



## COUNCIL MEETING

**7.30 pm Wednesday, 25 February 2015  
at Council Chamber - Town Hall**

**Members of the Council of the London Borough of Havering are hereby summoned to attend a meeting of the Council at the time and place indicated for the transaction of the following business**

**Graham White  
Monitoring Officer**

**For information about the meeting please contact:  
Anthony Clements  
anthony.clements@oneSource.co.uk  
Tel: 01708 433065**



**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.**

## **Protocol for members of the public wishing to report on meetings of the London Borough of Havering**

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

## AGENDA

**1 PRAYERS**

**2 APOLOGIES FOR ABSENCE**

To receive apologies for absence (if any).

**3 MINUTES** (Pages 1 - 46)

To sign as a true record the minutes of the meeting of the Council held on 28 January 2015 (attached).

**4 DISCLOSURE OF PECUNIARY INTERESTS**

Members are invited to disclose any pecuniary interest in any of the items on the agenda at this point of the meeting.

*Members may still disclose any pecuniary interest in an item at any time prior to the consideration of the matter.*

**Note** – please also refer to note (2) following.

**5 ANNOUNCEMENTS BY THE MAYOR, BY THE LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE**

To receive announcements (if any).

**6 PROCEDURE**

To consider any procedural motion in relation to the conduct of business for this meeting.

**7 THE COUNCIL'S BUDGET 2015/16** (Pages 47 - 108)

- A To consider the report of the Cabinet of 11 February 2015 (attached);
- B To note the decision of the Greater London Authority on its budget and precept for 2015/16, and the effect thereof on the Council's budget;
- C To agree a budget for 2015/16; and then
- D To set the Council Tax for 2015/16.

**NOTE: MEMBERS ARE ASKED TO BRING WITH THEM THE REPORT TO CABINET ON 11 FEBRUARY 2015 FOR REFERENCE AT THIS MEETING.**

7A Amendment by the Independent Residents' Group

See attached paper.

7B Amendment by the Residents' Group

See attached paper.

**8 MEMBERS' ALLOWANCES SCHEME 2015/16** (Pages 109 - 120)

To consider the report of the Group Director Communities & Resources (attached).

**Additional Notes**

- (1) The Council has a legal obligation to set a Council Tax for 2015/16.
- (2) Section 106 of the Local Government Finance Act 1992 imposes restriction on voting in respect of any Member by whom any Council Tax has remained unpaid for at least two months.

**Any Member in doubt as to the position may seek advice before the meeting from the Group Director, Communities & Resources or the Interim Director of Legal and Governance.**

- (3) Regulations provide that the minutes of the meeting record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied.
- (4) The Cabinet's Report will refer to the Chief Executive's report to the Cabinet.

**Members are asked to retain their copy of the Cabinet Report for this purpose.**

- (5) Council Procedure Rule 3 applies to the order of business at this meeting.
- (6) By Council Procedure Rule 13.4, the speech of any Group Leader (or Member nominated to speak on behalf of a Group Leader: any Group Leader should announce any such nomination when the Mayor invites that Leader to speak) on any motion or amendment relating to the Council Tax should not exceed **twenty minutes** and participants in general debate for five.
- (7) Council Procedure Rule 11.9 governs amendments to motions and reports at this meeting. Any amendment must be such that the it would, if passed, enable a robust budget to be set in the view of the Chief Financial Officer [as it is imperative that there is a level playing field, any new base information relating to or affecting Council tax that comes to light after the Cabinet has made its Council tax recommendations will be supplied to all Groups at the same time by the Section 151 Officer].

**MEMBERS ARE ASKED TO RETAIN THE  
REPORT TO CABINET ON 11 FEBRUARY  
FOR REFERENCE AT THIS MEETING**

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**MINUTES OF A MEETING OF THE COUNCIL OF THE  
LONDON BOROUGH OF HAVERING  
Havering Town Hall, Romford  
28 January 2015 (7.30pm – 10.45pm)**

**Present:** The Mayor (Councillor Linda Trew) in the Chair.

**Councillors** June Alexander, Clarence Barrett, Robert Benham, Ray Best, Wendy Brice-Thompson, Michael Deon Burton, Joshua Chapman, John Crowder, Philippa Crowder, Meg Davis, Osman Dervish, Ian De Wulverton, Nic Dodin, Alex Donald, David Durant, Brian Eagling, Gillian Ford, Jason Frost, Jody Ganly, John Glanville, Linda Hawthorn, Philip Hyde, David Johnson, Steven Kelly, Phil Martin, Barbara Matthews, Robby Misir, Ray Morgon, Barry Mugglestone, John Mylod, Stephanie Nunn, Ron Ower, Garry Pain, Dilip Patel, Roger Ramsey, Keith Roberts, Patricia Rumble, Carol Smith, Frederick Thompson, Jeffrey Tucker, Linda Van den Hende, Melvin Wallace, Lawrence Webb, Roger Westwood, Damian White, Michael White, Reg Whitney, Julie Wilkes\*, Graham Williamson, Darren Wise and John Wood.

\*- part of meeting

Approximately ten Members' guests and members of the public were present. One representative of the press was also present.

Apologies were received for the absence of Councillors Keith Darvill and Viddy Persaud.

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

The Mayor's Chaplain, the Reverend David Hague, Area Dean of Havering and Vicar, The Church of the Good Shepherd, Collier Row opened the meeting with prayers.

The meeting closed with the singing of the national anthem.

67 **MINUTES (agenda item 3)**

The minutes of the meeting of the Council held on 26 November 2014 were before the Council for approval.

It was **AGREED**, without division, that the minutes be signed as a correct record.

**RESOLVED:**

**That the minutes of the meeting of the Council held on 26 November 2014, be signed as a correct record.**

68 **DISCLOSURE OF PECUNIARY INTERESTS (agenda item 4)**

There were no disclosures of interest.

69 **ANNOUNCEMENTS BY THE MAYOR, LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE (agenda item 5)**

Council stood for a minute's silence in memory of former Councillor Geoff Lewis who had recently passed away. The Leader of the Council and seven other Members spoke in Councillor Lewis' memory.

The Mayor thanked students and staff of Havering College who had constructed the Havering float that took part in the New Year's Day parade. The borough's entry had been very successful and the float had come third in the overall competition. The Mayor also thanked Lycamobile and Time FM for sponsoring the float.

The Leader of the Council thanked the several thousand residents who had responded to the recent consultation on the Council's budget. Despite the difficult overall financial climate, several amendments had been proposed to the budget in light of responses to the consultation. These included increasing the planned opening hours of Upminster Library to 50 hours per week, staggering the saving in funding for the Queen's Theatre over three years rather than two, exploring new models of working in the Youth Service and setting charges for parking in parks at 20p for three hours and 50p for five hours with no charge at weekends or bank holidays. These changes would be discussed at forthcoming meetings of Cabinet and of the Overview & Scrutiny Board.

The Leader congratulated the Mayor on her role in arranging the float at the New Year's Day Parade, at no cost to the Council. Thanks were also recorded to staff and students at Havering College for their roles in the construction of the float.



Final enabling works for the new Romford leisure Centre would commence in February and building of the new facility was expected to begin in the summer.

Informal discussions had taken place recently on joint working with other boroughs. The Leader emphasised that these did not cover shared services but instead focussed on how the boroughs could work together to take advantage of any devolution proposals that may be brought forward, particularly in terms of jobs, transport and the local economy. Further details would be supplied to Members as the proposals were developed.

70 **COUNCIL TAX SUPPORT SCHEME (agenda item 6)**

A report of the Cabinet invited Council to approve the proposed Council Tax Support Scheme 2015 which had been agreed by Cabinet on 21 January 2015.

The new Council Tax Support Scheme had been developed in view of a reduced funding settlement from Central Government and the consequent need for the Council to consider a range of spending reductions or realignment of budgets. Proposals regarding the level of Council Tax levied on homes left empty for more than two years were also included.

The recommendation of the Cabinet was **APPROVED** without division and it was **RESOLVED** that:

**The proposed revised local Council Tax Support Scheme, as summarised in Appendix 1 to these minutes, be adopted with effect from April 2015.**

71 **CHANGES TO DELEGATED POWERS – REGULATORY SERVICES (agenda item 7)**

A report of the Governance Committee asked Council to extend the delegated authority of the Head of Regulatory Services to dispense with the creation of the 7 day list and its weekly publication within Calendar Brief as this was no longer widely used by Members. The planning call-in process itself would be retained. Authority was also sought to allow the Head of Regulatory Services to serve all forms of planning related Enforcement Notices including Stop Notices. This would speed up enforcement timeframes and create other process efficiencies.

The recommendations of the Governance Committee were **APPROVED** without division and it was **RESOLVED** that:

**The following changes be incorporated into Section 3.6.6 of the Constitution relating to the Head of Regulatory Services.**

1) **Section 3.6.6(e) be deleted and Section 3.6.6 (d) be altered to:**

*"Members may request that an application be referred to the Regulatory Services Committee for determination. Such request must be made in writing (including e-mail) to either the Head of Regulatory Services or the Planning Manager personally. If no such request is received by the deadline of that period the Head of Regulatory Services may approve the application."*

2) **Section 3.6.6(p) be altered to:**

*"To issue Enforcement Notices, Stop Notices and Listed Building Enforcement Notices".*

72 **POLLING DISTRICT REVIEW (agenda item 8)**

A report of the Governance Committee asked Council to agree that, following a review which established that there were not any viable alternative venues, Upminster Methodist Church Hall, Hall Lane, Upminster should be retained as a venue for a double polling station in the CM5 polling district. This followed a report to Council on 26 November 2014 at which a list of polling stations for Havering had been agreed.

The recommendation of the Governance Committee was **APPROVED** without division and it was **RESOLVED** that:

**The polling station identified in the original report (Upminster Church Hall, Hall Lane) be retained.**

73 **AMENDMENTS TO THE CONSTITUTION – FINANCIAL REGULATIONS, FINANCE POLICY AND BUDGET AND POLICY FRAMEWORK (agenda item 9)**

A report of the Governance Committee asked Council to approve some changes to Financial Regulations, Finance Policy and Budget and Policy Framework in light of the establishment of the shared service between Havering and Newham Councils. These changes aimed to rationalise and standardise these procedures between the two Councils as far as possible. A further report on delegations to the Joint Committee to oversee the operations of a shared service would be brought forward in due course.

The recommendation of the Governance Committee was **APPROVED** without division and it was **RESOLVED** that:

**The revised Financial Regulations, Finance Policy and Budget and Policy Framework, as shown in Appendices 2 – 4 of these minutes, be adopted.**

**74 SEX ESTABLISHMENT LICENSING (agenda item 10)**

A report of the Chief Executive asked Council to confirm the decision by Cabinet on 12 February 2014 to approve the adoption of the Council's Sex Establishment Policy and the adoption of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982.

This would allow the confirmation of a specific date for the policy to commence as well as better safeguard the Council's legal position.

The recommendations of the Chief Executive were **AGREED** without division and it was **RESOLVED** that:

**Council approves:**

- 1) the adoption of the Sex Establishment Policy as shown in the agenda papers for the meeting.**
- 2) the adoption of schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982, as amended by section 27 of the Policing and Crime Act 2009 to commence on the 1<sup>st</sup> March 2015.**

**75 APPOINTMENT OF A MONITORING OFFICER (agenda item 11)**

A report of the Chief Executive asked Council to approve the appointment as Monitoring Officer of Graham White, Interim Director Legal & Governance (oneSource), with immediate effect. This would be on an interim basis pending a permanent arrangement being made.

The recommendation of the Chief Executive was **APPROVED** without division and it was **RESOLVED** that:

**The following individual be authorised to exercise the responsibilities of the statutory officer indicated:**

**Monitoring Officer – Graham White, Interim Director Legal & Governance (oneSource), with immediate effect.**

76 **MEMBERS' QUESTIONS (agenda item 12)**

Fourteen questions were asked and replies given.

The text of the questions, and their answers, are set out in **Appendix 5** to these minutes.

77 **SPITTING IN PUBLIC (agenda item 13A)**

**Motion on behalf of the Conservative Group**

In light of the recent decision by London Councils' Transport and Environment Committee (TEC) to set the fixed penalty levels for anti-social spitting in public and the recent media coverage on the subject, this Council asks Cabinet to consider a report as to the implementation of enforcement measures in Havering.

Following debate, the Conservative Group motion **CARRIED** without division.

**RESOLVED:**

**In light of the recent decision by London Councils' Transport and Environment Committee (TEC) to set the fixed penalty levels for anti-social spitting in public and the recent media coverage on the subject, this Council asks Cabinet to consider a report as to the implementation of enforcement measures in Havering.**

78 **COMBINED AUTHORITY (agenda item 13B)**

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

**Just** before the May elections the Council [with a few exceptions] voted to merge all Havering's back office administrative services with Newham, but with a promise not to merge frontline services!

On 31<sup>st</sup> January, **Havering**, Newham, Tower Hamlets, Hackney, Barking

and Dagenham, Waltham Forest, Redbridge, Enfield and Greenwich councils have been invited to attend a conference to discuss the devolution of powers to the combined area following the recent deal for a Greater Manchester Combined Authority.

This sounds suspiciously like a rehash of New Labour/Ken Livingstone plans to create 5 (EU) European Union size super-boroughs within the (GLA) Greater London Authority [and EU Region] area!

Indeed if the idea is premised on the recent deal for a Greater Manchester Combined Authority then it would involve creating a super-borough with an Elected Mayor that would further undermine rather than enhance local control!

A more natural reorganisation of the GLA would be to re-create a smaller inner-London County Council and allow outer-boroughs to make other arrangements, including with Essex councils, if they so wish.

But a democratic reform of the GLA [that avoids super-boroughs or boundary changes] would be to retain separate London Councils [or smaller groupings], but abolish the post of GLA Elected Mayor and restore power to the Elected Assembly on the back of voting reform to ensure effective representation for outer-London boroughs!

**Thus** this Council rejects any proposals for an East/North East London Combined Authority if it involves the creation of a super-borough [with or without an Elected Mayor] in favour of fair funding and devolved powers to local councils and a democratic reform of the GLA.

### **Amendment by the Conservative Group**

Amend motion to read:

This Council rejects any proposals for an East/North East London Combined Authority.

Following debate, the amendment by the Conservative Group was **CARRIED** by 50 votes to 0 (see division 1).

**RESOLVED:**

**This Council rejects any proposals for an East/North East London Combined Authority.**

79 **VOTING RECORD**

The record of voting divisions is attached as **Appendix 6**.

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Mayor  
28 February 2015

## **London Borough of Havering Summary of the proposed Council Tax Support Scheme for CTS 2015**

### **Introduction**

Council Tax Benefit was abolished from 1 April 2013. In its place each local authority was required by Section 9 of the Local Government Finance Act 2012 to produce its own scheme to reduce the liability of working age applicants it considers to be in financial need.

This document summarises the proposed Council Tax Support Scheme from April 2015 which the Council has produced in accordance with of Schedule 4 of the Act.

The Council adopted its own local scheme from April 2013 which has due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

Havering's Local Council Tax Support scheme has been interpreted and applied in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which set out what must be included in the scheme.

### **Summary of Council Tax Support Scheme changes from 2015**

The 2015 scheme will adopt the existing scheme as summarised in this document and subject to the following amendments:

1. Reduce Council Tax Support for working age claimants by 15%. This means that every working age household would have to pay a minimum charge of 15% of their Council Tax Bill.
2. Reduce the amount of savings and investments people are allowed to have and still be entitled to claim from £16,000 to £6,000.
3. Abolish Second Adult Rebate. Second Adult Rebate supports working age tax payers whose income is too high in their own right for Council Tax Support but who have other adults living in the household whose income is low.

The above amendments will take effect from April 2015.

In this document 'the current scheme' means Havering's existing Local Council Tax Support scheme which was adopted in January 2013 and amended with effect from April 2014.

Unless expressly stated otherwise the provisions outlined below relate solely to working age applicants under the Council Tax Support scheme.

## **Havering's Local Council Tax Support Scheme**

This document summarises the Council's proposed Scheme for eligible working age Council Tax payers to receive council tax support.

The scheme applicable to pensioners is defined in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, Schedules 1 to 6, which is adopted within this scheme.

The procedure for the operation of the Scheme summarised below is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The principles of the Local Council Tax Support Scheme are:

- Local authorities will be expected to manage significant reductions in subsidised expenditure.
- Regulations have been set to protect claimants of state pension credit age.
- Local authorities will consult on their schemes with precepting authorities and the public.
- The Council will adopt the final scheme before 31 January 2013 or the default scheme will apply.
- Local authorities should aim to protect vulnerable groups.
- In developing schemes, local authorities should consider incentivising claimants into work.

The Local Council Tax Support Scheme includes the following:

- Introduction and definitions
- Prescribed of persons
- Provisions relating to entitlement under the scheme
- Applicable amounts
- Maximum Council Tax Reduction
- Alternative Maximum Council Tax Reduction
- Amount of reduction under the scheme
- Assessment of Income and Capital under the scheme
- Students
- Applications
- Extended reductions
- Period of entitlement and changes of circumstances
- Schedules

## **The Council Tax Support Calculation**

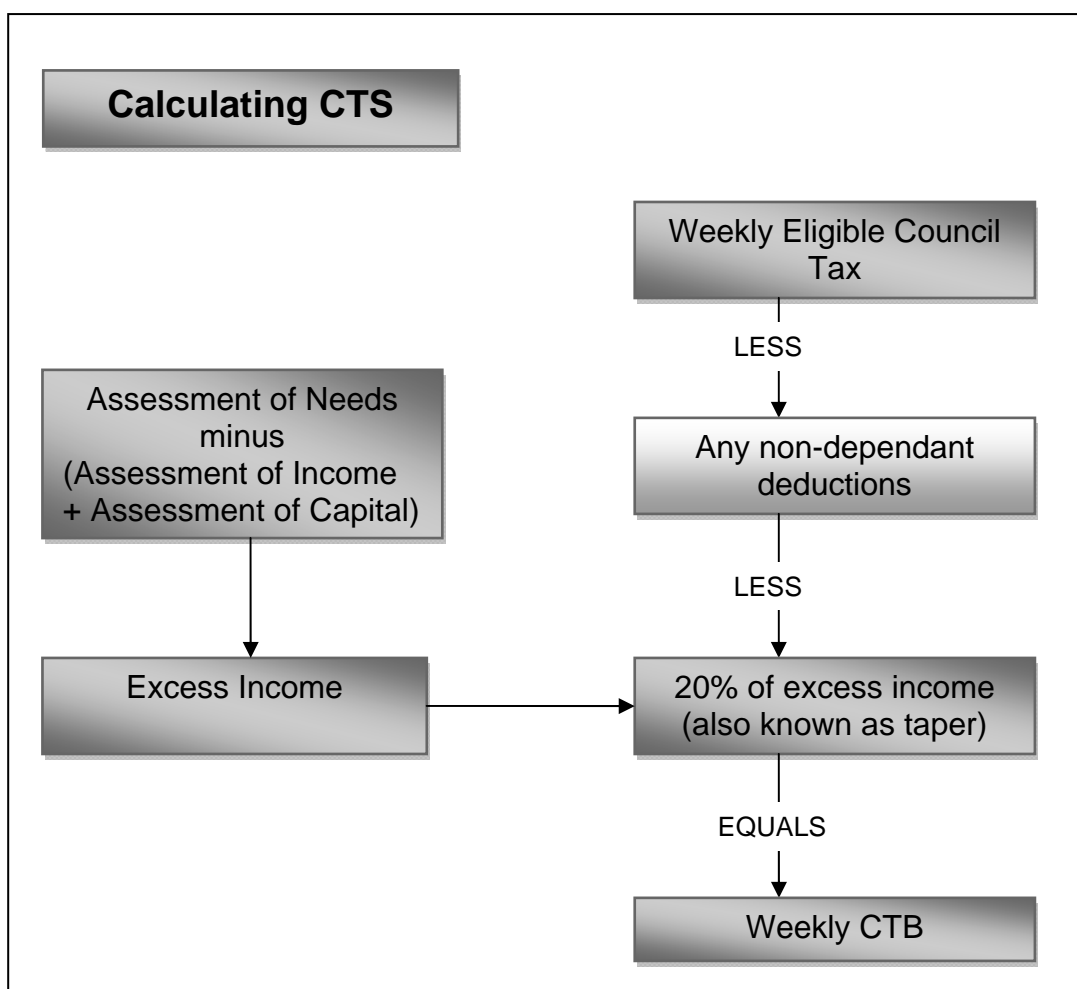
The starting point for all calculations of Council Tax Support is the claimant's 'maximum benefit'. This is the claimant's weekly eligible Council Tax less any non-dependant deductions that apply.



Income and capital are compared to the claimant's applicable amount. Any income over the applicable amount is known as the Excess Income.

The claimant qualifies for maximum support less 20% of any excess income figure. The 20% reduction to the maximum benefit is known as a taper.

Claimants in receipt of Job Seeker's Allowance and Income Support have already been assessed by the Department for Work and Pensions (DWP) as having income lower than their applicable amount and so will receive maximum council tax support less any non-dependant deductions.



#### **Non-dependant deductions from April 2013**

Paragraph 58 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

"58.

- (1) Subject to the following provisions of this regulation, the non-dependant deductions in respect of a day referred to in regulation 57 (maximum council tax benefit) shall be—

- (a) in respect of a non-dependant aged 18 or over in remunerative work, £20.00 x 1/7;
  - (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £6.00 x 1/7.
- (2) In the case of a non-dependant aged 18 or over to whom paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—
- (a) less than £183.00, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);
  - (b) not less than £183.00 but less than £316.00, the deduction to be made under this regulation shall be £9.00;
  - (c) not less than £316.00 but less than £394.00, the deduction to be made under this regulation shall be £15.00.

**From April 2014 onwards, restrict the maximum council tax support award to the top of Council Tax band D**

That Paragraph 57 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“57.

- (1) Subject to paragraphs (2) to (5), the amount of a person’s maximum council tax benefit in respect of a day for which he is liable to pay council tax, shall be 100 per cent of the amount A/B where—
  - (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
  - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).
- (2) In calculating a person’s maximum council tax benefit any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.
- (3) The level of any Council Tax Support awarded shall be restricted to the level of band D
- (4) Subject to paragraph (5), where a claimant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the claimant who is a student to whom regulation 45(2) (students who are excluded from entitlement to council tax benefit) applies, in determining the maximum council tax benefit in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.
- (5) Where a claimant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (4) shall not apply in his case.

## **Applications for Council Tax Support**

### ***This part applies to both pensioners and working-age applicants***

The following procedure is in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below and shall be implemented in accordance with those Regulations.

Entitlement to CTS is dependent on an application being made in the following way:

An application may be made:

- (a) In writing
- (b) By means of an electronic communication or
- (c) By telephone following publication by the Council of a number for this purpose.

The form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and may further require that further information and evidence is provided by the applicant.

An application will be defective if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be valid if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will provide applicants making their applications with an opportunity to correct any defects in their application.

Applications may be made by those persons set out in paragraph 6 of Schedule 8 of the Regulations.

The Government has indicated that they intend to introduce legislation to the effect that people entitled to Council Tax Benefit on 31 March 2013 will be deemed to have made an application under the new scheme.

### **Evidence and information**

Any person who makes an application or any person to whom a reduction under the Council's scheme has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person's entitlement. Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which are to be notified.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations.

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

### **Amendment and withdrawal of applications**

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

### **Decisions by the Council**

The Council will make a decision in respect of any application for a reduction under this scheme in accordance with the criteria set out within the Council Tax Benefit Regulations 2006 (subject to the amendments made to paragraphs 57 and 58 and Schedule 2 referred to above), and in accordance with Schedules 7 and 8 of the Regulations.

The decision will be made within 14 days of the Council receiving at its designated office the properly completed application or the information requested to complete it or the evidence required. The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its decision under the scheme in writing forthwith, or as soon as reasonably practicable.

Any person affected to whom the Council sends or delivers a notification of a decision to may, within one month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter set out in the notice.

Following receipt of a request for a written statement the Council will provide this within 14 days or as soon as reasonably practicable thereafter.

Where an award or payment of reduction is made the time and manner of granting the reduction under the scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

### **Change of circumstances**

For persons who are not pensioners the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

## **Procedure for making an appeal**

Any applicant who is not in agreement with the decision of the Council taken under this scheme may service a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- (1) Consider the appeal
- (2) Notify the applicant in writing of the following:
  - (i) Any decision not to uphold the appeal and the reasons for that; or
  - (ii) That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

## **Applications for further discretionary reductions**

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by the rest of the council taxpayers.

Applications must be made in writing or by prescribed electronic communications.

The Council will, in making decisions for further discretionary reductions, have due regard to its duties under The Child Poverty Act 2010, The Housing Act 1996, and The Equality Act 2010.

The Council will review all relevant matters when deciding whether to award a reduction including, but not limited to:

- The circumstances of any other person with whom the applicant is jointly and severally liable for Council Tax.
- The overall financial situation of the applicant and the applicant's family.
- The effect the council believes making an award will have on the applicant and any members of the applicant's family.
- Protecting the public purse and maintaining financial budgets.

A person who applies for a discretionary reduction may request that the Council review its decision. Any such request must be made in writing and be received within one month of the date the notification of the decision.

If practicable, another more senior officer, will reconsider the decision in light of all available evidence and, if appropriate amend it. Any change may lead to either a reduction or an increase in any award.

A further right of review will be available against the decision as reviewed which will be considered by a manager but only against the legality of the decision and not the actual outcome.

# Financial Regulations

April 2015



## Who is governed by these regulations?

The regulations apply to all staff including and not limited to temporary staff, those with temporary contracts, sessional staff and contractors, however it is the responsibility of Senior Managers to make sure the regulations are implemented in their service area as appropriate. A failure to comply with the regulations could result in the Council incurring a financial loss and could impact upon the financial standing of the Council. This could be damaging to the reputation of the Council and the individual. It could also result in disciplinary action under the officers Code of Conduct.

## Executive Summary

The financial regulations are for managing the Council's financial affairs and to safeguard its financial position. They are designed to protect the Council's assets.

The regulations are part of the Council's Constitution and are approved by Full Council. The regulations provide clarity for every Member and officer of the Authority. Senior Managers and Budget Managers are responsible for ensuring the regulations operate in their service area and that all staff in their area are aware of their own responsibility to implement the regulations.



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## Introduction: Reasons for Financial Regulations

- 1.1 To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.
- 1.2 The financial regulations provide clarity about the financial accountabilities of individuals – cabinet members, the Chief Executive, the Monitoring Officer, the Chief Finance Officer, and Senior Managers. Each of the financial regulations sets out the overarching financial responsibilities. Senior Managers refer to Level 1 and 2 officers (Directors and heads of service) in London Borough of Newham (LBN) and Corporate Management Team (CMT) members (Group Directors) and heads of service in London Borough of Havering (LBH). A ‘Senior Manager’ for the purposes of these Regulations means the Head of Paid Service, Corporate Directors, Service Heads and Budget Managers unless otherwise specified in these regulations.
- 1.3 The Financial Regulations also link to other internal regulatory documents forming part of the Council’s Constitution. For example, Contract Standing Orders, Schemes of Delegation, the role of Overview and Scrutiny Committees and codes of conduct. There are also links to more detailed financial procedures, guidance and instructions.

## Status of Financial Regulations

- 2.1. The Financial Regulations provide the framework for managing the Authority’s financial affairs and are part of the Council’s Constitution. They apply to every member and officer of the Authority and anyone acting on its behalf.
- 2.2. The Regulations identify the financial responsibilities of the Full Council, Executive and the Overview and Scrutiny Committee, the Chief Executive, the Monitoring Officer, the Chief Finance Officer and Senior Managers. Executive members and Senior Managers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, such as school governors, references to Senior Managers in the regulations should be read as referring to them.
- 2.3. All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and achieves value for money.
- 2.4. The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Full Council for approval. The Chief Finance Officer is also responsible for reporting breaches of the Financial Regulations to the Council and/or to the Executive.
- 2.5. The Council’s **Financial Procedures**, (how the regulations will be implemented) are contained on the Council’s intranet pages and appended to these Financial Regulations.
- 2.6. Senior Managers are responsible for ensuring that all staff in their service area are aware of the existence and content of the Council’s Financial Regulations and other internal regulatory documents and that they comply with them.
- 2.7. The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Regulations that members, officers and others acting on behalf of the Council are required to follow.

## Financial Regulations

### A: Financial Management

#### Introduction

- A.1. Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy and budget framework.

#### The Full Council

- A.2. The Full Council is responsible for adopting the Authority's Constitution and Members' Code of Conduct and for approving the budget and the policy framework within which the Executive operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The Full Council is also responsible for monitoring compliance with the agreed policy and related executive decisions.
- A.3. The Full Council is responsible for approving procedures for recording and reporting decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

#### The Executive

- A.4. Details of the roles and responsibilities of the executive are located within the constitution

#### Overview and Scrutiny Committee

- A.5. The Overview and Scrutiny Committee is responsible for scrutinising executive decisions before or after they have been taken and for holding the Executive to account. Overview and Scrutiny Committee is also able to analyse and comment on future policy options, general policy and the discharge of executive and non-executive functions of the Council.

#### Audit Board / Committee

- A.6. The Audit Board/Committee is the body charged with scrutinising the financial governance and system of internal controls of the authority. It has right of access to all the information it considers necessary and can consult directly with internal and external Auditors. The Audit Board/Committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report. In LBH, it is responsible for approving the final Statement of Accounts of the authority for submission to the external auditor and scrutinising the treasury management report ; in LBN, approval to the accounts rests with the Investment and Accounts Committee.

#### The Statutory Officers

##### Chief Executive

- A.7. The Chief Executive is responsible for the corporate and overall strategic management of the Authority as a whole. He/she must report to and provide information for the Executive, the Full Council, the Overview and Scrutiny Committee and other committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible for the system of record keeping in relation to all of the Full Council's decisions and is the Head of Paid Service with overall responsibility for ensuring the necessary staffing resources, to carry out the Council's functions, are kept under review.

### **Monitoring Officer**

- A.8 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and for ensuring that the Constitution is kept up to date and adhered to.
- A.9. The Monitoring Officer must ensure that executive decisions and the reasons for them are made public. He/she must also ensure that Council members are aware of decisions made by the Executive and of those made by officers who have delegated executive responsibility.
- A.10. The Monitoring Officer is responsible for advising all councillors about the legal implications of any decision and who has authority to take a particular decision.
- A.11. The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising the Executive or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the Budget and Policy Framework. Actions that may be 'contrary to the Budget' include:
- Initiating a new policy
  - Committing expenditure in future years above the approved budget
  - Incurring inter-service virements above authorised limits as per the scheme of virement
  - Causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

### **Chief Finance Officer**

- A.12. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Local Government and Housing Act 1989
  - The Accounts and Audit Regulations 1996
  - The Accounts and Audit Regulations 2003
  - The Local Government Act 2003
  - The Accounts and Audit Regulations 2011
- A.13. The Chief Finance Officer is responsible for:
- The proper administration of the Council's financial affairs, including keeping proper accounting records.
  - Setting and monitoring compliance with financial management standards.
  - Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
  - Providing financial information in conjunction with Senior Managers.
  - Ensuring that the annual statement of accounts is prepared in accordance with International Financial Reporting Standards, the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice within the statutory deadlines.
  - Preparing the revenue budget and capital programme relating to the General Fund and the Housing Revenue Account.
  - Ensuring that reports requesting decisions of Members include appropriate statements as to the financial and use of resources and risks implications of the matter under consideration.
  - Treasury Management.

- Reporting to full Council. Executive and external auditor (under S114 of the Local Government Finance Act 1988) if the authority or one of its officers has made/about to make a decision which involves incurring unlawful expenditure, has taken or about to take an unlawful action which has resulted or would result in a loss or deficiency to the Council or about to make an unlawful entry in the authority's accounts.
- S114 of the 1988 Act requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under S114 personally.
- Selecting accounting policies and ensuring that they are applied consistently.
- Determining the accounting procedures and records for the authority.
- Issuing advice and guidance to underpin the Financial Regulations.
- Maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval.
- In conjunction with Senior Managers, reporting breaches of the Financial Regulations to the Audit Committee.
- Preparing reports to Corporate Management Team/Corporate Leadership Team and the Executive to set the Cabinet Thresholds for reporting specific financial issues to the Executive.

A.14. Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Full Council, the Executive and the External Auditor if the Authority or one of its officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure.
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority.
- Is about to make an unlawful entry in the Authority's accounts.

A.15. The Chief Finance Officer will nominate properly qualified members of staff to deputise for him/her in their absence on all other issues.

### **Senior Managers**

A.16. The financial responsibilities of Senior Managers are:

- Ensuring that the Executive are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- Exercise of budgetary control.
- Consulting with the Chief Finance Officer and seeking approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Ensuring that matters requiring a decision by Members are drawn to the attention of the Chief Finance Officer before any such decision is taken.

### **Other financial accountabilities**

#### **Virements**

A.17. Budget virement is a process of transferring a revenue/capital budget from one budget heading to another. The authorisation limits of budget virements (provided within the budget framework) for both Councils vary and are specified in the financial procedures. If outside the budget framework, approval would be sought from Full Council for both councils.

A.18. Senior Managers are responsible for agreeing in-year virements within delegated limits, in accordance with the Budget and Policy Framework and any guidance issued by the Chief Finance Officer.

### **Treatment of Year-end Balances**

A.19. The Chief Finance Officer is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

### **Accounting Policies**

A.20. The Chief Finance Officer is responsible for selecting accounting policies and ensuring that it is applied consistently.

### **Accounting Records and Returns**

A.21. The Chief Finance Officer is responsible for determining the accounting procedures and records for the Authority.

### **The Annual Statement of Accounts**

A.22. The Chief Finance Officer is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice* (CIPFA/LASAAC) and International Financial Reporting Standards (IFRS) where relevant. .

## **B: Financial Planning**

### **Introduction**

B.1. The Full Council is responsible for agreeing the Council's budget and policy framework, which will be proposed by the Executive. In terms of financial planning, the key elements are:

- The Corporate Plan or its equivalent.
- The Medium Term Budget Strategy.
- The Treasury Management Strategy.
- The Investment Strategy.

### **Policy Framework**

B.2. The Full Council is responsible for approving the Budget and Policy Framework. The Policy Framework is made up of specific plans and strategies, these along with the rules governing the Budget and Policy Framework are set out in the constitution

B.3. The Full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy Framework and for determining the circumstances in which a decision will be deemed to be contrary to the Budget or Policy Framework. Decisions should be referred to the Full Council by the Monitoring Officer and the Chief Finance Officer.

B.4. The Full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another in the Virement Scheme. The Executive is responsible for taking key in-year decisions on resources and priorities in order to deliver the Budget and Policy Framework within the financial limits set by the Council.

### **Budgets**

B.5. The process for compilation of the budget will be approved by the Executive on the advice of the Chief Finance Officer.

- B.6. The draft revenue and capital budget should include projected net expenditure on services and projects, proposed taxation and rent levels as well as any contingency funds.
- B.7. The Chief Finance Officer is responsible for ensuring that a annual revenue budget, an annual capital programme, and a Medium Term Budget Strategy are prepared on a robust basis for consideration by the Executive, before submission to the full Council. The Full Council may amend the Budget or ask the Executive to reconsider it before approving it.
- B.8. Senior Managers will ensure the proper administration of the Revenue Budgets and the Capital Programme allocated to them. They will also ensure compliance with guidance and instructions issued by the Chief Finance Officer.

### **Budget Monitoring and Control**

- B.9. The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor and control expenditure against budget allocations and report to the Executive on the overall position on a regular basis.
- B.10. It is the responsibility of Senior Managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Finance Officer; spending must be contained within approved budgets; He/she should report on variances within their own areas. He/she should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems.

### **Guidelines**

- B.11 Guidelines on budget preparation are issued to Senior Managers by the Chief Finance Officer.
- B.12. It is the responsibility of the Chief Finance Officer to advise the Executive and/or the Full Council on prudent levels of reserves for the Authority.

## **C: Risk Management and Control of Resources**

### **Introduction**

- C.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

### **Risk Management**

- C.2. The Chief Finance Officer is responsible for the Risk Management Strategy and responsible for ensuring the effectiveness of risk management. The Strategy is reviewed and updated annually by the Audit Board/Committee. The Audit Board/Committee receives regular reports on current and planned risk management activity to enable it to execute its assurance role.
- C.3. The Chief Finance Officer is responsible for preparing the Council's Risk Management Strategy and in conjunction with the Member Risk Management Champion/Lead Member is responsible for promoting it throughout the Authority.

### **Internal Control**

- C.4. Internal control refers to the systems of control devised by management to help ensure that the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- C.5. The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. He/she should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.6. It is the responsibility of Senior Managers to establish sound arrangements for internal control.

### **Audit Requirements**

- C.7. The Accounts and Audit Regulations 2011 require every local authority to maintain an adequate and effective internal audit function.
- C.8. The basic duties of the external auditor are to ensure:
- the accounts comply with the requirements of the enactments that apply to them
  - that proper practices have been observed in the preparation of the Statement of Accounts, and that the statement presents a true and fair view and
  - that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- C.8. The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue & Customs who have statutory rights of access.

### **Preventing Fraud and Corruption**

- C.9. The Chief Finance Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. Senior Managers are responsible for reporting all cases of fraud or suspicions (including money laundering) of fraud, to the Chief Finance Officer or the representative appointed by the Chief Finance Officer. Money laundering is reported directly to the Chief Finance Officer and suspicions of fraud are reported to the Head of Internal Audit.

### **Assets**

- C.10. Senior Managers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

### **Treasury Management**

- C.11. The Council has adopted CIPFA's *Treasury Management in the Public Services – Code of Practice for Chief Financial Officers*.
- C.12. The Full Council is responsible for approving the Treasury Management Policy Statement setting out the matters detailed in section 6 para 15 of the *Code of Practice*. The Policy Statement is proposed to the Full Council by the Executive. The Chief Finance Officer is responsible for implementing and monitoring the statement.
- C.13. All money in the hands of the Authority is controlled by the Officer designated for the purposes of section 151 of the Local Government Act 1972, i.e. the Chief Finance Officer.
- C.14. The Chief Finance Officer is responsible for reporting to the Executive a proposed Treasury Management Strategy in advance of the year a mid-year review and annual report by 30<sup>th</sup> September after its close. The Executive will then propose these to the full Council.



- C.15. All Executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

## D: Systems and Procedures

### Introduction

- D.1. Sound systems and procedures are essential to an effective framework of accountability and control.

### General

- D.2. The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Senior Managers to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer to ensure that any data that impacts upon accounting systems is accurate. Senior Managers are responsible for the proper operation of financial processes in their own services including reconciliation to the council's general ledger.
- D.3. Any changes to agreed procedures by Senior Managers to meet their own specific service needs should be agreed with the Chief Finance Officer.
- D.4. Senior Managers should ensure that their staff are suitably competent to undertake their roles within the context of any guidance issued by the Chief Finance Officer on finance competencies. They should ensure that staff undergo relevant financial training that has been approved by the Chief Finance Officer.
- D.5. Senior Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Senior Managers must ensure that staff are aware of their responsibilities under freedom of information legislation.

### Income and Expenditure

- D.6. It is the responsibility of Senior Managers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. This scheme should identify staff authorised to act on the Senior Managers' behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority. The Executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

### Payments to Employees and Members

- D.7. The Chief Finance Officer is responsible for all payments to staff and for payment of allowances to members.

### Taxation (Including Value Added Tax)

- D.8. The Chief Finance Officer is responsible for advising Senior Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
- D.9. The Chief Finance Officer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate to HM Revenue and Customs.

### **Alternative Ways of Service Provision**

- D.10. It is the responsibility of the Chief Finance Officer to advise on the financial issues in respect of the establishment and operation of alternative ways of service provision, such as trusts, mutuals and joint ventures.

### **Loans to External Organisations**

- D.11. While the Council does have powers to give loans to external third parties under the general power of competence pursuant to Section 1 of the Localism Act 2011, before considering loans to such bodies the statutory powers intended to be used to make such loans should be established to the satisfaction of the Director of Finance and Director of Legal and Governance.

## **E: Joint Arrangements**

### **Introduction**

- E.1. The Council provides a distinctive leadership role for the Community and brings together the contributions of its various stakeholders. It also seeks to achieve its Vision, via the promotion or improvement of the economic, social and environmental well-being of its area.

### **Partnerships**

- E.2. The Executive is responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3. The Executive can delegate functions, including those relating to partnerships, to officers.
- E.4. The Chief Executive represents the Authority on partnership and external bodies, in accordance with the Scheme of Delegation.
- E.5. The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct and governance arrangements with regard to financial administration in partnerships that apply throughout the Authority.
- E.6. The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies. He/she must also consider how these arrangements can demonstrate Value for Money and continuous improvement.
- E.7. Senior Managers are responsible for monitoring the partnership arrangements on an on-going basis. Senior Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

### **External Funding**

- E.8. The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

### **Work for Third Parties**

- E.9. The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies.

## oneSource (Appendix 3)

### Statement of Finance Policy Principles

#### Purpose

1.1 This policy (*the Finance Policy*) builds on the requirements of the Financial Regulations of the London Boroughs of Havering and Newham to ensure sound financial management practices are followed.

#### Objectives

1.2 The objectives of this policy are to:

- (a) ensure that the Councils' financial management is adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of its functions; and
- (b) ensure that public money is safeguarded, properly accounted for, and used effectively.

#### Key principles

1.3 oneSource will:

- (a) ensure sound financial practices are in place which follow the fundamental principles of probity, accountability and value for money and ensure investment plans are affordable, prudent and sustainable;
- (b) ensure financial information is accurate, up-to-date and auditable; and
- (c) monitor and regularly review its financial practices, to ensure they are up-to-date and reflect current legislation, guidance and best practice.

#### Duties

1.4 Responsibilities for the Finance Policy are as follows:

- (a) Board/Cabinet, Chief Executive and Corporate Management Team: endorsing this policy;
- (b) S151 Officer and Director of Finance oneSource: ensuring the finance policy is fit for purpose and complies with relevant statutory obligations and other responsibilities for the proper administration of the Agency's financial affairs;
- (c) Director of Finance oneSource: ensuring this policy is regularly reviewed and updated, and advising staff where necessary, monitoring non-compliance with this policy, ensuring appropriate action is taken on any non-compliance, and reporting this internally and to the S151 officers as appropriate;
- (d) Executive/Group Directors and other Budget Holders: accountability for all financial matters in their business area including ensuring operational compliance with this policy, the Constitutions (including the Financial Regulations and Procurement Code/Procedure Rules), relevant legislation, guidance, best practice, and other standards, reporting any non-compliance to the Director of Finance oneSource and providing advice and guidance to their teams.
- (e) All staff: understanding and complying with the requirements of this policy, the Constitution (including the Financial Regulations and Procurement Code/Procedure Rules, relevant legislation, guidance and best practice.

# Budget and Policy Framework Procedure Rules

## Contents

Rule	Subject
1	The Framework for Executive Decisions
2	Process for Developing the Framework
3	Decisions Outside the Budget or Policy Framework
4	Urgent Decisions Outside the Budget or Policy Framework
5	Virement
6	In-Year Changes to Policy Framework
7	Call-In of Decisions Outside the Budget or Policy Framework

### 1. THE FRAMEWORK FOR EXECUTIVE DECISIONS

- 1.1 The Council will be responsible for the adoption of its budget and policy framework. Once a budget or a policy framework is in place, it will be the responsibility of the Executive and officers to implement it.
- 1.2 The Budget and Policy Framework provides the financial basis for the implementation of the Council's policy framework and for the development of the Council's budget.
- 1.3 The Budget and Policy Framework covers:
- (a) Medium Term Financial Strategy
  - (b) Capital Strategy
  - (c) Treasury Management Strategy
- 1.4 The Chief Finance Officer will be primarily responsible for providing advice and guidance on the Budget and Policy Framework and its application, but will consult with the Monitoring Officer where appropriate.

### 2. PROCESS FOR DEVELOPING THE FRAMEWORK

- 2.1 The Executive will provide an initial report on its Medium Term Financial Strategy and Capital Strategy along with initial proposals for the budget and policy framework for consideration by Council. This report will be published by October.
- 2.2 The report will be available to the Overview and Scrutiny Committees and other local stakeholders who wish to express a view.
- 2.3 The Executive in conjunction with the Chief Finance Officer will decided the detailed local processes, procedures and timescales to consult on the budget proposals.

- 2.4 The Executive in conjunction with the Chief finance officer will decided the detailed local processes, procedures and timescales to consult on the budget proposals. The Executive will issue detailed proposals for consultation having given due consideration to:
- (i) comments from Overview and Scrutiny Committees and other local stakeholders
  - (ii) feedback from the consultation process
  - (iii) the Government's financial announcements
  - (iv) information from precepting and levying bodies
  - (v) the advice of senior officers.
- 2.5 Having considered responses to the consultation on its initial detailed budget proposals, and any further information on Government funding and precepts/levies, the Executive may amend its proposals before submitting them to Council.
- 2.6 The Executive will also publish a Treasury Management Strategy which will be submitted to Council alongside its final budget proposals.
- 2.7 At any time when a report is submitted to Council on the budget the Council will consider the proposals of the Executive and may adopt them, refer them back to the Executive or substitute its own proposals in their place.
- 2.8 All Councillors and parties are actively encouraged to contribute issues and ideas into the budget process via the Overview and Scrutiny Committees.
- 2.9 Where an Executive Mayor is in place he can object to any Council decision to amend the budget. To do this he must inform the Proper Officer in writing within 5 days of the decision stating his objection and giving reasons why. In that case the Proper Officer will call a Council meeting within a further 10 days to consider the Mayor's objection and to re-consider its decision. The Council may approve the Mayor's recommendation on a simple majority or approve a different decision by a two thirds majority. The Council decision will then be made public and will take effect immediately. The timescales may be varied if this is necessary to meet statutory deadlines.

### **3. DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK**

- 3.1 The Executive, individual members of the Executive, committees of the Executive, and any officers or joint arrangements may only make decisions which are in line with the approved Budget and Policy Framework. A decision that is not relevant to or covered by the budget framework but which is in line with a plan or strategy approved by the Executive is not contrary to the Budget and Policy Framework.
- 3.2 Subject to section 4 below, if the Executive wish to make a decision which is contrary to the Budget or Policy Framework, then that decision can only be made by the council.
- 3.3 If the Executive, individual members of the Executive, committees of the Executive, and any officers or joint arrangements want to make a decision which potentially is contrary to or not wholly in accordance with the Budget and Policy Framework, they must take advice from the Chief Finance Officer

or Monitoring Officer, as appropriate. If the advice is that the decision is contrary to or not wholly in accordance with the Budget and Policy Framework then the decision must be referred to Council for decision, unless the decision is a matter of urgency, in which case paragraph 4 shall apply (urgent decisions outside the Budget and Policy Framework).

#### **4. URGENT DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK**

4.1 Having consulted with the Chief Finance Officer or Monitoring Officer, as appropriate, the Executive, individual members of the Executive, committees of the Executive, and any officers or joint arrangements may take a decision which is contrary to or not wholly in accordance with the Budget and Policy Framework, or where the expenditure falls outside the approved budget, if the decision is a matter of urgency.

4.2 However, the decision may only be taken if:

- (a) it is not practical to convene a quorate meeting of the Council, and
- (b) the Chair (in the absence of the Chair, the Deputy Chair) of a relevant Overview and Scrutiny Committee accepts that the decision is a matter of urgency.

4.3 The reasons why it is not practical to convene a quorate meeting of the Council and the consent of the relevant Chair of Overview and Scrutiny Committee must be noted on the record of the decision and reported to the next available Council meeting along with a full report explaining:

- (a) the decision
- (b) the reasons for the decision
- (c) why the decision was treated as a matter of urgency.

#### **5. VIREMENT**

5.1 Steps taken by the Executive, individual members of the Executive, a committee of the Executive, or officers, or joint arrangements to implement Council policy shall not exceed those budgets allocated to each relevant budget head. However, such bodies or individuals shall be entitled to vire across budget heads within such limits as shall be laid down in the Financial Procedure Rules. Beyond those limits, approval to any virement across budget heads shall require the approval of the Full Council.

#### **6. IN-YEAR CHANGES TO BUDGET AND POLICY FRAMEWORK.**

6.1 Decisions by the Executive, individual members of the Executive, **committees of the Executive, and any officers or joint arrangements** can discharge only those Executive functions that are within the approved budget. No changes to the approved budget, except within the budget or virements rules set out in the Financial Procedures, can be made unless agreed by the Chief Finance Officer.

#### **7. CALL-IN OF DECISIONS OUTSIDE THE BUDGET AND POLICY FRAMEWORK**

- 7.1 Where an Overview and Scrutiny Committee is of the opinion that an Executive decision is, or if made would be, contrary to or not wholly in accordance with the Council's Budget and Policy Framework, then it shall seek advice from the Chief Finance Officer or the Monitoring Officer, as appropriate and the Head of Paid Service.
- 7.2 Where that opinion relates to a decision that has already been taken and implemented, and the Chief Finance Officer considers that the decision is contrary to or not wholly in accordance with the Budget and Policy Framework, the Chief Finance Officer, or the Monitoring Officer as appropriate shall report on the matter to the Cabinet, sending a copy to every member of the Council. Regardless of whether the decision is delegated or not, the Cabinet must meet to decide what action to take in respect of the report and report on the matter to the Council.
- 7.3 Where that opinion relates to a decision yet to be made, or that has been made but not yet implemented, and the advice from the Chief Finance Officer or Monitoring Officer, as appropriate, is that the decision is contrary to or not wholly in accordance with the Budget and Policy Framework, the Overview and Scrutiny Committee may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter.
- 7.4 At the meeting, the Council will receive a report about the decision or proposals and the advice of the Chief Finance Officer. The Council may:
- (a) endorse a decision or proposal of the Executive as falling within the existing Budget and Policy Framework; or
  - (b) amend the Budget and Policy Framework to encompass the decision or proposal and agree to the decision or proposal with immediate effect; or
  - (c) if it accepts that the decision or proposal is contrary to or not wholly in accordance with the Budget and Policy Framework and does not amend the existing Budget and Policy Framework to accommodate it, require the Executive to reconsider the matter in accordance with the advice of the Chief Finance Officer or Monitoring Officer, as appropriate.
- 7.5 The decision of Council shall be recorded in its minutes.

## **8. FEES AND CHARGES**

All fees & charges must be set in accordance with the corporate charging policy.

**FULL COUNCIL,  
MEMBERS' QUESTIONS**

**1 Decent Homes Monies**

**To the Cabinet Member for Housing, Councillor D White**

By Councillor June Alexander

Would the Cabinet member provide a comprehensive breakdown of what Decent Homes monies have been provided to this council, how this money has been spent and what monies are still available to be spent by the end of this current financial year?

**Answer:**

The Capital Programme has been supported and supplemented by the Decent Homes funding since the 2011/12. The national Decent Homes Programme was extra funds provided for by the GLA and targeted to areas with the largest number of non-decent homes. The extra funds followed a re-bidding process in 2010.

The Capital Programme from the Housing Revenue grant and funds from Decent Homes money are spent focusing on the following key areas:

**Decent homes:** This work is targeted at non-decent homes to bring them up to the Government set standard. Work includes replacement of windows, kitchens, bathrooms and central heating units etc.

**Upkeep works:** This includes major repairs, structural works to properties, asbestos removal and management.

**Improvements and remodelling:** This work includes aids and adaptations to properties depending on tenant need (for example if someone has a physical disability we would installed level access showers).

The programme has been spent as follows:

2011/12

Funding for decent Homes – £11.8m. £8 million from decent homes fund.

Upkeep works – £2.8m

Improvements & Remodelling - £453k

2012/13

Decent Homes – £22.6m. £15m from decent homes fund.



Upkeep works – £5.8m  
Improvements & Remodelling - £505k

2013/14

Decent Homes – £22.6m. £15m from decent homes fund.  
Upkeep works – £5.9m  
Improvements & Remodelling - £692k

2014/15

Decent Homes – £29.1m £23m from decent homes fund.  
Upkeep works – £6.1m  
Improvements & Remodelling - £600k

The 14/15 programme is fully allocated and committed.

In response to a supplementary question, the Cabinet Member indicated that approximately 3% of Council properties would not have reached Decent Homes standard by the time the funding had ended. He would supply further details on this to the Councillor concerned.

## 2 **Consultation**

### **To the Cabinet Member for Financial Management, Councillor Barrett**

By Councillor Hyde

When there are government consultations on particular issues would the council agree that it is good practise to make all members aware of them

#### **Answer:**

Policy briefings are regularly circulated to Heads of Services and other key staff which include details of current key consultations. The expectation is that these staff would highlight these to their Lead Member and agree a response with them where relevant.

Where a consultation is issued that would have significant implications across the Council, arrangements would be made for appropriate consultation to take place with Members prior to any response being issued on behalf of the Council.

Going forward, arrangements could be made for the details of the more significant Government and other consultations to be included in the regular Calendar Brief. We could also look at using the Members area on the Intranet to feature consultations, if that would be helpful.

In response to a supplementary question, the Cabinet Member agreed that it was important that communications of this type to Members did in fact take place.

## 3 **Chafford Swimming Pool**

**To the Cabinet Member for Culture and Community Engagement, Councillor Wallace**

By Councillor J Tucker

Following discussions between the Chafford School Headteacher and Council Officers, Chafford have submitted a planning application to expand their educational facilities and provide a new swimming pool.

What strategy has been agreed between School and Council to ensure the new pool will be built?

**Answer:**

We're working in partnership with The Chafford School to secure the necessary funding for a new swimming pool on the school site. The planning application submitted by the school shows where the new pool will be built, should the funding be secured.

The Council has, with the school's agreement, included the management of the school sports facilities (including the pool) in the sports and leisure management specification, which is currently being tendered by the Council. Those companies tendering will be invited to submit investment proposals for the school sports facilities as part of their bid. Assuming such bids are received and both the Council and the school are supportive of them, this could be the mechanism for securing the funding that will allow a new pool to be built on the school site.

First stage tenders for the sports and leisure management contract will be received in the summer, so we'll know then if any viable proposals have been submitted.

In the meantime, we'll continue to explore other funding opportunities that might be available through Sport England, the Department for Education and any regeneration programmes in the Rainham area.

In response to a supplementary question, the Cabinet Member confirmed that the cost of the new leisure centre in Romford was approximately £22 million.

4 **Performance Packs**

**To the Cabinet Member for Financial Management, Councillor Barrett**

By Councillor Ray Morgon

Would the Cabinet Member confirm his plans to ensure that Members Performance Packs have comprehensive information on each service, including appropriate data, targets, financial performance, and where appropriate, on an annual basis benchmarking against other London Boroughs?

**Answer:**

As part of the corporate planning framework, the Corporate Plan will be refreshed for 2015/16 and all indicators and proposed targets will be reviewed by the Overview & Scrutiny Board prior to Cabinet on the 4th March.

Under the refreshed regime, the performance reports will include appropriate data, targets, financial information and progress towards longer terms objectives. Some benchmarking data is already included in the current quarterly reports – the next of which is due in March – and benchmarking will certainly continue in the future, where it provides helpful and meaningful comparison to other Boroughs.

In response to a supplementary question, the Cabinet Member confirmed he would liaise with officers and overview and scrutiny chairmen in order to make certain that the agreed timetable for the revision of the performance packs was followed.

**5 Briar Road Housing**

**To the Cabinet Member for Housing, Councillor D White**  
**By Councillor Hyde**

**How many of the new homes in the Briar Road development have so far been let to local (Briar Road) residents?**

**Answer:**

To date, a total of 53 newly built Notting Hill Housing Trust properties on the Briar Road Estate have been let. In all cases, the Briar Road Local Lettings Policy has been applied. This Policy gives top priority to households currently living on the Estate, so long as they are eligible for the type and size of property they have bid for through choice-based lettings, followed by other Harold Hill residents, then others from Havering.

Of the 53 properties, nine have been let to an existing Briar Road Estate resident. Another 41 properties have been let to an existing resident from elsewhere in Harold Hill, with three homes let to residents from another part of the borough. It can be seen that the new homes are providing much needed housing opportunities for people already living on the Estate and in the wider Harold Hill area.

The Local Lettings Policy has been widely publicised - including sending details to every single household on the Estate. Whenever the top bidder is from the Briar Road Estate, is eligible for the type and size of home, and does not owe the Council significant arrears, the property has been offered to them.

The Local Lettings Policy also gives Briar Road Estate residents the added benefit of having top priority for existing council properties on the estate as they become vacant.

In response to a supplementary question, the Cabinet Member confirmed that the majority of properties on the estate had gone to Harold Hill residents. Rents would be reviewed yearly and he wished to ensure these were at an affordable level for the local area.

**6 St George's Day Events**

**To the Leader of the Council, Councillor R Ramsey**

By Councillor G Williamson

Havering Council's annual promotion of St. George Day in Romford is to be applauded, but can the promotion be extended to Hornchurch with themed events being held and bunting displayed in the Queens Theatre, Fairkytes, Library and High Street?

**Answer:**

St George's Day celebrations in Romford are centred around the market – and are always very popular with local people. .

Hornchurch Library does mark the occasion each year with decoration, and I know Fairkytes will do the same this year too.

As you will be aware, the budget proposals include quite a significant cut in funding for events. We've prioritised those that we want to protect, including the St George's Day celebrations in Romford Market, but we're not in a position to allocate additional funding. However, we would support businesses wishing to celebrate St George's Day by putting up their own bunting, or residents who may wish to hold street parties.

In response to a supplementary question, the Leader of the Council felt that such events would need to be considered in light of the other financial priorities of the Council. It was not necessary to have a working party on the issue but Members were welcome to raise the matter at overview & scrutiny if they wished.

**7 Quality of Housing Stock**

**To the Cabinet Member for Housing, Councillor D White**

By Councillor J Alexander

Would the Cabinet Member confirm what steps are in place to monitor the quality and effectiveness of reactive repairs and capital projects to the council's housing stock?

**Answer:**

The monitoring arrangements for the repairs service are embedded in the Councils performance monitoring frame work. Members and the Corporate Management Team receive monthly reports on key indicators associated with repairs being completed on time and the levels of complaints received relating to the service. In addition, operational review meeting are structured on a bi-weekly and monthly basis with the senior management teams of both the contractor and the Council meeting on a quarterly basis.

The Breyer contract started in April 2014 and they initially had 20 members of staff from the TUPE transfer, with the rest being sub-contractors. They did this to monitor the amount of repair jobs that were called in and the complexity of work so that they could gauge their staffing levels effectively.

This process of monitoring the amount of repair jobs reported in allowed Breyer to increase their staffing levels to fit the needs of the contract. However, during this recruitment period this did impact on their performance. This was raised by us and Breyer took appropriate corrective action.

More staff were then employed during this time and to date 29 additional members of staff have joined the team, with 19 of them being from the Borough.

In addition, we have put in place more effective monitoring of repairs that are called through so that they are allocated correctly.

We do expect that this will show through in the Spring report.

In response to a supplementary question, the Cabinet Member indicated he was happy to meet with the Councillor concerned to discuss specific cases where kitchens or bathrooms may not be of a satisfactory standard.

**8 Breach of Planning Regulations**

**To the Cabinet Member for Regulatory Services, Councillor Dervish**

By Councillor L Webb

When the council is notified by a resident of a breach of planning regulations what is the time scale for instigating enforcement action?

**Answer:**

We do not have a set timescale for instigating action as the nature of breaches reported is varied.

We assess the harm caused by the breach and try to negotiate a resolution, either by asking for a planning application to be submitted or removing/stopping the breach.

In cases where planning permission would clearly not be granted, formal action would be taken as appropriate. In most cases, it's not always clear whether planning permission would be granted so it's better to ask for a planning application.

A retrospective planning application enables the Council to fully identify details of the breach and allows neighbouring occupiers to be notified and submit comments. Also, if the development is acceptable in principle, planning conditions can be imposed to alleviate any harmful impacts.

Where formal action is justified, an enforcement notice would be served. This would be because of the type and degree of harm identified, because a retrospective planning application had been refused or because those responsible for harmful development failed to submit an application.

9 **Council Tax**

**To the Cabinet Member for Financial Management, Councillor C Barrett**

By Councillor David Durant

The Local Government Minister has announced that a local council tax referendum must be held if councils propose to increase council tax by 2% or more! This will require some soul searching from the Conservative/EHRG Coalition Administration [and from all councillors] because the public budget consultation proposes extensive cuts and a 2% increase in council tax.

This means the Administration will need to hold a legally required referendum costing about £250,000 or reduce the increase to below 2%! But this would mean more cuts because the Council Leader Cllr Ramsey has said the reserves can be used to pay for a referendum [a one off item] but not to off-set the [ongoing] cuts.

In view of this will the Administration 'bite the bullet' and seek cross-party support to hold a council tax referendum for a figure of 2% or more to ameliorate the cuts and help keep our borough green, pleasant and secure?

**Answer:**

There will be no need to hold a referendum. The Cabinet report outlines that the proposal is to raise council tax up to 2 per cent; thereby avoiding the need to pay out for a costly referendum.

An increase of 1.99% would not trigger a referendum and would be consistent with the assumptions included in the Financial Strategy approved by Cabinet in September.

Responses from our residents in the latest consultation, showed that they did not want to increase council tax above this threshold. Therefore our proposals reflect our residents' priorities, without the need to have an expensive referendum.

10 **Section 16 Local London Authorities Act**

**To the Cabinet Member for Environment, Councillor R Benham**

By Councillor Wood

Would the Cabinet Member confirm why this council is reluctant to use powers under Section 16 of the London Local Authorities and Transport For London Act 2003 to ensure that drivers do not cross the footway without a properly constructed crossover?

**Answer:**

Working according to Section 16 would take officers away from their primary objective of taking action to reduce waste tonnages, and thereby limit increases in waste disposal costs, which currently cost the Council around £12m each year.

There are certain difficulties in applying the Section 16 legislation, so we try and tackle the problem of people driving onto a kerb or along a grass verge in a way that's not as resource intensive.

Under section 16 enforcement action becomes possible 'where the occupier *habitually takes a vehicle across a kerbed footway or verge or knowingly permits a vehicle to cross a kerbed footway or verge*'.

So we'd need to establish that it's a regular occurrence, which means we'd have to go and observe the vehicle several times before we could class it as an offence and enforce against it.

Only then can a notice be given, which can then be appealed at court. If the resident's appeal isn't supported by the court, we can install a dropped kerb at the Council's expense, and then seek to recover the costs through a civil debt.

This is very resource heavy and long-winded, I think you'll agree, and we simply don't have a big enough team to look for and enforce against the offence in this way.

So what we currently do is, we write to the occupiers and invite them to apply for a crossover (dropped kerb). This usually resolves the issue and is much less time-consuming. If this continues, we would then take enforcement action.

In response to a supplementary question, the Cabinet Member confirmed that problems at a specific site he had visited with the Councillor concerned had been due to issues relating to the ownership of a private forecourt. It was also not possible to install bollards at the location due to the need to ensure disabled access.

11 **Legal Status**

**To the Leader of the Council, Councillor R Ramsey**

By Councillor L Webb

Does this council agree that we are all equal under the law?

**Answer:**

Yes.

In response to a supplementary question, the Leader of the Council confirmed he was happy to discuss in more detail the Member's concerns that parking enforcement action was not being taken against foreign registered vehicles.

12 **Road Accidents**

**To the Cabinet Member for Environment, Councillor R Benham**

By Councillor J Ganly

Given the increasing number of incidents where children have been injured, some seriously, near to schools and colleges, would the Cabinet Member confirm what action the council intends to take to improve safety around schools?

**Answer:**

Firstly, I'd very much like to know where you heard that the number of accidents where children have been injured are increasing, as we believe the numbers are actually very small.

However, in response to head teachers telling us the problems they face with inconsiderate drivers outside their schools, we've stepped up our road safety and enforcement activity significantly. In April last year, we implemented a completely new regime that focused on schools. We highlighted the most important areas and make sure we visit every three weeks as a minimum.

In addition, we have committed to maintain school crossing patrols, while many other councils have either cut them, or are considering stopping them.

Each and every school has a travel plan and we also proactively visit schools specifically to talk to children and parents about key road safety messages.



TfL Local Implementation Plan funding of £390,000 has also been allocated to accident reduction, which includes road safety awareness measures targeted at school pupils, and measures to reduce casualties on roads.

We run regular Smarter Travel events, in schools and every year at the Havering Show, to encourage children and parents to stop using cars and instead walk or cycle to school.

We're doing absolutely everything we can with the resources we have. Our enforcement officers cover an extremely large area, but residents should be assured that tackling parking and driving issues at schools is one of our main priorities.

In response to a supplementary question, the Cabinet Member confirmed that guidance from central Government on the use of CCTV cars at schools was currently awaited and there would therefore be no current change to the use of the cars in Havering.

13 **Money owed to the Council**

**To the Cabinet Member for Financial Management, Councillor C Barrett**

By Councillor Wilkes

Would the Cabinet Member explain why at a time when members are being asked to agree considerable budget cuts, has this council millions of pounds owing to it in many cases going back several years. (Cllr Julie Wilkes)

**Answer:**

We want to get the best value for money for every Havering taxpayer, and it is unfair on law-abiding residents that some people try to avoid paying council tax and business rates.

In the last financial year from March 2013 to March 2014, we reduced the total outstanding council tax arrears by almost £460,000. This year, our collection rate is 97.14 per cent, up from 96.98 per cent last year, and putting us the eighth best of all 32 boroughs in London.

Of course we'd like this to be 100 per cent, and to help achieve this we are going to focus on persistent non-payers, who run up the biggest debts. Taking the business rate collection back in-house, and introducing targets, has seen a reduction in arrears.

We monitor debt across the council through a Debt Management Board and have introduced a small, dedicated team to tackle the council tax accounts and work alongside external recovery and bailiff companies, to help recoup what is owed.

We can also make even more improvements through our partnership with Newham, oneSource, and are working towards a joint policy framework for debt management, where we can share best practice. As part of a OneSource review we established a joint business rate service, which will help further increase performance.

There is a lot of good work going on to recoup money owed, and we're not complacent, we'll continue to pursue anyone who owes the council money.

In response to a supplementary question, the Cabinet Member confirmed that a report on the activities of the Council's bailiffs could be supplied. The debt management board was also looking at the issue of arrears.

#### 14 **Albyans Court, Hornchurch**

##### **To the Cabinet Member for Housing, Councillor D White, By Councillor Nunn**

Would the Cabinet Member explain why the former sheltered accommodation site in Albyans Court, South Hornchurch has been left boarded up for a number of years with the loss of rent estimated to run into hundreds of thousands of pounds, together with additional costs to maintain and secure the site?

##### **Answer:**

Albyans Close was a former sheltered housing scheme, containing 35 units of accommodation, which was becoming increasingly unpopular and hard to let in 2011. When the Government introduced Self Financing for the Housing Revenue Account (HRA) in 2012, the Council had to make a decision whether to keep the property, and try to let it, or demolish and dispose of it. If it was included within the properties owned by the Council at that date, the Government would assume that the income from the scheme would be available to the Council, and would expect the Council to take a share of the debt attributable to these properties.

The Council took the view at that time, that it was unlikely that this type of property would become popular, and therefore undertook to the DCLG to either dispose or demolish the properties, and this reduced the level of liability for the Government's national housing debt, on Havering.

When the Council was approved as a developer, by the Greater London Authority, we were able to bid for, and were successful in obtaining grant to demolish the properties, and build, in its place. We obtained £435,000 in grant from the GLA and we are putting £220,000 of our own Right to Buy receipts towards the scheme. We obtained planning permission on 23rd October 2014 to build 19 units – 10 x 2 bedrooomed Leasehold for the Elderly properties, and 9 affordable rented properties for the elderly. We are currently tendering the building work, and expect to start on site as soon as we have received tenders and been able to award a contract for the building work.

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Obviously we regret the fact that the properties have been empty for a long time, but they had become unpopular and unlettable, and we have the good prospect now of replacing them with more up to date, and suitable units of accommodation.

In response to a supplementary question, the Cabinet Member confirmed that he would supply a written response to the Member concerned regarding the issue of the amounts of rent, Council Tax and maintenance charges lost to the Council due to properties being boarded up for six months or more.

<i>DIVISION NUMBER:</i>	<b>1</b>
<b>The Mayor [Cllr. Linda Trew]</b>	<b>O</b>
The Deputy Mayor [Cllr. Barbara Matthews]	✓
<b><u>CONSERVATIVE GROUP</u></b>	
Cllr Roger Ramsey	✓
Cllr Robert Benham	✓
Cllr Ray Best	✓
Cllr Wendy Brice-Thompson	✓
Cllr Joshua Chapman	✓
Cllr John Crowder	✓
Cllr Phillipa Crowder	✓
Cllr Meg Davis	✓
Cllr Osman Dervish	✓
Cllr Jason Frost	✓
Cllr Steven Kelly	✓
Cllr Robby Misir	✓
Cllr Garry Pain	✓
Cllr Dilip Patel	✓
Cllr Viddy Persaud	A
Cllr Carol Smith	✓
Cllr Frederick Thompson	✓
Cllr Melvin Wallace	✓
Cllr Roger Westwood	✓
Cllr Damian White	✓
Cllr Michael White	✓
<b><u>RESIDENTS' GROUP</u></b>	
Cllr Ray Morgon	✓
Cllr June Alexander	✓
Cllr Nic Dodin	✓
Cllr Jody Ganly	✓
Cllr Barry Mugglestone	✓
Cllr John Mylod	✓
Cllr Stephanie Nunn	✓
Cllr Reg Whitney	✓
Cllr Julie Wilkes	A
Cllr John Wood	✓
<b><u>EAST HAVERING RESIDENTS' GROUP</u></b>	
Cllr Clarence Barrett	✓
Cllr Alex Donald	✓
Cllr Brian Eagling	✓
Cllr Gillian Ford	✓
Cllr Linda Hawthorn	✓
Cllr Ron Ower	✓
Cllr Linda Van den Hende	✓
Cllr Darren Wise	✓
<b><u>UK Independence Party</u></b>	
Cllr Lawrence Webb	✓
Cllr Ian De Wulverton	✓
Cllr John Glanville	✓
Cllr Phillip Hyde	✓
Cllr David Johnson	✓
Cllr Phil Martin	✓
Cllr Patricia Rumble	✓
<b><u>INDEPENDENT LOCAL RESIDENTS' GROUP</u></b>	
Cllr Jeffrey Tucker	✓
Cllr Michael Deon Burton	✓
Cllr David Durant	✓
Cllr Keith Roberts	✓
Cllr Graham Williamson	✓
<b><u>Labour</u></b>	
Cllr Keith Darvill	A
<b>TOTALS</b>	
✓ = YES	50
✗ = NO	0
O = ABSTAIN/NO VOTE	1
ID = INTEREST DISCLOSED/NO VOTE	0
A = ABSENT FROM MEETING	3
	<b>54</b>

## REPORT OF THE CABINET

**SUBJECT:** THE COUNCIL'S BUDGET 2015/16

The purpose of this report is to enable the Council to calculate and set the Council Tax for 2015/16.

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

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

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

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

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

The Council should note that the schedule of fees & charges now reflect the amended Budget proposals as approved through the consultation process. These are attached at Annex D.

Also attached to this report are:

- A revised Council Tax statement, originally provided in the Cabinet report marked as Appendix E, amended following the final notification of the local government financial settlement; levies; and further notifications of unringfenced grants.
- Annex A to this report which provides supporting information to the resolutions
- Annex B which are the draft minutes of the Cabinet meeting.

The Treasury Management Strategy and related documents were reported to Cabinet separately but are being submitted to Council as part of this report (Annex C) for approval, as they are directly related to the budget. The Capital Programme was originally provided in the Cabinet report marked as Appendix I. A separate report also covers the proposed Members Allowances scheme for 2015/16.

The Cabinet report asked Members to approve the HRA Revenue Budget for 2015/16 and the Capital Budget for 3 years, 2015/16 to 2017/18, totalling £70.866m.

With greater certainty over HRA resources under self-financing, it is now feasible to plan over a 3 year period. That Capital Budget includes a second phase of New Build of homes for rent or shared ownership, to be held in the HRA; this was approved by Cabinet on 24th September 2014, with subsequent approval of the budget allocation by Council on 26<sup>th</sup> November 2014. Council is now asked to approve the HRA 3 year capital budget 2015/16 to 2017/18.

There are no further approvals required with regard to this element of the Council's overall Capital Programme.

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

The effect of adopting these resolutions would be to set the Council Tax for a Band D property at £1,514.00

## **RECOMMENDATIONS**

1. That the following as submitted in the report to Cabinet be approved:
  - a) The General Fund revenue budget for 2015/16, as set out in the revised Appendix E attached to this report.
  - b) The delegated schools' budget for 2015/16, as set out in Appendix E of the report to Cabinet.
  - c) The Capital Programme for 2015/16, as set out in Annexes 2, 3 and 4 of Appendix I of the report to Cabinet.
2. That, in accepting recommendation 1, Council is mindful of the advice of the Chief Finance Officer as set out in Appendix H of the report to Cabinet.
3. That it be noted that under delegated powers the Chief Finance Officer has calculated the amount of 83,110 (called T in the Act and Regulations) as its Council Tax base for the year 2015/16 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) made under Section 31B of the Local Government Finance Act 1992 as amended.
4. That the amount of £101,311,085 be now calculated as the Council Tax requirement for the Council's own purposes for 2015/16.

**Council (Council Tax and Budget), 25 February 2015**

5. That the following amounts be now calculated by the Council for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

(a)	£452,913,781	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	(£351,602,696)	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£101,311,085	being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d)	£1,219.00	being the amount at 5(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in the table below as the amounts of Council Tax for 2015/16 for each of the categories of dwellings.

<b>Valuation Bands London Borough of Havering</b>	
	<b>£ p</b>
A	812.66
B	948.12
C	1,083.56
D	1,219.00
E	1,489.88
F	1,760.78
G	2,031.66
H	2,438.00

7. That it be noted for the year 2015/16 the major precepting authority (the GLA) has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below as proposed by the Mayor and as due to be considered by the London Assembly at its meeting on 23<sup>rd</sup> February 2015.

<b>Valuation Bands Greater London Authority</b>	
	<b>£ p</b>
A	196.67
B	229.44
C	262.22
D	295.00
E	360.56
F	426.11
G	491.67
H	590.00

8. That, having calculated the aggregate in each case of the amounts at 6 and 7 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/16 for each of the categories of dwellings shown below:

<b>Valuation Bands</b>	<b>£ p</b>
A	1,009.33
B	1,177.56
C	1,345.78
D	1,514.00
E	1,850.44
F	2,186.89
G	2,523.33
H	3,028.00

**The effect of adopting this resolution would be to set the Council Tax for a Band D property at £1,514.00**

9. That Council having considered the principles approved under the Local Government Finance Act 1992 by the Secretary of State concludes that the Council's basic relevant amount of Council Tax for 2015/16 is not excessive.
10. That any Council Tax payer who is liable to pay an amount of Council Tax to the Authority in respect to the year ending on 31<sup>st</sup> March 2016, who is served with a demand notice under Regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 as amended and who makes payment to the Authority of the full balance of the estimated amount shown on that demand by 1<sup>st</sup> April 2015, may deduct a sum equivalent to 1.5% of and from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount.
11. That Council agrees that the Capital Programme be expanded for schemes during the year which are funded via additional external funding under the authority of the Lead Member for Financial Management and the relevant service area Cabinet Members.
12. That Council approves the Treasury Management Strategy Statement, Prudential Indicators, and the Minimum Revenue Provision Statement for 2015/16.



**REPORT DETAIL**

As set out in the reports to Cabinet of the 11<sup>th</sup> February 2015 and the attached Annexes.

APPENDIX E

LONDON BOROUGH OF HAVERING  
FINAL COUNCIL TAX STATEMENT – 2015/16 BUDGET

2014/15		Estimate 2015/16	
£	<b>Havering's Expenditure</b>	£	
165,596,130	Service Expenditure	176,208,904	
2,000,000	General Contingency	2,000,000	
<b>167,596,130</b>	Havering's Own Expenditure	<b>178,208,904</b>	
	<b>Levies</b>		
11,990,000	East London Waste Authority	13,023,000	Final
171,317	Environment Agency (Thames)	176,557	Final
17,679	Environment Agency (Anglia)	18,564	Final
252,415	Lee Valley Regional Park Authority	249,438	Final
313,839	London Pensions Fund Authority (LPFA)	315,425	Final
<b>12,745,250</b>	<b>Sub Total – Levies</b>	<b>13,782,984</b>	
(14,785,716)	Unringfenced Grant	(26,149,782)	
<b>165,555,664</b>	<b>Sub Total – Total Expenditure</b>	<b>165,842,106</b>	
	<b>External Finance</b>		
(38,889,716)	Revenue Support Grant	(30,442,521)	
(9,208,018)	Business Rates Top-up	(9,383,968)	
(21,632,207)	National Non Domestic Rate	(21,830,714)	
<b>(69,729,941)</b>	<b>Sub Total – External Finance</b>	<b>(61,657,203)</b>	
(913,000)	Collection Fund Deficit/(Surplus)	(2,678,000)	
920,395	Business Rates Deficit/(Surplus)	(195,818)	
<b>95,833,118</b>	<b>Havering's Precept on the Collection Fund</b>	<b>101,311,085</b>	

2014/15		<b>The Collection Fund</b>		Estimate 2015/16	
£	£ p	Expenditure	£	£ p	
95,833,118	1,195.18	Precepts	101,311,085	1,219.00	
23,974,717	299.00	London Borough of Havering	24,517,450	295.00	
		Greater London Authority (Final)			
21,632,207	269.79	London Borough of Havering Retained Business Rates (Final)	21,830,714	262.67	
14,421,472	179.86	Greater London Authority - Retained Business Rates (Final)	14,553,809	175.12	
36,053,679	449.64	Central Government - Retained Business Rates (Final)	36,384,523	437.79	
272,168	3.39	Cost of NNDR collection	271,109	3.26	
<b>192,187,361</b>	<b>2,396.86</b>	<b>Total Expenditure</b>	<b>198,868,690</b>	<b>2,392.84</b>	
		<b>Total Income</b>			
(72,379,526)	(902.68)	National Non-Domestic Rate	(73,040,155)	(878.84)	
<b>119,807,835</b>	<b>1,494.18</b>	NNDR receivable			
80,183		<b>COUNCIL TAX per Band D property</b>	<b>125,828,535</b>	<b>1,514.00</b>	
		Council Tax Base	83,110		
			<b>Council Tax percentage change (1.3)%</b>		
Valuation as at 1/4/91		Council Taxes Per Property Band			Change
	£ p		£ p		£ p
Under £40,000	996.11	Band A	1,009.33		13.22
£40,001 - £52,000	1,162.15	Band B	1,177.56		15.41
£52,001 - £68,000	1,328.16	Band C	1,345.78		17.62
£68,001 - £88,000	1,494.18	Band D	1,514.00		19.82
£88,001 - £120,000	1,826.21	Band E	1,850.44		24.23
£120,001 - £160,000	2,158.26	Band F	2,186.89		28.63
£160,001 - £320,000	2,490.30	Band G	2,523.33		33.03
Over £320,000	2,988.36	Band H	3,028.00		39.64

**BUDGET AND CORPORATE PLAN AND COUNCIL TAX 2015/16**

**SUPPLEMENTARY INFORMATION**

**A. THE GREATER LONDON AUTHORITY AND LEVIES**

The Greater London Authority precept proposed by the Mayor was advised as being £295.00 per Band D property (1.3% decrease). The London Assembly was due to consider this budget and precept on 23<sup>rd</sup> February 2015. Confirmation of formal approval to the budget has now been received and the proposed Band D amount has been agreed.

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

**B. FINAL LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2013/14 - 2015/16**

	<b>Settlement 2013/14</b>	<b>Settlement 2014/15</b>	<b>Settlement 2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Bal B/f</b>	<b>53,296</b>	<b>57,888</b>	<b>51,260</b>
<b><u>Transferred into formula</u></b>			
Council Tax Support Funding	13,548		
LACSEG	(4,978)		
Floor	(3,978)		
Scaling		(6,628)	(8,688)
	<b><u>57,888</u></b>	<b><u>51,260</u></b>	<b><u>42,572</u></b>
<b><u>Included as part of the Settlement funding Allocation</u></b>			
Council Tax Freeze Funding	3,778	3,766	4,839
Early Intervention Funding	6,646	6,131	5,584
Homelessness Prevention	400	394	392
Lead Local Flood Authorities Funding	132	130	130
Learning Development and Public Reform	7,822	7,896	7,866
Returned Capitalisation		90	
Local Welfare Provision			543
<b>Transfer Out</b>			
Carbon Commitment			(119)
<b>Total Transfers</b>	<b>18,778</b>	<b>18,407</b>	<b>19,236</b>
<b><u>Final Grant</u></b>	<b>76,665</b>	<b>69,667</b>	<b>61,808</b>
Of which relates to Business Rates	30,189	30,777	31,365
Payment via Revenue Support Grant	46,476	38,890	30,443

The business rate figures stated above includes a government expectation of the revenue Havering will generate during the year. Based on the most recent data, it is expected that the council's yield for 2015/16 will be lower than this target by £150k due to a reduction in rateable value from appeals. As a result, Havering will need to fund this shortfall.

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

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

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

**Amounts of gross expenditure**

The gross expenditure of—

- (a) the billing authority,
  - (b) each relevant precepting authority, and
  - (c) each relevant levying body,
- for the relevant year (ie the year for which the budget is being set) and the preceding year.

**Amounts of council tax requirement**

The council tax requirement of—

- (a) the billing authority, and
  - (b) each relevant precepting authority,
- for the relevant year and the preceding year.

**Statements concerning gross expenditure and council tax requirement**

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

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

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

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

**Council (Council Tax and Budget), 25 February 2015**

		2014/15	2015/16
		£	£
	<b>Amounts of Gross Expenditure</b>		
	Aggregate of the items which are attributable to the services administered by the Authority during the year	448,784,486	452,780,978
excluding	allowances for contingencies	2,000,000	2,000,000
	and contributions to financial reserves	<u>791,538</u>	<u>1,075,372</u>
	<b>Gross Expenditure</b>	<b><u>445,992,948</u></b>	<b><u>449,705,606</u></b>
	 <b>Amounts of Council Tax Requirement</b>		
	LBH element of the Council Tax Band D for a Property	1,195.18	1,219.00
multiplied by	the Council Tax Base	<u>80,183</u>	<u>83,110</u>
	<b>Council Tax Requirement</b>	<b><u>95,833,118</u></b>	<b><u>101,311,085</u></b>
	 <b>Statements concerning Gross Expenditure and Council Tax Requirement</b>		
	Gross Expenditure	445,992,948	449,705,606
less	Council Tax Requirement	<u>95,833,118</u>	<u>101,311,085</u>
		<b><u>350,159,830</u></b>	<b><u>348,394,521</u></b>
	 <b>Reason for Difference</b>		
	Gross income	283,228,822	286,938,872
	Retained Business Rate	21,632,207	21,830,714
	Business Rate Baseline (Top-Up)	9,208,018	9,383,968
	Revenue Support Grant	38,889,716	30,442,521
	Council Tax (Deficit)/Surplus	913,000	2,678,000
	Business Rates (Deficit)/Surplus	<u>-920,395</u>	<u>195,818</u>
		352,951,368	351,469,893
	Less contingencies and contribution to reserves	<u>-2,791,538</u>	<u>-3,075,372</u>
		<b><u>350,159,830</u></b>	<b><u>348,394,521</u></b>

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

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

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

- Demand notices include another statement where the billing authority has published certain information which must be supplied with demand notices on its website to explain that and to give the address where that information can be found.

#### **D. CALCULATION OF CHANGE IN HAVERING'S EXPENDITURE**

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

##### **Change in Council's Expenditure**

	<b>£m</b>
2014/15 Budget	165.5
2015/16 Budget	<u>165.8</u>
<b>Net Increase</b>	<b><u>0.3</u></b>
Budget Pressures	4.1
Inflation	2.4
Increase in Levies	1.0
Provisions & Other Issues (including Grant & Funding Changes)	<u>9.9</u>
<b>Sub Total</b>	<b><u>17.4</u></b>
Efficiencies/Savings	<u>-17.1</u>
<b>Net Total</b>	<b><u>0.3</u></b>

#### **E. REFERENDUMS RELATING TO COUNCIL TAX RISES**

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

A Council Tax referendum will be required in 2015/16 if the increase in the basic relevant amount of Council Tax set by an authority exceeds the Council Tax excessiveness principle which applies to that year. The Secretary of State has proposed that, for that year, an authority will be required to seek the approval of their local electorate if it proposes an increase of 2% or more in the level of Council Tax as compared with the 2014/15 level.

As the Council has proposed a Council Tax increase of 1.993%, taking into account of all levies, the level of increase cannot be considered excessive under the provisions of the Act. In these circumstances the Council would not be required to hold a referendum.



[DRAFT] **MINUTES OF A CABINET MEETING**  
**Council Chamber - Town Hall**  
**Wednesday, 11 February 2015**  
(7.30 - 8.40 pm)

**Present:**

Councillors Ray Morgon, David Durant, Keith Darvill, David Johnson and Ray Best also attended.

There were no members of the public and no representatives of the press present.

There were no disclosures of pecuniary interest.

Unless otherwise indicated, all decisions were agreed unanimously with no Member voting against.

**35 MINUTES**

The minutes of the meeting held on 21 January 2015 were agreed as a correct record and were signed by the Chairman.

**36 THE COUNCIL'S BUDGET 2015/16**

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

Cabinet was informed that the report before it outlined the context within which the 2015/16 budget was being set and identified the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needed to reflect the level of funding allocated to it by the Government. Cabinet received reports in May and September 2014 which provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The September report also set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next four years. It contained specific proposals to bridge the funding gap for the next two years and further proposals were needed to move the Authority towards a balanced four-year budget.

A further report was made to Cabinet on 21<sup>st</sup> January 2015 which updated Members on the Local Government financial settlement, the progress of the corporate budget and the proposed financial strategy for the coming financial



year, the latest in year financial monitor and feedback on the public consultation to the proposals affecting services which were included in the September report. A Special Cabinet was held on 4<sup>th</sup> February 2015 which considered the responses to the budget consultation and more specifically the impact on three of the savings proposals. These proposals were considered at this special meeting were reflected in the draft strategy and budget proposals.

**The current position was that there would be an increase in the Havering element of the Council Tax of 1.993%, which was in line with the assumptions in the approved financial strategy.**

Final confirmation of the Greater London Authority (GLA) precept was expected at the meeting of the London Assembly on 23<sup>rd</sup> February 2015. The Mayor had proposed a small reduction in the current precept, as previously advised to Cabinet, and this had been the subject of a consultation process. There were no known changes to the GLA position as reported during the Cabinet meeting and if this were to change an update would be provided for the Council meeting.

**On the assumption that this will be approved by the London Assembly, along with the proposed increase of 1.993% in the Havering share, the band D figure would increase to £1,514.00 an increase of 1.326%.**

The report provided comprehensive details of the various components of the budget within its appendices.

### **Reasons for the Decision**

The Council was required to set a budget for 2015/16 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

### **Alternative Options Considered**

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

**In view of the need to balance the Council's policies, meet demand for statutory services, government initiatives, inspection regimes and Council Tax levels, Cabinet:**

1. Considered the advice of the Chief Finance Officer as set out in Appendix H to the report when it recommended the Council budget.
2. Considered the comments in the report on changes to the budget resulting from the consultation exercise, which were reviewed by the Overview and Scrutiny Board on 5<sup>th</sup> February 2015 and attached as Appendix J to the report, when it recommended the total Council budget.
3. Recommended to Council the following budgets for 2015/16:

- The Council's draft General Fund budget as set out in Appendix E, formulated on the basis of:
    - An ELWA levy based on the anticipated budget and levy increase, and
    - The other assumptions set out in this report.
  - The delegated schools' draft budget
  - The capital programme as set out in Annexes 2, 3 and 4 of Appendix I of the report,
4. Delegated to the Chief Executive and Group Directors to implement the 2015/16 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities were required as detailed in the Council's Constitution.
  5. Agreed that the Group Director Communities and Resources in consultation with the Leader be authorised to allocate funding from the Capital contingency included within the draft capital programme.
  6. Agreed that to facilitate the usage of unringfenced resources, the Chief Executive and Group Directors will have delegated authority to review any such new funds allocated to Havering, make proposals for their use for approval by the Leader in consultation with the Cabinet Member for Financial Management.
  7. Delegated to the Chief Executive and Group Directors the authority to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays might otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
  8. Approved the schedule of Fees and Charges set out in Appendix L of the report, with any recommended changes in-year being implemented under Cabinet Member delegation.
  9. Agreed that if there were any changes to the GLA precept and/or levies, the Chief Executive be authorised to amend the recommended resolutions accordingly and report these to Council on 25<sup>th</sup> February 2015.
  10. Approved the Asset Management Plan as set out in Appendix M of the report.

**Cabinet:**

11. Recommended to Council, subject to recommendation 3 above, the following:
  - The General Fund budget for 2015/16.
  - The Council Tax for Band D properties and for other Bands of properties, all as set out in Appendix E of the report, as revised and circulated for the Greater London Authority (GLA) Council Tax.
  - The delegated schools' budget for 2015/16, as set out in Appendix F of the report.
  - The Capital Programme for 2015/16 as set out in Annexes 2, 3 and 4 of Appendix I of the report.

12. Recommended to Council that it pass a resolution as set out in section 3.33.4 of the report to enable Council Tax discounts to be given at the existing level.

**37 HRA BUDGET FOR 2015/2016 AND HRA MAJOR WORKS CAPITAL PROGRAMME 2015/6 – 2017/8**

*Councillor Damian White, Cabinet Member for Housing, introduced the report*

Cabinet was informed that the report set a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works Programme. From 2012 the position of the HRA had changed from previous years because of the introduction of a regime, known as "Self Financing". An update to the 30 year HRA Business Plan was provided.

The HRA remained a ring-fenced account that was used to manage the Council's own housing stock. The proposed budget would enable the Council to manage that stock to a reasonable standard and to complete the Council's Decent Homes Programme. It further set rents, service charges and other charges for Council tenants for the year 2015/6.

The Housing Revenue Account was sound and was able to invest in its stock and develop new homes over the coming three years. Due to a recent change in the Government's rules on rent increases however, the former system of rent restructuring was being abolished in 2015/16 and future rent increases were designed to be limited to no more than the Consumer Price Index (CPI) + 1%.

The Council planned to move to the new system in 2016/17 but had to take the opportunity which remained in the current year, to move its rents to target rents immediately. This would remove the inequality between properties that currently existed.

At present it was possible for identical properties to have different rents, because of the transitional nature of the rent restructuring plan. By moving immediately, in one year, to target rents, this inequality would be eliminated. All rents would be at target rents; additional rental income would be available to invest in the housing stock and in new homes and future rent increases for the next 10 years would be in line with inflation pressures as expressed by the CPI.

In addition, if the Council did not move its rents to target rents, this opportunity would be lost and a regime of CPI + 1% - if applied immediately - would have lost the Council's Business Plan £100m over the life of the Plan. Despite this level of rent increase, Havering's rents remained the lowest in London, during the year 2014/15.

**Reasons for the decision:**

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

**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 the rent and service charge increase, budget growth and major works programme proposals.

Cabinet:

1. Agreed the Housing Revenue Account Budget as detailed in Appendix 1 of the report.
2. Agreed that the average rent for existing tenants in Council properties owned by the London Borough of Havering be increased by £7.87, from £91.44 to £99.31 (8.6%) with effect from 6 April 2015 in line with the Government's current policy to restructure rents.
3. Agreed that the rent-free weeks for 2015/6 be w/c 24<sup>th</sup> August 2015 the two weeks commencing 21<sup>st</sup> and 28<sup>th</sup> December 2014, and the week commencing 28 March 2016.
4. Agreed that tenants' service charges and heating and hot water charges for 2015/6 were increased or decreased as follows:

<b>Service Charges reviewed and recommended</b>	<b>2014/15 Weekly Charge – 48 weeks</b>	<b>2015/16 Weekly charge – 48 weeks</b>	<b>Increase (decrease)</b>	<b>% increase (decrease)</b>
Caretaking	3.44	3.78	0.34	10%
Internal Block Cleaning	1..31	1.56	0.25	19%
Bulk Refuse Collection	0.50	0.48	(0.02)	(4%)
CCTV - Mobile Service	0.46	0.46	0	0
CCTV - Static Service	1.49	1.40	(0.09)	(6%)
Community Wardens	0.85	0.95	0.10	12%
Door Entry	1.36	0.25	(£1.11)	(81%)
Ground Maintenance	2.83	3.53	0.70	25%
Sheltered Cleaning	3.54	3.58	0.04	1%
TV access	1.49	1.49	0	0
Heating	6.90	6.27	(0.63)	(9%)
Heating and Hot Water	9.72	9.57	(0.15)	(2%)

5. Agreed that the service charge for homeless households accommodated in the Council's hostels were increased by 1.2% to £25.14 a week (average figure).
6. Agreed that charges for high and medium demand garages were increased by 1.2% and that rents for low demand garages were frozen.
7. Noted that the charges for mobile support would be deleted, but that new service charge for the provision of security and support in sheltered housing would be introduced and would be £6.57pw (52 weeks). This would replace the mobile support charges which last year ranged from £5.48pw to £13.70pw, depending upon the level of support.

8. Agreed that the Careline support charge be increased by 1.2%.

<b>Service</b>	<b>Weekly support charge in 2014/15 – 52 weeks</b>	<b>Weekly support charge in 2015/16 – 52 weeks</b>
Careline – sheltered tenants	4.39	4.44
Careline – community users	4.68	4.74

9. Agreed that Telecare support charges be increased by 1.2%.

<b>Service</b>	<b>Weekly support charge in 2014/15 – 52 weeks</b>	<b>Weekly support charge in 2015/16 – 52 weeks</b>
Telecare – base unit plus two sensors	6.81	6.89
Additional Telecare sensor	1.13	1.14

- 10 Noted that there was a projected in-year surplus of £1.620m, and agreed that £0.5m would be carried forward to fund the replacement of the Housing Management system.
- 11 Agreed the HRA Major Works Capital Programme, detailed in Appendix 2 of the report and referred this to full Council for final ratification.

**38 TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2015/16:**

*Councillor Clarence Barrett, Cabinet Member for Financial Management, introduced the report*

Cabinet was informed that In February 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code).

In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that required the Authority to approve an investment strategy before the start of each financial year.

The report before Members fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and CLG guidance.

The Council was also required to receive and approve, as a minimum, three main reports each year which incorporated a variety of policies, estimates and actuals.

They were:

The **Treasury Management Strategy Statement** (This report itself) - The first, and most important report covered:

- The borrowing and investment strategies
- Treasury Management indicators
- Prudential Indicators
- a Minimum Revenue Provision Policy (how residual capital expenditure was charged to revenue over time)

A **Mid Year Treasury Review** – This would provide an update on the prudential and treasury indicators and would include information on the current treasury position.

An **Annual Treasury Report** – This would provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Cabinet approved and recommended to Council:

- The Treasury Management Strategy Statement (TMSS)
- The Prudential Indicators set out in appendix B of the report
- The Annual Minimum Revenue Provision statement for 2015/16 set out in appendix C of the report.

## THE TREASURY MANAGEMENT STRATEGY AND RELATED DOCUMENTS

### SUMMARY

In February 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code).

In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and CLG guidance

The Council is also required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

**Treasury Management Strategy Statement** (This report) - The first, and most important report covers:

- The borrowing and investment strategies
- Treasury Management indicators
- Prudential Indicators
- A Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time)

**Mid Year Treasury Review** – This will provide an update on the prudential and treasury indicators and will include information on the current treasury position.

**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 approve the Treasury Management Strategy Statement (TMSS)
- Cabinet to approve the Prudential Indicators set out in appendix B of this report
- Cabinet to approve the Annual Minimum Revenue Provision statement for 2015/16 set out in appendix C of this report

**REPORT DETAIL**

**Introduction**

1.1 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 The Council is required to operate a balanced budget, which broadly means that cash received 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.

1.3 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 down may be restructured to meet Council risk or cost objectives.

**Local Context**

2.1 The Authority currently has £210m of borrowing and £185m of investments. This is set out in further detail at **Appendix A**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below

**Table 1: Balance Sheet Summary and Forecast**

	<b>31.3.14 Actual £m</b>	<b>31.3.15 Estimate £m</b>	<b>31.3.16 Estimate £m</b>	<b>31.3.17 Estimate £m</b>	<b>31.3.18 Estimate £m</b>
General Fund CFR	66	62	61	59	58
HRA CFR	172	175	175	175	175
<b>Total CFR</b>	<b>238</b>	<b>237</b>	<b>236</b>	<b>234</b>	<b>233</b>
Less: Other long-term liabilities *	-1	-1	-1	-1	-1
<b>Borrowing CFR</b>	<b>237</b>	<b>236</b>	<b>235</b>	<b>233</b>	<b>232</b>
Less: External borrowing **	-210	-210	-210	-210	-210
<b>Internal borrowing</b>	<b>27</b>	<b>26</b>	<b>25</b>	<b>23</b>	<b>22</b>
Less: Usable reserves	-141	-133	-117	-100	-97
Less: Working capital	-15	-15	-15	-15	-15
<b>Investments</b>	<b>129</b>	<b>122</b>	<b>107</b>	<b>92</b>	<b>90</b>

\* finance leases and PFI liabilities that form part of the Authority’s debt



\*\* shows only loans to which the Authority is committed and excludes optional refinancing

- 2.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of £30m.
- 2.3 The Authority has a decreasing CFR due to the Authority's decision to fund its capital programme through the use of receipts and external grants rather than through prudential borrowing.
- 2.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2015/16.

### **Borrowing Strategy**

- 3.1 The Authority currently holds £210 million of long term loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 above, shows that the Authority does not expect to need to borrow in 2015/16.
- 3.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 3.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose ( the treasury management advisers) will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5 In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (or its successor body)
- UK local authorities
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds

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- Capital market bond investors
  - Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.
- 3.6 The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 3.7 The Authority holds a £7m LOBO (Lender’s Option Borrower’s Option) loan where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The LOBO has this option again during 2015/16, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority may take the option to repay LOBO loans at no cost if it has the opportunity to do so.
- 3.8 Short-term and variable rate loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.
- 3.9 Debt Rescheduling, The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

**Investment Strategy**

- 4.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s investment balance has ranged between £128 and £198 million, and similar levels are expected to be maintained in the forthcoming year.
- 4.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.3 The Authority may invest its surplus funds with any counterparty meeting the criteria in table 2 below, subject to the cash and time limits shown. Any new type of investment or any investment with a new counterparty is subject to a strict scrutiny process from Senior Finance and approval from the Director of Communities and Resources prior to any investments being made.

**Table 2: Approved Investment Counterparties**

<b>Credit Rating</b>	<b>Banks Unsecured*</b>	<b>Banks Secured*</b>	<b>Government</b>	<b>Corporates</b>	<b>Registered Providers</b>
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£10% 5 years	£10% 10 years	£10% 50 years	£5% 20 years	£5% 20 years
AA+	£10% 5 years	£10% 10 years	£10% 25 years	£5% 10 years	£5% 10 years
AA	£10% 4 years	£10% 4 years	£10% 15 years	£5% 5 years	£5% 10 years
AA-	£10% 3 years	£10% 4 years	£10% 10 years	£5% 4 years	£5% 10 years

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A+	£10% 2 years	£10% 3 years	£5% 5 years	£5% 3 years	£5% 5 years
A	£10% 13 months	£10% 2 years	£5% 5 years	£5% 2 years	£5% 5 years
A-	£10% 6 months	£10% 13 months	N/A	£5% 13 months	£5% 5 years
BBB+	£5% 100 days	£5% 6 months	N/A	£2.5% 6 months	£2.5% 2 years
BBB or BBB-	£5% next day only	£5% 100 days	N/A	n/a	n/a
None	£1m 6 months	N/A	N/A	£50,000 5 years	£5% 5 years
Pooled funds	£10% per fund				

This table must be read in conjunction with the notes below

Cash Limits are set as a percentage of the overall balance of the Council's investments as determined at the start of the month or more frequently if required.

\*The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

**Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. In addition the Authority also monitors credit ratings using Bloomberg.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made,
- Any existing investments that can be recalled or sold at no cost will be
- Consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a BBB+ rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

All eligible counterparties and new types of investments will be discussed prior to their use by the Lead Member, Group Director of Communities and Resources and other senior finance officers where the appropriateness and security of the investment will be assessed. Any counterparties or investments that fail to meet to approval of the group will not be used despite meeting the investment strategy criteria.

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**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

**Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

4.4 Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
  - due to be repaid within 12 months of arrangement,
  - not defined as capital expenditure by legislation, and
  - invested with one of:
    - o the UK Government,
    - o a UK local authority, parish council or community council,
- or
- o a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of BBB+ or higher that are domiciled in the UK or a foreign country with a sovereign rating

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of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

- 4.5 Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	<b>Cash limit</b>
Total long-term investments	£75m
Total investments without credit ratings or rated below [BBB+]	£20m
Total investments with institutions domiciled in foreign countries rated below [AA+]	£15m
Total non-specified investments	£110m

- 4.6 In addition to the limits already set out in Tables 2 and 3, the limits set out in table 4 below are also proposed to further protect the security of the Authorities investments

**Table 4: Additional Investment Limits**

	<b>Cash limit*</b>
Any single organisation, except the UK Central Government	£10%
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10%
Any group of pooled funds under the same management	£10% per manger
Negotiable instruments held in a broker’s nominee account	£10% per broker
Foreign countries	£20% per country
Registered Providers	£10% in total
Building Societies	£20% in total
Loans to small businesses	£10% in total
Loans to unrated corporates	£10% in total
Money Market Funds	£20% in total

\*Cash limits are set as a percentage of the overall balance of the Council’s investments as determined at the start of the month or more frequently if required. Should investments with a counterparty be above the cash limit as a result of cash limit being reduced due to lower cash balances, then no further investments will be made until the level is below the cash limit again.

- 4.7 Liquidity Management: The Authority maintains a detailed cash flow forecast to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk

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of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

- 4.8 Current Account Bank: Following a competitive tender exercise held in 2012, the Authority's current accounts are held with the Royal Bank of Scotland group. Should the credit ratings fall below BBB+, for liquidity purposes the Authority may continue to deposit surplus cash with the group providing that investments can be withdrawn on the next working day. Balances will be reviewed on a daily basis to assess their appropriateness.

### Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by taking the arithmetic average, weighted by the size of each investment.

	<b>Target</b>
Portfolio average credit rating	A-

**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments by the next working day and within a rolling three month period, without additional borrowing.

	<b>Target</b>
Total cash available by the next working day	£5m
Total cash available within 3 months	£30m

**Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk on its debt portfolio. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of gross principal borrowed will be:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	25%	25%	25%

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

### **Maturity Structure of Borrowing**

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	<b>Upper</b>	<b>Lower</b>
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Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Due to the unlikelihood of any LOBO's being called they are treated as maturing on the maturity date rather than the potential repayment date.

### **Principal Sums Invested for Periods Longer than 364 days**

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Limit on principal invested beyond year end	£75m	£50m	£25m

### **Other Items**

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

### **Policy on Use of Financial Derivatives**

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

### **Policy on Apportioning Interest to the HRA**

On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured and interest transferred between the General Fund and HRA at an appropriate rate which has been adjusted for credit risk.

### **Investment Training**

The needs of the Authority's treasury management staff for training in investment management are assessed on a regular basis as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

### **Investment Advisers**

The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. 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 investment advisers.

### **Investment of Money Borrowed in Advance of Need**

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

### **Financial Implications**

The budget for investment income in 2015/16 is £1 million, based on an average investment portfolio of £139 million at an interest rate of 0.75%. The budget for debt interest paid in 2015/16 is £7.5 million, based on an average debt portfolio of £210 million at an average interest rate of 3.6%. Of this figure, £170m is HRA debt, with a budget for debt interest paid of £5.8m. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different. Variance from budget will be reported on a quarterly basis to the Audit Committee and on a bi annual basis to full Council.

### **Other Options Considered**

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties	Interest income will vary depending on the counterparties used	Lower chance of losses from credit related defaults, but any such losses will be greater



Invest in a wider range of counterparties	Interest will again vary depending on the counterparties used.	Increased risk of losses from credit related defaults, but any such losses will be smaller
Invest in deposits with a longer duration	Interest income will be higher	Increased risk of losses from credit related defaults and a reduction in liquidity
Invest in deposits with a shorter duration	Interest income will be lower	Decreased risk of losses from credit related defaults and an increase in liquidity
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain and there may be additional costs occurred from restructuring

**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 Prudential Indicators.

**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. Changes to the TMSS have no direct financial implications but are intended to better manage Investment risk in response to fluctuations in cash flow.

**Legal implications and risks:**

The Council has fiduciary duties toward its tax payers to act in good faith in the interests of those tax payers with the considerable sums of money at their disposal. The Strategies being proposed for

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approval seek to discharge those duties in a reasonable and prudent fashion and therefore there is a low risk of successful challenge.

Otherwise 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**

There are no background papers associated with this report

**Appendix A – Existing Investment & Debt Portfolio Position**

	31/12/2014 <b>Actual Portfolio</b>  £m	31/12/2014 <b>Average Rate</b>  %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	203.2	3.59%
PWLB – Variable Rate	0	-
Local Authorities	0	-
LOBO Loans	7	3.60%
<b>Total External Borrowing</b>	<b>210.2</b>	<b>3.59%</b>
<b>Investments:</b>		
Short-term investments	169.3	
Long-term investments	16.0	
<b>Total Investments</b>	<b>185.3</b>	<b>0.69%</b>
<b>Net Debt</b>	<b>24.9</b>	

**Appendix B - Prudential Indicators 2015/16**

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these

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objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**Estimates of Capital Expenditure:** The Authority's planned capital expenditure and financing may be summarised as follows.

<b>Capital Expenditure and Financing</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
General Fund	44.5	53.7	36.2	13.5
HRA	40.8	36.5	22.9	22.2
<b>Total Expenditure</b>	<b>85.3</b>	<b>90.2</b>	<b>59.1</b>	<b>35.7</b>
Capital Receipts	14.8	27.6	9.9	6.2
Government Grants	53.2	26.1	26.3	7.3
Reserves	0	8.6	1.1	0
Revenue	17.3	27.9	21.8	22.2
Borrowing	0	0	0	0
Leasing and PFI	0	0	0	0
<b>Total Financing</b>	<b>85.3</b>	<b>90.2</b>	<b>59.1</b>	<b>35.7</b>

**Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

<b>Capital Financing Requirement</b>	<b>31.03.15 Revised £m</b>	<b>31.03.16 Estimate £m</b>	<b>31.03.17 Estimate £m</b>	<b>31.03.18 Estimate £m</b>
General Fund	62.0	60.6	59.3	57.9
HRA	174.6	174.7	174.7	174.7
<b>Total CFR</b>	<b>236.6</b>	<b>235.3</b>	<b>234.0</b>	<b>232.6</b>

As set out in the tables above all capital expenditure is being funded through the use of capital receipts, revenue and other external funding rather than through borrowing.

The CFR is therefore forecast to fall by £4m over the next three years as capital expenditure financed by debt is outweighed by resources put aside for debt repayment.

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

<b>Debt</b>	<b>31.03.15 Revised £m</b>	<b>31.03.16 Estimate £m</b>	<b>31.03.17 Estimate £m</b>	<b>31.03.18 Estimate £m</b>
Borrowing	210.7	210.7	210.7	210.7

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Total debt is expected to remain below the CFR during the forecast period.

**Operational Boundary for External Debt:** The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

<b>Operational Boundary</b>	<b>2014/15 Revised £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
Borrowing	248.4	247.1	245.7	244.3
Other long-term liabilities	2.0	2.0	2.0	2.0
<b>Total Debt</b>	<b>250.4</b>	<b>249.1</b>	<b>247.7</b>	<b>246.3</b>

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

<b>Authorised Limit</b>	<b>2014/15 Revised £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
Borrowing	260.8	259.5	258.0	256.5
Other long-term liabilities	2.0	2.0	2.0	2.0
<b>Total Debt</b>	<b>262.8</b>	<b>261.5</b>	<b>260.0</b>	<b>258.5</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>	<b>2016/17 Estimate %</b>	<b>2017/18 Estimate %</b>
General Fund	2.13	2.19	2.13	2.10
HRA	6.06	5.73	5.56	5.48

**Incremental Impact of Capital Investment Decisions:** This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the new capital programme.

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
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	£	£	£
General Fund - increase in annual band D Council Tax	0	0	0
HRA - increase in average weekly rents	£44.60p	£32.94p	£33.86p

**Adoption of the CIPFA Treasury Management Code:** The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition*.

**Appendix C – Annual Minimum Revenue Provision Statement 2014/15**

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum provision since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

For capital expenditure incurred before 1<sup>st</sup> April 2008, MRP will be determined in accordance with the former regulations that applied on 31<sup>st</sup> March 2008, incorporating an "Adjustment A" of £2.9m.

For capital expenditure incurred after 31<sup>st</sup> March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2015/16 will not be subject to a MRP charge until 2016/17

Based on the Authority's estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2015, the budget for MRP has been set as follows:

	<b>31.03.2015 Estimated CFR £m</b>	<b>2015/16 Estimated MRP £</b>
Capital expenditure before 01.04.2008	38.0	1.1
Unsupported capital expenditure after 31.03.2008	13.0	0.3
Finance leases and Private Finance Initiative	0	0
Transferred debt	0	0
<b>Total General Fund</b>	<b>51.0</b>	<b>1.4</b>

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**Communities & Resources  
Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>FAIRKYTES</b>				
Per Hourly Rate up to 6.00PM <i>unless otherwise stated</i>				
Main Room		17.00	01/04/15	New Charge
<i>Three hour hire discount</i>	30.00	37.00	01/04/15	S
Room 12		14.00	01/04/15	New Charge
<i>Three hour hire discount</i>	25.00	30.50	01/04/15	S
Room 13		10.00	01/04/15	New Charge
<i>Three hour hire discount</i>	18.50	22.60	01/04/15	S
Room 9		10.00	01/04/15	New Charge
<i>Three hour hire discount</i>	17.50	21.50	01/04/15	S
Art Room		12.00	01/04/15	New Charge
<i>Three hour hire discount</i>	20.50	25.00	01/04/15	S
Sculpture		9.00	01/04/15	New Charge
<i>Three hour hire discount</i>	16.50	20.00	01/04/15	S
Pottery		7.00	01/04/15	New Charge
<i>Three hour hire discount</i>	12.00	14.50	01/04/15	S
Studio 1		25.00	01/04/15	New Charge
<i>Three hour hire discount</i>	44.00	54.00	01/04/15	S
Studio 2		16.50	01/04/15	New Charge
<i>Three hour hire discount</i>	29.50	36.00	01/04/15	S
Studio 3		10.00	01/04/15	New Charge
<i>Three hour hire discount</i>	18.00	22.00	01/04/15	S
Billet Studio 1		16.50	01/04/15	New Charge
<i>Three hour hire discount</i>	29.50	36.00	01/04/15	S
Billet Studio 2		10.00	01/04/15	New Charge
<i>Three hour hire discount</i>	18.00	22.00	01/04/15	S
NB The above are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.				

Basis of Increase:

C - An increase dependent on committee approval

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

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**Communities & Resources  
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\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>FAIRKYTES</b>				
Per Hour (Mon to Fri from 6pm to close & Sat & Sun all day)				
Main Room		20.00	01/04/15	New Charge
<i>Three hour hire discount</i>	36.00	44.00	01/04/15	S
Room 12		17.00	01/04/15	New Charge
<i>Three hour hire discount</i>	30.00	36.60	01/04/15	S
Room 13		14.00	01/04/15	New Charge
<i>Three hour hire discount</i>	25.00	30.50	01/04/15	S
Room 9		11.00	01/04/15	New Charge
<i>Three hour hire discount</i>	20.50	25.00	01/04/15	S
Art Room		17.00	01/04/15	New Charge
<i>Three hour hire discount</i>	29.50	36.00	01/04/15	S
Sculpture		10.00	01/04/15	New Charge
<i>Three hour hire discount</i>	18.50	22.50	01/04/15	S
Pottery		8.00	01/04/15	New Charge
<i>Three hour hire discount</i>	14.00	17.00	01/04/15	S
Studio 1 (excludes Saturday evenings)		33.00	01/04/15	New Charge
<i>Three hour hire discount</i>	58.00	70.00	01/04/15	S
Studio 2		19.00	01/04/15	New Charge
<i>Three hour hire discount</i>	34.50	42.00	01/04/15	S
Studio 3		12.00	01/04/15	New Charge
<i>Three hour hire discount</i>	22.00	27.00	01/04/15	S
Billet Studio 1		19.00	01/04/15	New Charge
<i>Three hour hire discount</i>	34.50	42.00	01/04/15	S
Billet Studio 2		12.00	01/04/15	New Charge
<i>Three hour hire discount</i>	22.00	26.50	01/04/15	S
Sole Occupancy of Studio/Workshop/Store	168.50	180.00	01/04/15	I/N

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**Communities & Resources  
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Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Saturday and Sunday Evening Studio 1 (main hall)				
Saturday 6.00pm - 11pm	210.00	260.00	01/04/15	I/N
Sunday 6.00pm - 10.30pm	195.00	230.00	01/04/15	I/N
Friday 6.00-10.30pm Private/Commercial rate	0.00	180.00	01/04/15	New Charge
NB The above are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.				
<b>FOOTBALL AT PARKS WITH CRICKET (28 WEEKS)</b>				
Pavilion with washing facilities				
Adult				
Each Saturday or Sunday during Season	1,548.90	1,564.40	01/04/15	I/N
Each alternate Saturday or Sunday during Season	781.70	789.50	01/04/15	I/N
Additional Matches during Season	55.55	56.10	01/04/15	I/N
Junior (under 18)				
Each Saturday or Sunday during Season	759.15	766.75	01/04/15	I/N
Each alternate Saturday or Sunday during Season	353.60	357.15	01/04/15	I/N
Additional Matches during Season	27.20	27.50	01/04/15	I/N
Pavilion without washing facilities Each Saturday or Sunday during Season				
Adult				
Each Saturday or Sunday during Season	1,283.80	1,296.65	01/04/15	I/N
Each alternate Saturday or Sunday during Season	629.40	635.70	01/04/15	I/N
Additional Matches during Season	44.60	45.05	01/04/15	I/N

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(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Junior (under 18)				
Each Saturday or Sunday during Season	580.95	586.75	01/04/15	I/N
Each alternate Saturday or Sunday during Season	290.40	293.30	01/04/15	I/N
Additional Matches during Season No Pavilion Facilities	20.70	20.90	01/04/15	I/N
No Pavilion Facilities				
Adult				
Each Saturday or Sunday during Season	931.40	940.70	01/04/15	I/N
Each alternate Saturday or Sunday during Season	471.10	475.80	01/04/15	I/N
Additional Matches during Season	33.80	34.15	01/04/15	I/N
Junior (under 18)				
Each Saturday or Sunday during Season	432.00	436.30	01/04/15	I/N
Each alternate Saturday or Sunday during Season	215.70	217.85	01/04/15	I/N
Additional Matches during Season	14.60	14.75	01/04/15	I/N
<b>FOOTBALL AT PARKS WITH NO CRICKET (32 WEEKS)</b>				
Pavilion with washing facilities				
Adult				
Each Saturday or Sunday during Season	1,798.40	1,816.40	01/04/15	I/N
Each alternate Saturday or Sunday during Season	899.75	908.75	01/04/15	I/N
Additional Matches during Season	56.60	57.15	01/04/15	I/N

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(B) Charges determined by Committee

\*VAT inclusive

<b>Income Source</b>	<b>Charges 2014/15 (from April 2014) £</b>	<b>Charges 2015/16 (from April 2015) £</b>	<b>Operative Date of Latest Notified Charge</b>	<b>Basis of Increase</b>
Junior (under 18)				
Each Saturday or Sunday during Season	816.55	824.70	01/04/15	I/N
Each alternate Saturday or Sunday during Season	408.50	412.60	01/04/15	I/N
Additional Matches during Season	25.20	25.45	01/04/15	I/N
Pavilion without washing facilities				
Adult				
Each Saturday or Sunday during Season	1,424.75	1,439.00	01/04/15	I/N
Each alternate Saturday or Sunday during Season	711.75	718.85	01/04/15	I/N
Additional Matches during Season	44.60	45.05	01/04/15	I/N
Junior (under 18)				
Each Saturday or Sunday during Season	657.70	664.30	01/04/15	I/N
Each alternate Saturday or Sunday during Season	328.80	332.10	01/04/15	I/N
Additional Matches during Season	20.70	20.90	01/04/15	I/N
No Pavilion Facilities				
Adult				
Each Saturday or Sunday during Season	1,074.30	1,085.05	01/04/15	I/N
Each alternate Saturday or Sunday during Season	537.40	542.75	01/04/15	I/N

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Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Junior (under 18)				
Each Saturday or Sunday during Season	492.30	497.25	01/04/15	I/N
Each alternate Saturday or Sunday during Season	246.00	248.45	01/04/15	I/N
<b>MINI SOCCER</b>				
1 Hour Slot each Saturday or Sunday during season	329.70	333.00	01/04/15	I/N
1 Hour Slot alternate Saturday or Sunday during season	164.30	165.95	01/04/15	I/N
<b>RUGBY</b>				
Per game	10.90	11.00	01/04/15	I/N
<b>CRICKET</b>				
No Pavilion Facilities				
Adults Each Saturday or Sunday during Season	1,333.80	1,347.15	01/04/11	I/N
Colts (under 18) Teams Each Saturday or Sunday during Season	666.90	673.60	01/04/15	I/N
Occasional Matches Adults	74.15	74.90	01/04/15	I/N
Occasional Matches Colts Team	37.00	37.40	01/04/15	I/N
Pitches with Pavilions				
Adults Each Saturday or Sunday during Season	2,395.60	2,419.55	01/04/15	I/N
Adults Additional Bank Holiday Mondays 3 per season	798.35	806.35	01/04/15	I/N
Adults Alternate Saturday or Sunday	1,197.80	1,209.80	01/04/15	I/N
Colts (under 18) Teams Each Saturday or Sunday during Season	1,197.80	1,209.80	01/04/15	I/N

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(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Colts (under 18) Teams Additional Bank Holiday Mondays (per game)	399.20	403.20	01/04/15	I/N
Colts (under 18) Teams Alternate Saturday or Sunday	599.00	605.00	01/04/15	I/N
Occasional Matches Adults	133.00	134.35	01/04/15	I/N
Occasional Matches Colts (under 18) Team	66.50	67.15	01/04/15	I/N
<b>Boot camps &amp; Personal Training</b>				
1-6 People per 2 hour session	6.15	6.20	01/04/15	I/N
6-12 People per 2 hour session	12.25	12.40	01/04/15	I/N
12-20 People per 2 hour session	20.40	20.60	01/04/15	I
20-30 People per 2 hour session	30.60	30.90	01/04/15	I
<b>HORNCHURCH STADIUM</b>				
Weekday Use by Athletics Clubs (excluding training session)				
Half Day	0.00	0.00	01/04/15	S/N
Full Day	0.00	0.00	01/04/15	S/N
Saturday Use by Athletics Clubs (excluding training session)				
Half Day	98.50	99.50	01/04/15	I/N
Full Day	182.00	184.00	01/04/15	I/N
Sunday Use by Athletics Clubs (excluding training session)				
Half Day	129.75	131.00	01/04/15	I/N
Full Day	247.25	249.75	01/04/15	I/N

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**Communities & Resources**  
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\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Use by Schools (excluding training session)				
Half Day	78.50	92.00	01/04/15	S
Full Day	154.50	195.00	01/04/15	S
Schools Training Sessions (per hour Inc. equipment)	29.50	33.00	01/04/15	S
Occasional use - Football - without lights Seniors (3 hours)	182.00	184.00	01/04/15	I/N
Occasional use - Football - without lights Juniors (2.5 hours)	100.20	101.20	01/04/15	I/N
Occasional use - Football - with lights Seniors (3 hours)	286.15	289.00	01/04/15	I/N
Occasional use - Football - with lights Juniors (2.5 hours)	126.00	127.30	01/04/15	I/N
<b>BOWLS</b>				
Annual hire fee for bowling greens	5,718.00	5,775.20	01/04/15	I/N
<b>ALLOTMENTS</b>				
Land charge per acre	181.50	183.30	01/04/15	I/N
Plot Rent (This fee is set by the Allotment Society and therefore is not published in the Councils fees and charges)	0.00	0.00	01/04/12	
<b>FUNFAIRS &amp; CIRCUSES (Circuses were charged a flat rate in 2014/15)</b>				
Ground rent per day of operation - self standing	454.75	459.30	01/04/15	I/N
part of larger event	609.25	615.35	01/04/15	I/N
Returnable deposit per visit	1,398.00	1,412.00	01/04/15	I/N
Additional ground rent for extra non-operational days spent on site	146.30	147.75	01/04/15	I/N

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Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>TENNIS</b>				
Licence fee per court per day for Coach/Club	0.00	5.00	01/04/15	New Charge
<b>PARKS</b>				
Minimum charge for hire of park & open space for charitable organisation	81.65	82.45	01/04/15	I/N
Raphael Park Meeting Room (Charge per hour)	12.50	12.65	01/04/15	I/N
<b>VEHICLE PARKING - WITHIN PARKS AND OPEN SPACES ONLY</b>				
Release of vehicles that have been locked in a car park	76.50	77.25	01/04/15	I
Fee for vehicle left in car park overnight	102.00	103.00	01/04/15	I
<b>CHARGES FOR NON SCHEDULED WORKS</b>				
Week day rates				
18 tonne grab lorry and driver per hour	122.90	124.15	01/04/15	I/N
2 staff & a van (includes tools & machinery) per hour	58.60	59.20	01/04/15	I/N
1 staff & a van (includes tools & machinery) per hour	33.80	34.15	01/04/15	I/N
Tractor & implement or trailer with operator per hour	36.40	36.75	01/04/15	I/N
Ride on mower & operator per hour	33.80	34.15	01/04/15	I/N
Member of staff per hour (standard hours)	24.80	25.05	01/04/15	I/N
Charge hand per hour (standard hours)	30.70	31.00	01/04/15	I/N
Supply & plant memorial tree (up to 2metre rootball Inc. stakes & ties)	235.90	238.25	01/04/15	I/N

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(B) Charges determined by Committee

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Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
Initial mark - rugby pitch per pitch per occasion	96.65	97.65	01/04/15	I/N
Re-mark - rugby pitch per pitch per occasion	33.95	34.30	01/04/15	I/N
Initial mark – football pitch per pitch per occasion	87.90	88.80	01/04/15	I/N
Re-mark football pitch per pitch per occasion	29.30	29.60	01/04/15	I/N
Initial mark six lane 400 metre running track per occasion	385.70	389.55	01/04/15	I/N
Re-mark six lane 400 metre running track per occasion	87.90	88.80	01/04/15	I/N
Initial mark hockey pitch per occasion	58.60	59.20	01/04/15	I/N
Re-mark hockey pitch per occasion	19.50	19.70	01/04/15	I/N
Remove or install goal post socket each (excludes socket)	58.60	59.20	01/04/15	I/N
Preparation of new or renovation of shrub beds per m <sup>2</sup>	40.00	40.40	01/04/15	I/N
Shrub bed planting (five 3 litre container grown shrubs) per m <sup>2</sup>	36.00	36.35	01/04/15	I/N
Shrub bed mulching (using composted whole tree mulch) per m <sup>2</sup>	2.00	2.00	01/04/15	I/N
Hedge cutting per linear metre	5.80	5.85	01/04/15	I/N
Prepare ground, supply & lay turf per m <sup>2</sup>	6.50	6.55	01/04/15	I/N
Prepare ground, supply and sow grass seed per m <sup>2</sup>	3.80	3.85	01/04/15	I/N
<b>Saturday rates</b>				
1 staff & a van (includes tools & machinery) per hour	46.15	46.60	01/04/15	I/N
2 staff & a van (includes tools & machinery) per hour	83.35	84.20	01/04/15	I/N
Member of staff per hour (standard hours)	37.20	37.60	01/04/15	I/N
Charge hand per hour (standard hours)	46.00	46.45	01/04/15	I/N

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<b><u>POLICY, MARKETING AND ADMINISTRATION</u></b>				
Advertising in Culture and Leisure Marketing Materials Full page (A4) Full page (A5) or Half page (A4) Half page (A5) or Quarter page (A4) Quarter page (A5) or Eighth page (A4)  Online ticket sales 10% of ticket price to be added to the charge for Culture and Leisure Events when sold on-line	0.00 0.00 0.00 0.00	240.00 120.00 60.00 30.00   10% of ticket price	01/04/15 01/04/15 01/04/15 01/04/15   01/04/15	New Charge New Charge New Charge New Charge   New Charge

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<b>LIBRARY SERVICE</b>				
<b>FINES (per item, per day)</b>				
Adults	0.28	0.36	01/04/15	S
Children	0.14	0.18	01/04/15	S
Spoken Words	0.28	0.36	01/04/15	S
Lost Tickets	3.70	4.00	01/04/14	S
Lost Items - Replacement Cost (Min charge £10)	0.00	0.00	01/04/14	
Pre Overdue by e mail only	0.00	0.00	01/04/14	
<b>Overdue notifications</b>				
1st Overdue (E-Mail)	0.00	0.00	01/04/14	
1st Overdue (Text/Telephone)	0.18	0.20	01/04/15	I/N
1st Overdue (Post)	1.14	1.15	01/04/15	I/N
2nd Overdue (No longer Exists)	0.00	0.00	01/04/14	
<b>Reservations</b>				
Adult (E-mail)	1.16	1.20	01/04/15	I/N
Adult (Text/Telephone)	1.36	1.40	01/04/15	I/N
Adult (Post)	1.76	1.80	01/04/15	I/N
Children	0.00	0.00	01/04/14	

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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

**Communities & Resources  
Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>Items not held within borough</b>				
Adult	2.70	2.70	01/04/14	
British Library Loans (plus postage)	12.55	12.55	01/04/14	
Children	0.00	0.00	01/04/14	
<b>CDs per week - Singles</b>	1.22	1.25	01/04/15	I/N
- Sets	2.24	2.25	01/04/15	I/N
<b>Spoken Word per 3 weeks (registered blind exempt)</b>	1.20	1.20	01/04/14	I/N
DVDS per week	3.06	3.10	01/04/15	I/N
<b>Music Scores (3 Months) Cost to be agreed with customer before     progressing order</b>				
<b>Photo Copies</b>	0.31 *	0.32 *	01/04/15	I/N
B/W A4	0.36 *	0.37 *	01/04/15	I/N
B/W A3	2.04 *	2.06 *	01/04/15	I/N
Colour A3 (Photocopy)	1.43 *	1.44 *	01/04/15	I/N
Colour A4 (Photocopy)	0.31 *	0.32 *	01/04/15	I/N
Photo copying single sided	0.47 *	0.48 *	01/04/15	I/N
Photo copying double sided				

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Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>People's Network-Printing</b>				
B/W A4 (Printout per page)	0.31 *	0.32 *	01/04/15	I/N
Colour A4 (Printout per page)	1.43 *	1.44 *	01/04/15	I/N
<b>People's Network-Usage</b>				
1st Hour				
Elect Equipment i.e. Lap Top Charging per day etc.	1.00	1.00	01/04/12	
Elect Equipment I.e. Mobile Phone charging per day etc.	1.00	1.00	01/04/12	
All other elect appliances	1.00	1.00	01/04/12	
<b>Computer Use</b>				
IT Hub - reservation fee per computer, per hour	0.00	0.00		
<b>Room Hire</b>				
<b>Upminster Library</b>				
Upminster per hour	20.00	20.00	01/04/12	
Upminster-After 8pm £25 locking up fees	25.00	25.00	01/04/12	
<b>Hornchurch Library</b>				
Hornchurch 1st hour Large meeting room	25.00	25.00	01/04/12	
Additional hours Large meeting room	20.00	20.00	01/04/12	
Hornchurch-After 10pm £25 locking up fees	25.00	25.00	01/04/12	
Hornchurch Class Room One per hour	20.00	20.00	01/04/12	
Hornchurch Class Room Two per hour	15.00	15.00	01/04/12	

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**Communities & Resources  
Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>Elm Park Library</b>				
Elm Park Meeting Room per hour	20.00	20.00	01/04/12	
<b>Rainham Library</b>				
Rainham Library Meeting Room 1 (large room) First Hour	0.00	25.00	01/04/15	New Charge
Rainham Library Meeting Room 1 (large room) Additional Hours	20.00	20.00	01/04/14	
Rainham Library Meeting Room 2	0.00	20.00	01/04/15	New Charge
Rainham Library Meeting Room 3	0.00	20.00	01/04/15	New Charge
Rainham Library Meeting Room 4 (smallest room)	15.00	15.00	01/04/14	
<b>Romford Library</b>				
Romford 1st hour Large meeting room	25.00	25.00	01/04/12	
Additional hours Large meeting room	20.00	20.00	01/04/12	
Romford-After 8pm £25 locking up fees	25.00	25.00	01/04/12	
<b>Room Hire Cancellation</b>				
Notice of cancellation of room hire under 24 hours	50% of room hire fee	75% of room hire fee	01/04/14	C
Notice of cancellation of room hire 1-3 days	0.00	50% of room hire fee	01/04/15	New Charge
Notice of cancellation of room hire 3-7 days	0.00	25% of room hire fee	01/04/15	New Charge
<p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.</p>				

Basis of Increase:

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**Communities & Resources  
Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>Exhibitions(per week)</b>				
Upminster at exhibitors liability for one week	0.00	0.00	01/04/12	
Hornchurch at exhibitors liability for one week	0.00	0.00	01/04/12	
<b>Cost of Recovery</b>				
Accounts owing up to £99.00	10.00	10.00	01/04/14	
Accounts owing £100 plus	20.00	20.00	01/04/14	
<b>Cost of Digital images</b>				
Image on disc (including disc)	3.50 *	3.50 *	01/04/14	
Image on USB (excluding USB)	3.50 *	3.50 *	01/04/14	
Image on Paper price on application plus postage	0.00 *	0.00 *	01/04/14	
Commercial Reproduction price on application	0.00 *	0.00 *	01/04/14	

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**Communities & Resources  
Head of Culture & Leisure Services**

**ANNEX D**

(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>My Place (all charges are for 1hr unless stated otherwise)</b>				
<b>Charges for Community Organisations and Non Profit Organisations</b>				
<b>Off Peak (Mon - Fri 9am - 6pm)</b>				
Performance Hall	18.40	18.60	01/04/15	I/N
Performance hall with staging, sound and lighting - 4hrs	92.00	93.00	01/04/15	I/N
Music Studio - 4hrs	40.80 *	41.20 *	01/04/15	I
Technician	18.40	18.60	01/04/15	I/N
Games Room	15.30	15.50	01/04/15	I/N
Art Room	9.20	9.30	01/04/15	I/N
Health Room	7.10	7.20	01/04/15	I/N
IAG Room	7.10	7.20	01/04/15	I/N
Counselling Room	7.10	7.20	01/04/15	I/N
Large Meeting Room	12.30	12.50	01/04/15	I/N
Small Meeting Room	8.20	8.30	01/04/15	I/N
Bike Workshop	12.20	12.40	01/04/15	I/N
IT Hub - reservation fee per computer	0.00	0.00	01/04/13	
<p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.</p>				

Basis of Increase:

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**Communities & Resources  
Head of Culture & Leisure Services**

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(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>My Place (all charges are for 1hr unless stated otherwise)</b>				
<b>Charges for Community Organisations and Non Profit Organisations</b>				
<b>Peak (Mon - Fri after 6pm and at weekends)</b>				
Performance Hall	22.50	23.00	01/04/15	I/N
Party Bookings - (Weekend)	31.60	32.00	01/04/15	I/N
Performance hall with staging, sound and lighting - 4hrs	133.00	135.00	01/04/15	I/N
Music Studio - 4hrs	51.00 *	52.00 *	01/04/15	I/N
Technician	18.40	18.60	01/04/15	I/N
Games Room	20.40	20.70	01/04/15	I/N
Art Room	12.20	12.40	01/04/15	I/N
Health Room	9.20	9.30	01/04/15	I/N
IAG Room	9.20	9.30	01/04/15	I/N
Counselling Room	9.20	9.30	01/04/15	I/N
Large Meeting Room	15.30	15.50	01/04/15	I/N
Small Meeting Room	10.20	10.30	01/04/15	I
Bike Workshop	15.30	15.50	01/04/15	I/N
IT Hub - reservation fee per computer	0.00	0.00	01/04/13	
<p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.</p>				

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Head of Culture & Leisure Services**

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\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>My Place (all charges are for 1hr unless stated otherwise)</b>				
<b>Charges for Commercial Organisations</b>				
<b>Off Peak (Mon - Fri 9am - 6pm)</b>				
Performance Hall	30.60	31.00	01/04/15	I/N
Performance hall with staging, sound and lighting - 4hrs	164.00	165.50	01/04/15	I/N
Music Studio - 4hrs	61.20	62.00	01/04/15	I/N
Technician	25.50 *	28.00 *	01/04/15	I/N
Games Room	30.60	31.00	01/04/15	I/N
Art Room	20.40	20.60	01/04/15	I
Health Room	16.30	16.50	01/04/15	I/N
IAG Room	16.30	16.50	01/04/15	I/N
Counselling Room	16.30	16.50	01/04/15	I/N
Large Meeting Room	25.50	26.00	01/04/15	I/N
Small Meeting Room	20.40	20.60	01/04/15	I
Bike Workshop	25.50	26.00	01/04/15	I/N
IT Hub - reservation fee per computer	0.00	0.00	01/04/13	
<p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.</p>				

Basis of Increase:

C - An increase dependent on committee approval

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**Communities & Resources  
Head of Culture & Leisure Services**

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(B) Charges determined by Committee

\*VAT inclusive

Income Source	Charges 2014/15 (from April 2014) £	Charges 2015/16 (from April 2015) £	Operative Date of Latest Notified Charge	Basis of Increase
<b>My Place (all charges are for 1hr unless stated otherwise)</b>				
<b>Charges for Commercial Organisations</b>				
<b>Peak (Mon - Fri after 6pm and at weekends)</b>				
Performance Hall	40.80	41.20	01/04/15	I
Performance hall with staging, sound and lighting - 4hrs	245.00	250.00	01/04/15	I/N
Music Studio - 4hrs	81.60 *	82.50 *	01/04/15	I/N
Technician	25.50	28.00	01/04/15	I/N
Games Room	40.80	41.20	01/04/15	I
Art Room	25.50	25.80	01/04/15	I/N
Health Room	20.40	20.60	01/04/15	I
IAG Room	20.40	20.60	01/04/15	I
Counselling Room	20.40	20.60	01/04/15	I
Large Meeting Room	30.60	30.90	01/04/15	I
Small Meeting Room	22.50	23.00	01/04/15	I/N
Bike Workshop	30.60	31.00	01/04/15	I/N
IT Hub - reservation fee per computer	0.00	0.00	01/04/13	
<p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer commits to a long term hire, with such discounts to be agreed by the Head of Service.</p>				
<b>Additional Services at My place</b>				
Rigging - per person per hour	18.40	18.60	01/04/15	I/N
De-rigging - per person per hour	25.50	26.00	01/04/15	I/N

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Council, 25 February 2015

Agenda Item 7: The Council's Budget

A.Amendment on behalf of the Independent Residents' Group

**This** Council agrees to increase council tax by 3%. The budget details as proposed by the Administration to remain the same with the difference raised added to the general reserve to deliver a robust budget, ameliorate cuts and keep our borough green, pleasant and secure.

The impact of this amendment on the recommendations to Council would be as follows:

## **REPORT OF THE CABINET**

**SUBJECT:** THE COUNCIL'S BUDGET 2015/16

### **RECOMMENDATIONS**

1. That the following as submitted in the report to Cabinet be approved:
  - a) The General Fund revenue budget for 2015/16, as set out in the revised Appendix E attached to this report.
  - b) The delegated schools' budget for 2015/16, as set out in Appendix E of the report to Cabinet.
  - c) The Capital Programme for 2015/16, as set out in Annexes 2, 3 and 4 of Appendix I of the report to Cabinet.
2. That, in accepting recommendation 1, Council is mindful of the advice of the Chief Finance Officer as set out in Appendix H of the report to Cabinet.
3. That it be noted that under delegated powers the Chief Finance Officer has calculated the amount of 83,110 (called T in the Act and Regulations) as its Council Tax base for the year 2015/16 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) made under Section 31B of the Local Government Finance Act 1992 as amended.

**Council (Council Tax and Budget), 25 February 2015**

4. That the amount of ~~£101,311,085~~ £102,311,352 be now calculated as the Council Tax requirement for the Council's own purposes for 2015/16.
5. That the following amounts be now calculated by the Council for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

(a)	<del>£452,913,781</del> <u>£453,914,048</u>	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	(£351,602,696)	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	<del>£101,311,085</del> <u>£102,311,352</u>	being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d)	<del>£1,219.00</del> <u>£1,231.04</u>	being the amount at 5(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in the table below as the amounts of Council Tax for 2015/16 for each of the categories of dwellings.

<b>Valuation Bands London Borough of Havering</b>	
	<b>£ p</b>
A	<del>812.66</del> <u>820.69</u>
B	<del>948.12</del> <u>957.48</u>
C	<del>1,083.56</del> <u>1,094.26</u>
D	<del>1,219.00</del> <u>1,231.04</u>
E	<del>1,489.88</del> <u>1,504.59</u>
F	<del>1,760.78</del> <u>1,778.16</u>
G	<del>2,031.66</del> <u>2,051.72</u>
H	<del>2,438.00</del> <u>2,462.08</u>

7. That it be noted for the year 2015/16 the major precepting authority (the GLA) has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below as proposed by the Mayor and as due to be considered by the London Assembly at its meeting on 23<sup>rd</sup> February 2015.



<b>Valuation Bands Greater London Authority</b>	
	<b>£ p</b>
A	196.67
B	229.44
C	262.22
D	295.00
E	360.56
F	426.11
G	491.67
H	590.00

8. That, having calculated the aggregate in each case of the amounts at 6 and 7 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/16 for each of the categories of dwellings shown below:

<b>Valuation Bands</b>	<b>£ p</b>
	<b>£ p</b>
A	<del>1,009.33</del> <u>1,017.36</u>
B	<del>1,177.56</del> <u>1,186.92</u>
C	<del>1,345.78</del> <u>1,356.48</u>
D	<del>1,514.00</del> <u>1,526.04</u>
E	<del>1,850.44</del> <u>1,865.15</u>
F	<del>2,186.89</del> <u>2,204.27</u>
G	<del>2,523.33</del> <u>2,543.39</u>
H	<del>3,028.00</del> <u>3,052.08</u>

**The effect of adopting this resolution would be to set the Council Tax for a Band D property at ~~£1,514.00~~ £1,526.04**

9. That Council having considered the principles approved under the Local Government Finance Act 1992 by the Secretary of State concludes that the Council's basic relevant amount of Council Tax for 2015/16 is not excessive.
10. That any Council Tax payer who is liable to pay an amount of Council Tax to the Authority in respect to the year ending on 31<sup>st</sup> March 2016, who is served with a demand notice under Regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 as amended and who makes payment to the Authority of the full balance of the estimated amount shown on that demand by 1<sup>st</sup> April 2015, may deduct a sum equivalent to 1.5% of and from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount.
11. That Council agrees that the Capital Programme be expanded for schemes during the year which are funded via additional external funding under the

authority of the Lead Member Financial Management and the relevant service area Cabinet Members.

12. That Council approves the Treasury Management Strategy Statement, Prudential Indicators, and the Minimum Revenue Provision Statement for 2015/16.

**B. Amendment on behalf of the Residents' Group**

Reduction in SRA's in line with our proposals last autumn, including the elimination of 2 cabinet posts and the OVS Board chair position. Total savings 131k  
Communications has a 30k savings next year which is to be brought forward a year

Total savings 161k allocated as follows:-

61k StreetCare  
50k Children's/ Youth Services  
50k Adult Services

## **FULL COUNCIL, 25<sup>th</sup> FEBRUARY 2015**

### **REPORT OF THE GROUP DIRECTOR COMMUNITIES & RESOURCES**

#### **SUBJECT: MEMBERS' ALLOWANCES**

#### **SUMMARY**

The Council is obliged to make a Members' Allowances scheme annually, before the 1<sup>st</sup> of April each year.

On 26 February 2014, the Council approved the 2014/15 Members Allowances Scheme. The budget position was established on the basis of a reduction in the number of Special Responsibility Allowances which was not enacted at that time.

This report sets out the revision to the 2014/15 scheme as agreed at Council 22 October 2014 and the unchanged application of the revised scheme for 2015/16.

In reviewing the scheme due regard was given to the June 2014 report of the Independent Remuneration Panel of London Councils and the allowances in the scheme were set with regard to their bands of recommendations.

#### **RECOMMENDATIONS**

It is recommended:

1. That the Members' Allowances scheme becomes effective from 1<sup>st</sup> April 2015 and the existing scheme be revoked with effect from the same date.
2. That subject to the decision of Members with regard to recommendation 1, the total number of SRAs will be reduced to 27 which is in line with the Governments recommendations for the proportion of SRA's.

## REPORT DETAIL

### 1. BACKGROUND INFORMATION – THE CURRENT SCHEME

- 1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 provide that a Local Authority shall make a scheme in accordance with these Regulations in respect of each year. Regulation 10 provides that such a scheme shall be made before the beginning of each year commencing on 1<sup>st</sup> April. Such a scheme may be amended during the year, but only revoked and replaced with a new scheme with effect from the beginning of a year.
- 1.2 Under Regulation 19 of the 2003 Regulations, before an authority amends a scheme, it shall have regard to the recommendations made in relation to it by an independent remuneration panel.
- 1.3 The Council uses the London Council's Independent Review Panel in this regard and that panel has published a report, "*The Remuneration of Councillors in London 2014*", in June 2014. This report discusses the role of councillors and sets out recommended allowance levels. This includes special responsibility allowances.
- 1.4 The current level of allowances was agreed at an extraordinary meeting of the Council on 22nd October 2014.
- 1.5 The proposed list of members' allowances is as follows:

Category of Allowance	Amount Per Member £	Minimum London Scheme (where applicable)
<b><u>Basic Allowance</u></b>	10,208	10,703
<b>Special Responsibility Allowances:</b>		
Leader of the Council	45,048	54,769
Deputy Leader of the Administration	31,420	35,128
Cabinet Members	28,780	35,128
Leader of Principal Opposition	14,418	15,486
Leader of Minority Opposition Groups	4,000	2,392
Mayor	12,000	15,486
Deputy Mayor	4,000	2,392

Overview and Scrutiny Board Chairman	14,418	15,468 - 35,128
Overview and Scrutiny Sub-Committee Chairmen	7,650	2,392
Licensing and Regulatory Services Committee Chairmen	14,418	15,486
Regulatory Services Committee Vice-Chairman	2,000	2,392
Licensing Committee Vice Chairmen	*117	2,392
Audit, Pensions, Highways and Governance Committees Chairmen	7,650	
Adjudication & Review Committee Chairman	2,000	
Rainham & South Hornchurch Working Party Chairman	7,650	

\*- the standard rate of allowance per licensing sub-committee meeting chaired.

In accordance with paragraph 4(c) of the Members' Allowance scheme, when a Councillor would otherwise be entitled to more than one special responsibility allowance, then the entitlement shall be to only one, that being the one attracting the higher rate

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

None arising directly.

### **Legal Implications and Risks:**

The 2003 Regulations provide for an allowance scheme to be made each year prior to, and with effect from, 1st April and the revocation of a scheme with effect from the same date.

The Regulations set out various detailed requirements in respect of:

- publicity
- categories of special responsibility allowances
- basic allowances being the same for all members
- co-optees' allowances etc.

In addition, the Regulations provide that an Independent Remuneration Panel's report shall, as soon as reasonably practicable after it is received, be made available for public inspection and the main features of the report be published in one or more newspapers circulating in its area.

**Regulation 19 provides that before a local authority makes or amends a scheme, the authority shall have regard to the recommendations made to it by an independent remuneration panel.** This does not mean that a local authority has to adopt only those recommendations but it does mean that if an authority is going to depart from those recommendations it should objectively justify those departures and the rationale for them so that if the decision making

of the authority is called in to challenge there are both reasoned and reasonable grounds for its decision taking into account all the material factors in issue.

**Background Papers**

None

**Staff Contact: Andrew Blake-Herbert**

**Title: Group Director  
COMMUNITIES &  
RESOURCES**

**Telephone: 01708 432218**

**CHERYL COPPELL  
Chief Executive**

**Background Papers**

None

## Members' Allowances Scheme

*Agreed at an Extraordinary meeting of the Council on 22<sup>nd</sup> October 2014:*

*The new Scheme is agreed with effect from 1<sup>st</sup> April 2015 and the revocation of the Members' Allowance Scheme (2014) is effective from 31<sup>st</sup> March 2015.*

The Council of the London Borough of Havering in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 hereby makes the following scheme:

- 1 This scheme may be cited as the Havering London Borough Council Members' Allowance Scheme. The new scheme shall have effect from 1<sup>st</sup> April 2015.
- 2 In this scheme, "councillor" means a councillor of the London Borough of Havering and "year" means the period ending on 31<sup>st</sup> March 2016 and any period of 12 months ending on 31<sup>st</sup> March in any year after 2016.
- 3 **Basic allowance (Schedule 1)**  
Subject to paragraphs 7 and 12, for each year a basic allowance of £10,208 shall be paid to each councillor.
- 4 **Special responsibility allowance (Schedule 1)**
  - (a) For each year a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the Council that are specified in schedule 1 to this scheme.
  - (b) Subject to paragraph 7, the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
  - (c) When a councillor would otherwise be entitled under the scheme to more than one special responsibility allowance, then the entitlement shall instead be only to one of them, being the one attracting the higher rate.
  - (d) Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.
- 5 **Child and dependent care allowance**

These expenses are expected to be met from the Basic Allowance.

## 6 **Renunciation**

A Councillor may, by notice in writing given to the Group Director Communities and Resources, elect to forego any part of his/her entitlement to an allowance under this scheme.

## 7 **Part-year entitlements**

- (a) The provisions of this paragraph shall have effect to regulate the entitlements of a councillor to basic and special responsibility where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.
- (b) If an amendment to this scheme changes the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods:
  - (i) beginning with the year and ending with the day before that on which the first amendment in that year takes effect, or
  - (ii) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the year.

The entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of the days in the period bears to the number of days in the year.

- (c) Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be to the payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which his/her terms of office subsists bears to the number of days in that year.
- (d) Where this scheme is amended as mentioned in paragraph 7(b), and the term of office of a councillor does not subsist throughout the period mentioned in paragraph 7(b)(i), the entitlement of any such councillor to a basic allowance shall be to the payment of such part of the basic allowance referable to each such period (ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days during which



his/her term of office as a councillor subsists bears to the number of days in that period.

- (e) Where a councillor has, during part of, but not throughout, a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which he or she has such special responsibilities bears to the number of days in that year.
- (f) Where this scheme is amended, as mentioned in paragraph 7(b), and a councillor has, during part, but does not have throughout, the whole of any period mentioned in paragraph 7(b)(i) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

## **8 Travelling and Subsistence (Schedule 2)**

- (a) Members can claim travelling expenses for travelling outside of the Borough on official Council business as set out in Schedule 2.
- (b) Members can claim subsistence expenses on official Council business when outside of the Borough as set out in schedule 2.

## **9 Claims and payments**

- (a) Payments shall be made in respect of basic and special responsibility allowances, subject to paragraph 8(b), in instalments of one-twelfth of the amount specified in this scheme on the last working day of each month.
- (b) Where a payment of one-twelfth of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more than the amount to which, by virtue of paragraph 7, he or she is entitled, then payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.
- (c) Payments in respect of Travel and Subsistence shall be made to the councillor on receipt of a claim form with supporting receipts/vouchers. Claims must be made within three months of the claim arising.

10 **Pension Scheme**

No Member in the scheme is entitled to apply for inclusion in the Pension Scheme.

11 **Financial Limits**

The Group Director Communities and Resources will arrange for the budget for members allowances to be monitored to ensure that budgetary issues are reported to Members.

(a) Increases in Allowances

Basic Allowances as quoted will be updated for 2015/16 by any 2015/16 increases as agreed under the annual Local Government Pay Settlement of the Joint Negotiating Committee for Chief Officers of Local Authorities or its replacement under the local pay agreement. The amounts so calculated are to be rounded up to be divisible for payment purposes.

The amended basic allowance will be found on the Internet once any annual % uplifts have been agreed.

The Travelling and Subsistence allowances will be increased in line with the increase in officer rates.

(b) Suspension of Basic and Special Responsibility Allowance

Where a Member is suspended, or partially suspended, from his/her responsibilities or duties as a Member of the Authority in accordance with Part III of the Local Government Act 2000, or Regulations made under that part, the part of Basic and Special Responsibility allowance payable to him/her in respect of the period for which he is suspended or partially suspended will be withheld by the Authority..

14 **Mayor and Deputy**

The Mayor and Deputy Mayor's allowance covers the cost of all Mayoral activities such as clothing, personal expenses and sundry expenses – including items such as attendance at dinners, raffle tickets, sponsorship and donations.

The Mayor and Deputy Mayor will be responsible for all such payments via the SRA, which will be taxed. The Council will meet the cost of:

- Havering Civic receptions, award pins and certificates at the civic award ceremony;

- medals, certificates and frames in the event of there being any ceremony associated with Honorary Alderman/Freeman of the Borough awards;
- gifts given on behalf of the Council in reciprocation or gifts initiated by the Council for promotional purposes;
- maintaining and provisioning the beverage machine in the Parlour;
- postage costs and all costs associated with the Mayoral transport, robes etc.

**15 Co-Optees and Independent Persons' Allowances**

The standard rate of allowance for statutory co-optees is £117 per meeting attended.

The Independent Person for standards of Members' Conduct will be paid an annual allowance of £1,000, in monthly instalments.

Co-optees *and Independent Persons* will be reimbursed for all travel costs in accordance with the above, whether the travel is within or outside the Borough, but will not be paid subsistence.

**16 Note**

- (a) The Council is required to keep a record of the payments made by it in accordance with this scheme.
- (b) The record is required to be available for inspection at all reasonable times free of charge by any local government elector for the borough who may make a copy of any part of it.
- (c) The Council is also required to arrange publication of the total sums paid in each year to each member in respect of basic and special responsibility allowances.
- (d) The Council is required to arrange publication of the Scheme when approved.

## Schedule 1: Members' allowances

Category of Allowance	Amount Per Member £
<b><u>Basic Allowance</u></b>	10,208
<b>Special Responsibility Allowances:</b>	
Leader of the Council	45,048
Deputy Leader of the Administration	31,420
Cabinet Members	28,780
Leader of Principal Opposition	14,418
Leader of Minority Opposition Groups	4,000
Mayor	12,000
Deputy Mayor	4,000
Overview and Scrutiny Board Chairman	14,418
Overview and Scrutiny Sub-Committee Chairmen	7,650
Licensing and Regulatory Services Committee Chairmen	14,418
Regulatory Services Committee Vice-Chairman	2,000
Licensing Committee Vice Chairmen	*117
Audit, Pensions, Highways and Governance Committees Chairmen	7,650
Adjudication & Review Committee Chairman	2,000
Rainham & South Hornchurch Working Party Chairman	7,650

\*-The standard rate of allowance per licensing sub-committee meeting chaired.

**NOTES:** The basic allowance will be uplifted each year in accordance with paragraph 12.

## Schedule 2: Travel and Subsistence

Travelling expenses can only be claimed for travel outside of the borough on official Council business. The rules and entitlements for reimbursement of travel outside the Borough are the same as those for officers.

Subsistence allowances are only payable for official Council business outside the borough where the duties entail an overnight stay or working outside 'normal office hours'. Members will be reimbursed actual expenditure incurred up to the maximum of the rates set for officers

Allowances are payable on the basis of expenditure incurred and receipts must be submitted to support claims for subsistence allowances and travel costs

Travel and subsistence arrangements for key events will be set in line with the above. Taking account of the practicalities of arrangements however, these will be set out and documented by the Group Director Strategy and Resources, prior to each event and be agreed with the Cabinet Member for Value.

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