges

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Basis of Increase
Section 64(2) General serch of indexes of register of books kept by superintendent registrars	18.00	18.00	01.04.04	
Certified copy of entry issued under that sub-section	9.00	9.00	06.04.10	
Section 65(2) Certified copy of entry ,following search of indexes kept at General Register Office	9.00	9.00	06.04.10	
Births, Deaths Registration Act 1953 Section 30(2) certified copy of entry following search of indexes kept at General Register Office	9.00	9.00	06.04.10	

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- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Social Care & Learning
Learning & Achievement**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Schools Meals and Milk (a) Charges Per Meal				
Primary	1.95	2.00	01/04/2012	I/N
Secondary	2.25	2.30	01/04/2012	I/N
Special Infant	1.70	1.75	01/04/2012	I/N
Special Junior	1.95	2.00	01/04/2012	I/N
Adult	3.10	3.15	01/04/2012	I/N
(b) Contributions towards cost of milk for infants (Termly Charge)*				
Summer	8.80	TBC	01/04/2012	
Autumn	10.70	TBC	01/04/2012	
Spring		TBC	01/04/2012	
Summer (non-subsidised)	10.80	TBC	01/04/2012	
Autumn (non-subsidised)		TBC	01/04/2012	
Spring (non-subsidised)	12.90	TBC	01/04/2012	
* Charge for each term will depend on eligibility, number of days, take up of milk and level of European Community subsidy.				

Basis of Increase:

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I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head Of Streetcare Services**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
1 Streetcare				
1a Borough Roads				
1b (i) Licences				
1c To place skip/builders materials on highway/footway Up to first 14 days Each additional period of up to 7 days	40.50 16.50	41.50 16.75	01.04.12 01.04.12	I/N
Hoardings / Scaffolds				
Deposit (refundable subject to no damage to highway/footway)	57.00	58.00	01.04.12	I/N
¹ 2009/10 per lin metre min 275.00				
² 2010/11 per lin metre min 279.25				
Up to first 28 days/each occasion	23.00	23.50	01.04.12	I/N
¹ 2009/10 per lin metre min 111.50				
² 2010/11 per lin metre min 113.25				
Each additional period of up to 28 days/occasion	23.00	23.50	01.04.12	I/N
¹ as above				
² as above				
(ii) Vehicle Crossovers - Per square metre	108.00	110.00	01.04.12	I/N
(iii) Road Closures	1,104.50	1,122.00	01.04.12	I/N
(iv) Pavement licence	337.00	n/a	01.04.11	I/N
(v) Clearance of Blocked Drains	100.50 *	102.00	01.04.12	I/N

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I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge
S - An increase above inflation consequent upon a corporate plan saving

N - A nominal increase e.g. due to rounding of charge
S - An increase above inflation consequent upon a corporate plan saving

Culture & Community
Head of Housing and Public Protection

(A) Statutory and Nationally Agreed Charges

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Having Trading standards Cost Centre Licences Per Annum Explosives Act 1874: Registration (Unlimited) Registration (Limited) New Application Renewal Licence New Renewal	525.00 105.00 52.00 178.00 83.00	525.00 105.00 52.00 178.00 83.00	Jun-10 Jun-10 Jun-10 Jun-10 Jun-10	Based on DTI recommendation Statutory Statutory Statutory Statutory

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- N - A nominal increase e.g. due to rounding of charge
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**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Trading Standards NE London Metrology Partnership Income Income is credited to the joint trading account</p> <p>Section 11 (4) of the Weights and Measures Act 1985</p> <p>Measures</p> <p>(a) Linear (with or without divisions/sub divisions, scale not exceeding 3m) - each scale</p> <p>(b) Capacity (without divisions, not exceeding 1 litre - each measure</p> <p>(c) Cubic ballast (other than brim) - each measure</p> <p>Cubic ballast (brim/bucket type) - each measure</p> <p>(i) Liquid capacity measures for making and checking average quantity purchases each measure</p> <p>(ii) Templates * per scale - first item</p> <p>* second and subsequent items</p>	<p>10.8</p> <p>8.4</p> <p>184.8</p> <p>81.6</p> <p>28.8</p> <p>50.4</p> <p>20.4</p>	<p>11.40 *</p> <p>9.00 *</p> <p>187.80 *</p> <p>82.80</p> <p>29.40 *</p> <p>51.60 *</p> <p>21.00 *</p>	<p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p>	<p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p>

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**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Measuring Instruments				
(d) Liquid fuel, Lubricants etc - each instrument	96	97.80 *	01/04/2012	I/N
1. Container type - not sub-divided	96	97.80 *	01/04/2012	I/N
2. Other types - multi-outlets	123.6	125.40 *	01/04/2012	I/N
1 meter tested	75.6	76.80 *	01/04/2012	I/N
Each additional meter tested				
3. Test of peripheral equipment on separate visit	96	97.80 *	01/04/2012	I/N
4. Test of credit card acceptor	96	97.80 *	01/04/2012	I/N
5. MID verification				
1 meter tested	154.8	157.20 *	01/04/2012	I/N
each additional meter	94.8	96.00 *	01/04/2012	I/N

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- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Measuring Instruments</p> <p>(e) Intoxication liquor - each instrument</p> <p>(a) Not exceeding 150ml (individual submissions)</p> <p>(b) Other</p> <p>(f) Each weight (stamping)</p> <p>1. Weights exceeding 5kg or not exceeding 500mg, 2cm</p> <p>2. Other weights</p> <p>3. Other weights (more than one submitted)</p> <p>4. Adjusting weights (per hour)</p>	<p>18</p> <p>21.6</p> <p>9.6</p> <p>7.2</p> <p>6</p> <p>96</p>	<p>18.60 *</p> <p>22.20 *</p> <p>10.20 *</p> <p>7.80 *</p> <p>6.60 *</p> <p>97.80 *</p>	<p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p>	<p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p>

Basis of Increase:

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**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Weighing Instruments</p> <p>(g)</p> <p>1. Calibrated to weigh only metric -</p> <p>Not exceeding 15kg</p> <p>Exceeding 15kg to 100kg</p> <p>Exceeding 100kg to 250kg</p> <p>Exceeding 250kg to 1 tonne</p> <p>Exceeding 1 tonne to 10 tonne</p> <p>Exceeding 10 tonnes to 30 tonnes</p> <p>Exceeding 30 tonnes to 60 tonnes</p> <p>2. When testing instruments incorporating remote display or printing facilities, and where completion of the test requires a second person or a second series of tests by the same person, an additional fee may be charged</p>	<p>31.2</p> <p>44.4</p> <p>74.4</p> <p>108</p> <p>174</p> <p>363.6</p> <p>541.2</p> <p>96</p>	<p>31.80 *</p> <p>45.60 *</p> <p>75.60 *</p> <p>109.80 *</p> <p>177.00 *</p> <p>369.05 *</p> <p>549.60 *</p> <p>97.80 *</p>	<p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p>	<p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p> <p>I/N</p>

Basis of Increase:

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- N - A nominal increase e.g. due to rounding of charge
- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
3. Medical weighing scales				
1. Calibrated to weigh only metric -				
Not exceeding 15kg	31.2	31.80 *	01/04/2012	I/N
Exceeding 15kg to 100kg	44.4	45.00 *	01/04/2012	I/N
Exceeding 100kg to 250kg	74.4	75.60 *	01/04/2012	I/N
Exceeding 250kg to 1 tonne	108	109.80 *	01/04/2012	I/N
Certificate of errors - for supplying a certificate containing results of errors found on testing (cert supplied upon request of the submitter, fee applies when no other fee is payable)	42	42.60 *	01/04/2012	I/N

Basis of Increase:

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I - Based on relevant inflationary change

N - A nominal increase e.g. due to rounding of charge

S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Measuring Instrument Directive * Measuring Instruments for liquid fuel and lubricants (initial verification not re-verification)</p> <p>Other Weighing or Measuring Equipment Brake tester/spring balance type</p> <p>For equipment other than the categories specifically described above, or equipment submitted for testing by means of statistical sampling techniques, or in pursuance of a Community obligation other than EEC. Initial or partial verification per man hour spent at place of submission of equipment etc. (pro rata for one quarter hour periods)</p>	<p>10% Surcharge</p> <p style="text-align: center;">50.4</p> <p style="text-align: center;">96</p>	<p>10% Surcharge</p> <p style="text-align: center;">51.60 *</p> <p style="text-align: center;">97.80 *</p>	<p style="text-align: center;">01/04/2012</p> <p style="text-align: center;">01/04/2012</p>	<p style="text-align: center;">I/N</p> <p style="text-align: center;">I/N</p>

Basis of Increase:

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**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>Standards Services provided to Other Local Authorities</p> <p>Testing and Associated Services - per hour</p> <p>Collection Delivery charge return trip + congestion charge where applicable</p> <p>Section 76 of the 1985 Act</p> <p>For other services or facilities provided, or for authorisation, certificates or other documents issued in pursuance of a community obligation</p> <p>Per man hour spent at place of providing the service, facility etc/ (pro rata of one quarter hour periods)</p>	<p>80.00</p> <p>60p/mile</p> <p>80.00</p>	<p>81.50</p> <p>63p/per mile</p> <p>81.50</p>	<p>01/04/2012</p> <p>01/04/2012</p> <p>01/04/2012</p>	<p>I/N</p> <p>Based on fuel inflation - 5%</p> <p>I/N</p>

Basis of Increase:

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- S - An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
<p>UKAS Laboratory</p> <p>Charge for calibration t M1 level 25kg - 1mg (incl cert where total order over £100): One weight submitted Certificate where total order is less than 100</p> <p>Charge for calibration to F2 level 20kg - 1mg (incl cert where total order over £100): One weight submitted Certificate where total order is less than £100</p> <p>Where multiple weights are submitted of the same nomination a 10% reduction may apply.</p>	<p>14.4 22.8</p> <p>36 22.8</p>	<p>15.00 * 23.40 *</p> <p>36.60 * 23.40 *</p>	<p>01/04/2012 01/04/2012</p> <p>01/04/2012 01/04/2012</p>	<p>I/N I/N</p> <p>I/N I/N</p>

Basis of Increase:

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- N - A nominal increase e.g. due to rounding of charge
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**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
GLC (General Powers) Act 1985: Competitive Bidding - registration fee	310.00	315.00	01/04/2012	I/N
Marriage Act 1949 Wedding Registration	670.00	680.00	01/04/2012	I/N

Basis of Increase:

CU An increase dependent on committee approval

AI An increase below inflation consequent upon a corporate growth plan.

BI Based on relevant inflationary change

NA A nominal increase e.g. due to rounding of charge

SI An increase above inflation consequent upon a corporate plan saving

**Culture & Community
Head of Housing and Public Protection**

(B) Charges determined by Committee

*VAT inclusive

Income Source	Charges 2011/12 (from April 2011) £	Charges 2012/13 (from April 2012) £	Operative Date of Latest Notified Charge	Base of Increase
Vehicles (Crime) Act 2001 Motor Salvage Registration	102.00	103.50	01/04/2012	I/N
Motor Salvage Registration with search	112.00	113.50	01/04/2012	I/N
Approval of premises for Civil Marriages Review / Appeal	670.00	680.00	01/04/2012	I/N
Buy With Confidence scheme Application or renewal fee (plus VAT@20%)	132	134.40 *	01/04/2012	I/N

Basis of Increase:

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- I - Based on relevant inflationary change
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- S - An increase above inflation consequent upon a corporate plan saving

**SOCIAL CARE AND LEARNING
HEAD OF CHILDREN AND YOUNG PEOPLE SERVICES**

Income Source	Charges 2011/12 (from Apr 2011) £	Charge 2012/13 (from April 2011) £	Operative Date of Latest Notified Charge	Base of Increase
Lettings to voluntary organisations Broad based groups Recreational/Sports Groups Other groups (Discretionary)	4.00 11.48 7.38	4.06 11.65 7.49	01/04/2012 01/04/2012 01/04/2012	I I I
Albermarle Youth House - Pitch Fees Junior Each Saturday or Sunday during season Each alternate Saturday or Sunday during season Additional matches during season Casual use (practice site - per session)	618.28 309.24 22.14 22.14	627.55 313.88 22.47 22.47	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I I I I
Senior Each Saturday or Sunday during season Each alternate Saturday or Sunday during season Additional matches during season Casual use (practice site - per session)	1362.12 681.11 48.89 48.89	1382.55 691.33 49.63 49.63	01/04/2012 01/04/2012 01/04/2012 01/04/2012	I I I I

Basis of Increase:

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- I - Based on relevant inflationary change
- N - A nominal increase e.g. due to rounding of charge
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Explanatory Notes

1. Before you build, extend or convert, you or your agent must advise your local authority either by submitting Full Plans or a Building Notice. The Charge payable depends on the type of work, the number of dwellings in a building and/or the total floor area. The following tables (which are an integral part of this Schedule) may be used in conjunction with the current Charge Scheme to calculate the Charges. If you have any difficulties calculating the Charges please consult building control.
2. Charges are payable as follows:-
 - 2.1 Should you submit Full Plans you will pay a Plan Charge at the time of submission to cover their passing or rejection.
 - 2.2 With Full Plans submissions, for most types of work, an Inspection Charge covering all necessary site visits, will be payable following the first inspection.
 - 2.3 Should you submit a Building Notice, the appropriate Building Notice Charge is payable at the time of submission and covers all necessary checks and site visits. The Building Notice Charge is equivalent to the sum of the relevant Plan Charge and Inspection Charge.
 - 2.4 Should you apply for a Regularisation Certificate, in respect of unauthorised building work, commenced on or after 11th November 1985, you will pay a Regularisation Charge to cover the cost of assessing your application and all inspections. The Charge is equivalent to the Building Notice Charge plus 20%, non-refundable.
 - 2.5 With the exception of the Regularisation Charge, all local authority charges are subject to VAT at the appropriate rate.
 - 2.6 In certain cases the local authority may agree to Charges being paid by instalments. Consult the Building Control Office for details.
3. **Table 1:** Charges for new dwellings e.g. certain houses and flats - applicable where the total internal floor area of each dwelling, excluding any garage or carport, does not exceed 300m² and the building has no more than three storeys, each basement level being counted as one storey. In any other case, Table 3 applies.
4. **Table 2:** Where work comprises more than one domestic extension (including rooms in roofs and associated access in buildings of three storeys or less) the total internal floor areas of all storeys of all the extensions shown on the application may be added together to determine the relevant Charge. If the extension(s) exceed 100m² or three storeys in height then Table 3 applies.
5. **Table 3:** Applicable to all other building work not covered by Tables 1 or 2. Total estimated cost means an estimate accepted by the local authority of a reasonable cost that would be charged by a person in business to carry out the work shown or described in the application, excluding VAT, and any professional fees paid to an architect, engineer or surveyor etc, and also excluding land acquisition costs.
6. Exemptions/reductions in charges.
 - 6.1 Where plans have been either approved or rejected no further Plan Charge is payable on resubmission for substantially the same work.
 - 6.2 Reduction in charges may apply in the case of an application for repetitive work that is substantially the same.
 - 6.3 Works to provide access and/or facilities for disabled people to existing dwellings and buildings to which the public have access may be exempt from Charges. In these regulations 'disabled person' means a person who is within certain of the descriptions of persons to whom section 29(1) of the National Assistance Act 1948 applied, as that section was extended by virtue of section 8(2) of the Mental Health Act 1956, but not taking into account amendments made to section 29(1) by paragraph 11 of Schedule 13 to the Children Act 1989.
 - 6.4 Insertion of insulating material into an existing cavity wall is exempt from deposit of a Building Notice and Charges, providing the installation is carried out in accordance with a Competent Persons Scheme.
 - 6.5 Installation of an approved unvented hot water system is exempt from Charges where the work is carried out by an approved operative or is part of a larger project.
7. These notes are for guidance only and do not substitute for the 'Charge Scheme' adopted by the local authority under the provisions of Statutory Instrument 2010 No.404

Table 1: Charges for New Dwellings

VAT calculated at 20% where relevant; included and shown in red in the relevant box – this is the total that is payable

Number of Dwellings	Full Plans Submissions		Building Notice	Regularisation Application (VAT not applicable)
	Plan Charge	Inspection Charge		
1	£165.00 £198.00	£495.00 £594.00	£660.00 £792.00	£792.00 £792.00
2	£214.50 £257.40	£643.50 £772.20	£858.00 £1,029.60	£1,029.00 £1,029.00
3	£264.00 £316.80	£792.00 £950.40	£1,056.00 £1,267.20	£1,267.20 £1,267.20
4	£313.50 £376.20	£940.50 £1,128.60	£1,254.00 £1,504.80	£1,504.80 £1,504.80
5	£363.00 £435.60	£1,089.00 £1,306.80	£1,452.00 £1,742.40	£1,742.40 £1,742.40
6	£412.50 £495.00	£1,237.50 £1,485.00	£1,650.00 £1,980.00	£1,980.00 £1,980.00
7	£462.00 £554.40	£1,386.00 £1,663.20	£1,848.00 £2,217.60	£2,217.60 £2,217.60
8	£511.50 £613.80	£1,544.60 £1,853.50	£2,056.15 £2,467.30	£2,467.30 £2,467.30
9	£561.00 £673.20	£1,693.15 £2,031.70	£2,254.15 £2,704.90	£2,704.90 £2,704.90
10	£610.50 £732.60	£1,841.65 £2,209.98	£2,452.15 £2,942.58	£2,942.58 £2,942.58
More than 10	Please contact Building Control for individually assessed charges			

All cheques for Building Control Charges should be made payable to –

‘The London Borough of Havering’.

If you have any queries relating to Building Control Charges you can contact us in person at –

Planning and Building Control Reception
Public Advice Service Centre (PASC)
Adjacent to: Mercury House
Mercury Gardens
Romford
RM1 3SL

Or by telephone on 01708 432700 or 01708 432701

Or by email at - buildingcontrol@haverling.gov.uk

Further information on submitting Building Control applications is available on our website at –

Table 2:
Charges for Certain Small Buildings and Extensions
VAT calculated at 20 % where relevant; included and shown in red in the relevant box – this is the total that is payable

Type of Work	Full Plans Submission		Building Notice	Regularisation Application (VAT not applicable)
	Plan Charge	Inspection Charge		
1. Erection of a detached building which consists of a garage or carport or both having a floor area not exceeding 40m ² in total and intended to be used in common with an existing building and which is not an exempt building.	£74.25 £89.10	£222.74 £267.30	£297.00 £356.40	£356.40 £356.40
2. Any extension of a dwelling the total floor area of which does not exceed 10m ² , including means of access and work in connection with that extension.	£90.74 £108.89	£272.26 £326.71	£363.00 £435.60	£435.60 £435.60
3. Any extension of a dwelling the total floor area of which exceeds 10m ² but does not exceed 30m ² including means of access and work in connection with that extension.	£115.50 £138.60	£346.50 £415.80	£462.00 £554.40	£554.40 £554.40
4. Any extension of a dwelling the total floor area of which exceeds 30m ² but does not exceed 60m ² , including means of access and work in connection with that extension.	£148.50 £178.20	£445.50 £534.60	£594.00 £712.80	£712.80 £712.80
5. Any extension of a dwelling the total floor area of which exceeds 60m ² but does not exceed 100m ² , including means of access and work in connection with that extension.	£189.75 £227.69	£569.26 £683.11	£759.00 £910.80	£910.80 £910.80
6. Loft conversion – For the purpose of calculating charges a reference to an extension includes a room or rooms in the roof space (including access) of an existing building not exceeding three storeys in height.	See Above	See Above	See Above	See Above
7. Extension etc 100-150m ²	Based on estimated cost – see Schedule 3			
8. Extension etc >150m ²	Please contact Building Control for individually assessed charges			

Table 3: Charges for Other Work

VAT calculated at 20% where relevant; included and shown in red in the relevant box – this is the total that is payable

Estimated Cost of Work	Full Plans Submissions		Building Notice	Regularisation Application (VAT not applicable)
	Plan Charge	Inspection Charge		
0 – 2,000	£165.00 £198.00	N/A N/A	£165.00 £198.00	£198.00 £198.00
2,001 – 5,000	£247.51 £297.00	N/A N/A	£247.51 £297.00	£297.00 £297.00
5,001 – 9,000	£82.51 £99.01	£247.49 £296.99	£330.00 £396.00	£396.00 £396.00
9,001 – 14,000	£105.15 £123.18	£309.38 £371.26	£414.53 £497.44	£497.44 £497.44
14,001 – 20,000	£123.74 £148.49	£369.22 £445.51	£495.00 £594.00	£594.00 £594.00
20,001 – 30,000	£144.39 £173.27	£433.12 £519.74	£577.51 £693.01	£693.01 £693.01
30,001 – 40,000	£165.00 £198.00	£495.00 £594.00	£660.00 £792.00	£792.00 £792.00
40,001 – 50,000	£185.63 £222.76	£556.88 £668.25	£742.51 £891.01	£891.01 £891.01
50,001 – 60,000	£202.16 £242.64	£606.39 £727.67	£808.51 £970.21	£970.21 £970.21
60,001 – 70,000	£218.63 £262.36	£655.87 £787.05	£874.51 £1,049.41	£1,049.41 £1,049.41
70,001 – 80,000	£235.12 £282.15	£705.39 £846.46	£940.51 £1,128.61	£1,128.61 £1,128.61
80,001 – 90,000	£251.63 £301.96	£754.88 £905.85	£1,006.51 £1,207.81	£1,207.81 £1,207.81
90,001 – 100,000	£268.12 £321.75	£804.38 £965.25	£1,072.51 £1,287.00	£1,287.00 £1,287.00
100,001 – 110,000	£280.51 £336.61	£841.49 £1,009.79	£1,122.00 £1,346.40	£1,346.40 £1,346.40
110,001 – 120,000	£292.88 £351.45	£878.63 £1,054.36	£1,171.51 £1,405.81	£1,405.81 £1,405.81
120,001 – 130,000	£305.26 £366.31	£915.74 £1,098.89	£1,221.00 £1,465.20	£1,465.20 £1,465.20
130,001 – 140,000	£317.85 £381.46	£953.66 £1,144.39	£1,271.54 £1,525.85	£1,525.85 £1,525.85
140,001 – 150,000	£330.00 £396.00	£990.00 £1,188.00	£1,320.00 £1,584.00	£1,584.00 £1,584.00
Over £150,000	Please contact Building Control for Individually assessed charges.			

CABINET

8 February 2012

REPORT

Subject Heading:	HRA Business Plan 2012 – 2042, HRA Budget for 2012/13 and HRA Capital Programme 2012/13 – 2014/15
Cabinet Member	Councillor Lesley Kelly Councillor Roger Ramsey
CMT Lead:	Cynthia Griffin, Group Director Culture and Communities Andrew Blake-Herbert, Director of Finance & Commerce
Report Author and contact details:	Sue Witherspoon Head of Housing and Public Protection 01708 433747 Sue.witherspoon@havering.gov.uk Conway Mulcahy Finance Business Partner 01708 432565 Conway.mulcahy@havering.gov.uk
Policy context:	HRA Policy and budgets
Financial summary:	To agree an HRA revenue spend budget as detailed in Appendix 1, and an HRA capital budget, detailed in Appendices 2-4.
Is this a Key Decision?	Yes
Is this a Strategic Decision?	Yes
When should this matter be reviewed?	December 2012
Reviewing OSC	Towns and Communities

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

Ensuring a clean, safe and green borough
Championing education and learning for all
Providing economic, social and cultural activity in thriving towns and villages X
Valuing and enhancing the lives of our residents
Delivering high customer satisfaction and a stable council tax

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA). The position for 2012 onwards is different from previous years because the Government has enacted changes to the way in which Housing Revenue Accounts are set and managed, known as "Self Financing". This report therefore introduces the Council's first Self Financing Business Plan, as well as setting a budget for the first year of the Plan.

The HRA remains a ring-fenced account that is used to manage the Council's own housing stock. The proposed budget will enable the Council's Arm's Length Management Organisation, Homes in Havering, to manage the stock to a reasonable standard for the time being, and to deliver the next phase of the Council's Decent Homes Programme and will also enable the Council's retained housing services to be delivered to a reasonable standard. It further sets rents, service charges and other charges for Council tenants for the year 2012/13.

RECOMMENDATIONS

1. To agree the Housing Revenue Account Budget as detailed in Appendix 1.
2. To agree the Retained Housing Service budget as set out in paragraph 5.8, including the addition of a Housing Occupational Therapist on a fixed term basis for two years, representing growth of £40,000 in 2012/13, to work exclusively on assessing the suitability of HRA properties identified for tenants and/or prospective tenants with a disability, and specifying the necessary works, thus better matching properties and minimising delays and void periods.
3. To agree the base Management fee for Homes in Havering of £20.639m, as set out in paragraph 3.2.
4. To delegate approval of the Homes in Havering Budget and Delivery Plan to the Lead Members – Value and Housing & Public Protection, acting on

advice from the Group Directors for Finance & Commerce and Culture & Community.

5. To agree the detailed expenditure items in the 2012 – 2013 HRA Capital Programme, based on total resources of £34.338m, as presented in Appendix 2, and agree to refer the Programme to Council for final approval for expenditure.
6. To agree the proposed HRA Capital Programmes for 2013/4 and 2014/15, as set out in Appendix 3, and agree to refer the programmes to Council for final approval for expenditure **subject to** release of Decent Homes grant by central government in those two years.
7. To agree the detailed expenditure items in the funded HRA Capital Programme for 2013/14 to a limit of £15.78m based on the resources in the HRA Business Plan excluding the Decent Homes grant yet to be confirmed, as set out in Appendix 4, and agree to refer the programme to Council for final approval for expenditure
8. To agree that the Council retains Abercrombie House for use as temporary hostel accommodation and allocates £490,000 from the 2012/13 HRA Capital Programme to carry out internal remodelling of the building beyond the Decent Homes obligations and to reconfigure the outside space.
9. To agree that the average rent for Council properties owned by the London Borough of Havering be increased by £6.86, from £74.44 to £81.30 (9.22%) with effect from 2nd April 2012, in line with the Government's policy to restructure rents. This will mean in effect that rents are increased as set out in the table below:

	Rent 2011/12 – 52 weeks	Rent 2012/13 – 52 weeks	Increase (£)	% increase
Bedsit	£57.51	£63.01	£5.50	9.56%
1 Bed	£60.96	£67.56	£6.60	10.83%
2 Bed	£73.59	£80.33	£6.74	9.16%
3 Bed	£89.91	£97.31	£7.40	8.23%
4 Bed	£102.51	£110.68	£8.17	7.97%
5 Bed	£113.59	£122.20	£8.61	7.58%
Average Rent	£74.44	£81.30	£6.86	9.22%

10. To agree that the rent free weeks for 2012/13 be w/c 27th August 2012, the two weeks commencing 17th December 2012, and the week commencing 25th March 2013.
11. To agree that tenants' service charges and heating and hot water charges for 2012/13 are increased or decreased as follows:

Cabinet, 8 February 2012

Service Charges reviewed and recommended	2011/12 Weekly Charge – 52 weeks	2012/13 Weekly Charge – 52 weeks	Increase (decrease)	% increase (decrease)
Caretaking	£3.35	£3.41	£0.06	1.65%
Internal Block Cleaning	£0.42	£0.71	£0.29	70%
Bulk Refuse Collection	£0.46	£0.49	£0.03	6.1%
CCTV - Mobile Service	£0.55	£0.55	0	0%
CCTV - Static Service	£1.30	£1.30	0	0%
Neighbourhood Wardens	£0.98	£0.85	(£0.13)	(13.65%)
Door Entry	£1.97	£1.38	(£0.58)	(29.6%)
Ground Maintenance	£2.57	£2.57	0	0%
Sheltered Cleaning	£2.52	£2.67	£0.15	6.1%
TV access	£1.25	£1.25	0	0%
Heating	£10.85	£10.85	0	0%
Hot Water	£8.22	£8.22	0	0%

12. To agree that the service charge for homeless households accommodated in the Council's hostels is increased by 6.1% to £23.33 a week.
13. To agree that charges for high and medium demand garages are increased by 2.5% and that rents for low demand garages are frozen.
14. To agree that support charges for mobile support for older people are increased by 6.1% as follows:

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Support – low level	£4.83	£5.12
Support – medium level	£9.65	£10.24
Support – high level	£12.07	£12.81
Community support (previously called 'Itinerant round')	£1.04	£1.10

15. To agree that the Careline support charge for sheltered tenants be increased by 6.1% as follows:
- 16.

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Careline – sheltered tenants	£3.86	£4.10

17. To leave the Careline support charge for community users unchanged to avoid two increases within 12 months as the charge was last increased in September 2011.

18. To agree that Telecare support charges be increased by 6.1% as set out below:

Service	Weekly support charge in 2011/12 – 52 weeks	Weekly support charge in 2012/13 – 52 weeks
Telecare – base unit plus two sensors	£6.00	£6.37
Additional telecare sensor	£1.00	£1.06

19. To put in place transitional arrangements to correct the undercharging, by £4.18 a week, of tenants in the former Hornchurch mobile support pilot scheme, whereby the full charge will be gradually increased over the five year period 2012/13 to 2016/17 inclusive for the 13 tenants paying for this service; for 2012/13 this amounts to a weekly charge (52 weeks) of £0.84.
20. To approve the Council's Self Financing Business Plan as set out in Appendix 5.

REPORT DETAIL

1. BACKGROUND

1.1 Changes to the financial regime

The Localism Act 2011 has changed the financial system for the management of council housing. The old system, with its notional income and expenditure accounts, and its distribution of housing subsidy across the country has gone. In its place, Government has provided freedom and independence for the management of council housing finance, in return for a one off payment of the national housing subsidy debt (and a premium for the treasury).

The new system starts in April 2012, and so the Housing Revenue Account (HRA) budget for 2012/13 looks very different from budgets in previous years. It will form Year 1 of a 30 year business plan which is designed to provide long term management of the Council's housing assets. We have more freedom to direct our resources to the best and most cost effective management of the Council's housing stock. However, we do not have complete freedom – some aspects remain centrally controlled, such as rent setting, and the use of capital receipts.

This report sets out first, what income resources the Council has available to spend on housing, and then sets out the current HRA financial position, and the finally turns to the proposed spending plans for 2012/13.

One of the central driving aims of the Council is to achieve the Decent Homes Standard for its stock and, through the HRA Business Plan to achieve this goal whilst maintaining a good quality housing service.

2. INCOME

2.1 Rents

The Council's main source of income to manage its housing stock is tenants' rents. The Government controls rents by applying a formula called "rent restructuring". While the new HRA has devolved much decision-making to local authorities, the Government has retained much control over rents so as to have an influence on the national housing benefit bill.

The rent restructuring formula was introduced by the government in 2002/03. This provides a "target rent" for each property, based on a mix of local average earnings and capital values, adjusted for the size of property. The target rent, once achieved, should ensure that council and housing association rents for similar properties in an area are at similar levels.

Since the introduction of the restructuring system in 2002/03, the date at which council and housing association rents are expected to converge has been amended by the government a few of times, but it is settled as 2015/16.

Councils with rents below target – there are many, including Havering – must meet the target rent by or as soon as possible after this date. Until meeting the target rent, there is no avoiding the fact that the national rent formula requires tenants' rents to increase by an amount above the basic annual increase amount of RPI (in September of the preceding year) + 0.5%. The government has, however, capped the steepness of the annual increase to no more than £2 a week above the RPI + 0.5% increase.

In 2011/12, the average rent in Havering was £74.44. Applying the formula of RPI (at September 2011) + 0.5% + £2, gives an increase of £6.86 a week, that is, 9.22%. This average rent in 12/13 would be £81.30.

A comparative analysis of local and London-wide rents reveals:

- council rents in Havering remain below housing association rents and significantly below private sector rents, which are running at around £157 a week for a one bedroom home to £249 for a three bedroom property
- the proposed council rent for 12/13 is still within the housing benefit caps for Havering and so the 70% of tenants on full or partial housing benefit and prospective tenants in most financial hardship will continue to be supported. The letters to be sent to all tenants notifying them of their rent and service charges for 2012/13 will also include an invitation to contact either the Council or Homes in Havering for a free benefit and financial support check

- Havering Council's rents in 12/13 will be the lowest council rents in London; in fact, Havering's 12/13 rents will be lower than the 11/12 rents charged by all other London Boroughs bar two. Therefore, as well as benefiting from the lowest rents in Havering, our council tenants will continue to enjoy the lowest rents across the capital.

What would be the impact of diverging from the formula rent increase?

Put simply, setting an average rent with less than £2 a week above RPI + 0.5% means it would take longer for Havering Council tenants to reach the target rent, and so annual rent rises above RPI + 0.5% a year would have to continue longer into the future.

The rent formula takes account of service charges in Havering *reducing* in 2012/13. In effect, the formula offsets the reduction in service charges for services that used to be paid for in the rent (discussed in section 2.2 below) in the setting of the rent increase. If the Council diverged from the formula and excluded the service charge reductions, the rent increase would be around 8.5%. While the 30% of tenants not in receipt of full or partial housing benefit would see a rent increase of 52p a week less than that proposed:

- the year in which the average rent would meet the target rent would be extended by at least two years, meaning that rent increases above RPI + 0.5% would have to be imposed for at least two years more than necessary, and
- the HRA Business Plan discussed later in this report and attached at Appendix 5 would suffer a £257,000 income reduction for each of the two extra years that it would take to reach the target rent. Thus, £514,000 less would be available to invest in tenants' homes, equating to 114 new kitchens or 206 new bathrooms.

2.2 Service charges

The aim of the Council, in respect of service charges, is to ensure that those receiving the service, are paying for them. We have fully reviewed all the service charges over the past two years, and we are nearly in a position where the cost of each service can be fully recovered from the service charges raised. Work has also been done to improve the value-for-money of some services, either by reviewing the staffing and costs of the service, or by renegotiation of contracts with some service providers.

We are able to reduce the service charge for neighbourhood wardens due to a review of the service, and for door entry services due to an improved negotiated cost for this service.

We are able to freeze the cost of services for heating and hot water, and for CCTV – both mobile and fixed. Review of the TV aerial service and the grounds

maintenance service has revealed that some tenants who receive these services are not currently paying for it. When these tenants' charges are included in the service charge income, these services will have their costs fully recovered.

We proposed to increase the cost of four services, where the costs are not fully recovered. These are block cleaning, sheltered cleaning, caretaking and the removal of bulk refuse.

When added together, the total changes in depooled service charges amounts to a **reduction** of 4.39%. The effect of adding this reduction to the rent increase, means that the overall increase in rents and services combined is an average of 8.30%.

It is proposed to increase service charges for hostel residents by 6.1% (equivalent to RPI + 0.5%). These services have not been reviewed, but when the new hostel strategy is implemented a full review of the budgets for hostels will be undertaken.

As part of the Service Charge review, there has been a reconciliation between the services provided, and those charged for. As indicated above, some services have not properly charged to tenants who receive the benefit of them, and as a result, those tenants will be charged for those services from April 2012 for the first time. This appears to have been particularly the case for two of the Tenant Management Organisations (TMOs); BETRA and PETRA tenants have not been charged for caretaking, grounds maintenance, TV aerials or door entry systems. In order to put this right, tenants of those organisations have been written to, to advise them of this oversight, and to inform them that they will be charged for those services from April 2012.

2.3 Garages

There are currently 964 garages let, and a further 1,114 empty and available to let. There are also 467 garages earmarked for demolition. The rents of our high demand garages are about the same as comparable private garages to let. There have been 126 garages let this year, of which 26 are high demand garages. It seems therefore that there is a reasonable demand for garages. Clearly there are also many garages which are difficult to let. It is therefore proposed to raise the high demand and medium demand garage rents by 2.5% and freeze the rents of the remaining low demand garages.

2.4 Support charges – mobile support

The sheltered resident warden service was reorganised to become a mobile support service in April 2011. A new range of charges were introduced at the same time covering the three tiers of support offered. In all cases, the charges were lower than for the resident warden service.

The support charge income met from contributions from self-payers and coverage from Adult Social Care under the former Supporting People programme does not

fully cover the costs of this service, therefore, it is proposed to increase the support charges by inflation at September 2011, that is, 5.6%, plus 0.5%. This gives an increase of 6.1%.

During the Hornchurch mobile support pilot in 2008, an error was made in applying the mobile support charge. That is, rather than simply the resident warden charge being reduced to the mobile support charge, tenants' combined careline and mobile support charge was reduced. In effect, the careline charge was removed. This was incorrect. Correcting this will not directly impact on those tenants whose careline and mobile support charges are met by Adult Social Care, however, there are 13 tenants who directly pay for these services.

When the new mobile support charges were approved for 2011/12, a decision was made to continue to undercharge the tenants in the former Hornchurch mobile support pilot area but that after 2011/12 transitional arrangements would be put in place to amend the charges over time to bring them up to the correct level. The difference between the correct charge and the current charge is £4.18 a week (52 weeks). It is proposed to correct the difference over five years, therefore, in 2012/13, those tenants with the incorrect charge will be required to pay 1/5 of the £4.18 a week, that is, £0.84 a week (52 weeks) towards the costs of the services they receive. This will apply to 13 tenants.

2.5 Service charges – careline and telecare support

With the reorganisation of both the mobile support and careline services in 2011/12, new charges for careline were introduced. This included a different careline charge for sheltered housing tenants and others. This reflected the different response arrangements and technology used. It should be noted that the proposed 2012/13 HRA capital programme, covered later in this report, makes provision for significant investment in the careline systems in the Council's sheltered scheme which is likely to reduce the rationale for the support charge differential. This will be reviewed as part of the 2013/14 rent and service charge setting process.

While the careline charge for sheltered tenants was amended in April 2011, the charge for all other careline users did not change until September 2011. Therefore, while it is proposed to increase the sheltered careline charge by inflation + 0.5%, that is, 6.1%, so as to avoid two increases within 12 months, the careline charge for others will be frozen in 2012/13.

Following a successful pilot, the Housing Service introduced a full telecare service in November 2010. Support charges were set at this time. The support charge was frozen in 2011/12. It is now proposed to increase the charges by inflation + 0.5%, that is, 6.1%.

3 EXPENDITURE

3.1 Services

The main area of expenditure is the management and maintenance of the council housing stock, which is currently principally undertaken by the Council's Arm's Length Management Organisation (Homes in Havering). Other

management activities are carried out by the Council's Retained Housing Service. The services are split as follows:

HOMES IN HAVERING	LONDON BOROUGH OF HAVERING
Estate management	Allocations and Lettings
Rent accounting	Supported housing for the elderly
Rent and other income collection	Communications Centre
Responsive and planned maintenance	Out of hours service
Decent Homes programme	Hostel Management

3.2 The ALMO's Management Fee

The Council established the ALMO on 3rd July 2006 with a ten year Management Agreement. The purpose of the ALMO was to create an organisation focussed on the quality of the service to tenants, and who could deliver, once the organisation had achieved a two-star status as assessed by the Audit Commission, a Decent Homes programme funded by borrowing approvals granted by the Homes and Communities Agency (HCA) acting on behalf of Government.

Having an ALMO, and one which has two stars, is no longer a requirement for councils to access Decent Homes funding. The Council is therefore undertaking a consultation exercise with tenants and leaseholders to assist it to make a decision on the best way to deliver the Council's housing management services in future. The Council is consulting on two options: to bring the housing management service back "in-house" or to retain the existing arrangement with Homes in Havering. A survey of all tenants and leaseholders was sent out on 15th January, with a return date of 14th February. The survey is being undertaken by Electoral Reform Services on behalf of the Council. The Council will therefore be in a position to make a decision, with the benefit of tenants' and leaseholders' views, in either March or April.

Clearly, if the decision is that the service be brought back in house, it is likely that there will be a period of time to make new arrangements, including new budgetary arrangements. In the meantime, the proposed revenue fee for Homes in Havering is a "roll forward" management fee from 2011/12, that is, a "steady state". It simply restates the 2011/12 position with known cost increases and decreases, as follows:

2011/12 management fee	£20.113m
Inflation on contracts (March RPI – assumed 5%)	£0.356m
Staff salary increments, NI and Pension adjustments	£0.161m
Depreciation reduction	(£0.061m)
Inflation not budgeted for in 2010/11	£0.070m
2012/13 Roll forward management fee	£20.639m

Homes in Havering have prepared deliverable efficiencies of £480k, which do not involve service reductions. It is proposed that this sum is not removed from the fee. The savings will be removed from cost centre budgets within the HiH budget with the total amount (£480k) held as a contingency which Homes in Havering and the Council will work jointly to agree use of, if so determined.

3.3 *Retained Housing Service*

The retained Housing Service budget for 2012/13 will roll forward from the 2011/12 position. There is, however, one proposal for growth that it is considered will lead to a significant service improvement.

The proposal is to fund an Occupational Therapist who will augment the Occupational Therapy team in Adult Social Care. This officer will work exclusively on assessing the suitability of HRA properties for disabled tenants and or prospective tenants on the Housing Register and will draw up the necessary specifications for aids and adaptations works.

At present, under capacity in the OT can lead to delays in carrying out these assessments. Any unnecessary delay in assessing the suitability of a property and specifying the works required (a) means a disabled person in living in unsuitable accommodation for longer than necessary, and (b) adds to the loss of rent while the property is void.

Unfortunately, the Council has recently been the subject of an adverse Ombudsman judgement in a case relating to the rehousing of a disabled person. Policies and procedures are being reviewed as a direct result. At the same time, proposals to amend the Allocations Scheme are being consulted upon. Proposals to revise the Scheme will be presented to Cabinet in Spring. These should go some way to better matching property most likely to be adaptable to individual disabled people, but without the proposed additional OT officer the problem of delays in completing the specialist assessment work are likely to will remain.

Including on-costs, the Occupational Therapist would cost £40,000 a year. It is proposed to fund this additional officer for two years from April 2012. The effectiveness of this additional resource will be monitored and this will inform whether or not to continue with the post. A shorter appointment is felt unlikely to attract an officer with the required experience.

3.4 *Decent Homes*

The Decent Homes Standard was established by Government in February 2004, as a basic minimum standard that all social housing should achieve. At the end of 2011/12, it is forecast that the only 41.1% of Havering Council's housing stock will meet the standard. The ability to achieve the 100% target is dependent upon resources being made available. This was calculated at the time of the original bid for ALMO funding as being £112m of borrowing, including 5% for

environmental works. The Council received an initial allocation of £9m for expenditure in 2010/11.

A new bidding regime was then introduced with the Council being allocated, following its revised bid, £62.7m. It was awarded £9m for 2011/12 (plus an additional £1m brought forward from the 2012/13 allocation). The Council is now expected to fund 10% of Decent Homes works from resources available within the HRA capital programme.

From 2012/13, the resources will be made available as grant rather than borrowing approval given the switch to self-financing. The allocation of £15m grant in 2012/13 is guaranteed, but the £15m tranche for 2013/14 and £23.581m for 2014/15 have yet to be confirmed.

Appendix 2 of this report sets out a detailed HRA Capital Programme for 2012/13 with the aims of:

- reducing the level of non-Decency across the stock
- carrying out essential works not related to the Decent Homes Standard, for example, legionella testing
- working towards strategic housing objectives, for example, making sheltered bedsits without their own baths/showers self-contained.

Appendix 3 gives a proposed three year programme, 2012/13 to 2014/15 inclusive, based on the allocated Decent Homes grant.

Appendix 4 gives a detailed programme for 2013/14 based on known resources only, that is, revenue funding available from the self-financing business plan excluding Decent Homes grant yet to be confirmed. It is important to approve the 2013/14 programme in this form, with onward transmission to Council for final approval, to enable Homes in Havering and/or the retained Housing Service to commit spend beyond the end of 2012/13 during the 2012/13 and before confirmation of the future Decent Homes resources. This has a number of significant benefits, notably, (a) it enables better economies of scale, (b) it will avoid an unnecessary break in capital works around the end of 2012/13 / beginning of the 2013/14, and (c) tenants can be given more information.

3.5 Self Financing

The long awaited reform of Council housing finances is being implemented from 2012/13 onwards. Instead of the national subsidy system into which Havering regularly paid housing subsidy, there will be a new financial system which will encourage long term active management of the Council's assets. In return for being able to retain rental surpluses, the Council will be required to make and service a one-off sum of £166.2m to Central Government on 28th March 2012.

This debt settlement figure is based on rented housing stock of 9,958 which excludes 62 properties already approved for demolition and thus unable to provide a rental stream to support debt. This represents average debt of **£16,691** per dwelling.

Debt Settlement

Under self financing each local authority with housing stock has been assigned a borrowing limit – effectively a cap – by central government. The borrowing limit for Havering Council is £210m based on a discounting rate of 6.5 per cent.

As noted above, the Council is required to make a one-off payment of £166.2m as its share of the national housing debt being transferred to stock-holding local authorities. This is less than the £210m cap, however, the Council already has housing debt of £23.5m, largely the result of recent Decent Homes borrowing approvals. As this is less than the difference between the one-off debt settlement payment and the cap, there is ‘headroom’ to borrow some £20.3m more up to a limit of £210m. The Council is not obligated to borrow up to the cap, nor should it wish to use the headroom borrowing is it required to do so at the start of the 30 year business plan. HRA borrowing up to the cap level is available at any time during the lifetime of the HRA Business Plan, unless central government makes any changes to this policy.

The HRA Business Plan and capital programmes do not assume any additional borrowing above the debt settlement and existing borrowing. Therefore, the net HRA debt position would be the opening debt settlement of £166.2m plus existing HRA debt of £23.5m = £189.7m total HRA debt.

Allowances within the Debt Settlement for Management, Maintenance and Major Repairs including Disabled Aids and Adaptations

The government’s calculation of Havering Council’s opening debt settlement included an uplift of the assumed costs of management, maintenance and major repairs which have been taken into account before calculating the resources available within the Council’s HRA to pay off debt. These ‘allowances’ have been increased to an average of £2,025 per dwelling per year for management and maintenance, and £1,138 per dwelling for major repairs, with a greater recognition of the need for disabled aids and adaptations, making total of 15.65% uplift on allowances.

Rent

The government has set a target date of 2015/16 for local authority and housing association rents to converge at a target rent. That is, the similar properties should have similar rents across landlords in the same area. The notional HRA for Havering held nationally has, to date, included a guideline rent for the borough that it should be at to meet the convergence target date.

The self financing model assumes a guideline rent of £87.40 for 2012-13 which is an increase of 7.52% compared with 2011-12 guideline rent. The guideline rent is then increased by 0.5% for subsequent years. The rental income is adjusted by RTB sales and assumes a void rate of 2%.

Caps and Limits

Increases in rents are limited by a government prescribed formula, that is, that the average rent increase should be no more than RPI + 0.5% + £2 each year. Rents for individual properties should move towards the converged target rent while, when all added together, still mean the average rent does not exceed an increase of RPI + 0.5% + £2 a week. This means, depending on the starting rent, it will take some local authorities longer than others to reach target rents.

Because council rents in Havering have historically been low, there is more ground to make up to reach the target rent than for many other local authorities. The rent setting formula does not allow for large enough increases each year to reach the target rent level by 2015/16 – the government's target date. Previously, the difference between the rent the formula allowed, the rent the government's convergence model dictated was provided for through the 'caps and limits' elements of the HRA subsidy system.

With the switch to self-financing, there is no longer an HRA subsidy system for the government to use to make good this difference. The opening debt settlement calculation, however, has effectively rolled up the value of the difference between the capped rent and the government's modelled rent for Havering for each year until the convergence deadline of 2015/16.

For authorities meeting the target rent by or before the 2015/16 target date, inclusion of the rolled up figure in the opening debt settlement calculation makes the demise of the 'caps and limits' regime neutral. However, because in Havering's case under the old system we would have expected subsidy relief under 'caps and limits' to continue until actual rents converged, anticipated as 2017/18 at the very earliest, we will in fact lose out by around £1.7m. Despite representations on this by the Council, the government has not been willing to amend this element of the new system. Thus, it is now for the Council to act to minimise the impact of this loss.

Sections 2.1 and 2.2 of this report included a detailed discussion of this year's rent increase and service charge changes. The Council's decision to reduce a series of service charges in 2012/13, gives a one-off opportunity within the government's rent formula to lift rents towards the target rent more quickly than otherwise. This means the £1.7m loss can be reduced by some £514,000. This equates to 114 new kitchens or 206 new bathrooms that can now be funded.

Right to Buy

The Government's model of Self Financing assumes a level of Right to Buy sales in each local authority Business Plan. The self financing model reduces the assumed level of stock by assumed number of Right to Buy sales over the period. An average of 15.6 RTB sales per year is assumed for Havering Council over the 30 year period.

Treasury management

The model provides allowances for treasury management of £144k, an increase of £89k compared with the current subsidy system.

Self Financing Business Plan

All the figures discussed above have been built into our own Self Financing Business Plan, which is set out at Appendix 5. This will be reviewed annually with a new budget set accordingly.

4. THE FINANCIAL POSITION IN 2011 – 2012

- 4.1 The Housing Revenue Account is forecasting an in year surplus at 31st March 2012, of £1,638m. This will be added to existing reserves and the current budgeted contribution to reserves and will therefore create balances in the HRA at the end of 2011/12 of £6,109m:-

Item	£000's
Balances brought forward 01.04.11	(4,193)
Return of HiH 2009/10 surplus	(20)
Budgeted contribution to reserves 2011/12	(258)
Forecast outturn	(1,637)
Forecast balances 31.3.13	(6,109)

Note: the total is rounded

Appendix 1 provides further details on the forecast outturn.

5. BUDGET STRATEGY FOR 2012/13

5.1 Rents

The main income to the Housing Revenue Account is tenants' rents. Rents will be raised in 2012-13 in line with the Government's guideline rent of 9.22%, an average of £6.86 per week. The rent increase is now retained locally, and will be available for local services. This report also contained proposals on service charges, with some being frozen, and some reduced where there have been efficiencies in managing the service, and some increased, where deficits were being made.

5.2 Balances

It can be seen from paragraph 4.1 that balances are scheduled to be a healthy £6.109m at 31st March 2012. It can also be seen from Appendix 1 that they are scheduled to be £5.831m at 31st March 2013. Balances are significantly more healthy than they have been in recent times – having fallen to £371k at the end of 2008/09. They will provide a solid platform for the new self financing system.

5.3 Overall HRA budget

The overall HRA budget structure will be different from 2012/13, most notably because housing subsidy has now been abolished. This can be seen in Appendix 1 where the payment of housing subsidy in 2011/12 of £10.152m has now disappeared. In its place, we will have to meet the interest costs of our new borrowing. This is shown in the line HRA asset management (capital charges) where the outgoings for this item are now £9.249m.

5.4 These changes to the HRA budget, set out in Appendix 1 and summarised for the retained Housing Service and Homes in Havering below, will lead to a sustainable service, and will achieve further improvements in the balances contained within the HRA. Appendix 1 shows detailed budget proposals. It can be seen that retention of a contingency is proposed – good practice for an account the size and complexity of the HRA. A general contingency of £400,000 is proposed.

5.5 A summary of the changes in the HRA budget from 2011/2012 to 2012/13 is set out in simple terms below:

Housing Revenue Account	2011/12	2012/13
	£000	£000
<i>Income</i>		
Balance Brought Forward	(4,193)	(6,109)
Budgeted Contribution (to)/from reserves	(258)	278
Underspend 11/12 Projected	(1,638)	-
HH surplus	(20)	-
Net HRA Funding (rents, subsidy and other income, debt charges)	(32,098)	(37,916)
<i>Spend</i>	2,109	2,256
Bad Debt Provision	300	318
Contingency	396	400
Revenue contribution to Capital	9,180	14,302
Homes in Havering Management Fees – excludes additional elements, see paragraph 3.2 above	20,114	20,640
Balance Carried Forward	(6,109)	(5,831)

Retained Housing – HRA budget in 2012/13

5.6 The Retained Housing Budget for 2012/13 will be as follows:

	Current Budget 2011/12	Budget 2012/13 rounded
Havering Telecare Centre	364,590	411,330
Retained Sheltered Accommodation	676,150	676,150
Retained Housing Services	1,040,740	1,087,480
Housing Offices Accommodation	77,550	77,550
HRA Administration	1,443,370	1,466,140
Head Of Service	86,960	86,960
Information, Performance & IT	131,490	131,490
Head of Service	1,739,370	1,762,140
Commercial Property portfolio	(1,453,640)	(1,573,540)
Lettings	426,680	426,680
Stock Appraisal	10,120	10,120
Hostels	148,230	88,140
Needs and Service Development	414,930	454,930
Housing Needs & Strategy	(453,680)	(593,670)
Total Retained Housing Service – funded from the HRA	£2,326,430	£2,255,950

Homes in Havering budget for 2012/13

5.7 Homes in Havering's total budget consists of its management fee, as outline in section 3.2 above, and a number of other elements. Homes in Havering's overall budget for 2012/13 in given in the following table, with the equivalent 2011/12 figures for comparison:

	2011/12	2012/13
	£000's	£000's
Management fee – refer to section 3.2 for details	20,113	20,639
Capitalisation of spend – included in capital budget in Appendix 2	540	540
<i>Further resources as estimated by Homes in Havering</i>		
Capital fees – included in capital budget in Appendix 2	1,351	1,885
Water commission	348	348
Tenants insurance commission	220	220
Other income	35	35
Total resources	22,607	22,667

- 5.8 For noting, the capital fees available for Homes in Havering over the lifetime of the Decent Homes funding have been calculated at 6.5% of Decent Homes and non-Decent Homes capital expenditure. This reflects the economies of scale in capital scheme management possible across a greatly expanded programme. Following completion of Decent Homes spend from 2015/16 onwards, the capital fees level will need to be reviewed.
- 5.9 Under the terms of the management agreement with HiH, the Council has to approve the HiH budget and delivery plan. It is proposed that these detailed approvals are delegated to the Lead Members for Value and Housing & Public Protection – on advice from the group Directors for Finance & Commerce, and Culture & Community – as has happened in previous years.

6 CAPITAL BUDGET – HRA 2012-2013 – 2014/15

6.1 HRA Capital Programme – 2012/13 to 2014/15 capital resources

With the introduction of HRA self-financing, it is now possible to plan capital investment beyond a one year time horizon. Previously, the programme was almost entirely subject to the annual subsidy settlement from central government in which the Major Repairs Allowance, MRA, and Supported Capital Expenditure – Revenue settlements were set.

There are still uncertainties in the programme. Performance of the HRA Business Plan year-to-year will determine how much revenue income is available for use as capital, and, more substantively, although the 2012/13 allocation of Decent Homes grant is agreed, the final two tranches are not.

With these caveats, the resources projected for use in the HRA capital programme over the period 2012/13 to 2014/15 are laid out in the table below. It should be noted that it is assumed that no capital receipts available to the Council will be applied to the HRA capital programme over this three year period.

Funding source	2012/13	2013/14	2014/15	TOTAL
	£'000s	£'000s	£'000s	£'000s
Decent Homes grant	15,000	15,000	23,581	53,581
Revenue funding	14,303	15,580	17,245	47,128
Major Repairs Reserve*	4,712	0	0	4,712
Leaseholder contribution	200	200	200	600
Mayor of London's Targeted Funding Stream**	123			123
TOTAL	34,338	30,780	41,026	106,144
* The Major Repairs Reserve, MRR, consists of HRA capital resources unspent in previous years				
** This funds management of, and some works arising from, the Briar Road estate renewal				

The Major Repairs Reserve has arisen principally over the last three years as a result of two main factors (a) significant efficiencies made by Homes in Havering through works procurement, notably relating to improvements to the tower block on the Waterloo Road estate, and (b) the Council's decisions regarding the priority and phasing of various works, for example, it was decided in 2011/12 not to spend resources allocated to the conversion of three sheltered schemes to extra care housing. These resources have been carried forward into 2012/13.

The MRR is allocated to a variety of schemes, with expenditure in full anticipated in 2012/13. It would not be in the Council's interest to have significant capital resources unallocated and/or in reserve at the time when the HCA will make its decisions about the 2013/14 and 2014/15 Decent Homes allocations.

6.2 *Proposed 2012/13 programme*

Considerable work has been carried out by Homes in Havering and the retained Housing Service to draw up a detailed capital programme for 2012/13.

As well the resources arising from the Decent Homes allocation, it is worth noting that 2012/13 sees an increase between the previous Major Repairs Allowance and the Revenue Funding now available within the HRA Business Plan. This is a direct result of uplifts in allowances applied to all housing authorities within their self-financing settlements and efficiencies within HiH/LBH HRA revenue budgets. This gives the HRA capital programme around an additional £4.5m. Care has been taken to apportion this uplift between Decent Homes priorities and other non-Decent Homes strategic priorities in a similar ratio to the use of the previous MRA resources. The split of MRA resources between Decent Homes and other local priorities was known to the Homes and Communities Agency (HCA) when they allocated the borough Decent Homes monies and so we can assume they will find our approach acceptable.

The draft 2012/13 HRA capital programme is set out at Appendix 2.

6.3 *Three year programme*

With the greater ability to predict capital resources arising from the HRA self-financing business plan, notwithstanding the remaining uncertainty regarding the latter years of Decent Homes funding, it is possible to put together a three year capital programme.

There are advantages in setting a longer term capital programmes where at all possible as this allows for (a) larger / longer contracts which can afford better economies of scale, (b) programmes to continue across financial years without undue interruption, and (c) greater certainty for tenants.

The draft three year programme is set out in Appendix 3.

6.3 *Funded 2013/14 programme*

Appendix 4 gives a detailed programme for 2013/14 based on known resources only, that is, revenue funding available from the self-financing business plan

excluding Decent Homes grant yet to be confirmed. It is important to approve the 2013/14 programme, with onward transmission to Council for final approval, in this form to enable Homes in Havering and/or the retained Housing Service to commit spend beyond the end of 2012/13 during the 2012/13 and before confirmation of the future Decent Homes resources. This has a number of significant benefits, notably, (a) it enables better economies of scale, (b) it will avoid an unnecessary break in capital works around the end of 2012/13 / beginning of the 2013/14, and (c) tenants can be given more information.

6.4 *Hostel Strategy*

Abercrombie House

At its meeting of 9 February 2011, Cabinet approved the outcome of the strategic hostels review. The report stated that at a later date there would be a second phase of the review that would consider options for reproviding Abercrombie House.

In the intervening period, officers have considered the future of Abercrombie House in some detail and it is now felt that retention of substantial provision in the northern half of the borough is desirable and that Abercrombie House, with some reconfiguration and improvements beyond the Decent Homes Standard, could provide this.

At the time of the February 2011 Cabinet report on the strategic hostels review, the presumption was that Abercrombie House would be included within the Hilldene North redevelopment area. An element of the receipt would then be earmarked for reprovision. However, it is now clear that with careful remodelling of the grounds to amend the access route and parking arrangements, the impact of retaining Abercrombie House, and the consequent loss of land to the Hilldene North redevelopment, can be minimised so as not to compromise this important new build site. The anticipated receipt foregone will be more than offset by the fact that Abercrombie House can be improved from HRA capital receipts, thus there would be no call on the receipt from the sale of Hilldene North.

Discussions between the Council and the development partners for the Hilldene North site, Countryside Properties and Notting Hill Housing Group, have made clear that the Council wishes to remove the land constituting the Abercrombie House site from the Hilldene North site. Countryside and Notting Hill Housing Trust have confirmed that they are happy with this proposal.

A range of alternative means of providing temporary hostel accommodation in the borough was considered as part of the strategic hostels review reported to Cabinet in February 2011. Of note, the cost of new build provision to replace all the Council's hostels was at the time estimated at £4 – 5 million. Though work to estimate the costs of a smaller new build scheme to replace just Abercrombie House has not been conducted, it would be reasonable to assume this would cost at least half this amount, say, £2 – 2.5 million. These costs would have to be met in full by the Council should the Council itself develop the scheme. Alternatively, the Council could engage a housing association partner to deliver this part of the strategy. However, it is very unlikely that external grant funding would be available for temporary accommodation, given that the national affordable housing

programme administered by the Homes and Communities Agency, HCA, is aiming to maximise general needs affordable accommodation. It would also not be prudent to assume a housing association could self-fund such a scheme given that our development partners have already signed development contracts with the HCA predicated on significant use of their own resources to stretch the national grant funding they have already been allocated.

Abercrombie House is anticipated to require £490,000 for reconfiguration and works beyond Decent Homes. This amount is represented in the provision for hostels works including in the proposed HRA capital programme in Appendix 2. In addition, Abercrombie House would require around £450,000 - £490,000 Decent Homes works. These works are budgeted for under the Decent Homes element of the proposed HRA capital programme. Thus, reconfiguration and improvement of Abercrombie is far more cost-effective than new build. It is proposed therefore that Cabinet resolve to retain and refurbish Abercrombie House, as the Council's second site for temporary accommodation.

7 CONCLUSION

- 7.8 The budget for 2012/13 is the first opportunity that the Council has had to plan income and expenditure on a long term basis. The Self Financing Business Plan (Appendix 5) shows that the Council is able to maintain and improve its stock and provide good quality housing services throughout the life of the plan, as long as the Government honours its commitment to provide the full Decent Homes Funding. The Housing Revenue Account budget, which is the first year of the 30-year Business Plan and which is set out in this report is a prudent budget, designed to maintain a decent level of service, and inject further resources into a programme of capital investment in the housing stock that will eventually achieve the Decent Homes standard for our housing stock. The HRA will also move to a more stable financial future, with a reasonable level of balances.

IMPLICATIONS AND RISKS

8. Financial implications and risks:

HRA Revenue

- 8.1. This whole report largely concerns the Financial Implications and risks concerning the setting of the HRA budget for 2012/13, and the proposals for the 30 year Self Financing Business Plan. The HRA is sufficiently healthy to enable:-
- reserves of an estimated £5.831m at the end of 2012/13
 - retaining a base contingency of £400k.
- 8.2. There are risks associated with any HRA budget, but it is felt these can be managed. The ALMO has had the opportunity to review its resource requirement for 2011/12. Capitalisation – an approach to help a previously

poor revenue position is now at a reasonable level of £540k. On repairs, there are unbudgeted volume risks, but these can be managed by use of capital contingency. The dwelling rents budget has been set assuming current rent collection projections. The commercial rental income budget has been set after liaison with the Head of Property Services.

HRA Capital Budget

- 8.3 The table in paragraph 6.1. gives a confirmed resource position for 2012/13, and underpins the detailed Capital Budgets given in Appendix 2 and 3.

9 Legal implications and risks:

- 9.1 Any local authority that owns housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.
- 9.2. Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities: (a) to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) to take all reasonably practicable steps to avoid an end-of-year deficit. The proposed HRA budget fulfils these requirements.
- 9.3 The Localism Act 2011 requires all local authorities as part of the ending of the current financial system, to move to a Self Financing system of calculating the Housing Revenue Account Budget. It will further require the London Borough of Havering to pay £162.2m to Government on 28th March 2012, and the Council will incur financial penalties, including interest if the payment is not made.

8 Human Resources implications and risks:

- 8.1 None specific.

9 Equalities implications and risks:

- 9.1 An equalities impact assessment has been carried out. Of note, the proposed rent increases are essentially dictated by central government through their rent restructuring formula. Furthermore, best practice and guidance dictates that service charges should be set at a level which covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective. The key findings are as follows:

- 71.74% of council tenants are in receipt of Housing Benefit/Local Housing Allowance. The proposed rents and service charges eligible for housing benefit are within the housing benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected
- the proposals in this report include the recruitment of an Occupational Therapist who will work exclusively with tenants and prospective tenants to identify the right adaptations and deliver installations more quickly. A budget of £550,000 a year for adaptations is proposed for the coming three years
- the capital programme makes available resources to bring forward works to make the remaining sheltered bedsits with shared bathrooms / showers fully self-contained. This will advantage this section of the community who are people over the age of 55.
- the capital programme makes provision for upgrades to Abercrombie House hostel, in addition to the other hostel for which funding is already available. This will ensure homeless households who are arguably experiencing some of the most severe housing needs in the borough will benefit from modern facilities and standards
- the business plan at Appendix 5 advises that the Government's final Decent Homes funding, totalling £38m, is due to be received in the last two years of the Decent Homes Programme (2013/14 and 2014/15). This is not guaranteed and so there remains a risk that the Council may not receive this funding in full. Not receiving all the funding would delay three elements of our decent homes programme: non-traditional homes improvements, new kitchens and bathrooms, and sheltered housing improvements. This would have an impact on families, older people and socio-economically disadvantaged households and work would be prioritised to take account of the longest term non-decent properties and homes occupied by vulnerable households.

BACKGROUND PAPERS

Housing Revenue Account Budget Report
HRA Rents, Tenants Service charges and Heating & Hot Water Charges
Equalities Impact Assessment

APPENDIX 1 – HRA revenue budget

Cost Centre	Cost Centre Description	Period 06 11-12 (forecast)	Current Budget (2011-12)	Adjustments	Budget 2012-13 rounded	Comments
A28000	Communication Centre	358,791	364,590	46,742	411,330.00	Loss of one off (set up) Supporting People Grant (£67k) which was offset by annual inflation increase of 6.1% in Careline charges.
A28010	Retained Sheltered Accommodation	667,929	676,150	-	676,150.00	
BB80	Retained Housing Services	1,026,720	1,040,740	46,742	1,087,480	
A28100	Housing Offices Accommodation	81,061	77,550	-	77,550.00	
A28120	HRA Administration	1,423,928	1,443,370	22,770	1,466,140.00	Additional budget to cover HRA Accountancy support
A28130	Head Of Service	105,254	86,960	-	86,960.00	
A28140	Information, Performance & IT	125,960	131,490	-	131,490.00	
BB81	Head of Service	1,736,204	1,739,370	22,770	1,762,140	
A28200	Commercial Property portfolio	(1,556,336)	(1,453,640)	(119,900)	(1,573,540.00)	£153k increase in HRA shops income which was offset by £33k rise in Business Rates
A28220	Lettings	290,877	426,680	-	426,680.00	
A28230	Stock Appraisal	10,103	10,120	-	10,120.00	
A28240	Hostels	85,595	148,230	(60,092)	88,140.00	Annual rent rise of 9.22%
A28250	Needs and Service Development	515,786	414,930	40,000	454,930.00	New post for Occupational Therapist
			-			
BB82	Housing Needs & Strategy	(653,975)	(453,680)	(139,992)	(593,670)	

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A28300	Rents & Service Charges	(44,308,332)	(43,193,060)	(3,305,854)	(46,498,910.00)	Annual Rent rise of 9.22%
A28310	HRA Asset Management (Capital Charges)	904,060	937,260	8,312,050	9,249,310.00	Under Self Financing, council will be taking debt of £166.2m which will result in rise of £8.5m in interest charges. This will be offset by cash receipt of £168k from above assumed RTB sales (8) in self financing which will be used to reduce debt.
A28320	Debt Charges	504,110	504,110	99,934	604,040.00	An rise in debt charges as a result of increase in HRA borrowing.
A28330	Housing Subsidies	9,879,074	10,152,360	(10,152,360)	-	From 2012-13 housing subsidy will be replaced with self financing. As a result, there will be no subsidy payment to DCLG.
A28340	Misc Financial Transactions	(271,845)	(273,390)	-	(273,390.00)	
	Revenue Contribution to Capital	9,179,610	9,179,610	5,122,390	14,302,000.00	Allocated to Capital programme in line with HRA Business plan which includes £400k from revenue contribution for Door Entry Replacement.
A28350	HRA Contingency	396,000	396,000	4,000	400,000.00	Support Charges (CSSA) for 2012-13 yet to be calculated, so included in general contingency.
A28360	Appropriations To/From Reserves	(242,372)	(242,360)	(535,680)	(778,040.00)	Balance requirement for Capital programme taken from reserves
A28370	FRS 17 - HRA Adjustments (Pension Costs)	99,490	99,490	-	99,490.00	
BB83	Rent Accounting & Financial Transactions	(23,860,205)	(22,439,980)	(455,520)	(22,895,500)	
	Subtotal Retained HRA service budget					
A28400	HIH Almo Management	20,113,550	20,113,550	526,000	20,639,550.00	
					-	
BB84	Management of HRA stock	20,113,550	20,113,550	526,000	20,639,550	

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NET TOTAL		(1,637,707)	-	-	-	
	<u>Summary impact on Balances</u>					
	Balance Brought Forward from 2010/11	(4,193,209)			(6,108,987)	
	(Surplus)/ Deficit based on period 6 outturn	(1,637,707)				
	Planned contribution to Reserve	(258,070)				
	Planned contribution from Reserve				277,610	
	HHH Surplus for 2010/11 will be sent to LBH	(20,000)				
	Total (Surplus)/Deficit for year	(6,108,987)			(5,831,377)	

Appendix 2 – 2012/13 HRA Capital Programme

HRA Capital Programme 2012/13	Total spend	Number of homes receiving works	Works	Fee level applicable	Fees available to HiH
	£'000s	number	£'000s	%	£'000s
Decent Homes					
Windows - excluding tower blocks	1,632	326	1,532	6.5	100
Kitchens (& boiler where failure)	7,788	1,731	7,313	6.5	475
Heating	2,160	1,200	2,028	6.5	132
Electrical	1,080	1,234	1,014	6.5	66
Doors Only	1,620	540	1,521	6.5	99
Doors Only - completion of 2011/12 programme	199	66	199	0.0	0
Roofs	1,482	185	1,392	6.5	90
Roofs - completion of 2011/12 programme	118	15	118	0.0	0
Bathrooms	1,365	546	1,282	6.5	83
Insulation	58	116	54	6.5	4
Non traditional Remedial Works to houses	1,467	105	1,377	6.5	90
Tower block refurbishment – including windows	3,554	254	3,337	6.5	217
Sheltered housing and hostels decent homes works	1,560	345	1,465	6.5	95
Total Decent Homes	24,083		22,632		1,451
Additional capital works					
Major Voids	550		516	6.5	34
Structural	785		737	6.5	48
Electrical upgrade - not DH-related	250		235	6.5	15
Tower block works beyond Decent Homes	1,487		1,396	6.5	91
Communal works including concrete works	750		704	6.5	46
Capitalisation	500		500	0.0	0
Total Additional Capital Works	4,322		4,089		233
Environmental Improvements					
Legionella	180		180	0.0	0
Fencing / boundary walls	50		50	0.0	0
Drainage	75		75	0.0	0
Asbestos Removal	150		150	0.0	0

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Prevention of Anti Social Behaviour	100		100	0.0	0
Playground Equipment	90		90	0.0	0
Environmental improvements - contingency	260		260	0.0	0
Works to redundant garage sites not earmarked for housing development	150		150	0.0	0
CCTV equipment	50		50	0.0	0
Total Environmental Improvements	1,105		1,105		0
Planned Preventative Maintenance					
External Refurbishment	1,500		1,408	6.5	92
Common & Sheltered					
DDA Fire Protection	200		188	6.5	12
Hostels	490		460	6.5	30
Upgrade to door entry systems	400		400	0.0	0
Sheltered Alarm Call System and Fire Alarms upgrade	385		385	0.0	0
Conversion to Royal Jubilee Court bedsits	350		329	6.5	21
Careline Equipment	50		50	0.0	0
Sheltered conversions above Decent Homes	550		516	6.5	34
Hidden Homes	200		188	6.5	12
Total Common and Sheltered	2,625		2,516		109
Energy Efficiency					
Stock Condition Surveys 10%	30		30	0	0
Total Energy Efficiency	30		30		0
Aids & Adaptations					
Aids & Adaptations	550		495	11	0 – HiH 55 – Social Care
Briar Estate Renewal Project					
Project Costs	123		123	0	0
TOTAL PROGRAMME	34,338		32,399		1,885

Appendix 3 – 2012/13 – 2014/15 three year HRA capital programme
*Revenue funding within the HRA Business Plan, leaseholder contribution
and Decent Homes grant at allocated levels, though unconfirmed in 2013/14 and 2014/15*

HRA Capital Programme	2012/13	2013/14	2014/15
	£'000s	£'000s	£'000s
Decent Homes			
Windows – excluding tower blocks	1,632	1,632	900
Kitchens – including boiler replacement where failure	7,788	7,917	8,636
Heating	2,160	2,160	2,400
Electrical	1,080	1,080	2,025
Doors Only	1,620	1,620	1,025
Doors Only – completion of 2011/12 programme	199	0	0
Roofs	1,482	1,482	3,480
Roofs - completion of 2011/12 programme	118		
Bathrooms	1,365	1,365	3,600
Insulation	58	58	55
Remedial works to non-traditionally constructed houses	1,467	1,467	6,000
Tower block refurbishment – including windows	3,554	4,125	3,000
Sheltered housing and hostels decent homes works	1,560	750	2,041
Total Decent Homes	24,083	23,656	33,162
Additional capital works			
Major Voids	550	500	575
Structural	785	300	250
Electrical upgrade – not Decent Homes related	250	150	234
Tower block works beyond Decent Homes	1,487	922	500
Communal works including concrete works	750	177	1,000
Capitalisation	500	500	500
Total Additional Capital Works	4,322	2,549	3,059
Environmental Improvements			
Legionella	180	180	180
Fencing / boundary walls	50	50	110
Drainage	75	70	130
Asbestos Removal	150	150	200
Prevention of Anti Social Behaviour	100	50	50
Playground Equipment	90	75	90
Environmental improvements – contingency	260	400	200

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Works to redundant garage sites not earmarked for housing development	150	100	200
CCTV equipment	50	50	50
Total Environmental Improvements	1,105	1,125	1,210
Planned Preventative Maintenance			
External Refurbishment	1,500	1,500	1,700
Common & Sheltered			
DDA Fire Protection	200	10	50
Hostels	490	0	0
Upgrade to door entry systems	400	0	0
Sheltered Alarm Call System and Fire Alarms upgrade	385	0	0
Conversion of Royal Jubilee Court bedsits	350	0	0
Careline Equipment	50	50	50
Sheltered conversions above Decent Homes – excluding Royal Jubilee Court counted separately	550	1,110	1,000
Hidden Homes	200	200	215
Total Common and Sheltered	2,625	1,370	1,315
Energy Efficiency			
Stock Condition Surveys 10%	30	30	30
Aids & Adaptations			
Aids & Adaptations	550	550	550
Briar Estate Renewal Project			
Project Costs	123	0	0
TOTAL PROGRAMME	34,338	30,780	41,026

Appendix 4 – funded 2013/14 HRA capital programme
*Revenue funding within the HRA Business Plan and leaseholder contribution,
no Decent Homes grant*

HRA Capital Programme	2013/14				
	Total spend	Number of homes receiving works	Works	Fee level applicable	Fees available to HiH
	£'000s	number	£'000s	%	£'000s
Decent Homes					
Windows - excluding tower blocks	830	166	779	6.5	51
Kitchens (& boiler where failure)	1,990	442	1,868	6.5	121
Heating	737	410	692	6.5	45
Electrical	622	711	584	6.5	38
Doors Only	236	79	222	6.5	14
Roofs	920	115	864	6.5	56
Bathrooms	830	332	779	6.5	51
Insulation	51	102	48	6.5	3
Non traditional Remedial Works to houses	922	66	865	6.5	56
Tower block refurbishment	920	66	864	6.5	56
Sheltered housing major works	600	120	563	6.5	37
Total Decent Homes	8,656		8,128		528
Additional capital works					
Major Voids	500		469	6.5	31
Structural	300		282	6.5	18
Electrical upgrade - not DH-related	150		141	6.5	9
Tower block works beyond Decent Homes	922		866	6.5	56
Communal works including concrete works	177		166	0	11
Capitalisation	500		500	0	0
Total Additional Capital Works	2,549		2,424		125
Environmental Improvements					
Legionella	180		169	0.0	11
Fencing / boundary walls	50		47	0.0	3
Drainage	70		66	0.0	4
Asbestos Removal	150		141	0.0	9
Prevention of Anti Social Behaviour	50		47	0.0	3
Playground Equipment	75		70	0.0	5
Environmental improvements -	400		376	0.0	24

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contingency					
Works to redundant garage sites not earmarked for housing development	100		94	0.0	6
CCTV equipment	50		47	0.0	3
Total Environmental Improvements	1,125		1,056		0
			0		0
Planned Preventative Maintenance					
External Refurbishment	1,500		1,408		92
Common & Sheltered					
DDA Fire Protection	10		9		1
Careline Equipment	50		50		0
Sheltered conversions above Decent Homes	1110		1,042		68
Hidden Homes	200		188		12
Total Common and Sheltered	1,370		1,286		84
Energy Efficiency					
Stock Condition Surveys 10%	30		30	0	0
Total Energy Efficiency	30		30		0
Aids & Adaptations					
Aids & Adaptations	550		495	11	0 – fees for use by Adult Social Care
TOTAL PROGRAMME	15,780		14,828		773

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Appendix 5: London Borough of Havering – DRAFT HRA Self-financing Business Plan 2012 – 2042

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1. Introduction

The system of Council Housing Finance is changing. Since 1989 there has been a centrally controlled national system of housing subsidy which has distributed housing resources between individual local authority Housing Revenue Accounts in accordance with central calculations of income and expenditure. In April 2012 this will come to an end, and Councils will be expected to manage their income and expenditure through a thirty year Business Plan. Certain central controls will remain: in particular rents will still continue to be strongly influenced by the central government regime known as rent restructuring. This was originally introduced to achieve convergence between Housing Association and Local Authority rents. Whilst this policy has been removed for Housing Associations with the introduction of the "Affordable Rent" product from April 2012, the control of local authority rents remains. Central Government pooling of capital resources also remains. Right to Buy receipts are subject to new proposals in the Government's new Housing Strategy which is currently out to consultation. The total borrowing that a Council may undertake is limited by a centrally imposed borrowing cap.

But there are some important new freedoms in the new Self Financing arrangements which are due to come into force in April 2012. Councils will be able to manage their finances within their available resources, retaining all their rental surpluses. This means the Council will be able to develop resource plans that set out how services and assets will be provided and managed over longer timescales. For example, decisions about cost effective management may release resources for a range of purposes. A financial Business Plan, based upon our knowledge and understanding of the new system has been developed, and this document explains how we have arrived at our conclusions.

The London Borough of Havering welcomes the new financial regime, as we believe that it will be fairer and enable local authorities to make more locally accountable decisions about resources, how they are raised, and what they are spent on. However, it is important to remember that our Business Plan only works if the Government honours their undertakings in the introduction of Self Financing: firstly that the resources promised under the Decent Homes Programme remain in place; and secondly that the settlement agreed at the start of the Self Financing Business Plan is not re-opened. There are already signs that this may not be the case. In particular, the announcements about the changes to Right to Buy and the use of receipts have the power to disrupt the Business Plan significantly. We are taking on an additional £166m of Government debt; and we can only maintain our part of this deal and manage this debt, if the Government does not change the rules and introduce additional risks into our Business Planning.

This Business Plan sets out our aims for the future of the Council's housing provision, analyses the current position of service delivery, the provision and condition of stock and the available resources that we have identified following the publication of recent Government guidance (as at end November) and our objective to make the best use of those resources to deliver good quality housing for people in Havering. It also sets out the governance framework, the known risks to the plan, and our commitment to keep our Plan under regular review in order to adapt it to any changing circumstances that may threaten our ability to manage and maintain the housing stock and ensure that it is sustainable for future generations of Havering residents.

2. Vision and mission

2.1 Our Vision

The London Borough of Havering aims to provide good quality accommodation for those unable to meet their housing needs in the private market. The Council will make the best use

of the resources available, consulting with tenants about how to raise and how best to use those resources.

Our aim is to provide housing that is:

- Safe
- Warm
- Healthy
- Surrounded by a good environment
- In friendly and harmonious neighbourhoods
- Able to provide a springboard for those who wish to, to move on to owner occupation or other private market options
- Able to contribute to the prosperity of households and the community

2.2 Governance

This HRA Business Plan is owned by the whole Council. It is of primary interest to the Housing Service and its customers, as it is the means by which the vision will be delivered – a safe, secure warm and healthy home in a good environment. However, the obligations that the housing service has been required to take on by the Localism Act 2011 are of such a magnitude that if the Business Plan is not well managed, it will have an impact on the whole Council.

The Business Plan will therefore be reviewed annually by Cabinet and key risks and issues will be reviewed by the Lead Member for Housing and Public Protection on a quarterly basis. This will be supported by officers who will keep the Plan under review. This will be done by a corporate group of officers, (the HRA Business Plan Project Group) including Legal, Finance and Housing officers twice a year; with officers from Homes in Havering. London Borough of Havering Housing officers, Homes in Havering staff and Finance officers will also alert the Corporate Project Group to any key issues more frequently as required.

The Council is currently consulting tenants about the future of Homes in Havering, and should a decision be taken in March 2012 to change these arrangements, then clearly the Governance of the Business Plan will also need to be reviewed.

The income for our Business Plan largely comes from tenants' rents and service charges. It is critically important that they understand how the money is raised and how it is spent, and that they are given opportunities to comment on this in a way that influences decision making. However, the Council must also have regard to the overall financial health of the Council and set parameters within which spending must be contained.

If the Council resolves to retain Homes in Havering, following the expressed views of tenants in the test of tenant opinion in January 2012, then clearly tenants on the Board of Homes in Havering will be consulted as part of the Board. In addition, there are four groups of tenants who are currently consulted on aspects of the housing management service. It is proposed that representatives from each of these groups will be invited to review the Business Plan quarterly and provide comments which will be reported to the Officer Project Group.

If the Council decides to re-integrate the housing service back into the Council, then the Council will also establish a new Tenant Consultative Panel, comprising tenants and councillors, and this would become the appropriate body to review the Business Plan on a quarterly basis.

2.3 Risks and risk management

The HRA Business Plan Group has maintained two Risk Registers: one for the risks associated with the preparation for Self Financing, and one for those risks which may arise during the Business Planning process. The Preparation Group has met every three weeks since August 2011, and both Risk registers are kept under review.

The Risks associated with the preparation for Business Planning are gradually being closed down, although there remain new initiatives by Government which place new challenges on the Business Plan. This includes changes to the sums that Councils are expected to pay, as a result of changes in inflation, and announcements about the changes to Right to Buy.

The main risks associated with the Business Plan itself are:

Decent Homes Funding

The aim of delivering good stock condition standards and ensuring that our stock is fit for the future is dependent upon the Government's Decent Homes Funding. The Council received £9m in 2010/11; was awarded £9m in 2011/12 (including an additional £1m brought forward from the 2012/13 allocation) and is to receive a further £15m in 2012/13. However, the bulk of the funding has been back loaded and the final £38m is due to be received in the last two years of the programme (2013/14 and 2014/15). This funding is not guaranteed. Firstly, it is dependent upon our performance in spending the first three years of funding; and secondly it is dependent upon the state of Government finances. The risk of not receiving this funding can partly be mitigated by us being efficient and effective in delivering the early part of the programme. However, the risks to Government funding as a result of the continuing poor state of Government finances cannot be mitigated by us, and the risks appear currently to be high.

Improved standards in building works required and additional unforeseen investment requirements

There have been changes to the standards required in buildings from time to time – such as improved standards of electrical and gas safety, legionella, insulation and other issues. These have sometimes been in response to developing technology, such as satellite and digital services; and sometimes in response to incidents which draw attention to the importance of these issues, such as fire risks. Property services officers have to keep abreast of such developments and draw them to the attention of the HRA Business Planning Group; and they will need to be assessed and built into the Business Plan as required.

Communication and involvement of stakeholders

Where there are changes and challenges to the Business Plan which affect our ability to deliver our services and our investment programmes, households will be affected – tenants and residents – who have a right to know what is happening to their service and the improvements that they expect. Leaseholders have to pay a contribution to the cost of major works, and need time to plan for large items of expenditure. It is important that we keep our tenants, leaseholders and key partners, such as construction firms informed of the programme and changes to it, so that they can fully participate in delivering the best possible service. There is a risk to our reputation if we are not able to deliver all of our investment programme as anticipated, especially if we do not keep tenants informed of changes.

Interest rates may rise

The Business Plan currently assumes that the borrowing required to pay off Government debt may be at 5%; and sensitivity analysis has also reviewed the health of the Business Plan should interest rates rise by a further 1%. It is unlikely at this stage that the Council will have to borrow at this level. The borrowing will not be undertaken until 26th March 2012 when the Government is proposing that the Public Works Loan Board (PWLB) will make a one-off exceptional offer of borrowing for the purpose of completing this transaction.

The risk of further interest rate rises, which are expected over the life of the plan, can be largely mitigated by the borrowing strategy adopted at the beginning. If the Council decides to borrow for as long as expenditure is necessary, and decides to fix interest rates at the opening level,

then whatever that rate is, it will be known and managed within the plan. The risk of this borrowing strategy is that the Council may borrow more than it immediately requires, and more than may be required towards the end of the expenditure requirements. If the Council decides to borrow for a shorter period, then the risk of interest rate rises is a real one, and may have an impact on the Business Plan when the initial borrowing period has expired.

Build cost inflation may rise

In the first 15 years of the plan, investment in the housing stock is a critical activity. Whilst we have experienced some improvement in tender prices for building work during 2010/11 and 2011/12, partly because of the low level of activity in the private market, this may not continue. At present Build cost inflation is calculated at 3.0%, half of one per cent above the general rate of inflation. If this rises then this will have an impact on the Plan. This can be mitigated by longer term procurement contracts, although this may not necessarily be the best course of action to obtain best value in all circumstances.

Right to Buy sales not as predicted

The Government have recently announced their intention to inject new life into Right to Buy by increasing discounts from their current low level up to 50% in the hope that this will trigger renewed interest in Right to Buy. The Business Plan currently assumes that there will be an increase in sales under Right to Buy each year; 25% of the receipt is retained by the Local Authority, and this is used by the Council to support General Fund capital expenditure.

Whilst we know from sensitivity analysis that the Business Plan can comfortably contain an increase of Right to Buy sales up to 50 a year, if sales increase above this number, then the impact will have to be assessed. In addition, the position about what happens to the retained portion, and the freedom of the Council to use the retained portion has changed. The Government issued a Consultation Paper entitled "Reinvigorating the Right to Buy and one for one replacement" on 22nd December 2011. The Consultation closes on 2 February 2012, and therefore the final position will not be known until then. However, the proposals are that any capital receipt from sales above the original number in the Government's model Business Plan will be subject to a sharing arrangement. The first call on the receipt is transaction costs (as now) although these will be a flat rate rather than individually calculated. The Government is consulting on whether any improvement costs in the last three years can continue to be deducted from the receipt, on the basis that many improvements carried out in recent years, have been grant funded. After that, the housing debt supportable from the individual property can be redeemed, (in Havering this is £21,085 per property – the government assumed debt) and then the receipt is shared on the basis of Local authority assumed income and Government assumed income being taken out as before, and any surplus to be recycled into new homes. The LA and Government income is set at a standard per property sum. If there are insufficient funds to provide both parties with their assumed income, then the remaining funds are shared between Government and local authority in the proportion of 2.47:1. In these cases of course, there will be no surplus for replacement homes. The business plan assumes that the first call on any receipts over the government assumed average figure of 15.5 RTB sales over the 30 year term is used to pay down outstanding debt on the property.

Changes to welfare benefits (and therefore rent collection rates fall)

The Government is proposing a number of significant changes to welfare benefits which will have an impact on council tenants. These include:

- Universal benefit (including housing costs) paid directly to claimants
- An overall cap on benefits so that the benefits for an applicant cannot be greater than the average wage (£500 pw)
- Localising Council Tax support – the Government is proposing to devolve responsibility for Council Tax benefits to Councils, but to reduce the overall pot by 10% which may mean that if the Council passes on the reduction to claimants, they may have less money to meet their outgoings

All these changes risk impacting on lower income households. 71.74% of Council tenants are dependent upon Housing Benefit/Local Housing Allowance, and whilst many of these changes will not affect them, especially as 37% of our tenants are over 60, payments of benefits directly to claimants will have an impact on them all. This will make the collection of rent a more challenging task, and a reduced collection rate from the current 97% will have an impact on the Business Plan. It has therefore been assumed in the plan that the bad debt provision should be increased from the current 0.76% to 1.5% over the next 5 years.

Empty properties higher than forecast

The Business Plan depends upon the collection of income from 9,995 properties as at 1 April 2012. (It should be noted that the stock total used in the opening debt settlement is slightly lower as some properties earmarked for demolition will still be tenanted at the beginning of 2012/13.) There is built into the Business Plan the fact that not all these properties will be occupied at any one time, and that properties do become empty when people move, or die. This level of empty properties, called the void rate, is currently set at 2.0% and requires careful management. There are a number of empty properties within the housing stock which are hard to let, because they are the less popular bedsits or one bedroom units in Sheltered Housing that cannot be accessed by a lift if above ground floor level. There is an active programme of reviewing and improving some of these sheltered housing schemes, and disposing of others.

There is also the issue of the performance of staff in inspecting, repairing and letting empty homes to ensure that the void time is kept to a minimum. Performance in this area does not currently meet the 2011/12 KPI target. In October 2011, the performance outturn was 27.65 days against a target of 20 days. This may have been affected by strategic voids (properties expected to be part of major programmes) being released for re-letting, which would account for a longer period. Constant attention is needed to ensure that the re-let period is kept low. Additionally, the re-letting process has recently been re-engineered with improvements in performance expected as a result. The risk to the Business Plan is that income anticipated does not materialise, because the number of empty homes rises above the 1.5% anticipated by year 5 of the Business Plan.

Impact of depreciation rules

The Government is currently consulting on proposed new changes to the method of calculating depreciation. The Government is proposing to introduce this new methodology over a five-year period, and the impact on the Business Plan of this new piece of work has not yet been assessed.

The Risk Register will continue to be maintained and reviewed quarterly by the HRA Business Plan Group.

3. Service Delivery

3.1 Stock overview and management structure

At as 1 April 2011, the Council owned 12,224 social housing assets, consisting of 10,017 rented homes and 2,207 leasehold properties. The rented housing stock comprises a range of housing types, the highest proportion (58.1%) of which are flats, 37.6% are houses, 3.9% are bungalows and 0.4% are traditional multi-occupied properties.

Within the HRA portfolio there are also 176 retail shop leasehold units and 2,120¹ garages.

All housing stock and garages are managed on the Council's behalf by Homes in Havering, an Arm's Length Management Organisation (ALMO). The shops are managed by the Council's corporate property team.

¹ Homes in Havering stock data as at 22 November 2011

3.2 Establishing the long term demand for stock

3.2.1 Recent housing demand and supply of affordable housing

An independent Housing Needs Study² was commissioned by the Council in 2006 to inform its Housing Strategy 2009-12. The study indicated that some 875 households a year were in need of affordable housing or an appropriate housing solution over the 3-year period.

Following this research, modelling was undertaken to assess the required level of new build accommodation, outlined in Table 1 below.

Table 1 - annual housing need for affordable housing

	Annual numbers
Housing need	
Requirement for extra affordable housing, based on Housing Needs Study conducted by Fordham Research in 2006	875
Meeting housing need	
Homelessness prevention*	350
PSL lets on 3-5 year leases**	185
Net requirement for new homes	340
Additional affordable housing	300
Contingency for additional supply / alternative solutions	40
* Based on the 358 homelessness preventions in 2007/08 – audited BVPI. This includes private sector empty properties brought back into use with Council grant assistance in return for the tenancy being offered as part of the Council’s homelessness prevention activity	
** Based on ongoing availability of PSL properties retained by the Council	

Table 1 indicates that the Council needs to deliver least 300 of the annual requirement for 875 additional housing solutions by means of new build. This represents around 90% of the need that, arguably, cannot be met by other means, leaving the needs of a contingency of around 10%, 40 households, unaccounted for.

During the course of the Housing Strategy the Council has worked in partnership with RSLs to deliver new build affordable units in the borough, as set out in table 2 below.

Table 2 - new build affordable housing delivery

Year	Performance target	Performance outturn
2008-11	3-year target 800	910
2011/12	250	176 (to date)

Over the 3-year period 2008-11, the Council exceeded its target by 110 properties and it is on target to achieve the 2011-12 KPI.

Recent demand and supply of sheltered housing

A report to Cabinet in January 2005 outlined the difficulties in letting a number of the Council’s sheltered properties. As at 1 July 2006, approx. 200 sheltered homes were standing empty. Research has indicated that each year there will be a need for 98 ‘traditional’ sheltered units while 100 will become available and arguably there is an over-supply of this type of accommodation.

² Housing Needs Study was conducted by Fordham Research in 2006

A subsequent review in 2005/06 by the Housing Service established that there was an over-supply of this type of accommodation as it was out-of-date and not fit for future purpose. At its meeting on 12 July 2006, Cabinet members approved a strategy to re-model and/or dispose of 8 sheltered schemes. To date, 7 schemes have been decommissioned and remodelled or improved.

3.2.2 Future demand for council housing

It is difficult to project the long-term demand for housing in terms of setting a 30-year target. However, we have seen that demand for affordable housing continues to out-strip supply for general needs affordable housing and we expect this to increase given the expected increase 15 year+ age group in the borough. Even under current plans, we are not meeting all the newly arising need for housing, and there will be an accumulated shortfall of housing supply over the next three needs. Under the HRA Self Financing arrangement and new freedoms, the Council will be able to retain rental surpluses and allow for long-term resource and investment planning. In terms of sheltered housing supply, the Council has delivered the majority of its strategy and will continue to review existing schemes to identify opportunities to that ensure housing stock is fit for its future purpose.

4 Self Financing/Treasury Management

4.1 Rents and Service Charges

4.1.1 Rent Policy

Havering Council follows the Government's rent restructuring policy to move Council housing rents to a target rent based on a property's affordability (using local average wage), bedroom numbers and property valuation. The aim of this policy is to ensure that rents charged by all social housing providers converge at target rents in 2015/16. To enable rents to move to the target rent, housing providers will increase rents using the target formula Retail Price Index (RPI) + 0.5%, up to a maximum (limited) increase using the formula RPI + 0.5% + £2 until convergence is achieved; thereafter, rent increases will be restricted to RPI + 0.5%.

Applying the average formula rent for our tenants for 2011/12 is £85.63³ per week. In 2012/13, this will increase by 6.1% to £90.86 per week. The formula rent is increased by the September Retail Price Index (RPI) figure of 5.6% + 0.5% real increase.

The average *actual* rent for 2011/12 is £74.44. For 2012/13 this will increase to £81.30, an increase of 9.22%. We have needed to apply a percentage higher than RPI +0.5% so that we can move towards converging with the target rent.

The Government is aiming to converge all social housing rents at target rent in 2015/16, but the Council's housing rents will converge after this, because we cannot increase tenants' rent charges by more than RPI + 0.5% + £2. Due to this limit and a national limit on rent charge increases historically, the actual convergence date for Havering Council will be no earlier than 2017/18.

As the Council cannot recover the full level of rent increase due to the limit on rent increase in any one year, we are compensated and receive additional subsidy (caps and limits adjustment) worth £4.71 per week. Under the Self Financing arrangement, this compensation will not be paid (from 2012/13 to 2015/16), but has been allowed for on this basis in the debt settlement calculation. Given that the actual convergence date for Havering Council will not be achieved until 2018/19, in reality the gap between our tenants' rent increases and target rent will remain

³ Subsidy Determination 2012-13 – Self financing (Base Line Model 2012-13)

between 2012/13 and 2018/19, resulting in a total loss of £1.7m to the business plan over the next 7 years.

In terms of void properties, we currently re-let these at the previous tenant’s rent restructuring path, and do not re-let at target rent levels. We currently do not plan at this stage to review this policy. Any change to this would have an impact on rent rebate subsidy limitation. (This is explained further in the sub-section below). Therefore achieving void turnaround time KPIs is vital to reduce the amount of lost rent.

Rent rebate subsidy limitations also apply to properties that are part of the Council’s major improvement programmes and they are not re-valued for rent setting purposes. Due to the current arrangements, any additional rent gained would be lost to the subsidy system. As with void re-let rents, any rent increases could impact on rent rebate subsidy limitation. There is one element of major work programmes to which rent rebate subsidy limitation does not apply. This is with regard to extended properties. Once extension works are complete, the *actual* rent is increased to converge with the new target rent.

Limit Rent

In the sub-section above, we referred to the rent limit. Rents will remain under Government control, through the rent restructuring formula and it is proposed that rents will converge at target rents by 2015/16 and rise by RPI + 0.5% thereafter. If the Council’s average *actual* rent exceeds this limit then housing benefit subsidy is lost on the amount over and above the limit rent. This is actually a cost borne by the Council’s General Fund but is chargeable to the HRA. Currently there is some headroom between the actual average rent and the limit rent but this gap will reduce each year as actual rents converge with the limit rent through rent restructuring.

The scope for varying rents following major improvements and re-letting properties over the medium to long-term is dependent on Government’s future policy on the limit rent. It is currently unclear as to the methodology that will be used to set this figure over this 30-year Business Plan. Government policy will be kept under review and any scope to introduce other options will be modelled and consulted upon, in accordance with the governance framework.

4.1.2 Service Charge Review

The Council has been undertaking a review of service charges in conjunction with Homes in Havering. The review is based on fully recovering the *actual* cost of relevant services through service charges. Where relevant tenants have been consulted on the level of charges and on the quality of the service provided. The review has been divided into two phases. Phase 1 is nearing completion and phase 2 is being progressed. Table 3 below identifies the service and progress to date.

Table 3 sets out the two-phase service charge review

	2011/12	2012/13
PHASE 1	Neighbourhood wardens – charges increased to recover the full cost of the service.	Warden charges reduced by 13.65% as cost of service reduced.
	Fixed and Mobile CCTV – Fixed camera charges increased to recover the cost for CCTV. Mobile charges frozen in 2011/12	Both charges frozen
	Cleaning of communal areas in block (flats) schemes – Costs frozen in 2011/12,	Charges to be increased over 4 years to recover full service costs now that service standards have improved; 29p increase

	Caretaking – charges increased for full cost of services provided	1.65% increase
	Bulk rubbish collection – charges increased for full cost recovery	6.1% inflation increase
PHASE 2	Door entry – already full cost recovery	29.6% decrease as costs reduced
	Grounds maintenance – Under recovery of costs	1,900 additional tenants that benefit from the service to be charged for this service. Current charges frozen
	Heating – already full cost recovery	Current charge frozen
	Hot Water - already full cost recovery	Current charge frozen
	Cleaning of communal areas in Sheltered housing schemes - already full cost recovery	6.1% inflation increase
	TV Aerials - already full cost recovery	Current charge frozen. Individuals' charges are to be corrected

By extending the grounds maintenance charges to additional tenants who benefit from the service will increase income to the HRA by £278k per year. However, as this is an existing service, it will need to be de-pooled from the rent and therefore the additional income will be phased in through rent restructuring.

4.2 Treasury management & debt financing

Each council that owns housing stock is obliged to maintain a HRA. The account is 'ring-fenced' and this means that all income to and expenditure from the account must be held within the account and funds must not be transferred between this and the Council's General Fund. The key items of income and expenditure on the HRA are detailed below:

Income

Tenants' Rents and Service Charges
Income from council-owned retail shops
Interest accrued on council mortgages
Interest accrued on balances

Expenditure

Management and maintenance costs
Provision for bad debts
Interest payments on loans

The current HRA subsidy system is the system through which the Government determines the amounts local authorities need to spend on their council housing. The HRA subsidy is the amount paid by the Government to make up any shortfall between income and the determined expenditure. If a local authority's calculated expenditure exceeds its calculated income, it would receive a HRA subsidy from the Government. In Havering Council's case, the Government's calculated income for our borough exceeds its calculated expenditure and the Council has been obliged to pay a subsidy to the Government. This means that subsidies are re-distributed

by the Government to local authorities that have large historic debts. Data available from 2009/20 indicates that there was a net surplus of £100m in the system and only five local authorities accounted for 40% of the funds, raising concerns that, without major reform, the undistributed surplus in the system would continue to increase year-on-year.

Under the Localism Act 2011 Housing subsidy system is abolished from April 2012 and being replaced by a Self Financing arrangement. The replacement to the Housing subsidy system is a devolved self financing alternative which will remove the need for redistribution of revenue whilst ensuring that all Councils have sufficient resources. It allows local authorities to buy out of the system, the rental income generated from the housing stock can then be used to finance the debt and improve the housing stock.

We have now been allocated a debt settlement figure of £166.2M to pay to buy ourselves out of the current system.

In order for the Council to be able to make this payment out of its HRA it will need to borrow funds. Our assessment is that the best option for borrowing this sum, will be the Public Works Loan Board (PWLB). A final decision on the borrowing arrangements has been delegated to the Director of Finance and Commerce, in consultation with the Lead Member for Value.

5 Investment Challenges

The Council faces an array of significant investment challenges arising from a number of factors including:

- previously inconsistent funding streams, for example Decent Homes funding
- a backlog of expensive repairs to non-traditionally built dwellings
- changing socio-demographics within the borough, notably, the growth in the elderly population in the borough at the same time as rising aspirations leading to, for example, sheltered bedsit with shared facilities being effectively obsolete
- new technologies providing opportunities for investment, for example, more innovative external treatments to tower blocks and improved door entry alarm call systems.

The various investment challenges are discussed in turn below.

5.1 HRA Stock

In terms of social housing as at 1 April 2011 the Council owned 10,017 rented properties and 2,207 leasehold dwellings. In addition, it is responsible for the management and maintenance of 2,120 garage units in the portfolio. There are three tenant management organisations, which provide general environmental and minor repair services to the estates concerned.

Table 4 below provides a breakdown of the portfolio in the standard archetypes used for the HSSA base return⁴.

Table 4 - shows the breakdown in property types

Stock at 1 April 2011	Rented homes
Traditional pre-1945 small (less than 70sqm) terrace houses	126
Traditional pre-1945 semi-detached houses	212

⁴ Source – Housing Subsidy Base data 2012/13

Traditional all other pre-1945 houses	89
Traditional 1945-64 small (less than 70 sqm) terrace houses	634
Traditional 1945-64 large (70 sqm or more) terrace / semi detached / detached houses	1,192
Traditional 1965-74 houses	480
Traditional post 1974 houses	244
Non-traditional houses	785
Traditional and non-traditional pre-1945 low rise (1-2 storeys) flat	75
Traditional and non-traditional post-1945 low rise (1-2 storeys) flat	2,315
Traditional and non-traditional medium rise (3-5) storey flats	2,822
Traditional and non-traditional high rise (6+ storeys) flats	610
Traditional and non-traditional bungalows	393
Traditional multi-occupied dwellings post 1944	40
Total	10,017

5.1.1 Stock condition

A key proportion of the Council's housing stock was developed during the period 1945-64 with a consequently relatively high percentage of homes built by non-traditional methods. This post war development "boom" was prevalent in the development of social housing and the construction methods and materials used during this period pose particular challenges. A prime example of this is the quantity of asbestos containing materials employed and found in our homes.

Over 40% of our stock is houses, of which 785 are non-traditional properties and these require high levels of maintenance and investment. In addition, we have a number of high rise properties (610 units) which also require high levels of maintenance and investment. These properties require extensive works to enhance thermal comfort, as well as making them wind and watertight, reducing high instances of damp and condensation. The design of some of these property types also necessitates the adjustment of internal layouts to accommodate boiler and kitchen replacements. Our non-traditional houses also require extensive structural works in order to address the well-documented structural defects.

5.1.2 Stock investment requirements

The age profile of our housing stock has a material impact on the investment requirements as a large proportion of the stock was constructed in a specific time period.

At 31 March 2012, the level of Decent Homes across the Council's stock is projected to be 41.1%.

In excess of 57% of our homes were constructed during the period 1945-64 which means that there is a higher propensity for non-decency failures occurring within a narrow time band. In addition, we have a further 7% of non-traditional properties (Cornish, etc) with extensive investment requirements. This level of investment although high is still viable in comparison with new build replacement. This is further exacerbated by the aspect of elemental failures occurring in specific time periods forming "peaks" which constantly detract from the investment allocated to our homes.

The Council has in previous years, had limited resources to allocate to a range of housing priorities. Despite over 30% (3,069) of our homes having 3 or more bedrooms, the majority of our lettings are to smaller homes, and even then we only turnover 6% of our properties a year

and demand for homes continues to outstrip supply. We support RSLs to develop larger homes and facilitate moves into the private sector. In addition, we have by necessity embarked on a programme of remodelling and/or delivering extensions programmes to our properties in our portfolio and we wish, in future years, to consider using capital resources to continue our programme of building extensions funded by the Mayor of London's Targeted Funding Stream.

Overall, we anticipated that the additional resources needed to bring our stock up to the Decent Homes standard in a sustainable way amounts to £68.581m over the next three years.

In order to bridge the gap between the resources we have and those we need, we originally bid for Decent Homes funding under the ALMO programme and were accepted onto Round Six of the programme. Following the Government's Comprehensive Spending Review in November 2010, a revised process for bidding for Decent Homes funding replaced the previous approach. We bid for resources under the new Decent Homes Backlog funding programme. Our bid was successful, albeit not at the level at which we bid, with the Council awarded specific funding over a 4-year period to 2014/15. The amounts awarded are set out in table 5 below.

Table 5 - Decent Homes Backlog funding awarded to Havering Council in February 2011

	2011-12	2012-13	2013-14	2014-15	Total
Bid	£12,700,939	£16,761,765	£17,759,296	£20,581,000	£67,803,000
Award	£8,166,667	£16,000,000	£15,000,000	£23,581,000	£62,747,667
Difference	£4,534,272	£761,765	£2,759,296	-£3,000,000	£5,055,333
	36%	5%	16%	-15%	7%

These allocations will make a significant contribution towards achieving the Decent Homes standard by 2015. However, it should be noted that awards for 2013/14 and 2014/15 are provisional and will be subject to further central government spending reviews.

In August 2011 the Homes and Communities Agency (HCA) invited councils to bring forward resources from the 2012/13 allocation to progress decent homes works. As a result, the Council brought forward £1m to address the issue of non-traditional homes within the borough. The reprofiling of the HCA Decent Homes funding is set out in table 6 below.

Table 6 – Reprofiling of the HCA Decent Homes funding

	2011-12	2012-13	2013-14	2014-15	Total
HCA Decent Homes funding	£9,166,667	£15,000,000	£15,000,000	£23,581,000	£62,747,667

In addition to these resources the bid assumed an element of match-funding from the Council's then Major Repairs Allowance (MRA) to progress the improvement programme to achieve a target of 90% decent homes by 2014/15. The details set out in table 7 show the total expenditure programme.

Table 7 – Total funding for Decent Homes works

	2011-12	2012-13	2013-14	2014-15	Total
Award	£9,166,667	£15,000,000	£15,000,000	£23,581,000	£62,747,667
MRA (replaced by Revenue Funding through self-financing)	£5,000,000				£5,000,000
Additional Council revenue funding	£0	£7,756,000	£8,456,000	£9,381,000	£25,593,000
Major Repairs Reserve	£0	£129,000	£0	£0	£129,000
Leaseholder contribution	£100,000	£200,000	£200,000	£200,000	£700,000
	£14,266,667	£23,085,000	£23,656,000	£33,162,000	£94,169,667

5.1.3 Decent Homes programme delivery

The Council recognises that the Government's Comprehensive Spending Review has changed the landscape for landlords yet to complete their Decent Homes programmes. We have taken account of this and have re-profiled our requirements accordingly. It should be noted that changes will impact negatively on the achievement of decent homes during the early years of the programme and has been a significant challenge.

We have, through considerable work with tenants/residents and contractor partners, established a delivery strategy which started in 2010/11 and is being successfully delivered. This programme represents approximately 10% of the Council's stock. This work, together with the service upgrading achieved through the Improvement Plan (and recognised by accreditation), has delivered further efficiencies which are reflected in the profile. By securing external funding we have been able to deliver efficiencies not previously achievable through lower funding levels.

The improvement programmes over the 4-year period have been fully reviewed to have due regard to tenants' and residents' expectations, contractual obligations and commitments made as part of the Council's comprehensive regeneration schemes in Harold Hill and Rainham.

Our funding profile has been structured to reduce the amount of works being scheduled to complete in year one, with progression in future years. This will culminate in the Council needing to address the final 10% in future years. These works have been or are in the process of being procured for delivery over the forthcoming financial years in anticipation of confirmation of our ongoing funding requirements. The funding profile involves a mixture of elemental, whole house and major contract works packages, for example, for high rise blocks and non traditional houses/blocks. Our primary aim is to deliver high quality homes to tenants and residents and thus reduce non-decency levels, whilst also continuing to deliver value for money through competitive tender pricing, which we have already demonstrated through current contracts. We are also mindful of the expected availability of a construction workforce in 2011/12, following completing of Olympic facilities being completed and wish to secure opportunities given the Borough's close proximity to the Olympic park.

On successful allocation of funding for 2010/11 the Council has implemented the detailed delivery strategy, prepared during the Audit Commission inspection, in anticipation of the award of accreditation and award of funding. This has been successful and we are already delivering a large decent homes programme, following the first tranche of our decent homes funding in 2010/11 and based on the anticipation of the remaining funding being forthcoming. Our

consultation, governance and operational arrangements are embedded and are therefore well-placed to continue delivery of this programme over the next few years.

We have developed a “mixed economy” of arrangements to give agility and flexibility to accommodate changes in the macro environment. Our long established partnering arrangement covering both revenue and capital activity is with one of the most stable and respected contractors in the sector. In addition we are time-honoured members of the LHC Framework arrangements. We have been members since 6 May 1983 and in the last twelve months procured £487,000 of services through this framework. This membership allows us to capitalise on support as required to the partnering agreement and capitalise on procurement developments being driven by LHC, for example whole house arrangements and Energy Efficiency measures to meet the Green Deal agenda. In addition, we have secured a number of contracts to deliver some specialist aspects of the programme, notably for non-traditional stock, with recently procured contracts enabling us to derive benefits from the current economic pressures being faced by the construction and building sectors.

Our capital programme is delivered through a number of contractors and this assists with programme delivery and provides us with the flexibility to adjust our investment plans should we identify any emerging changes or deviations that pose a risk to successful programme delivery. This delivery strategy and related policy was informed by specific issues highlighted through customer surveys and our asset management database, and ensured programming of decent homes investment took account of local priorities.

The contractual arrangements set in place are designed to continue for the duration of the 2012/13. Furthermore, we will be executing further supply chain development in readiness for future allocations of funding for the remaining funding periods covered.

5.1.4 Stock condition information – updating

The information required for managing and maintaining all of the properties key elements and the stock condition of our housing portfolio is recorded on “Keystone”, a specialist database. This system provides both detailed storage and reporting facilities on a plethora of investment requirements and decisions. It is also capable of producing detailed investment projections using multi-faceted scenario analysis.

This system has recently been located onto the main council servers and we are now able to securely gain the benefits of the most up-to-date version of this vital tool.

The stock condition survey is updated in two ways. Firstly, a programme of annual inspections is carried out by a dedicated resource within Homes in Havering. In addition to this, as works are completed the database is updated and projections can be re-cast on the basis of the data held.

5.2 Hostels

The Council owns four hostels, providing short-term accommodation for homeless single people and families.

The existing hostels are detailed in table 8 below:

Table 8 – Existing hostels in the borough

Hostel	Number of rooms
Abercrombie House, Harold Hill	33
Diana Princess of Wales House, Harold Hill	21
81-87 Billet Lane, Hornchurch	15
Queen Street Vilas, Romford	12
Total	81

The Council has carried out a strategic hostels review. As a result, it has been decided to reprovide the same number of hostel unit across two, rather than four, buildings. To this end, a redundant sheltered scheme in the south of the borough will be converted; planning approval was granted in October 2011 for this. In addition, Abercrombie House in the north of the borough will be maintained, brought up to the Decent Homes standard and reconfigured to meet current and future needs.

5.2.1 Hostels improvement – funding requirements

The total costs to convert one building and upgrade the other are £2.75m. These costs are being met from:

- £1.05m s106 commuted sums held by the Council
- £1.7m held in the Major Repairs Reserve at the end of 2011/12 specifically for this purpose.

There is no additional call of the Business Plan within the next three years, although maintenance of the two hostels has been factored in to the Business Plan over its lifetime.

5.3 Sheltered and extra-care housing

Havering has the highest proportion of older people of any London Borough. In addition to the expected housing need among this age group, we also recognise that older people’s aspirations are continually rising and this means that the large numbers of bedsits with shared facilities and limited lift access within the current housing stock no longer meets that need.

An independent study commissioned in 2006 identified that a number of schemes did not meet older people’s changing expectations and aspirations, and would not be fit for future purpose, a large number of schemes requiring upgrading or re-modelling. This has led to the decommissioning of seven schemes, and part of another one.

We now have 19 sheltered schemes. However with the inappropriate type of stock, some 145 are currently void⁵, a majority of which are virtually impossible to let. Analysis indicates a need for 98 sheltered lets a year which at average relet rate indicates an over-supply of accommodation. Therefore, alternative uses, such as conversion to extra care or other age groups, are being considered.

5.3.1 Sheltered and extra-care housing – funding requirement

The Council has carried out a strategic review of older persons’ housing needs. There is an identified need for additional extra care housing, much of which will be provided by the private and housing association sectors.

⁵ As at 29 December 2011

In relation to HRA housing, there is a recognised need to convert all sheltered bedsits with shared bathrooms into either self-contained bedsits or larger units. There will also need to be lifts installed or upgraded at a number of schemes.

The total cost of these works is anticipated to exceed £5m. During the first three years of the Business Plan, a total of £3.01m has been identified to commence these conversion works. This figure excludes Decent Homes costs.

5.4 High rise properties

The Council owns a number of high rise properties of 6 storeys and above (comprising 610 units). These properties require extensive works to enhance thermal comfort, as well as making them wind and watertight, reducing high instances of damp and condensation and require high levels of maintenance and investment to bring them up to the decent homes standard. The design of some of these property types also necessitates the adjustment of internal layouts to accommodate boiler and kitchen replacements.

5.4.1 High rise properties – funding requirement

There will be a cost of delivering improvements, to beyond the Decent Homes Standard, will total £13.554m in the next 3 years.

5.5 Garages

The Council currently owns 2,078⁶ garages. Many are in low demand. It is therefore necessary for the Council to assess whether better use can be made of these HRA assets. To this end, a number of sites have already been identified for redevelopment for affordable housing. The timeline for re-development is phase 1 completion by March 2012, with phase 2 planned to complete by March 2013.

For those sites which are no longer in demand for garages and are unsuitable for redevelopment for housing, other alternatives are being considered, including creating hardstanding for parking, and landscaping for community use. There will be a need for £0.5m for such works over the period 2012/13 to 2014/15.

5.6 Regeneration

Harold Hill Ambitions is a key project of the Council, the aim of which is to substantially enhance the physical and social infrastructure of the Harold Hill area. Up to 40% of HRA housing stock is located in this part of the borough and so the Harold Hill Ambitions project will have a significant impact on the popularity and sustainability of the district over the lifetime of the Business Plan.

There are key aspects to the Harold Hill Ambitions programme as they relate to the HRA:

- improving the HRA stock to the Decent Homes standard and beyond will be a significant impact in terms of the visual appearance of the area and the quality of life and a sizable minority of residents
- two major redevelopment sites have been created by the decanting, disposal and demolition of two out-of-date bedsit bungalow sheltered schemes. Notting Hill Housing Group and Countryside Developments have been appointed to develop a mixed tenure scheme with an emphasis on affordable accommodation

⁶ Homes in Havering stock data as at 05 January 2012

- the 1970s Briar Road estate in the south west corner of Harold Hill has been identified for regeneration. This part of Harold Hill was built to a Radburn design and has a number of unattractive design features which compromise community safety and visual amenity. Notting Hill Housing Group has been appointed to develop, with HCA grant, a number of infill sites, with the receipt supporting environmental improvements across the estate. The central square, including a number of shops, will be completely redeveloped. The Decent Homes programme will be an integral part of this regeneration.

The Decent Homes and associated works to support Harold Hill Ambitions are already costed within the Business Plan under the borough-wide Decent Homes and additional capital works lines.

Rainham Compass is the Council's programme to improve the Rainham area in the south of the borough. There are lower levels of HRA stock in this part of the borough, particularly following the transfer of the Mardyke Estate to Old Ford Housing Association in 2008. That aside, the Council owns two tower blocks, New Plymouth and Napier Houses, in the Rainham Compass area. They are both in particularly poor repair and, allied to this, are currently unpopular, harder-to-let and experience management problems. The Council is proposing to enhance these two blocks beyond the Decent Homes standard by means of high quality cladding and the innovative addition of large, glass-encased balconies. This will add £1m to the refurbishment works costs during the first three years of the Business Plan.

5.7 Shops

Within the Housing Revenue Account (HRA) Portfolio there are 176 retail shop leases. This number can change slightly from time-to-time as some shops are grouped together in one lease and when the lease expires they can as a number of single units.

The shops portfolio is managed by the Council's corporate property team. Arrangement for management of the shops will be kept under review.

The shops are in a reasonable condition and are usually let on a fully repairing and insuring obligation. They are typically in high demand with low void rates.

The exception to this is the parade of shops on the Briar Road estate. Consequently, these shops are subject to regeneration proposals and have been earmarked for demolition, along with the flats above.

5.8 Offices

The condition of offices within the Council's portfolio is reasonable and does not impact currently on the HRA Business Plan.

5.9 Adaptations

The age profile of the population places increasing demand on investment towards minor adaptations and remodelling in the council's housing stock. We have the highest proportion of people aged 60 and over out of the 33 London boroughs, with as many as 37% of our tenants in this age group and a further 7% being aged between 55 – 60. Furthermore, in identifying unmet disabled people's needs the Council identified that 3,323 (32.6%) council households contain someone aged 50+ include at least person with a disability.

Research analysis was undertaken using the Census 2001 and Strategic Review of Older People's Housing conducted in 2006. The analysis established that 271 aids and adaptations

were required to remedy the backlog over the period 2008/09 – 2010/11, plus an additional 284 number of aids and adaptations over the period to meet new demand. The Council has cleared the backlog of people awaiting aids and adaptations and is now meeting demand through its annual programme.

5.9.1 Adaptations – funding requirement

The average annual funding requirement is £550,000, equating to £1,650,000 over the period 2012/13 to 2014/15.

5.10 Telecare

The Council launched its Telecare pilot in 2007. It uses new technology to offer a flexible care and support system to promote choice and improve people's independence at home. This service continues to be promoted to both Council and private sector households. Emerging opportunities include the provision of hard-wired Telecare provision within proposed new extra-care housing schemes in the Borough. It is expected that the Telecare service will provide a continual revenue stream to the HRA over the 30-year Business Plan.

6 Funding the Business Plan

In order to be able to achieve the objective of bringing out housing stock up to a decent standard in a good environment, we are going to have to maximise the resources available to us, and to make the best use of resources through effective procurement.

6.1 Revenue

The main source of income for the Housing Revenue Account is our rent; and Chapter 4 set out our proposals in respect of rents. We will continue to implement the Rent Restructuring regime, but will keep under review policies in respect of whether to adopt target rents for void properties; and whether to revalue properties as they are improved, or whether to review all our existing valuations.

We must maintain high levels of rent collection, as collection has a direct impact on the resources that can be spent on management and maintenance each year.

6.2 Service Charges

Our policy with respect to service charges is that we aim to recover in full the cost of all the services we provide. We hope over time to be able to provide more detailed accounts of service charges for tenants, and to be able to consult with them on the level of service that they wish to see procured and whether to improve or reduce standards and frequency of service. We do not have the capacity for this level of service at this stage; but we are improving our balancing of our service charge accounts all the time.

6.3 Grant funding

The main source of funding for our capital programme from 2012 to 2015 will be our Decent Homes funding programme and revenue contributions from the business plan. Decent Homes funding amounts to a further £53m over the first three years of the Self Financing Business Plan. The last two years of the funding is not guaranteed, but will be dependent upon both performance, and Government finances. The achievement of the Council's objectives through

this Business Plan is dependent upon this funding; and it cannot be underestimated what the devastating impact would be, should this funding not materialise. It is also important to ensure as far as possible that tenants understand the dynamics of the position; the figures have changed a lot over the years, and there remains some suspicion amongst tenants that they are not receiving all that they are entitled to.

The Council's other resources, to achieve its objectives therefore are the Major Repairs Allowance, including aids and adaptations within the new formula, and any Revenue Contribution to Capital that the Council is able to make. The Business Plan currently assumes that spare revenue, after payment of debt and ensuring that there is a base balance of £2m is devoted to capital improvements. Resources akin to the former Major repairs allowances (MRA) in the new formula have been uplifted by 15.65%.

In the past, resources have been split between the Decent Homes Programme and other essential work, such as lifts, legionella, asbestos, or fire risk assessment works. There continues to be a need for both elements to be supported, as long as the housing stock is 90% at Decent Homes standard by March 2015. The remaining 10% will be planned and resourced by the Council using MRA, and revenue contributions

6.4 Capital receipts

The use of right-to-buy receipts to pay off housing debt has been covered earlier in this Plan. With regard to other capital receipts arising from time-to-time, the Council's position remains as it has for some time that it wishes to maximise local discretion over the use of HRA receipts and will always resolve to spend 100% of any such receipts on housing and/or regeneration purposes.

The Council has a series of major regeneration priorities, typically including new affordable housing, and these strategic priorities will remain the focus for receipts in the medium term rather than direct investment in HRA stock unless this is clearly an integral part of the regeneration of a local area.

6.5 Supporting People

We currently receive £700k a year Supporting People funding from Adult Services for supporting tenants in receipt of mobile support for older people and/or the alarm call careline. The plan makes a prudent assumption that efficiencies required locally and nationally in Adult Social Care budgets will see this contract sum decreasing to £500k within two years.

6.6 How are we going to deliver all this?

Attached to this Business Plan narrative, in Appendix A is our financial modelling of how this is all going to work. The Business Plan Model is a spreadsheet setting out what we anticipate will happen over the next 30 years. It sets out all our anticipated income and expenditure requirements, and builds in a range of assumptions that we have used to establish what we think will happen. These assumptions are set out in Appendix B.

The first three years of the business plan is set out in Table 9 below. It is based on maintaining current service expenditure increased by the base rate of inflation of 2.5%. It is planned to use excess working balances as at 1 April 2012 on a phased basis over the three year period to supplement the capital programme.

Table 9

Year	2012.13	2013.14	2014.15	2015.16	2016.17
	1	2	3	4	5
	£000	£000	£000	£000	£000
INCOME:					
Rental Income	42,326	44,465	46,655	48,989	51,386
Void Losses	(804)	(845)	(700)	(735)	(771)
Service Charges	5,489	5,626	5,767	5,911	6,059
Non-Dwelling Income	2,291	606	621	637	653
Grants & Other Income	773	675	577	591	606
Total Income	50,076	50,528	52,921	55,393	57,933
EXPENDITURE:					
General Management	(26,298)	(26,827)	(27,498)	(28,185)	(28,890)
Bad Debt Provision	(322)	(391)	(467)	(612)	(771)
Responsive & Cyclical Repairs	(65)	-	-	-	-
Total Revenue Expenditure	(26,685)	(27,218)	(27,964)	(28,797)	(29,660)
Interest Paid & Administration	(9,431)	(8,491)	(8,512)	(8,512)	(8,512)
Interest Received	128	122	114	98	81
Net Operating Income	14,088	14,940	16,558	18,182	19,841
APPROPRIATIONS:					
FRS 17 /Other HRA Reserve Adj	(99)	(102)	(105)	(107)	(110)
Revenue Contribution to Capital	(14,303)	(15,577)	(17,250)	(19,153)	(20,737)
Total Appropriations	(14,403)	(15,679)	(17,355)	(19,260)	(20,847)
ANNUAL CASHFLOW	(314)	(738)	(796)	(1,078)	(1,006)
Opening Balance	6,109	5,795	5,056	4,260	3,182
Closing Balance	5,795	5,056	4,260	3,182	2,176

Thirty years is a long time, and it is inevitable that many of these assumptions will be wrong. There will be changes in Government legislation and regulation, in the economic environment and interest rates; in the cost of building work and other key factors. We have therefore also run a number of sensitivity analyses to establish what would happen if any of these assumptions were different from our base model. These enable us to demonstrate that we have a reasonably robust Business Plan that will be able to deliver our ambitions for our housing stock.

To deliver our stock investment programme, the resources available for the next three years therefore are:

Table 10

Funding	2012/13 £000s	2013/14 £000s	2014/15 £000s
Decent Homes	15,000	15,000	23,581
Revenue funded	14,303	15,580	17,245
MRR brought forward	4,712	0	0
Other grant funding	123	0	0
Leaseholder contribution	200	200	200
Total	34,338	30,780	41,026

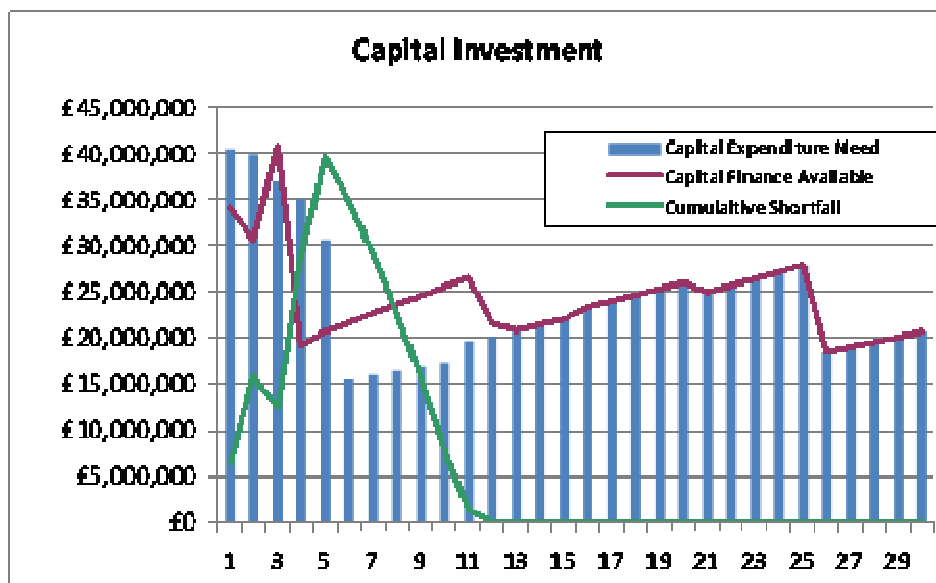
The spend profile, split between Decent Homes and other essential works in the HRA capital programme will be £104.644m over 2012-2015.

Table 11

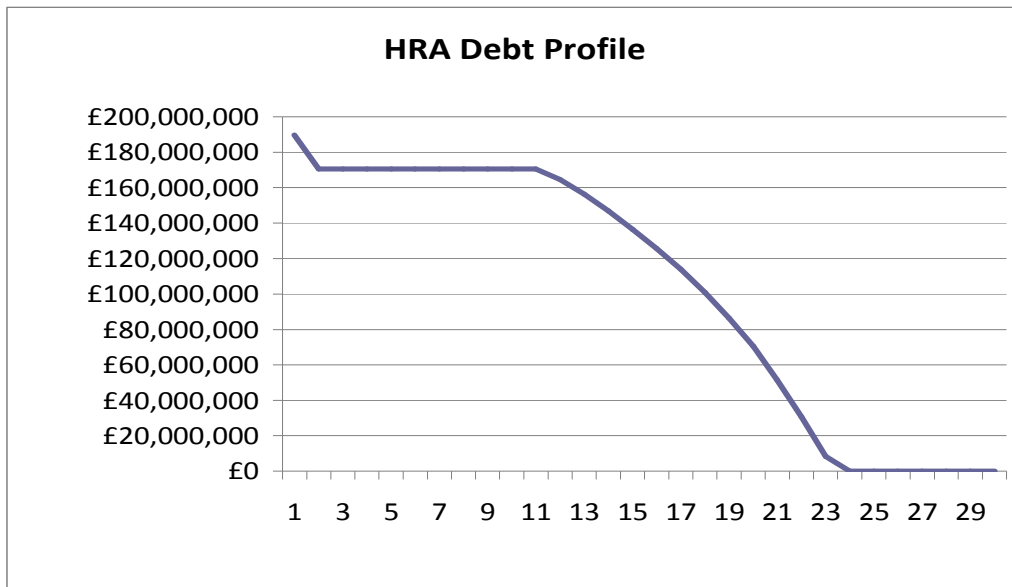
Expenditure Including fees where application	2012/13 £000s	2013/14 £000s	2014/15 £000s
Decent Homes	24,083	23,656	33,162
Additional capital works	4,322	2,549	3,059
Environmental improvements	1,105	1,125	1,210
Planned preventative maintenance	1,500	1,500	1,700
Common & sheltered	2,625	1,370	1,315
Energy efficiency	30	30	30
Aids & adaptations	550	550	550
Briar Road renewal programme – project costs	123	0	0
Total	34,338	30,780	41,026

These figures are incorporated into the Business Plan model at Appendix A.

Over the 30 year business plan there is an overall investment backlog of 12 years against the stock condition survey level of investment. However it is anticipated that the decent homes backlog will be dealt with by 2017/18 as the increased revenue contributions for the HRA feed into the capital programme.



Once the investment backlog is eliminated the business plan can start to reduce the level of debt on the HRA through the use of spare resources to either directly redeem debt or to set funds aside to meet future debt repayment. If all spare resources are used to repay debt then the business plan will become debt free by year 24 of the plan.



Sensitivity testing of the model has been carried out using a number of different scenarios, the outcome of this sensitivity testing is included at Appendix C.

Glossary of Abbreviations and Housing Terms

Extra-care housing - These schemes are designed with the needs of frailer, older people in mind and with varying levels of care and support available. People living in extra-care housing have their own self-contained home and this form of housing includes flats, bungalow estates and retirement villages, the properties can be rented, owned or part-owned/part-rented.

Decent Homes Standard – Government definition of Decent Homes was published in 2002. To be defined as a ‘decent home’ a property must: meet the current statutory minimum for housing; be in a reasonable state of repair; have reasonably modern facilities; and provide a reasonable degree of thermal comfort (effective insulation and heating).

HCA – Homes and Communities Agency - the national housing and regeneration agency in England.

HiH - Homes in Havering is an Arms Length Management Organisation that has responsibility for managing and maintaining housing stock owned by Havering Council.

HRA - Housing Revenue Account – every local authority that owns housing stock is obliged to maintain a HRA. The account is ring-fenced so that all income and expenditure on managing the stock is held within the account. Councils are not allowed to transfer funds to and the General Fund.

HSSA – Housing Strategy Statistical Appendix – annual statistical return which local housing authorities are required to provide to central government.

KPIs – Key performance indicators

MRA – Major Repairs Allowance. This funding is used to bring homes up to meet the Decent Homes Standard and maintain them once backlog repairs are complete. The MRA in Havering is approximately £1,127 per property per year, equating to approximately £33,870 per property over a 30-year life. This is similar to the industry estimate cost of maintaining a property.

Non-traditional housing – these are prefabricated homes. This method has been used in the UK during periods of high demand such as during the post-war periods. Problems have arisen over the quality of materials used.

PWLB - Public Works Loan Board

RPI – Retail Price Index is a measurement of inflation. Calculated on a monthly basis, it measures the change in the cost of a basket of retail goods and services (including mortgage interest payments, food fuel). It is used as a base rate for calculating increases to social housing rents.

RSL – Registered Social Landlord, also known housing associations or registered providers.

Social housing rents – Social Housing rents (known as target rents) are calculated in accordance with a formula based 70% on local incomes and 30% on capital values. These are reviewed every year. The Government has issued specific guidance on calculating rental increases (this is RPI + 0.5%).

Supporting People – An integrated policy and funding framework for the commissioning of housing-related support for vulnerable people, introduced in 2003.

More information and background documents

More information

More information can be gained about this Business Plan from Officers detailed in the table below:

Subject area	Contact details	
Finance		
Finance and procurement	Mike Stringer	01708 432101
Treasury management	Mark White	01708 432164
Homes in Havering (HiH)	Tony Huff	01708 434155
Strategic management of housing stock		
Housing Strategy and Needs	Jonathan Geall	01708 434606
Commercial Property reviews	Jonathan Gregory	01708 433166
Stock condition and decent homes programme	Kevin Hazlewood	01708 434091

Appendix A(i) Business Plan model – revenue

Year	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
INCOME:															
Rental Income	42,326	44,465	46,655	48,989	51,386	53,847	55,583	57,134	58,728	60,366	62,049	63,780	65,558	67,386	69,264
Void Losses	(804)	(845)	(700)	(735)	(771)	(808)	(834)	(857)	(881)	(905)	(931)	(957)	(983)	(1,011)	(1,039)
Service Charges	5,489	5,626	5,767	5,911	6,059	6,210	6,366	6,525	6,688	6,855	7,027	7,202	7,382	7,567	7,756
Non-Dwelling Income	2,291	606	621	637	653	669	686	703	720	738	757	776	795	815	835
Grants & Other Income	773	675	577	591	606	621	637	653	669	686	703	721	739	757	776
Total Income	50,076	50,528	52,921	55,393	57,933	60,540	62,437	64,157	65,924	67,740	69,605	71,522	73,491	75,514	77,592
EXPENDITURE:															
General Management	(26,298)	(26,827)	(27,498)	(28,185)	(28,890)	(29,612)	(30,352)	(31,111)	(31,889)	(32,686)	(33,503)	(34,341)	(35,199)	(36,079)	(36,981)
Bad Debt Provision	(322)	(391)	(467)	(612)	(771)	(808)	(834)	(857)	(881)	(905)	(931)	(957)	(983)	(1,011)	(1,039)
Responsive & Cyclical Repairs	(65)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	(26,685)	(27,218)	(27,964)	(28,797)	(29,660)	(30,420)	(31,186)	(31,968)	(32,770)	(33,592)	(34,434)	(35,297)	(36,183)	(37,090)	(38,020)
Interest Paid & Administration	(9,431)	(8,491)	(8,512)	(8,512)	(8,512)	(8,512)	(8,533)	(8,533)	(8,533)	(8,533)	(8,554)	(14,562)	(16,385)	(16,910)	(17,458)
Interest Received	128	122	114	98	81	69	62	55	48	41	35	28	21	21	21
Net Operating Income	14,088	14,940	16,558	18,182	19,841	21,677	22,780	23,711	24,669	25,656	26,651	21,690	20,944	21,534	22,135
FRS 17 /Other HRA Reserve Adj	(99)	(102)	(105)	(107)	(110)	(113)	(115)	(118)	(121)	(124)	(127)	(131)	(134)	(137)	(141)
Revenue Contribution to Capital	(14,303)	(15,577)	(17,250)	(19,153)	(20,737)	(21,566)	(22,693)	(23,599)	(24,555)	(25,539)	(26,552)	(21,562)	(20,815)	(21,396)	(21,993)
Total Appropriations	(14,403)	(15,679)	(17,355)	(19,260)	(20,847)	(21,679)	(22,808)	(23,718)	(24,676)	(25,663)	(26,679)	(21,693)	(20,949)	(21,533)	(22,134)
ANNUAL CASHFLOW	(314)	(738)	(796)	(1,078)	(1,006)	(2)	(28)	(7)	(7)	(7)	(28)	(3)	(5)	1	1
Opening Balance	6,109	5,795	5,056	4,260	3,182	2,176	2,174	2,146	2,139	2,132	2,126	2,098	2,095	2,089	2,090
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	5,795	5,056	4,260	3,182	2,176	2,174	2,146	2,139	2,132	2,126	2,098	2,095	2,089	2,090	2,091

2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
71,194	73,178	75,217	77,312	79,465	81,678	83,952	86,289	88,691	91,159	93,696	96,302	98,981	101,734	104,562
(1,068)	(1,098)	(1,128)	(1,160)	(1,192)	(1,225)	(1,259)	(1,294)	(1,330)	(1,367)	(1,405)	(1,445)	(1,485)	(1,526)	(1,568)
7,950	8,149	8,352	8,561	8,775	8,995	9,219	9,450	9,686	9,928	10,176	10,431	10,692	10,959	11,233
856	878	900	922	945	969	993	1,018	1,043	1,069	1,096	1,124	1,152	1,180	1,210
795	815	836	856	878	900	922	945	969	993	1,018	1,044	1,070	1,096	1,124
79,728	81,922	84,176	86,492	88,872	91,316	93,828	96,408	99,059	101,783	104,581	107,456	110,409	113,443	116,561
(37,906)	(38,853)	(39,825)	(40,820)	(41,841)	(42,887)	(43,959)	(45,058)	(46,185)	(47,339)	(48,523)	(49,736)	(50,979)	(52,254)	(53,560)
(1,068)	(1,098)	(1,128)	(1,160)	(1,192)	(1,225)	(1,259)	(1,294)	(1,330)	(1,367)	(1,405)	(1,445)	(1,485)	(1,526)	(1,568)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(38,974)	(39,951)	(40,953)	(41,980)	(43,033)	(44,112)	(45,218)	(46,352)	(47,515)	(48,707)	(49,928)	(51,180)	(52,464)	(53,780)	(55,128)
(17,303)	(17,864)	(18,444)	(19,042)	(19,658)	(22,114)	(22,799)	(23,526)	(8,342)	-	-	-	-	-	-
21	21	21	21	21	21	21	21	100	306	614	985	1,372	1,773	2,191
23,472	24,127	24,800	25,491	26,202	25,111	25,831	26,551	43,303	53,382	55,267	57,261	59,317	61,437	63,623
(144)	(148)	(151)	(155)	(159)	(163)	(167)	(171)	(176)	(180)	(184)	(189)	(194)	(199)	(204)
(23,328)	(23,979)	(24,648)	(25,335)	(26,042)	(24,967)	(25,663)	(26,378)	(27,114)	(27,869)	(18,504)	(19,020)	(19,550)	(20,095)	(20,655)
(23,472)	(24,126)	(24,799)	(25,490)	(26,201)	(25,130)	(25,830)	(26,550)	(27,289)	(28,049)	(18,688)	(19,209)	(19,744)	(20,293)	(20,858)
0	1	1	1	1	(19)	1	1	16,014	25,333	36,579	38,052	39,573	41,143	42,764
2,091	2,091	2,091	2,092	2,093	2,094	2,075	2,076	2,077	18,091	43,424	80,003	118,055	157,628	198,771
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,091	2,091	2,092	2,093	2,094	2,075	2,076	2,077	18,091	43,424	80,003	118,055	157,628	198,771	241,535

Appendix A(ii) Business Plan model – capital

Notes: (i) Individual figures subject to rounding in contributing tables.

(ii) Capital totals exclude leaseholder contributions which have been included in three projections elsewhere.

Year	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE:															
Planned Variable Expenditure	(40,464)	(39,915)	(36,951)	(35,129)	(30,729)	(15,496)	(15,929)	(16,374)	(16,832)	(17,302)	(19,700)	(20,250)	(20,815)	(21,396)	(21,993)
Previous Year's Overall Shortfall	-	(6,515)	(16,329)	(12,823)	(29,663)	(40,844)	(35,817)	(29,925)	(23,381)	(16,127)	(8,126)	(1,313)	-	-	-
Total Capital Expenditure	(40,464)	(46,430)	(53,280)	(47,952)	(60,392)	(56,340)	(51,746)	(46,299)	(40,212)	(33,429)	(27,826)	(21,562)	(20,815)	(21,396)	(21,993)
FUNDING:															
Major Repairs Reserve	4,712	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	15,000	15,000	23,581	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	123	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Contributions	14,303	15,577	17,250	19,153	20,737	21,566	22,693	23,599	24,555	25,539	26,552	21,562	20,815	21,396	21,993
Total Capital Funding	34,138	30,577	40,831	19,153	20,737	21,566	22,693	23,599	24,555	25,539	26,552	21,562	20,815	21,396	21,993
In Year Net Cashflow	(4,818)	(15,854)	(12,449)	(28,799)	(39,655)	(34,774)	(29,053)	(22,700)	(15,657)	(7,890)	(1,274)	-	-	-	-
Cumulative Shortfall	(6,326)	(15,854)	(12,449)	(28,799)	(39,655)	(34,774)	(29,053)	(22,700)	(15,657)	(7,890)	(1,274)	-	-	-	-

2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(23,328)	(23,979)	(24,648)	(25,335)	(26,042)	(24,967)	(25,663)	(26,378)	(27,114)	(27,869)	(18,504)	(19,020)	(19,550)	(20,095)	(20,655)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(23,328)	(23,979)	(24,648)	(25,335)	(26,042)	(24,967)	(25,663)	(26,378)	(27,114)	(27,869)	(18,504)	(19,020)	(19,550)	(20,095)	(20,655)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23,328	23,979	24,648	25,335	26,042	24,967	25,663	26,378	27,114	27,869	18,504	19,020	19,550	20,095	20,655
23,328	23,979	24,648	25,335	26,042	24,967	25,663	26,378	27,114	27,869	18,504	19,020	19,550	20,095	20,655
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B – Assumptions within the Business Plan

General Inflation (RPI)		2.5%
Rent Inflation (RPI+½%)		3.0%
Capital Inflation (RPI+½%)		3.0%
Right to Buy Sales per annum		20
Void rate		1.9% year 1-2 1.5% onwards
Bad Debt		0.76% year 1 to 1.5% year 5
Interest rate on debt		5.0%
Interest Rate on balances		1.0%
Decent Homes Grant	2012/13	£15m
	2013/14	£15m
	2014/15	£23.581m

2012/13 HRA budget is baseline position

Right to Buy Useable Receipts used by General Fund

Minimum Working Balances £2m

Rent increases follow government rent restructuring formula

HRA shops transfer to general fund 1 April 2013.

Appendix C Scenario testing

SCENARIO		HRA Surplus Point (>£2m) Year	SCS Investment Backlog cleared Year	Debt Free Point Year
1	Baseline	24	12	24
2	RPI = 4% rather than 2.5%	21	11	21
3	Inflation on capital 1% > RPI	28	16	28
4	Inflation on capital 2% > RPI for first 10 years	29	20	29
5	Interest Rate 7% compared with current assumption of 6%	27	17	26
6	RTB sales rise to 50 instead of 13 per annum	27	14	27
7	Right to Buy receipts are applied to the Business Plan	24	11	23
8	No real ½% inflation on rents	30	18	30
9	Reduce level of investment to minimum Decent Homes Level	20	7	20
10	Debt settlement figure £6.25m higher (possible 2012/13 settlement figure)	25	13	25
11	No real ½% inflation on rents Interest Rate 7% compared with 6%	30+	26	30+
12	No real ½% inflation on rents Interest Rate 7% compared with 6% Invest Decent Homes Level	27	12	27
13	No real ½% inflation on rents Inflation on capital 1% > RPI	30+	27	30+
14	Interest Rate 7% compared with 6% Inflation on capital 1% > RPI	30	23	30
15	Interest Rate 7% compared with 6% Inflation on capital 1% > RPI; Invest Decent Homes Level	26	11	26
16	Extra care scheme in year 5 (year 4 of self financing) £800k capital costs Note as per baseline	24	12	24
17	Fire and smoke alarms upgrade if required by legislation. (£12.1m) Years 6-10	25	15	25
18	Off street parking (£8.9m flats only @ £1,500 per property) Years 6-10	25	14	25
19	External and noise insulation (£78.3m) Years 11-30	29	17	29



CABINET

8 February 2012

Subject Heading:

Cabinet Member:

CMT Lead:

Report Author and contact details:

Policy context:

Financial summary:

Is this a Key Decision?

Is this a Strategic Decision?

When should this matter be reviewed?

Reviewing OSC:

REPORT

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2012/13

Cllr Roger Ramsey

Andrew Blake-Herbert

Mark White
Capital & Treasury Manager
01708 432164

The Council is required to formally approve the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy following recommendation from Cabinet

There are no direct financial implications from the strategy. Treasury management activities are considered as part of the overall budget strategy.

No

No

Bi-Annually

Audit Committee

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

- Ensuring a clean, safe and green borough
- Championing education and learning for all
- Providing economic, social and cultural activity in thriving towns and villages
- Valuing and enhancing the lives of our residents
- Delivering high customer satisfaction and a stable council tax

SUMMARY

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit Committee.

Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:

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

A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

RECOMMENDATIONS

Cabinet to agree the Treasury Management Strategy Statement (TMSS) which incorporates the MRP Strategy and the Annual Investment Strategy 2012/13 and to recommend to full Council that the TMSS be approved.

REPORT DETAIL

Please refer to Appendix A for the Treasury Management Strategy Statement which incorporates the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.

REASONS AND OPTIONS

Reasons for the decision:

The statutory Codes set out that the Council ought to approve a Treasury Management Strategy Statement, the MRP Strategy and the Annual Investment Strategy for 2012/13.

Other options considered:

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

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising from this report. Treasury management activities are considered as part of the overall budget strategy

Legal implications and risks:

There are no apparent legal implications arising as a result of this Report.

Human Resources implications and risks:

There are no direct Human Resources implications arising as a result of this report

Equalities implications and risks:

There are no equalities implications within this report

BACKGROUND PAPERS

- 1 CIPFA Prudential Code
- 2 CIPFA Treasury Management Code of Practice
- 3 Sector Treasury Services Economic Outlook
- 4 Bloomberg System

Appendix A – Treasury Management Strategy Statement

1 Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

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

1.2 Treasury Management Strategy

The strategy for 2012/13 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;

- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2. The Capital Prudential Indicators 2012/13 – 2014/15

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

A key issue facing the Council is the impact of planned HRA reform. This would essentially end the impact of the housing subsidy system and will see the HRA as a stand alone business. The legislation has yet to be enacted, but the Council will need to approve revised limits in expectation of the reform going ahead.

The Council currently pays into the HRA housing subsidy system, and in order to stop future payments from 1 April 2012 the Council is required to pay the CLG £166m. This payment is effectively HRA debt, and so the prudential indicators have been adjusted to reflect this change. The actual payment will be made on the 28 March 2012 and so the indicators will take immediate effect from the approval of these limits by Council. The change is expected to be beneficial to the Council.

Capital Expenditure. This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure £m	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Non-HRA	60.964	58.378	29.329	10.110	8.188
HRA	16.433	20.011	24.000	24.000	32.500
HRA settlement		166.206*			
Total	77.397	244.595	53.329	34.110	40.688
Financed by:					
Capital receipts	9.178	27.448	16.278	6.123	4.201
Capital grants	42.414	29.647	28.051	18.987	27.487
Capital reserves	6.276	8.780	0	0	0
Revenue	3.115	2.048	0	0	0
Net financing need for the year	16.414	176.672	9.000	9.000	9.000

*HRA Settlement figure as per paragraph above

The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

£m	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Capital Financing Requirement					
CFR – non housing	50.259	48.931	47.603	46.275	50.517
CFR - housing	13.050	23.517	32.517	41.517	44.947
HRA Settlement		166.206	166.206	166.206	166.206
Total CFR	63.309	238.654	246.326	253.998	261.670
Movement in CFR	15.192	175.345	7.672	7.672	7.672

Movement in CFR represented by					
Net financing need for the year (above)	16.414	176.672	9.000	9.000	9.000
HRA Settlement					
Less MRP/VRP and other financing movements	1.222	1.327	1.328	1.328	1.328
Movement in CFR	15.192	175.345	7.672	7.672	7.672

MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1)

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life.

No revenue charge is currently required for the HRA. However under HRA reform the HRA will be required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations will allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years.

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances:

Actual and estimates of the ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Non-HRA	1.52	1.47	1.19	1.11	0.87
HRA (inclusive of settlement)	4.31	6.47	5.27	5.27	5.27

The estimates of financing costs include current commitments and the proposals in this budget report.

Estimates of the incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Council tax - band D	4.26	4.26	0.00	0.00	0.00

Estimates of the incremental impact of capital investment decisions on housing rent levels.

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Weekly housing rent levels	0.00	0.00	0.00	0.00	0.00

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2011, with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital

borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
External borrowing					
Borrowing at 1 April	46.08	59.86	212.15	221.15	230.15
Expected change in borrowing	13.78	(13.91)	9.00	9.00	9.00
HRA settlement	0	166.20	0	0	0
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual borrowing at 31 March	59.86	212.15	221.15	230.15	239.15
CFR – the borrowing need	63.31	238.65	246.32	254.00	261.67
Under / (over) borrowing	3.45	26.50	25.17	23.85	22.52
Investments	91.47	47.42	44.52	44.52	44.52
Net borrowing	(28.16)	191.23	176.63	185.63	194.63

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its total borrowing, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £'000	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	75,000	89,800	98,800	106,800
Add HRA settlement	200,000	166,200	166,200	166,200
Other long term liabilities	2,000	2,000	2,000	2,000
Total	277,000	258,000	267,000	275,000

Cabinet, 8 February 2012

*the 2011/12 prudential indicators were based on estimates as final HRA settlement figures had not been published

The Authorised Limit for external borrowing. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Authorised limit £'000	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	95,000	102,800	111,800	120,800
Add HRA settlement	200,000	166,200	166,200	166,200
Other long term liabilities	2,000	2,000	2,000	2,000
Total	297,000	271,000	280,000	289,000

*the 2011/12 prudential indicators were based on estimates as final HRA settlement figures had not been published

3.3. Prospects for Interest Rates

The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec 2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target. Hopes for an export

led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

This challenging and uncertain economic outlook has a several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained for the borrowing excluding the HRA reform settlement.

Against this background and the risks within the economic forecast, caution will be adopted with the 2012/13 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

The requirement for the HRA reform settlement to be made to the CLG on 28 March 2012 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount of £166.2m available by the 28th March 2012, so separate borrowing solely for this purpose is anticipated. The PWLB are providing loans at interest rates 0.85% lower than the usual PWLB interest rates solely for the settlement requirements. This provides a compelling reason to utilise this borrowing availability. The exact structure of debt to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council. Whilst the debt can be drawn earlier than needed, this may incur a revenue cost, and will be considered when a review of the structure of actual prevailing borrowing and investment interest rates is undertaken nearer to the time.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2012/13	2013/14	2014/15
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	25%	25%	25%
Maturity Structure of long term borrowing 2012/13			
	Lower	Upper	
Under 12 months	0%	40%	
12 months to 2 years	0%	40%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	75%	
10 years and above	0%	100%	

3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more, than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 12 months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6. Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Audit Committee, at the earliest meeting following its action.

3.7. Annual Investment Strategy

Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Sector ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed below in the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Creditworthiness policy

The Council applies a 2 stage approach when establishing its creditworthiness policy.

Stage 1

The Council uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

** this category is for AAA rated Government debt or its equivalent*

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalent) of Short Term rating F1, Long Term rating A-, Individual of Viability ratings of C- (or BB+), and a Support rating of 3. There may be occasions when the counterparty ratings from one rating

agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a daily basis and prior to any significant deposits. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Stage 2

The list of eligible counterparties from stage 1 will then be reviewed by the Lead Member and the Group Director for Finance & Commerce on a quarterly basis where a shortened, revised list of eligible counterparties will be established and an appropriate duration limit placed on each.

Any changes to the final list of eligible counterparties will need approval from both the lead Member and the group director for Finance & Commerce

By using this 2 stage process, sole reliance will not be placed on the use of the Authorities treasury advisers. In addition the Council will also be using the latest market data and market information, information on government support for banks and the credit ratings of that government support when assessing which banks will be eligible for deposits under the second stage.

In addition to the above criteria, it is proposed that the counterparty listing will include :

- UK guaranteed institutions. The maximum duration of deposit will depend on the guarantee from the UK government in place.
- The Council's banker for deposits via the current and liquidity account. No new fixed term deposits would be made, should the ratings not meet the above criteria.

Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch. Due care will be taken when considering the country exposure of the Council's investments. No more than £10m will be placed with any non UK country at any one time.

Group & Institution Limits

The Council has the following group & institution limits in place:

- UK institutions – group limit the lower of £25m or 25% of the investments opening balance at the start of the quarter
- Any foreign institution - maximum of £5m
- Local Authorities – maximum of £50m with no more than £10m with any one Authority
- Debt Management Office – maximum of £100m
- Triple A rated Government Bond Funds and/or AAA rated Money market Funds (MR1+), maximum of £25m.

Investment Instruments

Investment Instruments can be split into 2 categories, specified investments and non-specified investments:

Specified Investments - These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories. Listed below are the types of specified and non-specified investments allowable under this treasury strategy:

Cabinet, 8 February 2012

Specified Investments	* Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	N/A	£100m	6 months
Money market funds / Government Liquidity Funds	Long-term AAA volatility rating MR1+	£25m	Liquid
Local authorities	N/A	£10m	Up to 1 year
Term deposits with banks and building societies	Blue Orange Red Green No Colour	See group and institution limits above	Up to 1 year Up to 6 Months Up to 3 months Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	See group and institution limits above	Up to 1 year Up to 6 Months Up to 3 months Not for use

Non-Specified Investments	* Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
Term deposits with banks and building societies	Yellow Purple	See group and institution limits above	Up to 5 years Up to 2 years
CDs or corporate bonds with banks and building societies	Yellow Purple	See group and institution limits above	Up to 5 years Up to 2 years
Local authorities	N/A	£10m	5 years
Bonds issued by multilateral development banks	AAA	£10m	Up to 6 months
Collateralised deposit (see note 1)	UK sovereign rating	£10m	5 years
UK Government gilts	AAA	£10m	5 years
UK Government Treasury bills	AAA	£10m	5 years

Cabinet, 8 February 2012

Note 1. as collateralised deposits are backed by collateral of AAA rated local authority LOBOs, this investment instrument is regarded as being a AAA rated investment as it is equivalent to lending to a local authority.

Investment Returns

Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2013. Bank Rate forecasts for financial year ends (March) are:

- 2011/ 2012 0.50%
- 2012/ 2013 0.50%
- 2013/ 2014 1.25%
- 2014/ 2015 2.50%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next five years are as follows:

2012/13	1.00%
2013/14	1.00%
2014/15	1.60%
2015/16	3.30%
2016/17	4.10%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Maximum principal sums invested > 364 days			
£m	2012/13	2013/14	2014/15
Principal sums invested > 364 days	£75	£75	£75

Icelandic Bank Investments – The Icelandic courts have supported the view that the Council will be treated as a preferred creditor, thereby seeing a high proportion of the investment being returned. The actual repayment is currently expected to be partially in foreign currency assets. It is currently too early to provide a definitive policy on how this exchange rate risk will be managed, but the expectation will be that the risk will be managed proactively and assets converted to sterling at the earliest opportunity.

3.8 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

3.9 Policy on the use of external service providers

The Council uses Sector as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

3.10 Scheme of delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Audit Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;

- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Lead Member

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

3.11 Role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.