



# CABINET

<b>7.30 pm</b>	<b>Wednesday 11 February 2015</b>	<b>Council Chamber - Town Hall</b>
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Members 7: Quorum 4

Councillor Roger Ramsey (Leader of the Council), Chairman

	<b>Cabinet Member responsibility:</b>
Councillor Damian White	Housing
Councillor Robert Benham	Environment
Councillor Wendy Brice-Thompson	Adult Social Services and Health
Councillor Meg Davis	Children and Learning
Councillor Osman Dervish	Regulatory Services and Community Safety
Councillor Melvin Wallace	Culture and Community Engagement
Councillor Clarence Barrett	Financial Management
Councillor Ron Ower	Housing Company Development and OneSource Management

**Andrew Beesley**  
**Committee Administration Manager**

**For information about the meeting please contact:**  
**Grant Soderberg tel: 01708 433091**  
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Members of the public who do not wish to appear  
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which is not in camera range.**

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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 ANNOUNCEMENTS**

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

### **2 APOLOGIES FOR ABSENCE**

(if any) - receive

### **3 DISCLOSURES OF PECUNIARY INTEREST**

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

### **4 MINUTES** (Pages 1 - 12)

To approve as a correct record the minutes of the meeting held on 21 January 2015, and to authorise the Chairman to sign them.

### **5 THE COUNCIL'S BUDGET** (Pages 13 - 270)

### **6 HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGET 2015 - 2016 AND BUSINESS PLAN** (Pages 271 - 324)

### **7 TREASURY MANAGEMENT STRATEGY STATEMENT 2015-16** (Pages 325 - 348)

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**MINUTES OF A CABINET MEETING**  
**Council Chamber - Town Hall**  
**Wednesday, 21 January 2015**  
**(7.30 - 9.45 pm)**

**Present:**

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White

Councillor Wendy Brice-Thompson

Councillor Meg Davis

Councillor Osman Dervish

Councillor Melvin Wallace

Councillor Clarence Barrett

Councillor Ron Ower

**Cabinet Member responsibility:**

Housing

Adult Social Services and Health

Children and Learning

Regulatory Services and Community  
Safety

Culture and Community  
Engagement

Financial Management

Housing Company Development  
and OneSource Management

Apologies were received for the absence of Councillor Robert Benham.

Councillors Ray Morgon, Keith Darvill, Patricia Rumble, Graham Williamson, Linda Hawthorn, Jody Ganly, Lawrence Webb, David Johnson and Philip Hyde also attended.

There were three members of the public and a representative of the press present.

There were no disclosures of pecuniary interest.

The clerk, on behalf of the Chairman, announced the evacuation procedures in the event of an Emergency

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

**29 MINUTES**

The minutes of the meeting held on 10 December 2014 were agreed as a correct record and were signed by the Chairman.

30 **THE COUNCIL'S FINANCIAL STRATEGY**

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

Cabinet was reminded that it had received reports in May and September 2014 which had provided updates on fiscal 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 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, with further proposals that would move the Authority towards a balanced four-year budget.

The report updated Members on the Local Government financial settlement and the progress of the corporate budget and the proposed financial strategy for the coming financial year, the latest in-year financial monitor, feedback on the public consultation to the proposals affecting services which were included in the September report and the proposed capital programme.

The provisional Local Government Financial Settlement had now been announced, and relevant details were included in the report, together with a summary of the key elements of the Autumn Budget Statement.

The report also set out the Council's capital spending position.

Cabinet was reminded that the demographic growth built into the budget was held corporately until it was demonstrated that it was needed. This would now be released to help manage the pressures in Adults and Children's services. Members were also reminded that the provision for demographic growth in the budget assumptions had been reduced as part of lowering the budget gap from £60m to £45m. However, the levels of demand in Children's services had required the Council to review the previously reduced demographic growth build into the budget forecast. It was therefore considered prudent to increase the demographic growth back to £1m in light of these pressures, an increase of £500k.

Cabinet was informed that there had been a substantial number of responses to several aspects of the recent consultation. Though the majority of respondents had been in favour of the overall strategy, a considerable number of representations had been received about particular areas.

Specifically, a significant number of responses had been received about the libraries proposals - and in the light of these and the fact that libraries were an important statutory service - the proposals were being reviewed to consider whether adjustments could be made. This had been a statutory consultation.

A considerable response had also been received about the youth service proposals. In addition to the consultation responses, the demographic area

showing most change was around children's services, particularly around increases in looked-after children and an increased number of troubled adolescents. Members were informed that the Council had recently received good feedback from a peer review on the way it was tackling serious youth violence - though the feedback did recognise that the Council needed to commission new services for a challenging group of young people as part of its preventative work. Crime and safety was also given the highest priority within the overall consultation responses received. Consequently the proposals around youth service reductions were to be reviewed.

Parking was also considered for review to see whether any changes to the strategy were required as this was also a statutory consultation.

Given the changes highlighted in the report, it had been found that there was currently about £500k of headroom within the overall budget strategy which would allow Cabinet to consider possible changes to the proposals originally presented and - in light of the consultation feedback, officers would be asked to review those proposals.

**Reasons for the decision:**

This enables the Council to develop its budget as set out in the constitution.

**Other options considered:**

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

Cabinet:

1. Noted the progress made to date with the development of the Council's budget for 2015/16 and the Council's intention to increase council tax up to 2%.
2. **Noted** the outcome of the Autumn Budget Statement and the likely impact on local authorities.
3. **Noted** the outcome of the local government financial settlement announcement, and that arising from the settlement, there would be reductions in mainstream Government funding 2015/16 of £10.02 m.
4. **Delegated** authority to the Cabinet Member for Adult Social Services and Health and the Leader to approve an annual spend plan for the Public Health grant.
5. **Delegated** to the Group Director for Children Adults and Housing to agree inflation rates with social care providers for 2015/16.
6. **Noted** the extensive consultation responses set out in Appendix D to the report.
7. **Noted** the financial position of the Council in the current year.

8. **Noted** that a report will be made to Cabinet on 4<sup>th</sup> February to consider any possible changes to the budget strategy following this Cabinet meeting and requested officers to consider whether the savings proposals in respect of libraries and youth services, along with any others identified at the meeting should be reconsidered in the light of consultation responses.
9. **Agreed** the adjustments to the budget assumptions set out in paragraphs 2 and 3 of the report in respect of assumptions about the council tax base, un-ring-fenced grants, demographic growth, inflation and the risks in terms of new legislation.
10. **Noted** the proposed Capital programme for the two years of the budget strategy.
11. **Agreed** that any future underspends from the Corporate Contingency Fund, from the Transformation budget, and from any service revenue underspends, were allocated to the Strategic Reserve.
12. **Noted** the summary of the GLA's consultation budget and the expected date for the publication of the final proposals.

### 31 **COUNCIL TAX SUPPORT SCHEME 2015**

*Councillor Ron Ower, Cabinet Member for Housing Company Development & oneSource Management, introduced the report*

Cabinet was reminded that at its meeting on 3 September 2014, Members were made aware that a review of the Council Tax Support Scheme was being initiated due to anticipated reductions in settlement funding for 2015/16 which included the rolled-in CTS grant and the consequent need for the Council to consider a range of spending reductions or realignment of budgets.

The provisional settlement which had been announced in December for the 2015/16 financial year had seen a 17% reduction to the upper and lower tier funding allocations. From 2013/14, Council Tax Support had been rolled into the formula and was therefore no longer separately identifiable. If the upper and lower tier reduction was to be applied to the already reduced Council Tax Support allocation, the funding would reduce by a further £1.9m. Cabinet had, as a consequence, initiated consultation on a series of proposals to reduce Council spending and to consider Council Tax levels. Consultation on proposed reductions to the Council Tax Support Scheme formed part of these proposals. The Council would also need to consider its use of reserves and balances in coming to a decision on the Council Tax Support Scheme.

Full Council on 17 September 2014 also considered increasing the Council Tax level for properties which had been empty for more than two years to 50% above the standard Council Tax rate.

The report considered responses to the consultation about the budget position overall and specifically with respect to Council Tax Support and made proposals in relation to both the Council Tax Support Scheme and empty homes. Formal consultation with residents, persons affected and the Greater London Authority (GLA) had been appended to the Council's Financial Strategy.

**Reasons for the decision:**

The Council had consulted on a broad package of savings and an overall budget strategy which included changes to the CTS Scheme and this consultation has provided broad support for the strategy.

The proposed CTS scheme for 2015 would bring Havering into line with neighbouring borough schemes. The scheme itself had been designed to assist people on low incomes pay their council tax. Certain vulnerable groups faced barriers to work which resulted in less earning power and entitled them to claim CTS. An even distribution of the 15% reduction did not therefore disproportionately impact any specific single vulnerable group.

A CTS bill at only 15% of the standard rate was felt to be reasonable for a CTS claimant who may also be a first time council tax payer to pay over the course of a year.

In making their recommendation, officers noted that approximately 10,000 consultation questionnaires had been posted to working-age CTS claimants and not to a corresponding number of residents who were not in receipt of CTS. It was possible that respondents may have found it more important and convenient to fill in and return a *paper* survey rather than go online to complete the same survey.

While the consultation response had shown 363 respondents were not in favour of reducing CTS by 15% or reducing the capital limit from £16,000 to £6,000, the majority of the 2,000 people responding to the wider budget strategy supported the overall priorities contained in it, which included £1.2m savings coming from the CTS scheme.

By applying the Empty Homes Premium, Havering would fall into line with other London Boroughs which had already introduced this increase in council tax and encouraged owners of these empty properties to bring them back into occupation.

**Other options considered:**

Eight options were considered at Cabinet and reconsidered by Officers in light of the consultation responses. The CTS options could be found in the Cabinet report of 3 September 2014.

Five of these alternatives options reduced expenditure by varying degrees but not sufficiently to make significant savings and so would fall outside of the strategy and priorities set by the Council and consulted on. Two alternatives did provide the savings through the scheme but would have placed a significant burden on the CTS claimant to pay 20% or more in Council Tax. The 15% figure was considered to be fairer.

The option outlined in Appendix C to the report was considered the fairest proposal to CTS claimants and council tax payers if the CTS scheme was to be included as part of the savings package.

While the Council had reserves it could use to fund the CTS scheme, it could only be used for one-off savings and schemes in future years would still need funding. The Council's overall budget strategy was consulted and did not include use of balances or reserves. No significant responses had been received suggesting the Council should not reduce spending but instead should use reserves.

The option of increasing the Council Tax was already being considered as part of the main budget strategy. Consultation with the public had shown a majority were not in favour of a higher Council Tax rise than proposed in the Strategy.

Cabinet:

1. **Noted** and **considered** the responses to the CTS and Empty Homes Premium consultation appended to the Council's Financial Strategy Cabinet report considered in the Financial Strategy report.
2. **Noted** the financial pressure of the reduction in settlement funding considered in the Financial Strategy report and the potential impact on the Council Tax Support allocation.
3. **Approved** and **recommended to Council** the adoption of the proposed revised local council tax support scheme as summarised in Appendix A to the report with effect from April 2015.
4. **Approved** an increase of 50% to the standard rate of council tax for properties that had been empty for more than two years with effect from April 2015, subject to the current discounts and exemptions.

## 32 **ESTATE IMPROVEMENTS - HIGHFIELD ROAD**

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

Cabinet was informed that it was proposed to make a set of improvements to the Highfield Road estate and the report before it was to provide details of those improvements which would be delivered in the course of the next financial year. The aim was that the improvements would enable a

regeneration of the estate to be completed in time to be associated with the date on which the Queen became the longest serving monarch – 9<sup>th</sup> September 2015. It was proposed that this should be associated with a renaming of the estate and its blocks of flats, as part of those celebrations.

Members were reminded that the estate in Collier Row - owned and managed by the Homes and Housing service of the Council - consisted of 339 units of accommodation. These were comprised of one high rise block of 76 flats (Highfield Towers) and 33 other blocks of low and medium rise flats. There were also 16 houses of the Cornish type, which had been built of non-traditional materials and therefore required extensive recladding work to bring them up to a mortgageable standard.

The estate had never had a coherent identity or name, or a community association. The properties had been brought up to Decent Homes standard as part of the Council's overall programme of Decent Homes work, but there had not been a great deal of expenditure on the environment, or communal areas which did not form part of the Government's Decent Homes standard.

The proposals as set out should make a significant impact on the identity and appearance of the estate. It would bring much needed investment to an area which was on the edge of the borough, and felt itself neglected. The improvement programme would provide a focus for engaging with the residents and engender a feeling of pride in the community, the estate and the borough.

#### **Reasons for the decision:**

The proposals within the report had been brought forward as the estate based on the Highfield Road, was considered to have a poor environment and lacked a coherent identity. The investment proposed would give the estate a new lease of life and improve the quality of life for the local residents.

#### **Other options considered:**

##### Option 1

Do nothing, apart from essential maintenance. This option was rejected, as it was likely over time that the estate may become unpopular and difficult to let.

##### Option 2

Demolish and rebuild. This option was rejected as too expensive. There was an established community which would have to be rehoused during any demolition phase. There were also 83 leaseholders who would have to be bought out. This option therefore was not feasible financially.

The proposal was therefore considered the best way forward for this estate.

It was noted that the appendix referred to in the report was not attached to the agenda and would be appended to these Minutes

Cabinet:

1. **Agreed** to establish a Residents' Steering Group to oversee the improvement delivery programme, and commented on the proposals
2. **Agreed** to consult the residents on the possibility of renaming the Highfield Road estate and the individual blocks to names which reflected the celebrations due to take place on 9<sup>th</sup> September 2015.
3. **Approved** the expenditure of £1.853m from the HRA capital programme of 2015/16 to carry out the improvements detailed in Appendix 1 of the report. This approval would be subject to Council ratification as set out in the financial implications to the report.
4. **Authorised** officers to invite tenders from appropriate building firms to carry out the proposed works.

### 33 **BETTER CARE FUND SECTION 75 AGREEMENT**

*Councillor Wendy Brice-Thompson, Cabinet Member for Adult Social Services and Health, introduced the report*

Cabinet was reminded that with the arrival of the Better care Fund (BCF) the Council had to enter into an agreement under section 75 of the National Health Services Act 2006, with Havering NHS Clinical Commissioning Group, to govern the delivery of the approved Better Care Fund Plan for 2015/2016 and that the Council had to approve this agreement.

The governance for this in Havering would be the Health and Wellbeing Board with delegated authority to the Group Director Children, Adults and Housing to make executive decisions, and to the Joint Management and Commissioning Forum, which was a joint committee of the Clinical Commissioning Group and Local Authority, to undertake monitoring and scrutiny of the operation of the arrangements.

The BCF was a highly ambitious programme announced by the Government in the June 2013 spending review. It aimed to ensure a closer integration between health and social care, putting person centred care and wellbeing at the heart of decision making.

The BCF was a vital part of both NHS planning and local government planning. In Havering, the BCF plan supported both budget strategy and the implementation of the Care Act 2014.

Section 121 of the Care Act 2014 required the BCF arrangements to be underpinned by pooled funding arrangements; this is best facilitated by a section 75 agreement and a section 75 agreement was an agreement made under the National Health Services Act 2006 between a local authority and

an NHS body in England. It could include arrangements for pooling resources and delegating certain NHS and local authority health related functions to the other partner(s).

It was proposed that all schemes in the BCF plan were to be run as a pooled fund and that there would be no establishment of non-pooled funds for any schemes.

A joint BCF performance pack had been developed and would be presented to the Joint Management & Commissioning Forum on a monthly basis so that both parties had oversight of both activity and performance measures. This information would also be presented in summarised form to the Health and Wellbeing Board, the Care Act Programme Board and the Corporate Management Team on a regular basis.

**Reasons for the decision:**

There was a statutory requirement for the BCF funds to be managed via pooled funding arrangements.

The reasons for this decision were that the Council was required to have a section 75 in place with regard to the BCF pooled fund by April 2015. This was a statutory obligation in order for the Council to deliver its BCF ambition.

As part of a s75 agreement governance protocol, the Joint Management and Commissioning Forum was established to ensure there would be a partnership forum for monitoring and scrutiny purposes.

**Other options considered:**

The option of not entering into an agreement would only be feasible if the Council was not agreeing to BCF principles and delivery which would not be a desirable option.

A Section 75 agreement with the CCG in relation to the BCF was a Government requirement. This needed to be in place before the beginning of the financial year 2015/16.

Cabinet:

1. **Agreed** to enter into a section 75 agreement with Havering NHS Clinical Commissioning Group, on the terms and conditions outlined in the report, to govern the delivery of the approved Better Care Fund Plan for Havering for the period 2015/2016 and for an agreed period thereafter.
2. **Delegated** authority to approve the final terms of the proposed section 75 agreement to the Lead Member for Adult Services and Health, after consultation with the Leader of the Council and the Group Director for Children, Adults and Housing.

3. **Delegated** the function of monitoring the implementation and operation of the Better Care Fund and s75 Agreement to the Joint Management & Commissioning Forum, upon the draft terms of reference set out in the attached Appendix A to the report.
4. **Delegated** authority for all necessary decisions with respect to the implementation and operation of all matters relating to the Better Care Fund and section 75 agreement, involving the Council and NHS bodies, to the Group Director, Children, Adults and Housing.

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**Chairman**

Address and BURN	Description	External Decorations	Sundry Repairs	Concrete/balcony Repairs	Windows	Block entrance doors and screens	Door entry system	Internal Decorations	Roofline	Roofing	Car Parking and Paths	Landscaping	Other	Total Estimated cost per area £	Comments
Highfield Tower	16 storey block and surroundings including wooded area to rear. 76 flats										£ 10,000.00	£ 10,000.00	£ 50,000.00	£ 70,000.00	Excludes any costs for re-cladding block. No aesthetic works to block included at all.
6209263	BLK 1-76 HIGHFIELD TOWERS HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
161 - 223 Hillrise Road	4 Nr 3 storey and 1 Nr 4 storey blocks in horseshoe shape with open car parking at front. 32 flats	£ 4,000.00	£ 3,200.00	£ 16,000.00	£ 6,400.00	£ 5,000.00	£ 9,600.00		£ 32,000.00	£ 9,000.00	£ 10,000.00	£ 5,000.00		£ 100,200.00	
6209423	BLK 161-171 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209434	BLK 173-183 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209445	BLK 185-199 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209456	BLK 201-211 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209467	BLK 213-223 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
142 - 164 Hillrise Road	2 Nr 3 storey blocks, open balconies, 12 flats	£ 1,200.00	£ 1,200.00	£ 6,000.00	£ 2,400.00	£ 2,000.00	£ 7,200.00		£ 12,000.00	£ 4,000.00	£ 2,000.00	£ 1,000.00		£ 39,000.00	
6209387	BLK 142-152 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209401	BLK 154-164 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
139-143 Hillrise Road (including 19 - 23 Vernon Road) and 145 - 159 Hillrise Road	1 Nr 3 storey corner block, open balconies, 6 flats and 1 Nr 4 storey block, open balconies, 8 flats, single communal area per block	£ 1,400.00	£ 1,400.00	£ 7,000.00	£ 2,800.00	£ 2,000.00	£ 8,400.00		£ 14,000.00	£ 3,800.00	£ -	£ 1,000.00		£ 41,800.00	
6209398	BLK 145-159 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209376	BLK 139-143 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
106 - 116 Hillrise Road	1 Nr 3 storey corner block, open balconies, 6 flats, single communal area. Expenses of boundary wall	£ 600.00	£ 600.00	£ 3,000.00	£ 1,200.00	£ 1,000.00	£ 3,600.00		£ 6,000.00	£ 3,000.00	£ -	£ 1,000.00		£ 20,000.00	Planting to soften brick boundary walls
6209354	BLK 106-116 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
97 - 111 and 113 - 123 Hillrise Road	1 Nr 3 storey and 1 Nr 4 storey blocks, open balconies, 1 Nr communal lobby per block, 14 flats in total, open car parking to front and expense of crazy paving to front. Boundary fences to maintain but good existing planting	£ 1,400.00	£ 1,400.00	£ 7,000.00	£ 2,800.00	£ 2,000.00	£ 8,400.00		£ 14,000.00	£ 1,000.00	£ 8,000.00	£ 2,000.00		£ 48,000.00	Planting at front is good. Overlay car park and white line. Planting instead of crazy paving.
6209343	BLK 97-111 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209365	BLK 113-123 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
45 Hillrise Road	2 Nr 3 storey blocks, no balconies, 1 Nr communal area per block, 12 flats. 3 Nr non-trad properties in LBH ownership. 1 is leasehold, 1 is leasehold, 1 is leasehold.	£ 1,200.00	£ 1,200.00	£ -	£ 2,400.00	£ 2,000.00	£ 7,200.00		£ 12,000.00	£ 800.00	£ -	£ 2,000.00	£ 45,000.00	£ 73,800.00	Some repairs to front boundary walls. EWI to 3 LBH owned houses at Willmott Dixon rates
6209309	BLK 45-55 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209332	BLK 65-75 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
48 - 56 Hillrise Road and garage site to rear, 11 Hendon Gardens	2 Nr 3 storey blocks, joined, with undercroft in middle and access under to rear. 1 nr lobby per block. Open balconies, 10 flats	£ 1,500.00	£ 1,000.00	£ 5,000.00	£ 2,000.00	£ 2,000.00	£ 6,000.00		£ 10,000.00	£ 1,000.00	£ 21,000.00	£ 3,000.00	£ 30,000.00	£ 82,500.00	Garage site possible for development. Potential to develop undercroft, subject to access rights and potential ceiling heights.
6209310	BLK 48-56 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209321	BLK 58-66 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
17 - 43 Hillrise Road and Harlow Gardens including garage site and land to rear of 1 - 14 Harlow Gardens	Comish type 2 non-traditional properties, 16 houses in LBH ownership, 2 Nr 3 storey blocks, rendered quite recently, one communal entrance per block, 6 flats per block.	£ 1,000.00	£ 1,200.00	£ -	£ 2,400.00	£ 2,000.00	£ -		£ -	£ -	£ 13,000.00	£ -	£ 200,000.00	£ 219,600.00	Price for external wall insulation to non-traditional properties obtained from Willmott Dixon. 17-43 close well planted. Allowance for overlay parking surface only plus £8k for garage areas. Development potential for land to rear of Harlow Gardens
6209070	BLK 5-10 HARLOW GARDENS COLLIER ROW ROMFORD ESSEX														
6209296	BLK 25-35 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
8 - 30 Hillrise Road, and land to rear and 19 - 26 Hendon Gardens	2 Nr 3 storey blocks on corner, open balconies, 1 Nr communal area per block, 1 Nr 4 storey block, 1 entrance in Hendon Gardens, 20 flats in total in 3 blocks.	£ 1,500.00	£ 2,000.00	£ 10,000.00	£ 4,000.00	£ 3,000.00	£ 12,000.00		£ 20,000.00	£ 4,000.00	£ 6,000.00	£ 1,000.00		£ 63,500.00	Planting to front of 9-26 Hendon Gardens included. Existing planting to Hillrise blocks is reasonable.
6209274	BLK 8-18 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209285	BLK 20-30 HILLRISE ROAD COLLIER ROW ROMFORD ESSEX														
6209081	BLK 19-26 HENDON GARDENS COLLIER ROW ROMFORD ESSEX														
65 - 75 Highfield Road	1 Nr 3 storey corner block, open balconies, single communal area, 6 flats.	£ 600.00	£ 600.00	£ 3,000.00	£ 1,200.00	£ 1,000.00	£ 3,600.00		£ 6,000.00	£ 3,000.00	£ 4,000.00	£ 500.00		£ 23,500.00	Repairs to front retaining wall. Low level planting to soften walls
6209138	BLK 65-75 HIGHFIELD ROAD COLLIER ROW ROMFORD ESSEX														
88 - 98 Highfield Road	1 Nr 3 storey block, no balconies, single central entrance, 6 flats	£ 600.00	£ 600.00	£ -	£ 1,200.00	£ 1,000.00	£ 3,600.00		£ 6,000.00	£ 400.00	£ -	£ -	£ 3,000.00	£ 16,400.00	Garage site to rear has been developed
6209149	BLK 88-98 HIGHFIELD ROAD COLLIER ROW ROMFORD ESSEX														
100 - 134 Highfield Road and surrounding land	3 Nr 3 storey blocks, no balconies, 1 Nr communal area per block, 18 flats in total.	£ 1,800.00	£ 1,800.00	£ -	£ 3,600.00	£ 3,000.00	£ 10,800.00		£ 18,000.00	£ 1,200.00	£ -	£ 2,000.00	£ 6,000.00	£ 48,200.00	Needs improvements to bin stores and repairs to long low-level boundary wall.
6209150	BLK 100-110 HIGHFIELD ROAD COLLIER ROW ROMFORD ESSEX														





## CABINET

11 February 2014

**Subject Heading:** THE COUNCIL'S BUDGET 2015/16

**Cabinet Member:** Councillor Roger Ramsey

**CMT Lead:** Andrew Blake-Herbert

**Report Author and contact details:**  
 Mike Board  
 Corporate Finance and Strategy  
 Manager  
 01708 4322217  
[mike.board@onesource.co.uk](mailto:mike.board@onesource.co.uk)

**Policy context:**  
 The Council is required to approve an annual budget and this report sets out the proposed budget for 2015/16 and includes recommendations to Council for the formal budget-setting process and setting a Council Tax increase of 1.993% in line with the agreed financial strategy. This report deals with the overall budget position and sets out the detailed proposals for 2015/16 and recommends to Council the Council Tax level at band D as £1,219.00

**Financial summary:**  
 This report deals with the overall budget position and sets out the detailed proposals for 2015/16 and recommends to Council the Council Tax level at band D as £1,219.00

**Is this a Key Decision?** No

**When should this matter be reviewed?**

**Reviewing OSC:** Overview and Scrutiny Board

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

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

**ALL MEMBERS ARE ASKED TO RETAIN THIS REPORT AND ITS  
APPENDICES FOR REFERENCE AT THE COUNCIL TAX MEETING  
ON 25<sup>TH</sup> FEBRUARY 2015**

**SUMMARY**

This report outlines the context within which the 2015/16 budget is being set and identifies the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needs to reflect the level of funding allocated to it by the Government. Cabinet received reports in May and September 2014 that 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 are 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 are now reflected in the draft strategy and budget proposals.

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

Final confirmation of the Greater London Authority (GLA) precept is expected at the meeting of the London Assembly on 23<sup>rd</sup> February 2015. The Mayor has proposed a small reduction in the current precept, as previously advised to Cabinet, and this has been the subject of a consultation process. Any changes to the GLA position will be reported at the Cabinet meeting if known, and an update will be provided for the Council meeting.

**On the assumption that this is 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%.**

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

**RECOMMENDATIONS**

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

1. Consider the advice of the Chief Finance Officer as set out in Appendix H when recommending the Council budget.
2. Consider the comments 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 this report, when recommending the total Council budget.
3. Recommend 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,
4. Delegate 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 are required as detailed in the Council's Constitution.
5. Agree 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. Agree 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. Delegate 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 may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
8. Approve the schedule of Fees and Charges set out in Appendix L, with any recommended changes in year being implemented under Cabinet Member delegation.
9. Agree that if there are 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. Approve the Asset Management Plan as set out in Appendix M.

**That Cabinet:**

11. Recommend 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, 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.
- The Capital Programme for 2015/16 as set out in Annexes 2, 3 and 4 of Appendix I.

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

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

1. Overall Policy Direction and Strategy.
2. Consultation and the Overview and Scrutiny Board comments.
3. Havering's Revenue Budget and Council Tax.
4. Capital Programme and Asset Management Plan.
5. Treasury Management Strategy.
6. GLA Budget.
7. Overall Council Tax Impact.
8. Other Matters.
9. Housing Revenue Account.

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

**1. Overall Policy Direction and Strategy**

- 1.1 The Council's budget is a reflection of the Council's Strategy expressed in financial terms. The Council's Strategy reflects the main priorities of residents, as expressed in successive consultation exercises – principally, keeping the Borough clean and safe and promoting a high quality of life for local people.
- 1.2 These strategic objectives are at the heart of the corporate planning process for the new financial year and so the Council's financial planning – both in terms of investment and savings - necessarily reflects the same focus.
- 1.3 The proposals in these papers follow on from the range of savings proposals agreed by Cabinet in September 2014. These were subject to an extensive consultation exercise which concluded at the end of December 2014. Responses to the consultation were considered by Cabinet in January 2015 and proposals for amendment considered at a Special Cabinet meeting on 4th February 2015.

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

### **Partnership Working**

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

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

- 1.11 More recently the Council has entered into a partnership with Newham Council to establish oneSource, a joint committee designed to provide back office functions more efficiently. Significant levels of savings are expected to be achieved through shared Management, removal of duplication and efficiency savings in all the back office services. These savings are reflected in the Council's financial strategy.

### **Economic Climate**

- 1.12 Cabinet will be aware that the general economic climate has been both highly volatile and extremely unpredictable – although it could probably now be argued there is a degree of certainty since the successive CSR and LGFS announcements. Markets have recovered gradually but remain volatile, interest rates have reached unprecedented lows and remain at those levels, with little sign of any changes occurring, inflation has fallen unexpectedly in recent months, and the economic turmoil has required a massive level of intervention from the UK Government and elsewhere. The scale of the budget deficit, and the actions that would inevitably be needed to be taken to address this, have been the subject of much discussion, and have been covered in full in reports to Cabinet, starting in July 2010. Subsequent reports to Cabinet have provided updates on the position.
- 1.13 In setting the budget for 2015/16, it is essential to bear these general economic factors in mind. Although the Governments Autumn Budget Statement contained no details of cuts for 2016/17 the OBR reported that the pace of spending reductions in 2016/17 and 2017/18 would be faster and deeper than previously thought. It is anticipated that a further £10bn in departmental cuts is required in those two years in order to meet the Government's target of achieving a budget surplus by 2018/19.

### **Conclusions**

- 1.14 The position of the Council is that Havering is likely to continue to have severe resource constraints for the next few years, almost certainly to the end of the decade, and these constraints may be even more marked in later years if the Government is to meet its budgetary targets by 2018/19. This has inevitably placed severe restrictions on the resources available for services and was the driving factor in establishing a new four year strategy commencing in 2015/16.
- 1.15 The Council aimed to balance its budget over the first two years of the planning cycle. Further steps will be needed to address the funding gap in future years with the expectation of further cuts in the local government settlement.
- 1.16 The aim of the planning process is being achieved, i.e. to establish a stable financial position, to adopt a prudent approach to the continuing development of the Council's financial strategy, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council's

control. The Council is able to demonstrate that it is prioritising finance according to its business objectives and in the context of the general financial climate.

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

### **2.1 Consultation**

2.1.1 The *Your Council, Your Say* consultation at the start of 2011 asked the local community to set out its priorities for the years ahead, to help shape future spending decisions. Since then, the Council has continued an on-going dialogue with residents and other stakeholders, in addition to more formal consultation processes such as the *Spring Clean* survey in 2012 and a second *Your Council, Your Say* survey in 2013. Since the publication of the budget proposals in September 2014, the Council has:

- Carried out an extensive public consultation exercise on the draft budget savings proposals, including statutory consultation on relevant service proposals – libraries, parking and the Council Tax Support Scheme
- Provided information on its website and through a host of communications channels, inviting comment.
- Scrutinised the latest proposals through the Overview & Scrutiny Board on 5<sup>th</sup> February 2015.

2.1.2 A range of meetings with the Trades Unions and staff has taken place since the September 2014 Cabinet report, including consultation on a number of organisation restructure proposals.

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

### **2.2 Overview and Scrutiny Board**

2.2.1 The proposals to amend the budget savings options were considered by Special Cabinet on 4<sup>th</sup> of February 2015 and were scrutinised at a special meeting of the Overview and Scrutiny Board on 5<sup>th</sup> February 2015. As this agenda was published before that date a verbal update will be given of any matters raised by the Board.

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

### **3.1 Introduction**

3.1.1 Mindful of the outcome of the public consultation on the budget proposals, set out below are the issues and factors taken into account in developing the 2015/16 budget. As well as the results of the consultation and budget finalisation, it is important to note that the position on the levies, if significantly different from the provisional sums, could affect the final level of the Havering Council Tax.

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

3.1.3 This section of the report summarises a number of points covered in greater depth in the previous report to Cabinet. These have been updated where

relevant to reflect changing circumstances and more up to date information where this has subsequently become available.

### **3.2 Government Grant**

3.2.1 The previous report to Cabinet set out in some detail an analysis of the provisional settlement announcement. The final settlement was originally expected to be announced around the beginning of February, following the close of consultation on 15<sup>th</sup> January 2015. This may be too late to enable officers to incorporate this within this report. If there are any changes in the final settlement, supplementary papers will be issued as necessary.

3.2.2 Further clarification on specific aspects of the settlement are set out in Appendix B; as indicated above, full details were included in the January report. Key matters are:

- (a) The Council submitted a written response to the consultation on the provisional financial settlement and this response is included as part of Appendix B.
- (b) A meeting was held with the Local Government Minister to set out the impact of the settlement on Havering and a verbal update was given at the previous Cabinet meeting.
- (c) As a result of the settlement, Havering continues to receive a much lower level of grant funding than our neighbours, which reflects the position over a number of years previously.

3.2.3 As set out in the previous report to Cabinet, the provisional settlement was announced on 18<sup>th</sup> December 2014 and the position for 2015/16 is very much in line with officers' forecasts.

3.2.4 The key elements of the provisional settlement, and a comparison against the current funding level, indicates the following:

- There is an average reduction in "spending power" of 1.8%;
- Nationally, the spending control total is reducing by £3.2bn, or just over 13%;
- Havering's financial settlement including RSG has fallen by £10.02m (or 11%) for 2015/16 as compared with 2014/15 on a like for like basis;
- The existing Council Tax freeze grant for 2014/15 is rolled up into mainstream funding.

### **3.3 Specific Grants**

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

3.3.2 A schedule of the range of specific grants which the Council receives in the current year and what is anticipated in 2015/16 was included in the previous report to Cabinet. An updated schedule is set out in Appendix C.

3.3.4 Assumptions are made in setting the budget on what those grant levels will be, unless specific announcements have already been made. The actual announcements may lead to differing amounts of grant funding being available, and may in fact identify new, or increased, levels of funding.

3.3.5 To facilitate the usage of these unringfenced resources, it is proposed that the Chief Executive and Group Directors will review any such funds allocated to Havering and make proposals for their use for approval by the Leader after consultation with the Cabinet Member for Financial Management. Cabinet is asked to approve this. In addition, Cabinet is being recommended to delegate to the Chief Executive and Group Directors authority to make any necessary changes to service and the associated budgets relating to any subsequent grant announcements where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.

**3.4 Dedicated Schools Grant and Schools Funding  
Dedicated Schools Budget**

3.4.1 Details of the DSG funding for 2015-16 were set out in the previous report to cabinet. In brief, the allocations are as follows:

Year	Schools Block		Early Years Block		High Needs Block	Additions and cash floor	Total DSG
	GUF per pupil (£)	Allocation (£m)	GUF per pupil (£)	Allocation (£m)	Allocation (£m)	Allocation (£m)	Allocation (£m)
2015-16	4,719.03 <sup>1</sup>	165.705	3,979.94	8.978 <sup>2</sup>	19.161	0.052 <sup>3</sup>	193.897
2014-15	4,726.54	163.122	3,979.94	8.784	18.875	3.154	193.935

Notes:

<sup>1</sup> The reduction in the GUF in 2015-16 relates to a deduction of £7.51 per pupil for the carbon reduction commitment

<sup>2</sup> An Early Years Pupil Premium allocation of £194,696 is included in the Early Years Block allocation

<sup>3</sup> The 2 year old Early Years allocation will be confirmed and added to the Early Years Block in July 2015. In 2014-15 it was included in the Additions block.

3.4.2 This is the third year of new school funding arrangements that have been in operation since 2013-14. The DfE has deferred the implementation of a national funding formula until there is longer term certainty on the funding that will be available to schools. The intention is to achieve greater transparency on funding through a system where every pupil will attract the same basic level of funding wherever they are in the country with additional sums reflecting additional need, deprivation and area costs.

3.4.3 As the details of the DSG announcement for 2015-16 were included in the previous report to Cabinet, and as these have not changed subsequently, no further update is required.

3.4.4 The DSG held by the LA after academy recoument is summarised as follows:

	2014/15 £000	2015/16 £000
Total DSG	193,935	193,897
Schools Block	163,122	165,705
Schools Block Academy Recoupment	-71,864	-75,956
Balance for LA Schools & Centrally Held	91,258	89,749
Early Years Block	8,784	8,978
High Needs Block	18,875	19,161
High Needs Academy Recoupment	-0,716	tbc
Additions (inc new 2 year old grant)	3,154	0,052
Total for LA Schools, Early Years providers & Centrally Held	121,354	117,941

Notes

1. The above amounts are based on figures released by the DfE to include academies prior to 1<sup>st</sup> January 2015.
2. The allocation through the Early Years block will be updated for both years based on the January 2015 census and for 2015-16 updated again before year end based on the January 2016 census.

**Education Services Grant**

- 3.4.5 As set out in the previous report to Cabinet, new Government funding arrangements for education services provided by local authorities and academies were introduced in 2013-14. This is through an Education Services Grant (ESG) calculated on a per pupil basis according to the number of pupils for whom a local authority or academy is responsible. The ESG general funding rate for mainstream schools has been reduced from £113.17 in 2014-15 to £87.00 per pupil in 2015-16 with multipliers of 4.25 for pupils attending special schools and 3.75 for alternative provision. £15 per pupil is allocated to LAs regardless of whether they are on the roll of a school or an academy.
- 3.4.6 The initial allocation for Havering for 2015-16 is £2,583,311 compared to an initial allocation of £3,326,218 in 2014-15. This is a reduction of £749,907.
- 3.4.8 The above figures reflect the number of pupils attending schools and academies as at January 2015. The grant is recalculated on a quarterly basis to reflect any new academies. This may necessitate further savings in the future, although it will be difficult to anticipate these and these savings plans will take time to develop and implement. There is also an issue in relation to the point at which future ESG funding reductions impact on the critical mass of the education service which could mean that it is not feasible to deliver further savings and still deliver the council's statutory responsibilities.
- 3.4.9 To address the education services grant reductions as set out in 3.4.6 there are a number of restructures taking place to address some of this grant reduction. Significant work also continues across Learning and Achievement Teams to promote Havering's Education Traded Services to schools and academies within and beyond the authority. This work is likely to generate additional funding to replace this grant, although it is currently unclear as to how much this will generate. It is important to note that schools in Havering

for the first time this year have had actual reductions to their school budgets. This traded work is essential in order to retain an education service, albeit via funded through trading, that continues to support schools, who wish to purchase these services, to improve.

- 3.4.10 The costs in delivering statutory services fall mainly, although not exclusively within the Learning and Achievement Service. Grant reductions will also affect asset management services and central services recharged to Learning and Achievement.

### **3.5 Public Health**

3.5.1 This function transferred to local authorities with effect from 1<sup>st</sup> April 2013. Havering's allocation is £9,716,700 for 2014/15 and remains unchanged for 2015/16. The funding allocated is a specific, ring-fenced grant, and therefore these funds can only be expended for the purposes of public health services.

3.5.2 The terms and conditions relating to the grant were reviewed by officers as the extent to which this grant funding could be applied. The process included discussions with other authorities over the approach they are now taking with this funding.

3.5.3 With this in mind, a draft spending plan is being developed for the 2015/16 grant, for consultation with the Health & Wellbeing Board, with authority to approve the final plan being delegated to the Lead Member for Adult Services and Health after consultation with the Leader of the Council and the Group Director for Children, Adults and Housing, as agreed in the 21<sup>st</sup> January 2015 Cabinet.

3.5.4 On the 17<sup>th</sup> December 2014, The Department of Health released a consultation in regards to the transfer of 0-5's commissioning to Local authorities. This transfer creates new burdens for the authority from the 1<sup>st</sup> October 2015 however the funding proposed in the consultation once again leaves Havering with one of the lowest allocations in London. Final allocations will be provided by the Department of Health early in 2015 with the view to combine this funding with the existing public health allocation from 2016/17.

### **3.6 Council Tax Freeze Grant**

3.6.1 As indicated in previous reports to Cabinet, this grant was originally introduced for 2011/12, available as permanent grant funding across the whole of the CSR period. Subsequent announcements have followed, with freeze grants being rolled into the formula grant, being removed, or being maintained as a separate grant funding source. The freeze grant for 2014/15 has, as part of this process, now been rolled into the RSG.

3.6.2 A further additional, new freeze grant has been offered to authorities for 2015/16. This equates to 1% of the Council Tax yield, and for Havering this is now worth around £1m. As in previous years, this is only available to those authorities who freeze the Council Tax, or reduce it.

3.6.3 The impact of scaling does mean that, should the new freeze grants be rolled into mainstream grant at some future point, there is some risk the cash equivalent would reduce. However, acceptance of the grant would leave a gap of £1m in the 2015/16 budget and would increase financial pressures in

future years. The Council would therefore need to find additional savings to fill the gap.

### **3.7 New Homes Bonus**

3.7.1 The future of the New Homes Bonus (NHB) remains uncertain and for that reason a prudent approach has been taken to its inclusion in the base budget, with an estimated sum of around £3.4m in 2015/16 similar to last year's allocation due to the London Enterprise Panel (LEP) top slice.

3.7.2 Bids have been submitted to the LEP in order to reclaim part, or all of the £1.36m top-slice and we have received confirmation that these have been successful. This money is however linked to the bid requirements, rather than the main New Homes Bonus which the Council has the flexibility about how to use it.

### **3.8 General Inflation**

3.8.1 The previous report to Cabinet set out in some detail the broad approach being adopted. Provision has been made for the Local Government pay award which is negotiated nationally, whilst provision for inflationary rises in contracted services and income reflect the relevant circumstances in each case. Separate provision has been made for rises in utility costs, as these tend to be significantly different from any general provision. The situation will again be kept under review as the year unfolds, though at this stage, no further change to the approach set out in the previous report is envisaged.

3.8.2 In most cases, where the Council has discretion, the level of fees and charges has been held at 1% increase, to reflect the position intended in the budget strategy. Account is, as usual, being taken of any fees set statutorily, as these are outside the control of the Council. The schedules of fees and charges are set out in Appendix L for approval by Cabinet and the level of changes is being reflected in service budgets.

### **3.9 Payments to External Bodies**

3.9.1 Details of the proposed contributions for 2015/16 for concessionary fares and the Taxicard scheme were discussed in the previous report to Cabinet. The concessionary fares contribution is now confirmed as £8.053m. The contribution to the Taxicard scheme has not yet been finalised although it is expected to be released prior to the Council Tax report to Council on 25<sup>th</sup> February.

3.9.2 The Council's payments for the London Councils Subscription and London Boroughs Grants Scheme were also reported to the previous Cabinet meeting and the contributions will now be £143k and £258k respectively.

### **3.10 Transformation Funding**

3.10.1 As set out in the previous report to Cabinet, to provide funding to enable the Council to deliver a sustained transformation programme, the original base budget provision of £1m has been retained, rather than removing this as a saving. Given the potential scale of budget gap in coming years, it is increasingly evident that the Council will need financial resources to fund the

delivery of its long term budget strategy. This will require both this base budget sum and the use of one-off reserves.

- 3.10.2 Cabinet has previously agreed that any underspends will be allocated into the Strategic Reserve for potential use to fund transformation activities.

### **3.11 Demographic Growth**

3.11.2 Cabinet will be aware from previous reports that social care services in particular have been impacted by changes in demography. In particular, the aging population demographic is expected to lead to an increase in demand for adult social care. This issue has been reflected in the Council's budget for the past three years, and due to the fluid nature and high risk will continue to be closely monitored. This financial requirement is difficult to predict, however, with continuing changes in demand, the increased financial pressures facing local authorities, changes in funding streams referred to elsewhere, and shifts in population as well as properties, this issue now potentially has a broader impact.

3.11.3 At this stage, it is not possible to determine the financial impact of potential changes. Clearly, there will be an increase in Council Tax receipts, and this is factored into the base calculation. What is much more difficult to assess is the cost impact these changes might have, as this depends on the actual nature of the shift in demand, rather than any notional model. It is however a fact that such changes now represent a significant area of risk, both financial and otherwise. It is therefore proposed to increase the budget by £1m in order to provide for the impact of these pressures.

3.11.4 The response to the consultation pressures on adult services budgets, and graphs on Children's numbers shown in Appendix B1 and B2, both highlight the pressures and risks the budget is currently under. The Council will continue to lobby to try and secure a better outcome from the settlement for Havering. Where possible this will be done in conjunction with other Councils with similar issues to try and create greater critical mass to hopefully influence change.

### **3.12 Levying Bodies**

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

3.12.2 The ELWA budget is now due to be approved at the board meeting on 10<sup>th</sup> February 2014. The budget report has now been published and the figures contained within it are now reflected in this report, and the proposed budget for 2015/16. Subject to a fully successful claim, the only impacts will have been on disturbance to the service delivery and an increase in ongoing insurance premium.

3.12.3 The report indicates that Havering's levy for 2015/16 will now be £13.023m. This represents an increase of 8.6%, or £1.033 m. Subject to final approval by the Authority, this sum is reflected in the draft budget for 2015/16.

- 3.12.4 The biggest cause of the increased levy results from a serious fire in August 2014 at the ELWA Frog Island waste facility. A multi- million pound insurance claim has been made in respect of business losses and for re-instatement of the facility. Additional budget provision is required to meet an increase in Insurance costs and to replenish reserves drawn down to meet these costs.
- 3.12.5 For planning purposes, an increase of 5% in the remaining levies had previously been anticipated, although in financial terms, this only equates to around £34k. The final figures are dependent on the Council Tax base for each funding authority, so the provisional levies for 2015/16 are currently awaited. The figures included in the Council Tax statement are therefore estimates, apart from the provisional figures submitted by the Thames Region of the Environmental Agency.

### **3.13 Collection Fund and Council Tax Base**

- 3.13.1 With the continuing reduction in grant and the need for authorities to be self-funded, the collection fund has become even more crucial than previously. Currently, the collection fund receives approximately £200m each year from Business Rates and Council Tax of which £120m relates to Havering Council's share. The Fund operates in such a way that even very minor variations in recovery levels will affect the Fund balance. Thus, a relatively small reduction in collection can lead to a material financial impact to the authority.
- 3.13.2 Each year, in conjunction with the budget strategy, any surplus balance on this fund is used to reduce the Council Tax in the following year, and any deficit must be met by increasing the Council Tax by making a contribution to the Fund to keep it in balance. The budget setting process must take the position on the Fund into account, although clearly the final year end position will not become known for some months. So a prudent assessment is made of the forecast position and that is then reflected within the budget.
- 3.13.3 The Collection Fund is operated on behalf of the Council, DCLG and the GLA. Any contribution to and from the Fund is split on the basis of their respective responsibilities.
- 3.13.4 Havering's business rate yield for 2015/16 has been estimated at £22m. As per last year, there are still significant risks surrounding appeals as there are still a large number of material cases outstanding. It is understood that there is still a range of outstanding appeals currently with the Valuation Office. Whilst not all these appeals will succeed, any that do succeed will immediately impact on the Council's financial position from April and can be back-dated to 2010.
- 3.13.5 If the level of appeals is higher than that allowed for in the calculations, there will be a loss of funds, as the gap between the actual business rate yield and the calculated one will grow. This will impact on the Council's ongoing financial position, aside from the one-off cost effect of any refunds that are needed. This is a significant risk and one which requires due consideration as part of the budget setting process.
- 3.13.6 As part of the retention of Business Rates, local authorities are required to estimate the 2014/15 position in order to fund any anticipated surplus or deficit in the 2015/16 budget. Current estimates on the fund identify a surplus

of £653k of which Havering's 30% share is £196k, which will be included within the budget setting process.

- 3.13.7 The risk of appeals still exist and with this in mind an increase in the provision will be needed of around £646k to ensure that this gap can be covered. The actual position will depend on circumstances occurring during the course of the year. However, Cabinet needs to be aware that there is a risk that this gap will grow further in subsequent years, and this area will require careful scrutiny over coming months to determine what impact this will have on subsequent budgets.
- 3.13.8 For the 2015/16 budget, it is the forecast position on the council tax for the end of the current year that needs to be reflected in the detailed budget, as this is then fed into the precept payments for that year. Havering's forecasted share of the surplus is £2.677m, which is reflected in the overall budget and Council Tax statement. This represents a net one off gain of around £1.764m from the current position. Given the risks associated with the levels of outstanding appeals allied to the pressures associated with the delivery of the savings plan this sum will held in reserve until after the year end and any monies released on the basis of a prudent assessment of risk.
- 3.13.9 The Council Tax base is reviewed each year to take account of new properties and changes to other factors, such as exemptions and discounts. As previously reported to Cabinet, for 2015/16, the base will be 83,110. The taxbase also incorporates the changes from the Council tax Support scheme. This will, for the first time ask a small proportion of residences to pay for council tax for the first time. There is a risk on the collection of council tax from these rate payers which has also been taken into consideration by increasing the potential bad debt provision by 0.25%.

### **3.14 Financial Strategy – Budget Savings and Budget Adjustments**

- 3.14.1 At the meeting of 3rd September 2014 Cabinet approved its long term financial strategy for the four year period commencing from 2015/2016. Included within the strategy were savings totalling £17.519 million over two years which have been the subject of public consultation. Feedback from the consultation, was reported to Cabinet on 21<sup>st</sup> January 2015.
- 3.14.2 In response to the public consultation the Special Cabinet Committee held on 4<sup>th</sup> February 2015 considered proposals to amend the savings options affecting Libraries, the Youth Service, Parking in Parks and the Queens Theatre. The impact of these amended proposals is reflected within the draft budget and financial strategy.
- 3.14.3 The outcome of the Local Government Financial Settlement was discussed at some length in the previous report of 21<sup>st</sup> January 2015. The impact of the settlement does not therefore have a material impact on the council's financial strategy agreed at Cabinet on 3<sup>rd</sup> September 2014.
- 3.14.4 The budget proposals, which have been open for public consultation and the information set out in this report, explain how the Council will prioritise funding for next year. The level of Council Tax increase required to balance the budget is 1.993% which is in line with the strategy approved by Cabinet on 3<sup>rd</sup> September 2014.

### **3.15 Current Financial Position – Revenue**

- 3.15.1 The development of the financial strategy and detailed budget needs to take recognition of the financial position in the current year. Previous reports to Cabinet have set out the position for the current financial year; these have shown a potential overspend although these are expected to be covered by underspends in corporate provisions. The January 2015 Cabinet report set out a summary of the position at period 7 and this indicated an overall overspend of around £2.5m at service level, excluding the position on the Collection Fund and corporate provisions.
- 3.15.2 The most recent revenue monitoring reports cover period 8, to November 2014. This is an exception-only report; the period 8 report shows a further increase to around £2.6m. These forecasts take no account of the position around the Collection Fund and corporate provisions.
- 3.15.3 The latest report shows a small number of adverse movements since period 6, principally in children's services. There still remains a significant balance on the Contingency Fund, which has yet to be reflected in the forecast; this is usually only declared much closer to the end of the year, once there is a high degree of certainty over the outturn position if called on, and the Corporate Provisions created to provide a buffer against adverse circumstances are also potentially available to compensate for any service overspends.
- 3.15.4 Part of the planning process ensures that any in-year variances are fully assessed and taken into account. This was referred to in the January report.

### **3.16 Fees & Charges**

- 3.16.1 The fees and charges are broadly being held at the same level as currently, though in some areas these are being increase by an average of 1.0%, allowing for those set outside the Council's control. A complete Schedule of Fees and Charges is set out in Appendix L and is presented to Cabinet for approval as part of the 2015/16 budget. The Schedule will be held on the Intranet and will be available via the Council's website.
- 3.16.2 Fees and Charges continue to be reviewed and amendments made in line with strategic priorities rather than the impact on Council Tax.

### **3.17 Members Allowances Scheme**

- 3.17.1 The proposed Scheme for 2015/16 is being prepared concurrently with this budget report for consideration and approval by Council on 25<sup>th</sup> February.

### **3.18 Contingency Provisions**

- 3.18.1 The level of contingency has been reviewed in the context of the budget set out for Cabinet. The Chief Finance Officer (CFO) has set this by having due regard to:
- The budget as proposed;
  - An assessment of unquantifiable pressures and unforeseen events that could arise during the 2015/16 financial year;
  - The experience in previous years;

- The degree of uncertainty as well as known impact of changes to funding streams;
- The potential effect of changes to both the Business Rates system and Council Tax support payments, though these are now becoming clearer and there is as yet any adverse impact;
- The overall budget strategy.

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

- Lack of strategic oversight and future budget trends;
- Financial risks in any significant new funding partnership arrangements;
- The ongoing economic climate;
- The potential withdrawal of and/or reduction to grant funding;
- Treatment and delivery of savings;
- Level and timing of capital receipts;
- Arrangements for budget and financial management, including adequate financial controls, fraud and corruption, theft and loss;
- Adequacy of the authority's insurance arrangements;
- Impact of the loss of both general and specific grant;
- Overall financial standing of the authority;
- Capacity to manage in-year budget pressures;
- Failure to maximise income through Council Tax, Business Rates, external funding applications and investment in business cases with good returns;
- Failure to build strategic partnerships to mitigate cost and manage risks with partners such as the NHS, Police and local businesses;
- Failure to manage demand effectively.

3.18.3 The result of the assessment is that it is the view of the CFO that a sum of £2m continues to provide a sufficient revenue contingency to deal with any issues arising during the course of 2015/16, having regard to the level of risks and the mitigating factors, and taking into account the proposed additional budget provisions being established to provide sufficient capacity to absorb any adverse impacts arising under the new funding system. Any issues that have a longer term impact will need to be considered as part of the budget setting process for 2016/17 and beyond; the purpose of the Contingency Fund is to provide funds to address issues that impact specifically on that year.

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

### **3.19 Budget Robustness/Reserves Position and Opportunity Cost**

3.19.1 The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget and the adequacy of General Fund reserves. The Act requires the CFO to report to an authority when it is making the statutory calculations required to determine its council tax or precept. The Act also suggests the advice should be given prior to the formal statutory calculation. This advice has therefore been given

to both Cabinet in formulating proposals and to members of Overview and Scrutiny in considering the proposals. The Act also gives the Secretary of State the power to specify a minimum level of reserves that an authority must provide for when setting its budget, although there have been no indications that the Secretary of State will use this power.

- 3.19.2 In line with the requirements of the Act, the formal report of the CFO is appended as Appendix H. The Council is required to take the report into account when making the calculations.
- 3.19.3 The Council's financial strategy sets out that the minimum level of General Fund reserves held will be £10m. Prior to making a final recommendation to Council, there is a need to further consider the current financial position for 2014/15 and its potential impact on reserves. Equally, the importance of retaining sufficient reserves has been emphasised by the variances that have arisen in service areas with large and volatile budgets and service demands, and with the impact of the economic climate within recent years.
- 3.19.4 After having regard to the consideration of the impact on reserves on the 2014/15 outturn, the existing reserves are likely to be sufficient to maintain this level. For information, this provides a level of reserves which gives limited cover for unforeseen circumstances that may have financial consequences, either one-off or across financial years.
- 3.19.5 The more detailed advice of the CFO in respect of reserves is also set out in Appendix H. This covers both the assessment of the level of reserves needed, and the opportunity cost arising from holding reserves.

### **3.20 Balance Sheet Position**

- 3.20.1 The focus of the revenue budget strategy is on the Council's income and expenditure. However, regard also needs to be given to key balances included in the Council's Balance Sheet. The Council faces a number of risks and uncertainties which can be mitigated by:
- Ensuring that it maintains an appropriate level of liquid resources, and
  - Maintaining an adequate level of general fund reserves and balances.

### **3.21 Liquidity**

- 3.21.1 The Council has historically held approximately £100 million in cash on average during the course of the year. This represents the value of the Council's revenue reserves, net current assets, unapplied grants and unapplied capital reserves. Other than reserves, this is money that is committed and is being held pending such expenditure. Given gross expenditure in the region of £600 million, this represents around two months of expenditure.
- 3.21.2 Average cash holdings have in fact changed considerably since the inception of the new funding system, including the localisation of business rates and Council tax support. As a result, the level of cash holdings is now running at a much higher level, although paradoxically, the level of returns potentially available from these holdings has reduced considerably.

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

### **3.22 Earmarked Reserves**

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

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

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

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

### **3.23 Financial Prospects**

3.23.1 Previous reports to Cabinet have indicated the potential scale of the future budget gap over the next four year period, commencing in 2015/16. The September Cabinet report identified a potential funding gap of £45m over four years. The settlement for 2015/16 has proved to be consistent with the assumptions included in that assessment. The Council's financial strategy approved at that meeting aims to balance the budget over the first two years of that cycle. However, further savings will be required by year four of the cycle notwithstanding the impact of a further review of the settlement after the next general election.

- 3.23.2 Previous reports to Cabinet set out at some length the background to both the ABS and the LGFS, and a review of funding drivers within the current funding system. As Cabinet will be aware from those reports, the funding system is basically frozen until the end of the current decade. However, Havering is now seeing a significant change in its demographics, both in terms of property base and population. There is therefore a significant risk that Havering's central funding will become even more distanced from the needs of our local community, with an increasing reliance on Council Tax and Business Rates.
- 3.23.3 There is also a significant change in social care legislation, with the introduction of the Better Care Funding – BCF –stream (which was covered in the previous report to Cabinet). Whilst additional funding is being provided, it is far from clear what the financial effect of these changes will be, and whether the funding will match the financial consequences.
- 3.23.4 Havering is already disadvantaged by both the historic and current funding regime. This position will be worsened unless appropriate levels of funding are provided to match the new responsibilities the Council will be taking on, and to properly reflect both the change in demographics and associated needs of our local community. The potential impact of changes in demographics and demand for services is highlighted in section 3.11 of this report. Given that the current funding system is frozen, it is hard to see at this time how these changes will be reflected in Government funding; not the least because there appears to be an inevitability this will continue to reduce. This could potentially mean the financial impact of these changes will fall solely on local taxpayers.

### **3.24 Better Care Fund (BCF)**

- 3.24.1 Information about the Better Care Fund was set out in the report 'The Council's Financial Strategy' to Cabinet on 21<sup>st</sup> January 2015

### **3.25 Draft General Fund Budget 2015/16**

- 3.25.1 Based on the detailed budget proposals and other factors set out above, the Council's General Fund budget for 2015/16 will be as set out in Appendix E. This is summarised as follows:

	2014/15 £000	2015/16 £000
Havering's Services *	167,596	176,473
Levies	12,745	13,811
Total Expenditure	180,341	190,284
Unringfenced Grant	-14,786	-24,649
External Finance inc Collection Fund	-69,722	-64,324
Havering's Precept	95,833	101,311

\*The overall figure for Havering's Services include the reduction of £17.1m savings and an expenditure budget for the £24.6m unringfenced grants. The resulted overall increase is mainly due to the Better Care Fund allocation of £15.5m. This funding relates to new burdens for the Authority. It also includes one off monies generated by the Collection Fund surplus at £2.8m which due to the likelihood of unfavourable NNDR revaluations will set aside in reserves.

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

	£000
Pressures, demographic growth	4,153
Inflation	2,403
Levies	1,067
Savings	-17,130
Net change in provisions and other adjustments	4,968
Net reduction in Government funding/Collection Fund movement	10,017
<b>NET TOTAL</b>	<b>5,478</b>
Met by changes in Council Tax base	-5,478

### **3.26 Draft Schools' Budget 2015/16**

3.24.1 A summary of the Dedicated Schools Grant (DSG) for 2015/16 is set out earlier in this report and the relevant Appendix.

3.24.2 The Schools' budget is also set out in Appendix F and is summarised as follows:

Estimated Allocations	2014/15 £	2015/16 £
Estimated Total DSG to Education Providers	111,828,187	106,071,138
Estimated Total DSG to be Retained Centrally	11,238,813	11,870,562
<b>Total DSG Allocation</b>	<b>123,067,000</b>	<b>117,941,700</b>

### **3.27 Havering Council Tax Precept for 2015/16**

3.27.1 On the basis of the information set out in this report, including the levies being those as set out in Appendix D. **Havering's band D figure would increase to £1,219.**

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

### **3.28 Expenditure Restriction by Government**

3.28.1 As set out in the previous report to Cabinet, the Government has made it clear that they intend to ensure that council tax payers are protected against Councils that reject the offer of the Council Tax freeze grant and impose what they consider to be "excessive" council tax rises.

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

3.28.3 The level relating to Havering has been set at 2% or above. However, the Council is proposing an increase of 1.993% and as such falls under the limit. No referendum will be required if the Council sets an increase of this size.

### **3.29 Capital Programme**

3.29.1 The Council has historically approved a three year rolling Capital programme, with a detailed programme for the first year and an indicative programme for

the subsequent two years. The Programme has remained reliant on funding through the generation of capital receipts, although consideration had been given to a transitional process, with a gradual move towards the use of prudential borrowing to finance it.

- 3.29.2 Given the on-going financial climate, it is recommended that the Council's immediate budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital and Section 106 receipts and any sources of external funding only.
- 3.29.3 With this approach in mind, the proposed overall programme was submitted as part of the report to the previous Cabinet meeting covering the two year period 2015/16 and 2016/17. This report now includes a detailed schedule of schemes within the core programme for the coming financial year, 2015/16 for approval. These are included in Appendix I. Detailed schemes within the remaining year of the core programme will be brought forward at the appropriate time. This will reflect any changes in the forecast position with capital receipts, and other funding flows where appropriate.
- 3.29.4 There are also some other areas where grant funding has already been announced, or where a level of funding for 2015/16 could reasonably be assumed. The major area of funding is from Transport for London (TfL), where the Council has been awarded an overall sum of around £2.173m for next year. These grant areas are shown in Appendix I. Although these grants are allocated by individual Government departments, with a clear indication how they would expect these funds to be utilised, with the exception of the TfL funding – and consistently with revenue grants – these funds are un-ring-fenced.
- 3.29.5 The StreetCare lighting programme totalling £2.7m previously approved by Cabinet and funded from a short term interest free loan is also included within the programme. However, it should be noted that provision has been made within the revenue budget for the repayment of the loan.
- 3.29.6 To ensure that specific schemes can be progressed, and bearing in mind that the actual sums announced may differ from those shown, it is proposed to adopt a similar approach with capital grants as that proposed earlier in this report for revenue.
- 3.29.7 With this in mind, Cabinet is asked to approve the capital programme as set out in Annexes 2, 3 and 4 of Appendix I for 2015/16 and, for schools, for 2016/17.
- 3.29.8 It is proposed, to enable any specific schemes to proceed in a speedy and timely manner, that the relevant Lead Member after consultation with the Leader, be delegated authorised to commence tender processes and accept tenders for capital schemes that previously were agreed by Cabinet. Cabinet is asked to approve this as part of this report.
- 3.29.9 It is proposed to establish a capital contingency, of £3m, to accommodate new priorities which emerge during the year. This will be funded from surplus receipts which have not yet been allocated to schemes. It is proposed that the release of any of this contingency is delegated to the Group Director, Communities & Resources.

3.29.10 Cabinet are also asked to approve an updated Asset Management Plan for the period 2015 - 2019. The Asset Management Plan (AMP) is a document that sets out the Council's corporate vision on asset management, clarifies how this fits in with other Council strategies and sets out the policies that the Council adopts through its asset management activities. The full document is included at Appendix M.

### **3.30 Treasury Management Strategy**

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

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

*"The Council will have regard to the (then) ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are: -*

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

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

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

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

### **3.31 Greater London Authority**

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

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

3.31.3 The GLA budget was published for consultation in late December. The proposals set out the Mayor's plan to reduce the GLA precept for 2015/16 from the current level of £299 at band D to £295, a reduction of around £4 or 1.3%. The Mayor's final draft consolidated budget is due to be published on 28<sup>th</sup> January, the final budget proposals being considered at the Assembly meeting scheduled for 23<sup>rd</sup> February 2015.

3.31.4 As this meeting falls two weeks after the Cabinet meeting, any change from the Mayor's proposals will be advised to Members accordingly at Full Council.

### **3.32 Overall Council Tax for 2015/16**

3.32.1 The table below summarises the position:

	£	% Increase/ (Decrease)
Havering Precept	1,219.00	1.993%
GLA Precept	295.00	(1.3)%
<b>Total</b>	<b>1,514.00</b>	<b>1.326%</b>

### **3.33 Other Matters**

#### **3.33.1 Council Tax Bill**

The Council Tax bill will show the charges for Council services and the Greater London Authority. It must be served on or as soon as practicable after the day the Council Tax is set, and at least 14 days before the first instalment is due where the bill requires payment of instalments. Council Tax payers can now elect to pay by 12 monthly instalments, rather than just the current 10. In addition, the detailed supporting information can be provided online, rather than by default having to supply it in hard copy to taxpayers (although they can request a hard copy).

#### **3.33.2 Restriction on Voting**

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

While the decision on the level of Council Tax financially directly affects councillors and their families, and is therefore a financial interest, the Council's current Code of Conduct for Councillors provides a specific exemption to permit councillors to determine the level of Council Tax.

**Any Member in doubt as to the position may seek advice from the Group Director, Communities and Resources, or the Monitoring Officer, before the meeting.**

#### **3.33.3 Effect Of Council Procedure Rules**

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

Rule 11.8(a)

"An amendment to a motion/report at the annual Council tax setting must be submitted to the Chief Executive no later than 6 clear days before the Council

tax setting meeting, and must be such that the amendment would, if passed, in the view of the Chief Finance Officer enable a robust budget to be set”.

This means that **Midnight on Monday 16<sup>th</sup> February 2015** is the deadline for amendments to the Council Tax Setting and Budget Report.

Rule 11.8(b)

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

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

#### **3.33.4 Discount for Council Tax Payers Paying In Full**

The Council has agreed in the past, to offer a discount to Council Tax payers who pay their Council Tax in full. It is necessary for Cabinet to recommend Council to agree a specific resolution for this purpose or for any change proposed as the current assumption is that the discount remains at 1.5%. There are currently around 2500 Tax payers who take advantage of the discount. Cabinet should note that a similar discount is not permitted under business rate regulations.

#### **3.33.5 Resolution**

“Any Council Tax payer who is liable to pay an amount of Council Tax to the authority in respect to the year ending on 31<sup>st</sup> March 2016, who is served with a demand notice under Article 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 and who makes payment to the authority of the full balance of the estimated amount shown on that demand by 1<sup>st</sup> April 2015, may deduct a sum equivalent to 1.5% from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount”.

#### **3.33.5 Resolution for Council Tax**

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

#### **3.34. Housing Revenue Account**

- 3.34.1 The report on the HRA budget for 2015/16 appears elsewhere on the agenda. This includes both the revenue budget and the associated capital programme.

## REASONS & OPTIONS

### Reasons for the Decision

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

## IMPLICATIONS & RISKS

### Financial Implications and Risks

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

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

### Legal Implications and Risks

Under the Local Government Act 2003 calculation of the Council Tax to be levied and adoption of an annual budget must be carried out by full Council on the recommendation of the Leader and Cabinet.

When considering decisions on the budget and the level of Council Tax, Members should have regard to the legal framework for such decisions which is shown at Appendix N.

When considering the budget, Council must take into account this report from the Chief Finance Officer on the robustness of the estimates and the adequacy of the proposals for reserves. The Council has a statutory duty to set a lawfully balanced

budget and adoption of the recommendations in this report would fulfil its obligations in this regard.

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

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

### **Equalities and Social Inclusion Implications and Risks**

The Equality Act 2010 requires public authorities to have due regard to the three aims of the Public Sector Equality Duty when exercising public functions (e.g. planning, delivering and re-designing services). The three aims of the Public Sector Equality Duty are to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good community relations between people who share any protected characteristics and those who do not.

The Council has a duty to act and is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. Currently there are nine protected characteristics (previously known as 'equality groups' or 'equality strands') covered under the Equality Act 2010; these being age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

The report includes Equality Impact Assessments (EIAs) for individual decisions being taken. Whilst the Council must demonstrate that, when making decisions, particularly in relation to budget proposals, it has discharged its Public Sector Equality Duty in relation to the groups protected by the Equality Act 2010, it must also consider the principles of relevance and proportionality. The Council must also comply with other relevant legal duties and statutory obligations such as the duty to set a balanced budget based on residents' priorities and changing needs, within a context of reduced central Government funding and a generally challenging economic climate. In making decisions, Members will therefore need to consider the individual EIAs alongside:

- Revised strategy guidelines and new legislation;
- Increasing demand for services, and
- The community's priorities for services.

The full EIA's can be found at Appendix O.

### **Background Papers**

Revenue monitoring report period 7 2014/15  
Revenue monitoring report period 8 2014/15

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## **APPENDICES**

- A REVENUE AND CAPITAL BUDGET STRATEGIES**
- B GOVERNMENT GRANTS AND CONSULTATION**
- C SPECIFIC GRANTS**
- D LEVIES**
- E COUNCIL TAX STATEMENT AND SUPPORTING INFORMATION**
- F PROVISIONAL SCHOOLS BUDGET**
- G VIREMENT AND CONTINGENCY RULES**
- H BUDGET ROBUSTNESS AND RESERVES**
- I CAPITAL PROGRAMME**
- J OVERVIEW & SCRUTINY COMMITTEE DRAFT MINUTES SEPTEMBER 2014 AND FEBRUARY 2015**
- K ASSESSMENT OF IN YEAR VARIANCES**
- L SCHEDULE OF FEES & CHARGES**
- M ASSET MANAGEMENT PLAN**
- N THE LEGAL FRAMEWORK GOVERNING BUDGET DECISIONS**
- O EQUALITY IMPACT ASSESSMENTS**

## **REVENUE BUDGET STRATEGY**

The Council will ensure that there is an effective Medium Term Financial Strategy in place to drive forward the financial planning process and resource allocation.

The Council's budget is a reflection of the Council's Strategy expressed in financial terms. The Council's Strategy reflects the main priorities of residents, as expressed in successive consultation exercises – principally, keeping the Borough clean and safe and promoting a high quality of life for local people.

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

The Council will wherever possible seek new funding and explore new ways of working. The Council will continue to look at new methods of service delivery to improve services to the public and the value for money that they provide, including working in connection with a range of other organisations and groups.

By becoming an increasingly 'connected council', Havering will continue to seek to improve efficiency and deliver better value for money. In particular, the Council will aim to identify efficiencies that will not impact on the delivery of key services to local people. Its focus will be on identifying ways to reduce the cost to tax payers of running those services.

The Council will ensure that, given the severe financial pressures it has already faced and is continuing to face, growth will only be supported in priority areas, and only where these are unavoidable. However, the Council will expect the Government to ensure that adequate funding is made available to fund any additional costs arising from new burdens placed on Havering, or from services transferred to it.

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

The Council will lobby to ensure that the Government provides adequate funding to take on any new responsibilities and to illustrate the impact of the low funding basis for Havering and its residents, but will ensure that, in broad terms, its spending is in line with the basis on which the Government allocates grant funding, and that spending levels will be realigned against any reductions in funding. The Council will therefore continue to reduce its spending where the Government removes funding, in line with the relevant level of reduction.

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

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

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

The Council will seek to ensure that sufficient financial resources are available to enable it to deliver a long-term savings plan within the constraints of funding available to it from both local taxpayers and the Government, and will seek to utilise any unallocated funds with that purpose in mind.

The Council will adopt a prudent capital programme designed to maintain and where possible enhance its assets.

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

The overarching objective of the Council's financial strategy remains to deliver high quality, value for money services to our community, whilst ensuring that the cost of those services is compatible with the level of funding provided to it by the Government.

**CAPITAL BUDGET STRATEGY**

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

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

The Council has adopted a prudent capital programme designed to:

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

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

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

As well as the above, the Council's approach to capital asset management includes the review of existing assets in terms of suitability for purpose, alternative and future use, and maintenance requirements. The aim for the Council to rationalise its asset portfolio and only hold assets that support the delivery of its goals, offer value for money or in some other way are important for community, heritage or other significant social purpose.

The capital budget strategy is intrinsically linked to the revenue budget strategy. The revenue implications of capital expenditure and funding decisions are explored and

accounted for on an ongoing basis. These are reflected as appropriate and include the consideration of the challenging financial climate which the Council faces.

The Council will finance capital expenditure through a combination of:

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

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

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

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

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

Where expenditure is to be financed through capital, this will only occur where funds have been realised. Neither capital receipts generated through disposals nor S106 contributions are committed until they are actually received. This is due to the complex conditions and timing issues that can be associated with them.

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

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

The capital programme will be reviewed on an annual basis. This will consider items such as new funding opportunities and Member priorities. In year changes e.g. the availability of additional external funding, will be made on an ongoing basis as part of

routine programme management. These will be implemented with regard to the Council's Constitution and agreed procedures.

## GOVERNMENT GRANT &amp; ASSOCIATED MATTERS

**LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2015/16**

The Department for Communities and Local Government were expected to issue the final Local Government Finance Settlement for 2015/16 during the first two weeks February, following the close of consultation on the provisional settlement on 18<sup>th</sup> January 2015. This is potentially too late for inclusion in this report, therefore supplementary information will be provided to Cabinet to reflect the final settlement if there any changes from those contained in the provisional one.

A detailed analysis of the provisional announcement was contained in the January report to Cabinet. The main points affecting local government in general, and Havering in particular, are summarised in the body of this report. However the following table is reproduced below which indicates the scale of reduction in the settlement.

Also included below are the responses to the settlement consultation. Council representatives also meet with the Minister and a verbal update on those discussions will be given at the meeting.

## Funding announced as part of the Local Government Financial Settlement

Spending Power Components	2014-15	2015-16	Adj	Difference	Notes
<b>Settlement Funding Assessment</b>	71,471,130	61,600,514		(9,870,615)	Includes Business Rate Baseline
<b>Section 31 grants for business rates initiatives</b>	326,721	457,410		130,689	Excludes New Burdens SBRR funding
<b>Lead Local Flood Authorities</b>	77,528	51,685		(25,843)	
<b>Community Right to Challenge</b>	8,547	0		(8,547)	
<b>Community Right to Bid</b>	7,855	0		(7,855)	
<b>New Homes Bonus</b>	3,413,763	4,842,280	(1,365,000)	63,517	Adj to account for GLA top-slice
<b>New Homes Bonus: returned funding</b>	104,263	103,210		(1,053)	
<b>Council Tax Support New Burdens Funding</b>	119,933	44,959		(74,974)	
<b>Local Council Tax Support and Housing Benefit Admin Subsidy</b>	1,290,477	1,214,551		(75,926)	
<b>Social Housing Fraud</b>	100,000	0		(100,000)	
<b>Department of Health Revenue grant</b>	181,635	135,478		(46,157)	
<b>Public Health Grant (Ring-fenced)</b>	9,717,000	9,717,000		0	Excludes New 0-5 Commissioning funding
<b>Adult Social Care New Burdens</b>	0	1,531,025	(1,531,025)	0	New burdens associated with this funding
<b>Special Educational Needs and Disability Implementation Grant</b>	206,612	132,803		(73,809)	
<b>Better Care Fund</b>	4,609,381	15,495,000	(10,885,619)	0	New burdens associated with this funding
<b>Reduction in Government Funding</b>				<b>(10,090,574)</b>	



Shafi Khan  
Department for Communities and Local  
Government  
Fry Block  
2 Marsham Street  
London  
SW1P 4DF

### **Local Government Finance Settlement 2015/16 Consultation**

Dear Mr Khan

Thank you for giving us the opportunity to comment on the Local Government Finance Settlement.

Given the current economic conditions, we acknowledge the Government's strategic goals of deficit reduction; economic growth; and fairness. However, it's our belief that the current system does not provide for a fair allocation of funding as the start-up funding allocation was based on out-of-date data and heavily weighted on perceived deprivation. This has led to large variations / cliff edges in funding between neighbouring authorities.

Havering has one of the oldest populations in the capital – a population that is predicted to get older still over the coming years however the ever increasing costs associated with elderly care is not adequately covered within the Local Government Finance Settlement. Recent work undertaken by the Personal Social Services Research Unit has been used to allocate funding for parts of adult social care whilst the current settlement formula is based data from the last decade and does not incorporate the external pressures that this new funding allocation acknowledges. This same out of date funding distribution methodology is also being used for the Better Care Funding which only magnifies the funding shortfall faced by the council.

We would welcome a review of the huge cliff edges in funding as well as the indicators used in setting initial start-up position as well as the basis of the funding allocation which has rolled forward each year without addressing the actual need to local authorities. Havering has had to make significant changes in ways of working, collaborating, and savings even before austerity hit in order to operate within the funding it previously received.

We have attached our consultation response as well as our briefing previous discussed with the minister on the 14<sup>th</sup> of January 20145. We hope that you consider our views on the consultation and the potential alternatives available for a fairer funding regime.

Yours Sincerely

Andrew Blake-Herbert.

## Havering’s Response to the Local Government Financial Settlement and grant funding.

### Background

As a Borough Havering has responded to the austerity pressures very positively, making significant changes to how it operates, reducing bureaucracy, driving out efficiency savings and freeing up the organisation to operate it a much more effective way. We share numerous services and have even gone as far as sharing our entire back office, through a Joint Committee oneSource, with the London Borough of Newham. We have just closed our latest consultation on the 29th Dec 2014 on £45m of budget savings, which have had to include services reductions to libraries and youth service due to the size of the challenges we face.

### Settlement Funding Allocation

Havering still has one of the lowest grants per head in the capital. The uses of out-of-date and perceived deprivation figures do not reflect the external pressures or the demographics of the Borough. With the formula locked until 2020, Havering’s Settlement Funding Allocation (SFA) will not only be unreflective of the pressures affecting the borough but also is based on data from the 2001 census

The table below shows the huge variation in funding per head of population from the 2014/15 SFA. Havering currently receives less than half the amount of funding compared to other neighbouring authorities. In our view we feel that it is unfair on Havering residents that such a small allocation of funding is provided for key services when compared to neighbouring authorities. The table below shows the cliff edges between neighbouring boroughs and the inner and outer London average.

Code	GREATER LONDON	Inner / Outer London	SUFA (m's)	Projected Population	Grant Per Head
R383	Barking and Dagenham	Outer London	113.70	185,911	612
R393	Havering	Outer London	69.67	237,232	294
R398	Newham	Outer London	218.56	307,984	710
R399	Redbridge	Outer London	105.65	278,970	379
R402	Waltham Forest	Outer London	138.56	258,249	537
Total Inner London			2,156.24	2,923,548	737.54
Total Outer London			2,199.17	5,250,393	418.86

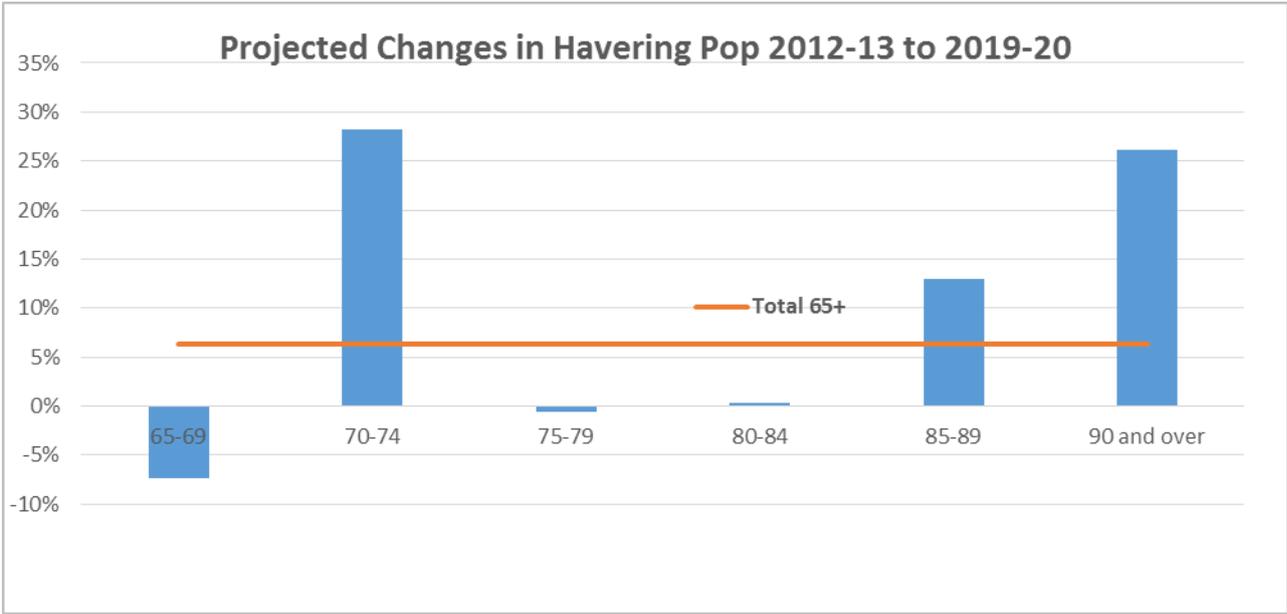
### Adult Social Care (ASC)

Havering has one of the oldest populations in London, one that is predicted to get significantly older of over the coming years. Havering has seen a huge increase in ASC referrals over the last five years of 38% compared to a 4% overall reduction for London. Demand management has kept our increase in clients to 4% over this period. Havering’s increase in clients and referrals is the highest in London - London overall has seen 22% reduction.

SFA is failing to reflect the increase in ASC demand – only Havering and 2 other London boroughs (Barnet 1% and Southwark 08%) have had an increase in clients over the last 5 years, with Havering seeing the highest increases.

Despite this increase in demand, Havering has reduced spending on ASC by 12% over the last 5 years, compared to an average 4% reduction in London.

Havering has the fourth highest 65+ population and third highest number of over 65's with dementia in London (after Bromley and Barnet). A 10% increase in dementia cases is projected over the next 5 years, further increasing the potential complexity of care provision. Population changes are shown in the graph.



Carers play a vital role in managing demand; Havering seen an increase of 56% more carers assessments over the last 5 years, compared to a 13% reduction in London and 11% reduction in England. The Care Act reform brings in new rights for carers, but to date no sustainable funding source to match potential demand is identified.

Learning Disability assessments have increased significantly since 2010/11. These often result in high cost, long term care packages, which is in line with national trends.

Whilst we welcome the upcoming review of the adult social care formula we do request that the position of Havering in terms of our demand vs funding allocations be considered.

Data sources - Referrals, Assessments and Packages of Care (RAP) data to 2013/14, Personal Social Services Data Collection ( PSSEX1) 2013/14, Projecting Older People Population Information (POPPI) May 2014.

All of this leads into the significant challenge that Havering faces when making decisions about its budget. Currently 70% of the Councils spend is on Social Care, despite the reductions referred to earlier, and the Council therefore has to now look at alternative savings to balance its budget. This is also before the introduction of the Care Act.

**Better Care Funding (BCF) and the Care Act 2014** Better Care Funding (BCF) schemes will be vital in shaping our services in order to meet Care Act requirements and implementing our health integration ambition, in accordance with our BCF plan.

However our projections indicate that there will not be sufficient funding to meet the cost of Care Act reforms. Our modelling shows indicative direct cost pressures of £6.3m in 16/17 and £6.1m from 17/18. Other risk factors push estimates up to £9.3m and £10.5m respectively (per July 2014 projections). As there is no new money in the system, significant amounts of decommissioning or the radical redesign of services could need to be considered. There is the real risk of there not being enough budgets to cover demand and infrastructure costs due to the reform. Havering responded in full to the consultation last year, which provided details of the cost pressures affecting the authority as well as comparisons to other authorities. Again Havering has one of the lowest allocations in London.

The current BCF calculation is based on the old RNF formulae which as stated above is out of date and does not reflect the external pressures to an authority. Havering has one of the largest elderly populations in London; however it receives one of the lowest grant per head which in our opinion penalises the most vulnerable in our community.

Our BCF allocation in comparison to our East London neighbours is reflected in the table below:

Authority	2014/15 BCF (£m)	Population over 65 *	Grant per head
Tower Hamlets	6.714	15,570	431.24
Newham	6.730	20,593	326.82
Barking and Dagenham	4.185	19,321	216.60
Waltham Forest	4.990	25,566	195.17
Redbridge	5.115	33,385	153.21
Havering	4.609	42,277	109.03
* source ONS 2011 census			

It should also be noted that Havering's 2015/16 CCG BCF allocation per head of 65+ population is £101 compared to an average for London of £175. Total BCF, including CCG element leaves Havering is the lowest funded in London.

Local Authority	Better Care Funding Allocation £ms	14/15 Estimated over 65 population	Grant Per Head £s
Newham	21.040	21232	991
Barking and Dagenham	13.055	19517	669
Redbridge	16.032	34365	467
Bexley	13.708	38520	356
Bromley	19.232	54141	355
Havering	15.495	43956	353

The new Care Act new burdens funding will help support costs in 2015/16. We agree with the use of the Epidemiology approach CAA2, and this has resulted in

approximately a 30% increase in the level of funding that Havering would have received under the RNF, and helps to highlight the level of financial pressures we face because of the make-up of the population. However we note that the “New Carers and Care Act” element is still based on the old RNF formulae, and we refer you back to earlier in this response where Havering unlike the rest of London has seen a significant increase in Carer assessments in the last few years..

We understand the development of formulae in relation to the costs of the cap and the extension of the means test limits (with legislation applying from 2016/17) is underway, but we do feel this should be adjusted back into the local authority’s historic RNF allocation.

A considerable issue for havering about the new Care Act is Ordinary Residence, which relates people that have moved to the borough through their own choice, but become the later Councils responsibility when they run out of finances or under the Care Act reach the care cap. Andrew Rosindale MP has recently raised a question in the house concerning this and it will have a very detrimental impact on Havering. Havering currently has 53 privately run care homes in the Borough (2 more are in pipe line), Barking and Dagenham for example has 9. These homes contain 1780 beds, Havering directly commissions around 650 of them. Even with a 10% vacancy factor we are only occupying 40% of the beds. The rest are self- funders, who when they reach the care cap will become Havering’s financial responsibility. This is not manageable within the boundaries of the level of funding we currently receive.

### **Local Welfare Provision**

The decision to transfer the local welfare provision as part of Havering’s upper tier funding in our view is misleading, lacks transparency and is no benefit to officers or residents. This option provides no funding and therefore goes against the government’s new burden doctrine. Once again this decision affects the most vulnerable residents in our society with no room in existing budget due to the government’s austerity measures. Coming so late in the day also gives local authorities no time to consult with residents for change to the scheme for April.

### **Public Health**

Havering once again receives one of the lowest funding allocation in London as the weightings used to determine the grant do not reflect the needs or the cost pressures of the authority. Neighbouring authorities receive more than twice the funding due to this flawed weighting calculation. This provides significant cliff edges in service provision between neighbouring authorities just by living a street away.

Public Health funding was transferred in 2013/14 and Havering’s initial allocation was £8.8m however the needs assessment stated that Havering was below the required funding and thus Havering received an increase in 2014/15 in order to bridge the gap. For 2015/16 new burdens in public health are to be transferred to Local Authorities and yet again the funding being transferred does not reflect the pressures affect the authority.

Havering is still substantially below the threshold despite numerous other authorities receiving substantially more than their perceived needs suggest. This in our opinion is a double hit to the residents of Havering as not only is the calculation flawed but also other authorities are funded over this perceived need.

### **Potential Solutions.**

Reopen / revisit the Upper and lower tier formula and Better Care Funding with the view to update the relative needs formula to more meaningful indicators based on the pressures to the authority. For example, the new adult social care funding is majority based on a revised RNF formula which is based on external costs / pressures and uses the most up-to-date information.

Address and fund in full, the cost pressures that Havering will need in order to fulfil the Care Act requirements and provide suitable services to our residents. Consider the position of Havering and similar boroughs when reviewing the ASC formula and future BCF allocations.

In addition, re-visit the public health funding to:

- Temporary address authorities who are receive above their “targeted allocation”
- Re-visit the methodology in distributing funding to ensure funding reflect the cost pressures not perceived need.

Introduce a degree of smoothing to remove the huge cliff edges in funding between authorities. There is a large degree variation in funding between authorities, neighbouring authorities can have twice or even threefold as much funding despite being in relatively close proximity.

Adhere to the new burdens doctrine by providing funding to match the required funding in relation to the local welfare provision/.

## Consultation Response

### Local Government Finance Settlement 2015-16

**Question 1: Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?**

No, it's our belief that this burden should be accompanied by equivalent funding. By incorporating the local welfare provision as a separately identifiable amount within the settlement, this creates a lack of transparency and gives no benefit to local authorities or residences. This is an additional cut where you are forcing local authorities to choose between continuing with local welfare provision or cutting other services, without sufficient time to consult local people on the implications.

**Question 2: Do you agree with the Government's proposal that the funding for the Improvement and Development Agency for Local Government for services to local government should be £23.4 million in 2015-16?**

This funding again reduces a local authority's Settlement Funding Allocation (SFA). Any funding to the Improvement and Development Agency should be provided outside of the SFA. This is another cut to local authority funding.

**Question 3: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £1bn to £950m?**

Yes, this would seem sensible.

**Question 4 Do you agree with the Government's proposal to increase the rural funding element from £11.5m, as previously proposed, to £15.5m?**

We acknowledge the additional cost of providing rural services however the ever increasing cost of providing elderly care is not being taken into consideration within the Settlement Funding Assessment. We would like to see the updated RNF formula currently used for the Adult Social Care funding to replace the current out of date and unfit for purpose distribution. This provides a more up to date apportionment and identifies the external pressures affecting local authorities.

**Question 5: Do you agree with the Government's proposal to reduce the fire funding element of Revenue Support Grant for each fire and rescue authority, by an amount equal to 0.24% of the total pensionable pay for that authority?**

N/A

**Question 6: Do you agree with the Government's proposal to compensate local authorities for the cap on the multiplier in 2015-16, calculated on the same basis as in 2014-15?**

Yes, a mechanism is needed to reimburse local authorities with this seeming to be the simplest option.

**Question 7: Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristic, and on the draft Equality Statement?**

None

## Migration of Children

### Inflow Migration of Children (children migrating from one London borough to another)

The data presented below has been released by the GLA and covers the internal migration flows for school-aged children (0 – 15 years) between London Boroughs. Figure 1 illustrates the inflow of children to a given London Borough from 2009 to 2013 from other London boroughs. Overall, it was found that Redbridge experienced the largest inflow of children across this period, with a total of 14,645 children (approximately 5 per cent of the total number of inflows) and this is followed by Enfield, Croydon and Barking and Dagenham. Across the same period, Havering has experienced an inflow of 7,532 children (approximately 3 per cent of the total number of inflows).

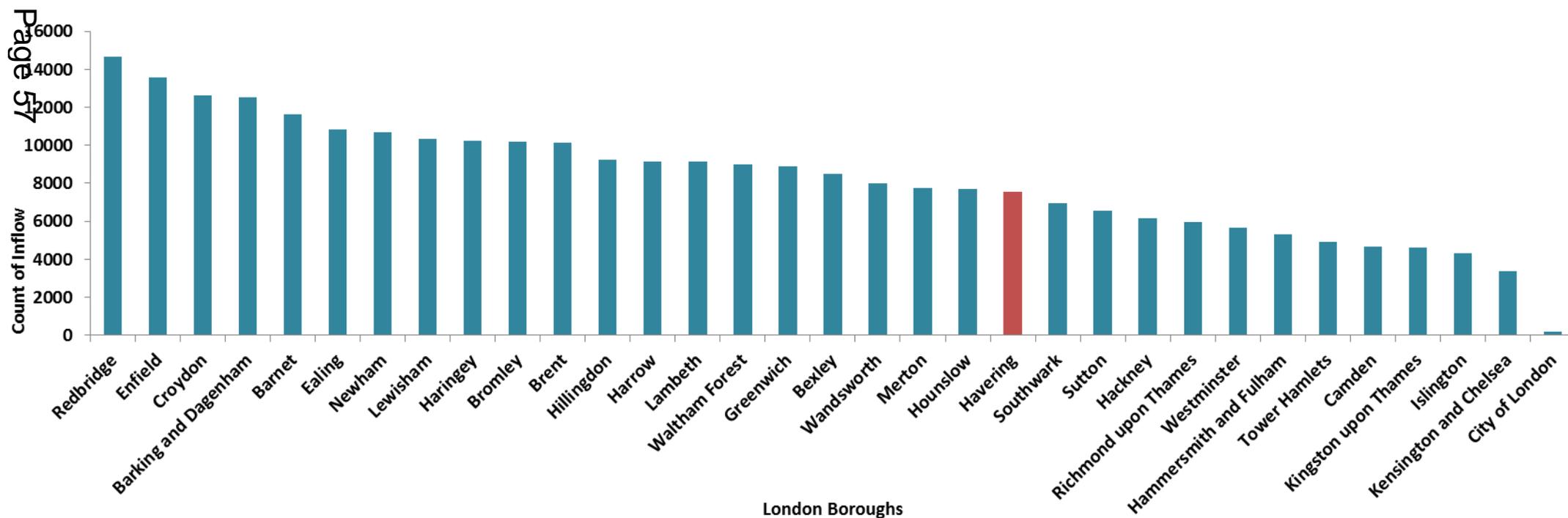
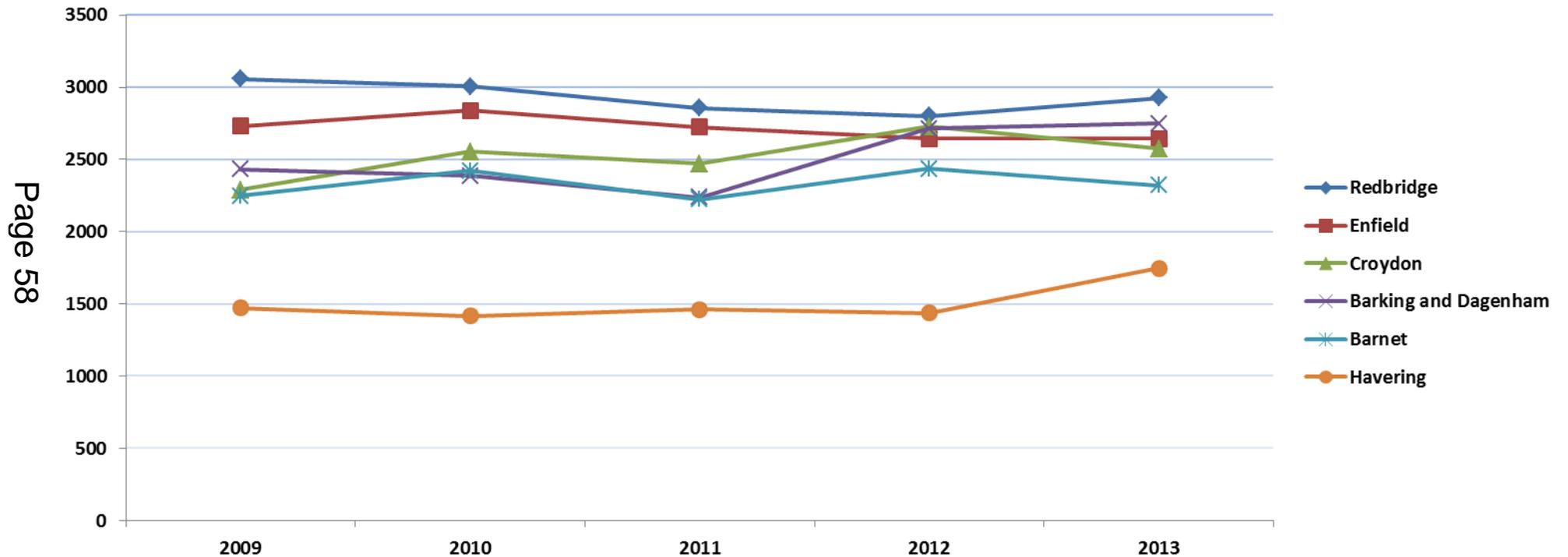


Figure 2 illustrates the 'top 5' London boroughs that have experienced an Inflow of children. For the 'top 5' London boroughs, the inward migration of children across the 5 year period range between 2200 – 3100 children. Overall, Barking and Dagenham, Croydon and to a less extent, Barnet, have experienced an increase of inward migration into their respective borough. Included in Figure 2, is the inflow experienced by Havering, where it can be seen there was a sharp incline of children from 2012 to 2013. As detailed in the January Snapshot, the movement of children from other local authorities into Havering, led to an increased pressure upon local schools to meet the demand for school places. Havering experienced the biggest inflow from both Redbride and Barking and Dagenham boroughs, both of which also experienced an increase from 2012 to 2013.



**Outflow migration of children** (children migrating from one London borough to another)

Figure 3 illustrates the outward migration of children (0 to 15 years) from a given London borough. The boroughs that tended to experience the largest outward migration are from Inner London Boroughs, for example Newham, Haringey, Lambeth, Southwark and Lewisham, with exception to Brent and Ealing. From Newham, a total of 18,477 children migrated out of the borough, approximately 7 per cent of the total outflow of migration of children. Havering, highlighted in red, has the second lowest outflow migration of children, with a total of 2,217 children leaving to another London borough (approximately 0.82 per cent of total outflow of children).

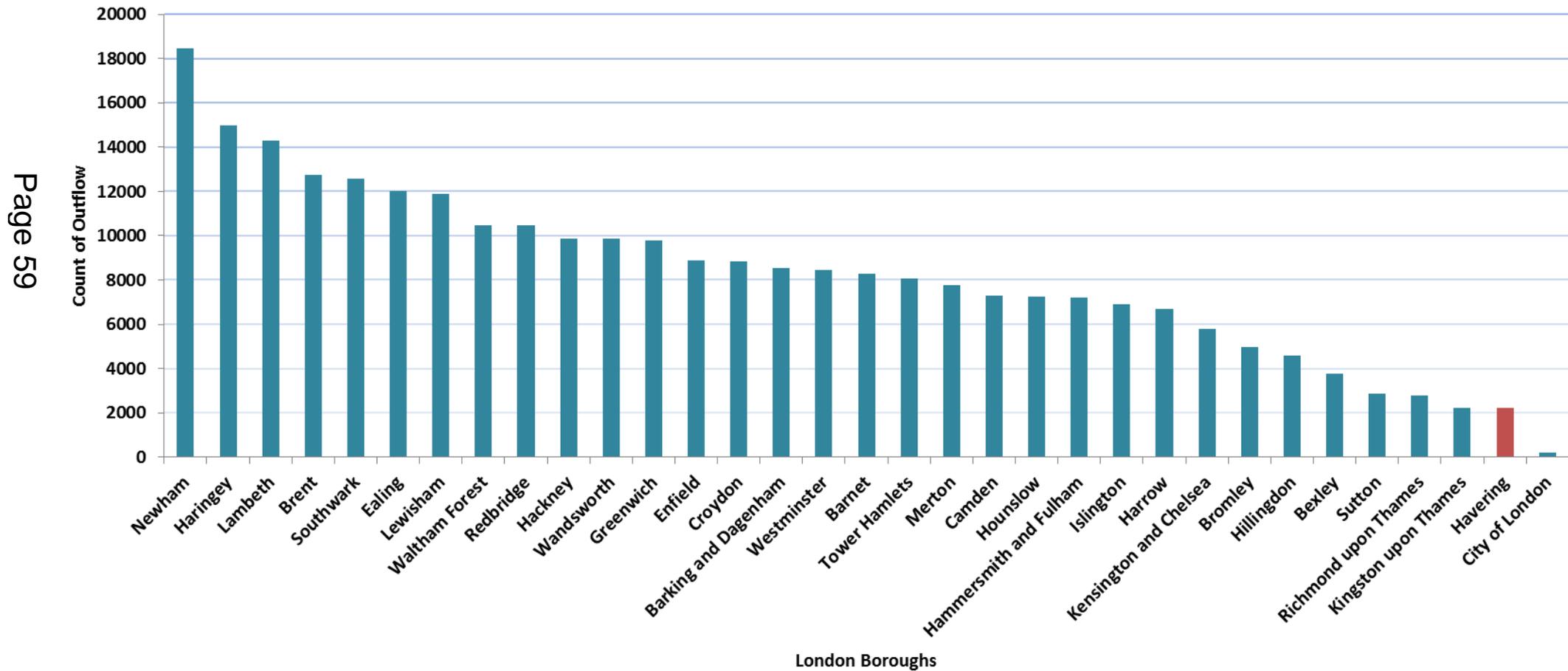


Figure 4 illustrates the top 5 London boroughs that have experienced the highest levels of outflow migration of children. Between 2009 and 2013 the top 5 London Boroughs range between 2,200 to 4,000 children. Havering, in comparison to the other London boroughs has experienced a fairly steady outflow of children across this period, the highest being in 2013 with 466 children.

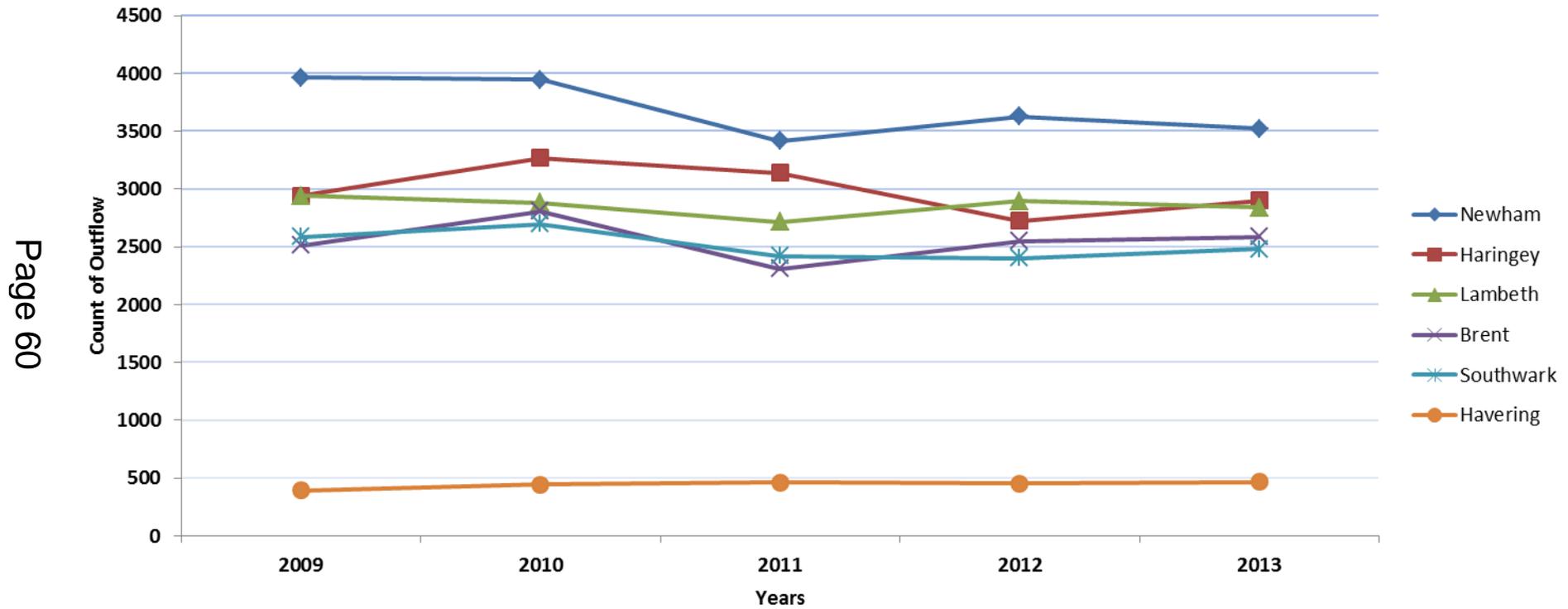


Figure 1: Outward migration of children to a given London borough

**Netflow Migration of Children** (the difference between outward and inward migration of children)

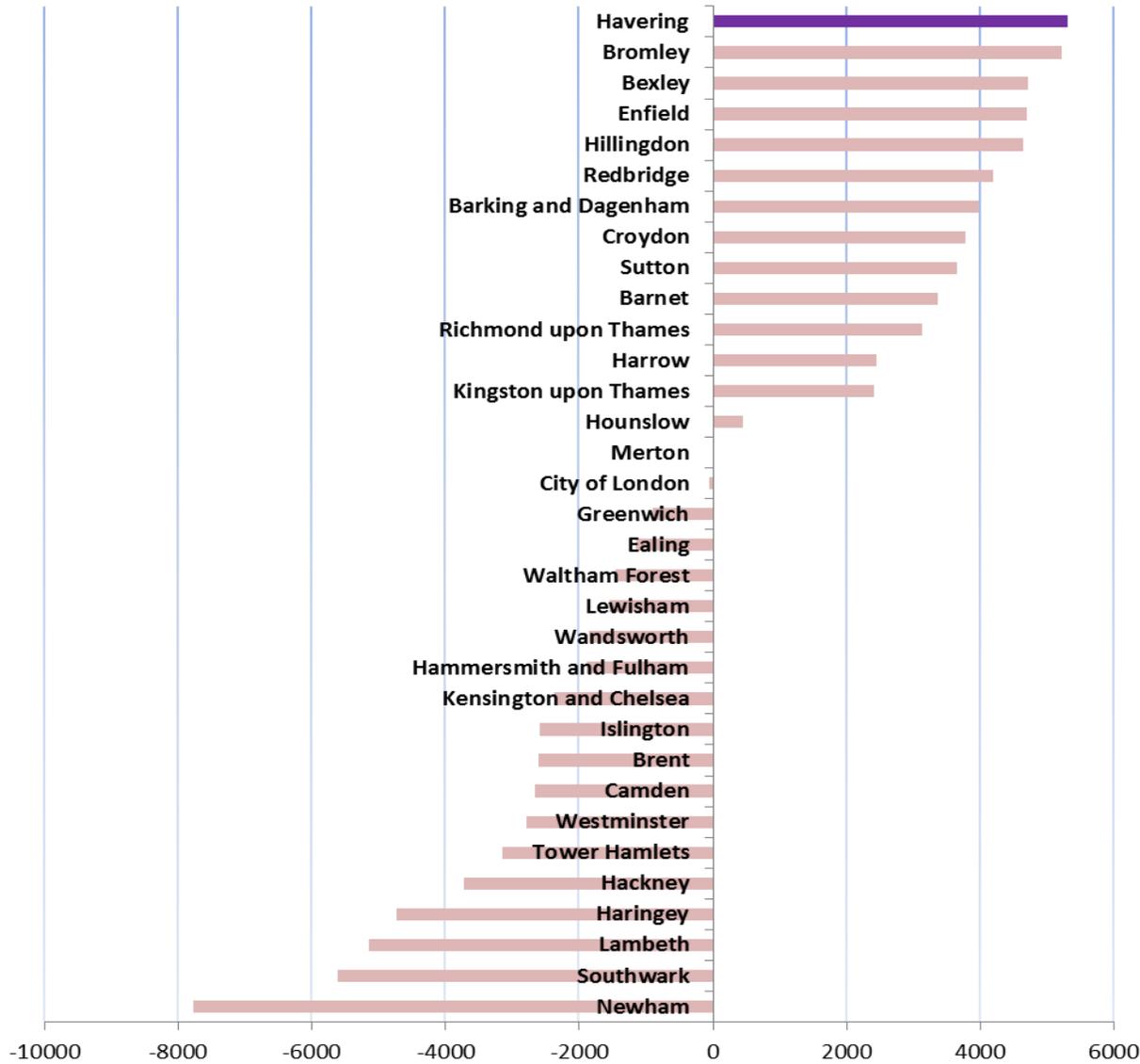


Figure 5 visually represents the netflow of migration among children across London Boroughs. Figure 5 shows that Havering has experienced the largest netflow across all London boroughs. Across this 5-year period there were a total of 5,314 children, who have settled in the borough from another London boroughs. Figure 5 also illustrates that there is a migration of children out of Inner London Boroughs, which have experienced a negative netflow, into Outer London Boroughs. However, the biggest Inflows of children into Havering come from neighbouring Outer London Boroughs, B&D and R.

APPENDIX C

SPECIFIC GRANTS 2015/16

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Adults	DOH	NHS for Social Care Grant (Better Care Fund from 2015/16	0		4,609	15,495
Children, Adults and Housing	Adults	DOH	Better Care Implementation Fund	0		125	
Children, Adults and Housing	Adults	DOH	Local Reform and Community Voices	0		182	135
Children, Adults and Housing	Adults	DOH	Guaranteed Income Payments for Veterans Grant 2012/13	0		0	
Children, Adults and Housing	Adults	DOH	Learning Disability and Health Reform Grant	0		0	
Children, Adults and Housing	Adults	NHS	Adult Social Care New Burdens	0		0	1,531
Children, Adults and Housing	Children's Services	DFE	Social Work Improvement Team	0		0	
Children, Adults and Housing	Children's Services	DCLG	Troubled Families	0		284	
Children, Adults and Housing	Children's Services	DFE	Early Intervention Grant	0		0	
Children, Adults and Housing	Children's Services	YJB	Youth Offending Team	300		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Children's Services	DFE	Adoption Improvement Grant	0		197	
Children, Adults and Housing	Children's Services	YJB	Children on Remand - New	0		56	
Children, Adults and Housing	Children's Services	DFE	SEN Funding	0		276	
Children, Adults and Housing	Children's Services	HO	UASC Under 18's	350		0	
Children, Adults and Housing	Children's Services	DFE	Staying Put Implementation Grant	0		24	
Children, Adults and Housing	Children's Services	DFE	New Burdens SEN Grant	0		207	
Children, Adults and Housing	Business and Performance	DOH	Zero based Review of Adult Social Care	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	Dedicated Schools Grant	120,849		0	
Children, Adults and Housing	Learning and Achievement	DFE	Dedicated Schools Grant -New alloc for 2 year olds from 13/14	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	YPLA Sixth Form Funding	260		0	
Children, Adults and Housing	Learning and Achievement	DFE	Education Services Grant	0		3,170	
Children, Adults and Housing	Learning and Achievement	YPLA	YPLA Teachers Pay Grant	0		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Children, Adults and Housing	Learning and Achievement	YPLA	YPLA Pupil Premium Grant	6,954		0	
Children, Adults and Housing	Learning and Achievement	YPLA	LSC Havering College of Adult Education	182		0	
Children, Adults and Housing	Learning and Achievement	YPLA	LSC Havering Adult Education Central Office(FLIF/TTG funding)	1,087		0	
Children, Adults and Housing	Learning and Achievement	DCLG	Extended Rights to Free Travel	0		12	3
Children, Adults and Housing	Learning and Achievement	DFE	HIAS Development Projects	0		0	
Children, Adults and Housing	Learning and Achievement	DFE	Schools	2,154		0	
<b>TOTAL</b>				<b>132,134</b>	<b>0</b>	<b>9,141</b>	<b>17,165</b>
Culture, Community and Economic Development	Culture and Leisure	ARTS COUNCIL	Havering Music School	276		0	
Culture, Community and Economic Development	Customer Services		Births Deaths and Marriages	7		0	
Culture, Community and Economic Development	Economic Development		Environmental Stewardship	0		0	0
Culture, Community and Economic Development	Housing and Public Protection	DCLG	Homelessness Grant	0		0	
Culture, Community and Economic Development	Policy and Community	MOPAC	Mayors Funding for DIP and Community Safety	0		228	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Community Rigts to Bid	0		8	0
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Community Rights to challenge new burdens - New	0		9	0
Culture, Community and Economic Development	Regeneration Policy and Planning	DCLG	Flood Funding	0		78	52
Culture, Community and Economic Development	Streetcare	DCLG	Waste Collection - Green Rewards	0		399	
Culture, Community and Economic Development	Streetcare	DCLG	Waste Collection Campaign	0		127	
Culture, Community and Economic Development	Streetcare	DEFRA	Pothole Funding	0		404	
Culture, Community and Economic Development	Streetcare	DEFRA	Sustainable Drainage Systems			37	
<b>CULTURE &amp; COMMUNITY TOTAL</b>				<b>283</b>	<b>0</b>	<b>1,289</b>	<b>52</b>
Public Health	Public Health	DOH	Healthy Lives for Healthy People - Public Health Funding	9,717	9,717	0	0
<b>PUBLIC HEALTH TOTAL</b>				<b>9,717</b>	<b>9,717</b>	<b>0</b>	<b>0</b>
Resources	Exchequer Services	DCLG	Localisation Support for CT.Transitional Grant Scheme	0		0	
Resources	Exchequer Services	DWP	Rent Allowances	56,963		0	

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Resources	Exchequer Services	DWP	Disc Hsg Pay and App Imple	604		0	
Resources	Exchequer Services	DWP	Rent Rebates	36,640		0	
Resources	Exchequer Services	DWP	CT Support and HB Admin Grant	0		1,290	1,215
Resources	Exchequer Services	DWP	Housing Benefit Transitional Grant	0		0	
Resources	Exchequer Services	DWP	Housing Benefit Welfare Reform Grant	0		68	
Resources	Exchequer Services	DWP	Recession Funding	0		0	
Resources	Exchequer Services	DCLG	Implementation of new CT Scheme	13		120	45
Resources	Exchequer Services	DWP	Autumn Statement Measures NNDR	0		1,281	1,215
Resources	Exchequer Services	DWP	LADS Funding	0		8	
Resources	Exchequer Services	DWP	New Burdens Single Fraud Scheme	0		1	
Resources	Legal and Democratic Services	DCLG	Electoral Registration	0		52	14
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 1	0		0	0

Directorate	Service	Funding Body	Grant name	SPECIFIC RINGFENCED		SPECIFIC UNRINGFENCED	
				2014/15 £000's	2015/16 £000's	2014/15 £000'S	2015/16 £000'S
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 2	0		0	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 3	0		0	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 4	0		1,104	0
Resources	External Finance	DCLG	Council Tax Freeze Grant Year 5	0		0	0
Resources	External Finance	DCLG	Unallocated Grant: New Homes Bonus	0		3,520	4,842
Resources	External Finance	DCLG	Additional New Homes Bonus			104	103
Resources	Human Resources	DCLG	Social Housing Fraud	0		100	0
Resources	Human Resources	DOH	Supported Employment	3		0	0
Resources	Exchequer Services	DOH	Localisation of Social Fund - Admin and Programme Funding	0		117	0
Resources	Exchequer Services	DOH	Localisation of Social Fund - Programme Funding	0		604	0
<b>RESOURCES TOTAL</b>				<b>94,222</b>	<b>0</b>	<b>8,370</b>	<b>7,433</b>
<b>OVERALL TOTAL</b>				<b>236,356</b>	<b>9,717</b>	<b>18,800</b>	<b>24,650</b>

<b>LEVIES</b>
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The levies are as follows:

	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>% Increase (Decrease)</b>	<b>Estimated/ Provisional / Final</b>
East London Waste Authority	11,990	13,023	8.6%	Provisional
Environmental Agency (Thames)	171	175	1.99%	Provisional
Environment Agency (Anglian)	18	19	5.0%	Estimated
Lee Valley Regional Park	252	265	5.0%	Estimated
London Pension Fund Authority	314	330	5.0%	Estimated
	<b>12,745</b>	<b>13,811</b>	<b>8.4%</b>	

Note 1 : the ELWA levy is subject to approval by board at its meeting on 9<sup>th</sup> February 2015. Any amendment to the levy will be advised to Cabinet and reflected in the subsequent report to Council

Note 2 : all other levy figures are either provisional sums or estimates calculated using the same percentage figure pending confirmation from the levying body. A figure of 5% had been used for planning purposes and this is still reflected in the last two levies, the details of which are awaited

Note 3 : all levies will be affected by the change in calculation of the Council Tax base

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

The Council is required to maintain a collection fund. Into this fund is paid all income from the Council Tax payers, and National Non Domestic Rate Payers (NNDR). From April 2013, it also includes Council Tax support payments. The precept set by the Greater London Authority and the requirements of the Council (which includes the levies) and paid from the Fund.

The balance on the fund estimated at 31<sup>st</sup> March 2015 has to be distributed to the GLA and Havering to reduce their individual elements of the Tax.

**2. Band D equivalent and the Council Tax Base**

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

The Council Tax base is this figure, after allowing for likely variations during the year in the number of properties on the register and likely losses on collection. The Council Tax base has been approved by the Group Director Resources under delegated powers and is 83,110 and it is this figure that is used to calculate the Council Tax.

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

2014/15 £	<b>Havering's Expenditure</b>	Estimate 2015/16 £	
165,596,130	Service Expenditure	174,473,045	
2,000,000	General Contingency	2,000,000	
<b>167,596,130</b>	<b>Havering's Own Expenditure</b>	<b>176,473,045</b>	
	<b>Levies</b>		
11,990,000	East London Waste Authority	13,023,000	Provisional
171,317	Environment Agency (Thames)	175,181	Provisional
17,679	Environment Agency (Anglia)	18,563	Estimated
252,415	Lee Valley Regional Park Authority	265,036	Estimated
313,839	London Pensions Fund Authority (LPFA)	329,531	Estimated
<b>12,745,250</b>	<b>Sub Total – Levies</b>	<b>13,811,311</b>	
(14,785,716)	Unringfenced Grant	(24,649,595)	
<b>165,555,664</b>	<b>Sub Total – Total Expenditure</b>	<b>165,634,761</b>	
	<b>External Finance</b>		
(38,889,716)	Revenue Support Grant	(30,235,176)	Provisional
(9,208,018)	Business Rates Top-up	(9,383,968)	Provisional
(21,632,207)	National Non Domestic Rate	(21,830,714)	Final
<b>(69,729,941)</b>	<b>Sub Total – External Finance</b>	<b>(61,449,858)</b>	
(913,000)	Council Tax Deficit/(Surplus)	(2,678,000)	
<b>920,395</b>	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	Precepts
95,833,118	1,195.18	London Borough of Havering	101,311,085	1,219.00	
23,974,717	299.00	Greater London Authority (Provisional)	24,517,450	295.00	
21,632,207	269.79	London Borough of Havering Retained Business Rates (Provisional)	21,830,714	262.67	
14,421,472	179.86	Greater London Authority - Retained Business Rates (Provisional)	14,553,809	175.12	
36,053,679	449.64	Central Government - Retained Business Rates (Provisional)	36,384,523	437.79	
272,168	3.39	Cost of NNDR collection	271,109	3.26	
<b>192,187,361</b>	2,396.86	<b>Total Expenditure</b>	<b>198,868,690</b>	2,392.84	
		<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>	<b>COUNCIL TAX per Band D property</b>	<b>125,828,535</b>	<b>1,514.00</b>	
<b>80,183</b>		<b>Council Tax Base</b>	<b>83,110</b>		
			<b>Council Tax percentage change 1.3%</b>		
		<b>Council Taxes Per Property Band</b>			<b>Change</b>
Valuation as at 1/4/91	£ p		£ p	£ p	
Under £40,000	996.11	Band A	1,009.34	13.23	
£40,000 - £52,000	1,162.15	Band B	1,177.55	15.40	
£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	1,850.45	24.24	
£120,001 - £160,000	2,158.26	Band F	2,186.89	28.63	
£160,001 - £320,000	2,490.30	Band G	2,523.34	33.04	
Over £320,000	2,988.36	Band H	3,028.00	39.64	

## APPENDIX F

### PROVISIONAL SCHOOLS BUDGETS 2015/16

(Net of estimated academy recoupment)

2014/15 £		2015/16				Total £
		Early Years Block £	Schools Block £	High Needs Block £	Additions & Adjustment s £	
11,091,942	Early Years	8,579,924	0	0	0	8,579,924
75,663,994	Primary Schools	0	70,918,315	2,040,027	22,707	72,981,049
15,810,111	Secondary Schools	0	14,562,256	426,959	4,715	14,993,930
5,811,071	Special Schools	0	0	5,985,089	0	5,985,089
2,620,029	Pupil Referral Service	0	0	2,620,029	0	2,620,029
831,040	Academy SEN funded by LA	0	0	911,116	0	911,116
<b>111,828,187</b>	<b>Estimated Total DSG to Education Providers</b>	<b>8,579,924</b>	<b>85,480,572</b>	<b>11,983,200</b>	<b>27,422</b>	<b>106,071,138</b>
11,238,813	Centrally Retained	398,364	4,294,281	7,117,918	0	11,870,563
<b>11,238,813</b>	<b>Estimated Total DSG to be Retained Centrally</b>	<b>398,364</b>	<b>4,294,281</b>	<b>7,117,918</b>	<b>0</b>	<b>11,870,563</b>
<b>123,067,000</b>	<b>Total DSG Allocation</b>	<b>8,978,289</b>	<b>89,774,852</b>	<b>19,161,138</b>	<b>27,422</b>	<b>117,941,701</b>

Note 1: The Dedicated Schools Grant is allocated in sub blocks.

Note 2: The above figures are net of £75,956,000 which is recouped by the DFE for academies and UTCs. This is based on the number of academies as at 31<sup>st</sup> December 2014

Note 3: Allocations to special schools and the pupil referral service are estimated

Note 4: Final figures will be published in the section 251 statement by 31<sup>st</sup> March 2015

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

**Virements**

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

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

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

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

All virements, whether revenue or capital, are subject to the following authorisation process as set out in the FPR, under Financial Planning and Financial Management, Section 6 of the FPR:

- (a) Virements in excess of £1 million will require Cabinet approval.
- (b) Virements between £250,000 and up to £999,999 will require approval by the relevant Cabinet Members.
- (c) All other virements will need to comply with procedures specified by the Group Director Communities & Resources

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

**Use of Contingency Funds**

The Group Director Communities & Resources may set up a central contingency fund. There will only be one such fund for the entire Council.

The Group Director Communities & Resources is authorised to release sums from the contingency if:

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

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

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

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

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

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

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**1. BACKGROUND**

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

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

2.1 The budget has been prepared using the four year Financial Strategy agreed by Cabinet in September 2014 as its starting point. This Strategy has been embellished through:

- The revenue and capital budget strategy statements, which are included as part of this report;
- The forecast position as set out in the Cabinet report of September 2014, January 2015 and February 2015;
- The schedule of savings proposals set out in those reports;
- The outcome and forecast impact on the Council of the CSR as reported to Cabinet in January 2015;
- A variety of announcements concerning the new funding system;
- The Autumn Budget Statement 2014;

2.2 As the development of the budget for 2015/16 has progressed, the position has been the subject to reviews with Heads of Service, Group Directors, Cabinet Members and the Cabinet Member for Value.

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

All the proposals have been developed alongside service planning.

Furthermore:

- a) In respect of pressures, the Council has reviewed its pressures alongside those identified by the LGA and London Councils to provide a cross check/challenge;
- b) In respect of savings, the proposals have been risk assessed against an agreed set of criteria which will ultimately inform in-year monitoring;
- c) A review of legislation takes place on an ongoing basis as part of the budget development process to assess possible implications;
- d) Financial modelling related to the new funding system and its impact on Havering's budget has been under constant review and refinement, especially with the ABS and subsequent LGFS announcements;

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

- Staffing changes incorporating proposed restructures;
- Inflation;
- Existing budgets;
- The proposals for budget adjustments and savings;
- The impact of changes to specific grants.

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

- 2.5 A review of all 2014/15 significant budget variances has taken place to assess any impact on the 2015/16 budget outside of the proposals in order to:
- (a) Ensure action plans are in place where a possible adverse variance could occur;
  - (b) Ensure use of any possible additional favourable variance is considered in the context of the overall strategy;
  - (c) Inform the risk assessment of contingency and reserves.
- 2.6 It is however also evident that the robust approach taken in previous years, in maintaining the contingency sum, and in holding reserves at the minimum level recommended, has enabled the Council to successfully manage in the past a major call on financial resources from one of our key services. This has been achieved without any noticeable impact on front-line services during the year. Whilst this is not a tenable long-term approach, the approach to resolving this problem in-year strengthens the argument to sustain appropriate levels of reserve funds as part of the Council's financial strategy.
- 2.7 The budget has been drawn up to provide financial stability and a platform for 2015/16 and future years. The proposals include a number of specific efficiency savings for which plans have been prepared and are in the process of being implemented over time. The Council's financial strategy will continue to roll forward having regard to the pressures, issues and priorities of Havering.

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

- 3.1 Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Chief Finance Officer (CFO), taking into account all local relevant circumstances.
- 3.2 In previous years, the Audit Commission's Comprehensive Area Assessment (CAA) has taken account of both the level of financial reserves and the identification and management of variances, in assessing an authority's use of resources. These should be reviewed on an annual basis.
- 3.3 The Strategy agreed by Council in July 2009 set out that the minimum level for the authority will be £10m. This Strategy has been maintained since that time. As is the norm, a full review has taken place as part of the budget setting process. The risk assessment is attached at Annex 1 and the CFO's advice is that the minimum level of reserves, and the provision of the contingency sum, should remain at their current levels, consistent with the level set in previous years.
- 3.4 The working balances as at 31 March 2014 amounted to £12m; above the minimum amount recommended by the MTFs and the revenue budget strategy, but set at a level to ensure greater financial robustness given the uncertain financial climate that has existed for some time and remains the prospect for the foreseeable future. Whilst Members may regard this as a

considerable level of reserves, these reserves support any issues on both revenue and capital and the Capital Programme's reliance on the delivery of capital receipts has remained.

- 3.5 After taking account of the most recent projection in the current year, it is anticipated that the Council's general reserves will continue to be at the current level of £12m at 31 March 2015.
- 3.6 Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in Council Tax. This is particularly the case when the Government has made it clear that they intend to retain a tough Council Tax capping regime, which will limit Council Tax rises in future years to pay for one-off use of balances.
- 3.7 As a general rule, the Council should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Council decides to use balances to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years. All Members must be mindful of their stewardship responsibility to the Council.
- 3.8 Having regard to the above and the current year's projected outturn, no use of general reserves/working balances or change to the existing financial provision within the contingency or special reserve is therefore recommended. This is consistent with the revenue budget strategy statement recommended for approval by Council as part of this report.
- 3.9 The Council maintains earmarked funds for specific purposes and their use is planned and approved for specific purposes, often to confirm with accounting policies, manage arrangements across financial years, or to fund known future commitments. The most significant are for the following:
  - (a) Insurance Reserve, which is part of the Insurance Self Funding Arrangement to meet future liabilities incurred but not yet claimed.
  - (b) Strategic Reserve for corporate transformation – these funds are used for the various transformation programmes across the Council – as well as priority projects and bridge funding for schemes such as the Property Strategy and the Leisure contract cash flow.
- 3.10 Other reserves continue to be expended/planned in accordance with the approvals/purpose. A review has taken place of these as part of the budget finalisation.
- 3.11 The working balances of the HRA are also subject to a risk assessment; this will be included in the report to Cabinet on the HRA budget for 2015/16.

## **4. OPPORTUNITY COST OF RESERVES**

- 4.1 Holding general reserves to meet unexpected events or emergencies is a necessary requirement. However, there are opportunity costs and benefits of holding cash balances, which can be measured in different ways, depending on what these resources were alternatively to be used for. For example, holding cash gives a financial benefit in contrast to using the cash to fund capital expenditure. The financial benefit would be the difference between the investment return and the total borrowing cost. At the current time, these are in fact broadly neutral, but a cost of around 4% will be incurred in respect of a provision to repay debt.
- 4.2 On this basis, for every £1 million of cash held, the purely financial benefit could be deemed to be £30k per annum or approximately £300k per year for balances of £10 million. This is dependent on prevailing money market conditions, which in the current economic climate can fluctuate significantly. Using the balances to repay debt earlier would not achieve a matching saving given the costs around early redemption and the similarity in short-term lending rates and long-term borrowing rates. For information, £1m equates very approximately to 1% on the Council Tax.
- 4.3 If, however, this is considered in the context of using these balances to fund one off expenditure, then the opportunity cost is the improvements that would accrue from that expenditure. This might for example be improvements in services, increased performance or some other measure. Such items have been considered by officers during the course of developing the MTFs, but these have not generally been included within the final proposals or the detailed budget given the broad financial constraints within which Havering is operating.
- 4.4 Should these items be included within the budget, they would obviously provide a basis for additional and/or improve services; with the need to appreciate that reserves exist for various reasons, and once expended, either have to be replenished, or the funding terminated. This is the opportunity that is being missed by holding general reserves. However this is only relevant if those items match the Council's priorities and Medium Term Financial Strategy.
- 4.5 It is important that in considering the level of working balances that the issue of the opportunity costs and benefits of such an approach is also considered and that Members weigh up the potential benefits against the risks. The other important factor in making this judgement is to consider is that balances can as indicated only be spent once, and can realistically only be used to support one off expenditure, or to allow time for management action to be implemented.
- 4.6 As stated above, the use of significant levels of balances to fund ongoing spending or reductions in Council Tax can pose material financial risks, especially the Council's ability to generate funds through Council Tax is limited by the capping regime. This could mean that any need to replenish balances could impact on front line services. Hence the level of reserves held overall is a balance between the risks facing the Council and the need to protect the Council and Council Tax payers from the short and longer term potential impact

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

## **5. REVIEW OF RESERVES AND CONTINGENCY**

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

**RISK ASSESSMENT FOR RESERVES / CONTINGENCY 2015/16  
REVIEWED AT 23 JANUARY 2015**

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
1. Reduction in Grant Funding CR8 Financial Challenges CR4 Business Growth	GDCR	Grant levels do not materialise and/or are reduced or cut, eg further withdrawal of Specific Grants, further reductions to Revenue Support Grant, reduced funding following changes to funding system, further reductions within CRS period, leading to need to scale down/cease services.	Medium to High	Addressed as part of budget strategy and detailed budget development		2,000	1,000
						Long term addressed as part of budget strategy and detailed budget development	
2. Reduction in Income Levels CR4 Business Growth CR8 Financial Challenges	GDCR/ GDCAH	Income levels do not materialise and/or debts are not collected at forecast levels, e.g. (a) Increasing arrears (b) Falling income (c) Falling recovery rates.	Medium	500	250	2,000	1,000
3. Increased service demand, changes in demography CR5 Change Management CR10 Social Care and Public Health	CE/ GDCAH/ GDCR/ GDPH	Demand led services increase over budget assumptions, e.g. Children's placements, Adult's social care, homelessness, benefits. Changes in property base leading to changes in population in overall terms and in	Medium	1,000	500	5,000	2,500
				Long term addressed as part of budget strategy and detailed budget development			
4. Savings Shortfall CR5 Change Management CR8 Financial Challenges	CE/ GDCR	Major savings/efficiency programmes are not delivered in accordance with plans, e.g. efficiency programmes fail to achieve expected savings, unable to deliver full value of savings, within expected timescales	Medium	1,000	500	Addressed as part of budget strategy and detailed budget development	
5. Workforce Issues CR1 Workforce Planning	CE/ GDCR	Workforce issues, e.g. (a) Vacancies/cover needs resulting in higher cost (b) Support to statutory officers	Low to Medium	Addressed as part of budget strategy and detailed budget		2,500	1,250

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
		(c) Equal pay matters (d) Disputes (e) Recruitment/retention (f) Succession Planning (g) Single Status		development			
6. Management of Capital Programme CR4 Business Growth & Investment CR5 Change Management	GDCR	Changes in Capital Programme/cash flow assumptions, e.g. (a) Capital receipts are not forthcoming in time (b) Receipts do not materialise at all (c) Interest rate market works against Havering (d) Interests from Capital Programme slippage	Medium	500	250	2,500	1,250
7. Supply Chain Resilience CR7 Partnerships, Shared Services & Contractor Arrangements	GDCR	Increase in costs or financial risks in partnership arrangements (including shared services/service collaboration). Failure in key supplier, eg financial failure, liquidation, failure in supply chain	Medium	500	250	2,500	1,250
8. Budget Management CR8 Financial Challenges CR10 Health and Social Care CR2 Community Engagement & Communications CR6 Business Continuity & Emergency Planning	GDCR	Arrangements for budget and financial management, e.g. unexpected overspends, increase in costs above rate of inflation such as pay awards, contracts, utility bills, variances not identified by monitoring system. Business continuity, eg flu pandemic, terrorism, network virus, legionella outbreak, adverse weather	Medium	1,000	500	3,500	1,750
9. New Legislation CR8 Financial Challenges CR10 Health and Social Care CR2 Community Engagement & Communications	CE/ GDCR GDCA&H	New legislation including changes in funding arrangements for social care lead to changes in demand/changes in service entitlement that are not matched by compatible funding increases from Government, leading to a greater cost falling on Havering	Medium	Addressed as part of budget strategy and detailed budget development		2,500	1,000
<b>TOTAL POTENTIAL</b>				4,500	2,250	22,500	11,000

Risk (incl Corporate Risk Register item)	Risk Owner	Risk Description	Assessment of Risk (counter measures in place)	Contingency		Reserves	
				Value of Assessment £000	Value Having Regard to Risk £000	Value of Assessment £000	Value Having Regard to Risk £000
ASSESSMENT HAVING REGARD TO RISK LIKELIHOOD – MINIMUM LEVEL REQUIRED			<b>Overall Medium Risk</b>		2,000		10,000

CE = Chief Executive GDCR = Group Director Communities and Resources	GDCAH = Group Director Children's, Adults & Housing GDPH = Group Director Public Health ACEL&DS = Assistant Chief Executive Legal & Democratic Services
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## CAPITAL PROGRAMME

### 1. BACKGROUND

- 1.1 Capital expenditure is expenditure on acquiring or enhancing tangible or intangible fixed assets. This is usually land or buildings, but can be equipment in some instances. All expenditure that is considered to be capital should be accounted for as capital and not charged to revenue.
- 1.2 The Asset Management Plan and Capital Strategy detail the Council's approach to capital investment. These documents set out the use of capital resources and areas of funding. They also discuss how this investment has contributed to the achievement of the Council's goals and vision and how this is planned to develop over the medium term.
- 1.3 Among these key activities is the management of existing assets. Without this it is likely that revenue maintenance costs would increase as assets deteriorate. Capital resources are also required to facilitate investment in projects seen to be a priority by our local community, e.g. Streetcare.
- 1.4 The capital programme has historically been funded largely by capital receipts. The main other funding streams have been:
- Town and Country Planning Act (S106 Agreements) – these are planning gains received from developers in recognition of the additional services that will be required as a result of development schemes. These can relate to a number of areas including education provision, highways improvements and public realm enhancements - services look to use these funds to supplement existing programmes.
  - Grant – largely Education / Transport for London and specific to the schemes.
  - Borrowing where it is either on an invest to save basis or where the investment supports a savings stream, and can be repaid.
- 1.5 Other funding streams are:
- Prudential Borrowing – having regard to appropriate indicators the Council is able to borrow resources to fund capital expenditure. Before doing so it must be assured that sufficient revenue funds are available to meet the ensuing revenue implications arising from capital expenditure. The Council is required to set aside a Minimum Revenue Provision (MRP) of 4% in respect of the increased borrowing requirement plus the resulting interest charge . Very broadly, increased borrowing of £1m will incur a revenue liability of £76,000 per annum over 25 years.
  - Revenue Contributions to Capital – revenue resources can be used to fund capital expenditure when these are deemed to be available.
  - Capital Allowances – most notably in relation to the maintenance of the Council's housing stock
  - External Funding – opportunities to maximise external funding are taken whenever these are consistent with the aims and objectives of the Council. Major funding bodies include the Heritage Lottery Fund, Sport England and the

European Social Fund. Many of these schemes require the Council to contribute match funding to the delivery of project and careful consideration is given to how this can be achieved. There are also grant funding streams – often unringfenced – which are allocated by Government departments. These generally have a broad purpose but are available for deployment through local investment decisions.

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

## **2. CURRENT STRATEGY**

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

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

- 2.7 Given the current financial climate and this increase in costs, it is felt that the Council's budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital receipts and Section 106 receipts and any sources of external funding only.
- 2.8 This broad approach is felt to be sufficient to finance a core programme until the end of financial year 2016/17, subject to the generation of the anticipated level of capital receipts. It will be necessary to consider the approach beyond that further into the future, when the long term funding streams for local government become clearer, and as the Council progresses the implementation of its four year financial strategy.

### **3. PROPOSED CAPITAL PROGRAMME BLOCK ALLOCATION**

- 3.1 Given that it is now proposed that the core programme is based on the application of receipts and external funding as the prime sources of finance, the overall programme has been assembled in the context of the expected level of receipts. This review has also taken into account anticipated levels of grant funding as well as the timing of receipts. The principle of a block allocation for specific programme areas has been used to generate an overall indicative programme.
- 3.2 The following block allocation was approved at Cabinet on 21<sup>st</sup> January 2015 in order to fund for the indicative core programme for the next two years.

	2015/16 £000	2016/17 £'000
Total	7,900	4,900

- 3.3 A detailed schedule of schemes within the 2015/16 programme has been drawn up, based on assessed needs and within the context of the individual core elements of the programme. This is set out in Annex 2.
- 3.4 It is also proposed to top slice £100k from the indicative Parks, Libraries, Leisure and Cemeteries programme. This will enable revenue funding earmarked for existing Leisure capital schemes to be redirected to changes to the phasing of revenue savings proposals. It is also proposed to establish a capital contingency of £3m to be funded from surplus capital receipts. Sums will be allocated from the contingency by the Director of Communities and Resources in consultation with the Lead Member.

### **4. SCHOOLS EXPANSION PROGRAMME**

- 4.1 The capital programme also includes the phase 3 schools expansion programme. The financing of this programme is achieved predominately from grant funding with the balance being met from s106 or Tariff income. The service continues to face pressures for additional schools places; a matter which has been reported at some

length in previous reports. The Director of Communities and Resources will keep the matter under review but is at present unable to allocate capital receipts to fund further expansion.

### **Associated Revenue Implications**

- 4.2 The revenue implications for schools are that, in creating additional classes, additional resources will be incurred particularly for teaching and support staff. From the financial year 2015/16 the schools will receive additional funding through their budget shares as the pupils will be on roll at the date of the pupil census that is used to calculate funding. Any growth arising after that point will need to be met from a pupil growth contingency held within the Schools Budget (funded by the Dedicated Schools Grant) as agreed by the Schools Funding Forum. The demand for increased funding to be held as a pupil growth contingency from a ring-fenced DSG is likely to result in less funding being available for distribution to schools putting at risk the ability of schools to maintain current levels of expenditure. Schools are, however, guaranteed through DFE financial regulations to not have their funding reduced by greater than 1.5% per pupil.

### **Revenue Implications for the Local Authority**

- 4.3 It should be noted that an increase in school admissions across the Borough may also have a 'knock-on effect' on other LA budgets such as special educational needs, home to school transport, etc. The details of this are currently being quantified and any pressures arising will be addressed through the appropriate channels. As mentioned previously, the DSG allocation to Havering will be increased from 2015/16 reflecting increased pupil numbers. Most of this will be allocated to schools but there may be some available to fund other pupil related pressures.

### **Risks**

- 4.4 There are a number of risks associated with the primary expansion programme as follows:
- Variation in demand for school places from that forecast, either leading to a requirement for further spend and/or places being delivered which aren't filled. Given that past trends has shown a higher than anticipated increase the latter is unlikely;
  - Increased costs either as detailed schemes are progressed, as a result of the tendering process or due to additional demand;
  - There may be insufficient funding to bridge the shortfall in which case the contingency plan would be to utilise borrowing however this would result in additional revenue costs to the Council and that would increase the projected budget gap for the next 4 years. Every effort will therefore be made to keep this to a minimum.

## **5. EXTERNAL/GRANT FUNDING**

- 5.1 The table only covers those schemes reliant on funding generated by the Council. There are other funding streams, as indicated above, and these are generally through a grant, which means there is no revenue cost to the Council. Such

funding sources mean that the overall scale of the Programme is larger than that covered solely by the table.

- 5.2 Information on external funding sources has in the past tended to be provided after the setting of the budget. Whilst such funding increases the scale of spend, there is no overall net increase, as the costs are matched by external resources, principally grant funding.
- 5.3 The major areas where external funding is received are Streetcare (principally funding from Transport for London, TfL), schools, and regeneration – though the last of these tends to come via different sources over time, the other two have tended to be a single announcement.
- 5.4 Details of TfL funding have already been announced and the Council has been allocated a sum of around £2.173m for 2015/16.
- 5.5 In addition, the Council has been notified of capital grants for education purposes. These are the Local Authority Capital Maintenance and Basic These grants are neither ring-fenced to specific workstreams within education, nor time-bound, ie funding may run beyond next year. However, based upon the the actual grant announcements, and the of previous detailed reports to Cabinet on the expansion of schools, which is covered in the previous section, detailed programmes have been drawn up and these are set out in Annex 3.
- 5.6 It is proposed that a detailed programme will be developed for external sources of funding, in line with any specific provisions relating to that funding, where details of the funding have yet to be identified. This will be reflected in future capital monitoring reports. A number of grant funded areas have already been announced and these are listed at Annex 4.
- 5.7 Officers already have delegated authority to accept grant funding on behalf of the Council and any such funding can usually only be applied for specified purposes. Approval has been sought through this report for any schemes resulting from the provision of external funding to be included within the Capital Programme under the authority of officers, to ensure an efficient process is in place.

CAPITAL PROGRAMME  
OVERALL FORECAST SPEND – GENERAL FUND CAPITAL

	<b>Revised Capital Budget</b>	<b>Actuals (previous years)</b>	<b>Current Year Actuals</b>	<b>Total Actuals</b>	<b>Current Year Encum berances</b>	<b>Forecast Current Year</b>	<b>Forecast Next Year 2015/16</b>	<b>Forecast Next Year 2016/17</b>	<b>Total Forecast Outturn</b>	<b>Expected Over/ (Under) Spend</b>
Culture, Community & Economic Development	83,035,626	36,860,639	9,894,412	42,301,551	155,619	23,927,280	22,252,517	38,500	83,078,936	43,310
Children, Adults & Housing	146,681,621	84,481,132	15,392,317	41,960,350	64,767	47,719,400	14,030,456	284,602	146,515,590	(166,032)
Resources	138,845,579	92,604,649	6,519,533	134,984,404	38,534	23,189,956	16,691,694	7,700,974	140,187,274	1,341,695
<b>Total</b>	<b>368,562,826</b>	<b>213,946,420</b>	<b>31,806,262</b>	<b>219,246,305</b>	<b>258,920</b>	<b>94,836,636</b>	<b>52,974,667</b>	<b>8,024,076</b>	<b>369,781,800</b>	<b>1,218,973</b>

DETAILED CAPITAL PROGRAMME 2013/14 AND 2014/15  
CORE PROGRAMME AND SPECIFIC SCHEMES

### Final Capital Budget Allocations

Description		
	2015/16 £'000	2016/17 £'000
Parks, Libraries, Leisure & Cemeteries	966	933
Street Environment	2,000	2,000
Education	0	0
Protection of Assets and Health and Safety	500	500
IT Infrastructure	1,000	1,000
Regeneration	100	100
Disabled Facilities Grant (Council element only)	0	300
Capital Contingency	3,000	0
Street Lighting	2,700	0
<b>Total</b>	<b>10,266</b>	<b>4,833</b>

Note 1 : the detailed schemes included within this sum are set out on the following pages.

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Cemeteries</b>											
Cemeteries Improvement works	Improvement works to various cemeteries	Louise Edmonds		Parks, Libraries, Leisure & Cemeteries	160,000	160,000			160,000		
					<b>160,000</b>	<b>160,000</b>	<b>0</b>	<b>0</b>	<b>160,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Parks</b>											
Langtons Gardens Restoration programme	Restoration of gardens at Langtons	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	150,000	150,000			150,000		
Haynes park investment	Improvement works to Haynes park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Coronation gardens improvements	landscaping and signage work to Coronation gardens	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Harrow Lodge park investment programme	Improvement works to Harrow Lodge park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	56,000	56,000			56,000		
Rise Park Investment programme	Improvement works to Rise park	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	20,000	30,000			20,000		
Play Area equipment replacement programme	replacement of play area equipment at various locations	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Parks investment programme	Improvement works to various parks	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	50,000	50,000			50,000		

Heritage Buildings investment programme	Improvement works to various heritage buildings	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Allotment investment programme	improvement works to various allotment sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Green Flag Investment programme	improvement works to various sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Public right of way improvements	improvement works to various sites	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Upminster Park changing rooms demolition and additional parking	Demolition of existing Upminster park changing rooms and creation of additional parking	Martin Stanton		Parks, Libraries, Leisure & Cemeteries	50,000	50,000			50,000		
					<b>526,000</b>	<b>536,000</b>	<b>0</b>	<b>0</b>	<b>526,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Libraries</b>											
Boiler replacemnt at South Hornchurch library	Replacing Boiler	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Replacement flooring at South Hornchurch library	flooring replacement	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
South Hornchurch Car Park improvements	repairs to South Hornchurch car park	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
CCTV replacement	replacement of CCTV camera's	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	40,000	40,000			40,000		
Improvements to South Hornchurch library	Improvements to portacabin at South Hornchurch Library	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	10,000	10,000			10,000		
Security systems at various library sites	installation of new security systems	Ann Rennie		Parks, Libraries, Leisure & Cemeteries	35,000	35,000			35,000		
					<b>145,000</b>	<b>145,000</b>	<b>0</b>	<b>0</b>	<b>145,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Leisure</b>											
Fairkytes investment programme	various improvement works to Fairkytes	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	15,000	15,000			15,000		
Hornchurch Sports Centre - new Diving boards	replacement of diving boards at Hornchurch sports centre	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	25,000	25,000			25,000		
Myplace improvement works - Soundproofing	soundproofing of main hall at Myspace	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Myplace improvement works - New reception and foyer	New reception and redesign of foyer at Myspace	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	35,000	35,000			35,000		
Leisure Centre investment programme	Improvement works at various leisure centres	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
Robert Beard Centre - Boiler replacement	Youth Facilitation – replacement boiler and repairs to windows at the Robert Beard centre	Guy Selfe		Parks, Libraries, Leisure & Cemeteries	20,000	20,000			20,000		
					<b>135,000</b>	<b>135,000</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Streetcare</b>											
<b>Highways</b>											
Highways - carriageway works	a selection of carriageway renewal / resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	500,000	500,000			500,000		
Highways - Footway works	a selection of footway renewal / resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	600,000	600,000			600,000		
Highways - footway micro asphalt works programme	a selection of footway resurfacing schemes following condition survey assessments	Chris Layton	Austen Gunn	Street Environment	250,000	250,000			250,000		
Anti skid replacement	anti skid replacement at selected locations following	Chris Layton	Austen Gunn	Street Environment	30,000	30,000			30,000		

	survey										
Shopping centre enhancements	Small scale shopping centre footway enhancements	Bob Wenman	Austen Gunn	Street Environment	80,000	80,000			80,000		
<b>Street Lighting</b>											
Street Lighting - Structural Testing Replacements	Structural testing replacements	Chris Layton	Chris Layton	Street Environment	80,000	80,000			80,000		
Street Lighting - Column Replacements	Cast Iron / Concrete Lamp column replacements	Chris Layton	Chris Layton	Street Environment	70,000	70,000			70,000		
Street Lighting - Painting	Lamp column painting	Chris Layton	Chris Layton	Street Environment	10,000	10,000			10,000		
<b>Environment</b>											
Replacement Litter bins & Cleansing initiatives	Litter bins & Cleansing initiatives	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
Highway shrub bed replacements	Replacement of highway shrub beds	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
Highway grassed conversions upgrades	Highway grassed conversions upgrades	Paul Ellis	Maria Smart	Street Environment	70,000	70,000			70,000		
Dangerous Tree replacement programme	Dangerous Tree replacements	Paul Ellis	Maria Smart	Street Environment	50,000	50,000			50,000		
<b>Waste Initiatives</b>											
Improvements to waste storage facilities	Waste storage facilities	Paul Ellis	Lisa Foster	Street Environment	25,000	25,000			25,000		
Fly tip prevention initiative	Fly tip prevention initiative	Paul Ellis	Trevor Rockliff	Street Environment	35,000	35,000			35,000		

programme											
<b>Parking</b>											
Car Park refurbishment Programme	refurbishments to various car parks	David Pritchard	Lorraine Delahunty	Street Environment	75,000	75,000			75,000		
Parking Traffic Management Order upgrades	Upgrade to Parking Traffic Management Order system	David Pritchard	Lorraine Delahunty	Street Environment	25,000	25,000			25,000		
					<b>2,000,000</b>	<b>2,000,000</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Asset Management</b>										
Health & Safety bids	Corporate allocation for Health & Safety bids in-year from services	Sue Wilks	Protection of Assets and Health& Safety	100,000	100,000			100,000		
Mercury House - Health & Safety	Installation of tannoy system	Sue Wilks	Protection of Assets and Health& Safety	75,000	75,000			75,000		
Mercury House - Heating upgrade	Upgrade to boiler and heating controls	Andy Skeggs	Protection of Assets and Health& Safety	25,000	25,000			25,000		
Town Hall - Passenger lift	Replacement lift (£75k already funded)	Andy Skeggs	Protection of Assets and Health& Safety	25,000	25,000			25,000		
Town Hall - Electrical installation	Improvements to resilience /capacity of electrical infrastructure	Andy Skeggs	Protection of Assets and Health& Safety	100,000	100,000			100,000		
Depots - Health & Safety works	Prioritised works to remove/replace structures	Andy Skeggs	Protection of Assets and Health& Safety	155,000	155,000			155,000		
Gaysfield - health & Safety works	Demolition of pavilion	Andy Skeggs	Protection of Assets and Health& Safety	20,000	20,000			20,000		
				<b>500,000</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
IT											
IT Transformation Programme	Various IT infrastructure projects to support transformation	Andrew Blake-Herbert		IT Infrastructure	1,000,000	1,000,000			1,000,000		
					<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>

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Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Economic Development</b>											
Romford town centre regeneration programme	Regeneration of Romford Market and South Street	Tom Dobrashian	Bob Flindall	Regeneration	100,000	100,000	0	0	100,000		
					<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Housing</b>											
Disabled Facilities Grant	Disabled Facilities Grant	Keith Andrews		Disabled Facilities Grant	829,000	829,000	0	0		829,000	
					<b>829,000</b>	<b>829,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>829,000</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
				£						
<b>TFL - Local Implementation Plan</b>										
<b>Bus Stop Accessibility</b>										
Step-free bus access	Improvements to Bus stops in Havering including hardstanding area, bus stop clearway and kerb heights.	Musood Karim	Externally Funded	79,385	79,385				79,385	
Community Bus Service "The Harold Link"	Community Bus Service via Tesco's at Gallows Corner and the Harold Wood Polyclinic.	Daniel Douglas	Externally Funded	9,385	9,385				9,385	
<b>Cycling investment</b>										
Collier Row to Romford Cycle Safety Improvements	Collier Row to Romford Cycle Safety Improvements including signage, dropped kerbs and road markings.	Musood Karim	Externally Funded	49,385	49,385				49,385	
All London Grid Green - Walking and	All London Grid Green - Walking and Cycling links connecting open spaces such as parks and leisure areas to town centres, transport hubs and employment areas within the borough.	Bob Flindall	Externally Funded	139,385	139,385				139,385	

Cycling links to parks and leisure areas										
Cycle Safety Training for Pupils	Delivering Bikeability training at Schools across the borough.	Martin Day	Externally Funded	59,385	59,385				59,385	
<b>Packages to Support Traffic Reduction and Air Quality</b>										
Implementation of Mayor's Air Quality Fund	Implementation of Mayor's Air Quality Fund including Air Quality monitoring and supporting projects within the Air Quality Action Plan.	Louise Watkinson	Externally Funded	25,000	25,000				25,000	
Travel Awareness Package	Development of transport advice and initiatives to support local businesses.	Martin Day	Externally Funded	39,385	39,385				39,385	
Travel Awareness for Schools	Transport initiatives to support school travel planning activities.	Martin Day	Externally Funded	54,385	54,385				54,385	
Smarter Travel Staffing Costs	Smarter Travel Staffing Costs to deliver Smarter Travel Programme across the borough.	Martin Day	Externally Funded	80,000	80,000				80,000	
Improvements to Air Quality	Part time officer to deliver initiatives funded through the Mayor's Air Quality Fund.	Louise Watkinson	Externally Funded	24,385	24,385				24,385	
<b>Casualt</b>										

y Reducti on Packag e										
Road Safety Awarene ss for Pupils	Road Safety Awareness initiatives for Pupils including Theatre Productions	Kevin Wheeler	Externally Funded	69,385	69,385				69,385	
Romford Taxi Marshall Scheme	Romford Taxi Marshall Scheme along Eastern Road on Thursday, Friday and Saturday nights.	Jamie Eastaff	Externally Funded	33,385	33,385				33,385	
Casualty Reducti on Measure s - A1306 / Sandy Lane Junction	Casualty Reduction Measures - A1306 / Sandy Lane Junction	Siva Velup	Externally Funded	199,385	199,385				199,385	
Casualty Reducti on Measure s - Goosha ys Package	Casualty Reduction Measures - Gooshays Package	Siva Velup	Externally Funded	84,385	84,385				84,385	
Casualty Reducti on Measure s - Upminst er Package	Casualty Reduction Measures - Upminster Package	Siva Velup	Externally Funded	84,385	84,385				84,385	
Casualty Reducti on Measure	Casualty Reduction Measures - Mawney Package	Siva Velup	Externally Funded	44,385	44,385				44,385	

S - Mawney Package										
<b>Smoothing Traffic Flow Schemes</b>										
Freight Loading facilities	Review of Freight Loading facilities across town and district centres across the borough.	Mark Philpotts	Externally Funded	69,385	69,385				69,385	
Main Road / Balgore s Lane junction improvements	Main Road / Balgores Lane junction improvements	Daniel Douglas	Externally Funded	99,385	99,385				99,385	
<b>Climate Change and Resilience</b>										
Flood alleviation measures - Hornchurch Road	Flood alleviation measures including upgrading of carriageway gullies along Hornchurch Road	Spencer Gray	Externally Funded	14,385	14,385				14,385	
Energy Efficient Street lighting	Delivery of energy efficient street lighting across the borough.	Sheri Lim	Externally Funded	49,385	49,385				49,385	
<b>Romford, London Riverside, Hornchurch</b>										

<b>and Harold Hill</b>										
Romford Public Realm Improvements	Public Realm Improvements in Romford town centre.	Chris Smart	Externally Funded	299,385	299,385				299,385	
Hornchurch Town Centre Public Realm Improvements	Hornchurch Town Centre Public Realm Improvements	Chris Smart	Externally Funded	149,385	149,385				149,385	
Improving access to the Learning Village	Improvements to footways and carriageways outside schools in the learning village area.	Chris Hobbs	Externally Funded	49,385	49,385				49,385	
Shopping Centre Access Improvements - Harold Hill	Undertake improvements to outlying shopping areas throughout Harold Hill.	Chris Hobbs	Externally Funded	149,385	149,385				149,385	
Access improvements to Rainham Creekside	Public transport access improvements to Rainham Creekside	Chris Barter	Externally Funded	49,385	49,385				49,385	
Beam Park Station - Design and Approvals	Beam Park Station - Design and Approvals through the GRIP process.	Chris Barter	Externally Funded	149,385	149,385				149,385	

<b>Other</b>										
Traffic Management Order (TMO) Review	Comprehensive review of all Traffic Management Orders (TMO) across the borough.	Mark Philpotts	Externally Funded	9,380	9,380				9,380	
Taxi Rank Provision Review	Borough wide review of all Taxi Ranks looking to see if they are fit for purpose, accessible for disabled passengers and if new sites are required or not.	Mark Philpotts	Externally Funded	9,380	9,380				9,380	
				<b>2,173,000</b>	<b>2,173,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,173,000</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
				£						
<b>Schools Maintenance Grant</b>										
R J Mitchell	Replace Biomass Boiler	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
RJ Mitchell	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Newtons	Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	80,000	80,000				80,000	
Newtons	Refurb KS2 Toilets	Joanne Hunter	15/16 Maintenance Grant	30,000	30,000				30,000	
Newtons	Upgrade Lighting	Joanne Hunter	15/16 Maintenance Grant	80,000	80,000				80,000	
Newtons	Recover Flat Roof	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Mead	Upgrade Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
Mead	Upgrade Lighting	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Benhurst Primary	Final Phase of Window Replacement	Joanne Hunter	15/16 Maintenance Grant	75,000	75,000				75,000	
Ardleigh Green Inf	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Ardleigh Green Jun	Replace Flat Roof Covering	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	

Harold Wood	Next Phase - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Sanders Draper	Upgrade Existing Lighting	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Gaynes	Electrical Distribution	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
Gaynes	Next Phase - Window Replacement	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Gaynes	Next Phase - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Langtons Infants	Refurb/Replace Demountables	Joanne Hunter	15/16 Maintenance Grant	300,000	300,000				300,000	
P Royal Liberty	Upgrade Electrical/Fire Alarm	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
C Crowfield Infants	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
E Engayne	Infants Building Surface Water Drainage	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
				<b>2,465,000</b>	<b>2,465,000</b>	-	-	-	<b>2,465,000</b>	
	<b>Additional Schemes should grant be higher than expected</b>									
Dycorts	Ceilings and Walls	Joanne Hunter	15/16 Maintenance Grant	200,000	200,000				200,000	
Scotts	Replace Roof lights	Joanne Hunter	15/16 Maintenance Grant	25,000	25,000				25,000	
Scotts	Replace Windows	Joanne Hunter	15/16 Maintenance	50,000	50,000				50,000	

			Grant							
Ravensbourne	Phase 2 Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	50,000	50,000				50,000	
Towers Infants	Recover Flat Roof	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Whybridge Inf	Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Whybridge Jun	Phase 2 - Roof Covering Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
James Oglethorpe	Next Phase of Roof Replacement	Joanne Hunter	15/16 Maintenance Grant	150,000	150,000				150,000	
Royal Liberty	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	100,000	100,000				100,000	
Parold Court	Phase 2 Window Replacement	Joanne Hunter	15/16 Maintenance Grant	75,000	75,000				75,000	
				<b>950,000</b>	<b>950,000</b>	-	-	-	<b>950,000</b>	
				3,415,000	3,415,000	-	-	-	3,415,000	-

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Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>School Expansions - Phase 3</b>										
Phase 3 School Expansions	Increasing capacity at various schools/educational establishments within the borough			15,355,280	3,071,056	10,748,696	1,535,528		15,355,280	
				<b>15,355,280</b>	<b>3,071,056</b>	<b>10,748,696</b>	<b>1,535,528</b>	<b>0</b>	<b>15,355,280</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Finance</b>											
Capital Contingency	Traditionally total capital expenditure (included all externally funded schemes) is around £60m. It is proposed to establish a capital contingency, at 5% to allow for new priorities emerging. It is proposed that the release of this contingency is delegated to the Group Director, Communities and Resources	Mike Board		Capital Contingency	3,000,000	3,000,000	0	0	3,000,000		
					<b>3,000,000</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>

Capital Scheme Name	Scheme Description	Project Manager	Dashboard User	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
						2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
<b>Street Lighting</b>											
LED Streetlighting	Replace Light fittings with LED's generating revenue savings	Mark Lowers		Street Lighting	2,700,000	2,700,000	0	0	2,700,000		
					<b>2,700,000</b>	<b>2,700,000</b>	<b>0</b>	<b>0</b>	<b>2,700,000</b>	<b>0</b>	<b>0</b>

**DRAFT OVERVIEW & SCRUTINY BOARD MINUTES**

**MINUTES OF A SPECIAL MEETING OF ALL  
OVERVIEW & SCRUTINY board  
Havering Town Hall, Romford  
5<sup>th</sup> February 2015**

**DRAFT MINUTES TO BE INSERTED AFTER MEETING HAS TAKEN PLACE**

## ASSESSMENT OF IN-YEAR VARIANCES

The period 6 monitoring report identifies a number of variances and as part of the budget-setting process, these have been analysed to determine whether there is any potential ongoing impact on 2015/16. This analysis is set out below:

(Please note this is before the release of demographic growth funding and if the trend continues additional funding will be identified.)

Service	Forecast Outturn Variance £'000	Major Elements of Variance £'000	Impact on Future Budgets
Culture & Leisure	(102)	The overall budget position is mainly as a result of improved performance by the Grounds Maintenance DSO.	At period 9 a £69k underspend is projected. The Grounds Maintenance operation will be scrutinised to see if there is a base opportunity, but this cannot currently be assumed.
Corporate & Customer Transformation	(107)	Difficulty in recruiting to vacant posts.	At period 9 a £79k underspend is projected. Pressures within this evolving service mean that this underspend cannot be assumed to continue.
Streetcare	(267)	A range of cost reduction controls and improved income positions in Borough Roads & Parking.	At period 9 an overspend of £37k is projected. The budgets with, for example the parking account, are too variable to assume any ongoing positive variance.
Regulatory Services	(129)	Underspend reflects balance of income achievement in Building Control and Crematorium.	At period 9 an underspend of £79k is projected. External income across the service is uncertain and in some cases is under-performing. An ongoing underspend cannot be prudently assumed.
Learning & Achievement	643	The number of complexity of cases is likely to lead to an increase in wheel chairs, escorts and possibly routes.	Recently £600k demographic growth was allocated, however the level of overspend will increase as transport routes and demand for school places grows. At month 9 the overspend after demographic allocated is £100k
Children's Services	1,476	Placement costs have increased due to a need to place some high need young people in expensive residential placements	Current demand for placements has increased - Jan 15 is at 229. Even though it has stabilised and £1m growth agreed, the staffing budgets in hand have increased by £1.3m due to the number of agency staff employed.
Adult Services	839	The predicted overspend is due to placement activity	The first phase of the Care Act comes into force from April 2015,

Service	Forecast Outturn Variance £'000	Major Elements of Variance £'000	Impact on Future Budgets
		in Learning Disabilities and Adult Community Team.	including changes to how adult social care works with informal carers. There is new burdens funding being made available as well as the BCF 2015/16 funding, which will support the implementation of the new changes and to fund some (not all) of the anticipated pressures. However, there remains pressures in Learning disabilities and Adult community team to deal with current growing demand, with high MTFS savings in these areas for 2015/16. It is therefore, anticipated that pressure will remain in 2015/16, with MTFS efficiency initiatives supporting the realisation of savings anticipated

**SCHEDULE OF FEES AND CHARGES**

**THE LEGAL FRAMEWORK GOVERNING BUDGET DECISIONS**

1. The Council is required to set a Council Tax for 2015/16 before 11 March 2015. It may not be set before all precepts have been issued and the decision cannot be delegated to a committee or to Officers. Before setting the level of the tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimate to be brought forward from previous years, and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants retained Business Rates and other grants credited to the consolidated revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.
2. In reaching decisions on these matters, Members are bound by the general principles of administrative law and must not fetter their discretion. All relevant considerations must be taken into account and irrelevant ones disregarded. Any decision made must be one that only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The full resources available to the Council must be deployed to their best advantage and Members must act prudently.
3. Among the relevant considerations, which Members must take into account in reaching their decisions, are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans which existed under previous legislation is repeated in Section 65 of the Local Government Finance Act 1992.
4. In considering the advice of officers, and the weight to be attached to that advice, Members must have regard to the personal duties placed upon the Council's Section 151 Officer (see para 5 below). The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members must take into consideration the Council's exposure to risk if they disregard clearly expressed advice, for example, as to the level of provision required for contingencies, bad debts and future liabilities.
5. The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management and account practices meet relevant statutory and profession requirements. Furthermore Section 25 of the Local Government Act 2003 requires the Corporate Director of Finance and Resources to report on the robustness of the budget estimates and the adequacy of reserves to which Members must have regard.
6. Members must also have regard to, and be aware of the wider duties placed upon the Council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified within the Local Government and Housing Act 1989. The Local Government Act 2003 requires that the prudential borrowing limits are set by the Council having regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. This sets out a framework for self-regulation of capital spending, in effect allowing Councils

to invest in capital projects without any limit, so long as they are affordable, prudent and sustainable. To facilitate this arrangement the code requires the Council to agree and monitor a number of prudential indicators.

7. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting on the decision for that reason. The Member concerned must then abstain from voting. The application of Section 106 is very wide and there have been successful prosecutions under this legislation. It can include meetings held at any time during the year, not just the annual budget meeting, and it may include meetings of committees or sub-committees as well as Council meetings. Members should be aware that the responsibility for ensuring that they act within the law at all times rest solely with the individual Member concerned.
8. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 provide that the Council's procedures must provide for the minutes to record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied.
9. Having set a budget at the beginning of the year, the Council is also under a duty to monitor that budget during the course of the year and to take remedial action if at any time it appears likely that expenditure will exceed available resources. Members are aware of the duty of the Section 151 Officer under Section 114(3) of the Local Government Finance 1988 Act to report to the Council if it appears that this will happen, and of the impact of Section 115(6) which prohibits any new agreement which would incur expenditure from being entered into following the issuing of such a report and pending its consideration by the Council. The Members of the Council, having received a Section 114 report are obliged to take all reasonable practicable measures to bring the budget back into balance.
10. A Section 114 report is a serious matter which can destabilise an authority and can only be avoided by prudent budgeting and effective budgetary control. This adds emphasis to the need for an adequate contingency provision and a strong corporate commitment to holding chief officers accountable for containing expenditure within cash limits approved during the budget process.
11. It is the duty of the Corporate Director of Finance and Resources as the Section 151 Officer to provide the relevant financial information, which is or ought to be available and advise on the financial prudence of options before Members, and Members must take account of such information and advice in reaching their decisions. The Council is however free to take decisions which are at variance with the advice of those officers, providing there are reasonable grounds to do so.
12. The Section 151 Officer must consider whether in his view the Council had agreed a balanced budget which is capable of delivery taking all know factors into account. In the event that he considers this not to be the case, then he has a personal duty to indicate this by issuing the Council with a notice under Section 114 Local Government Finance Act 1988.

## EQUALITIES IMPACT ASSESMENTS

### The Council's equality duties and commitments

The Equality Act 2010 requires public authorities to have due regard to the three aims of the Public Sector Equality Duty when exercising public functions (e.g. planning, delivering and re-designing services). **The three aims** of the Public Sector Equality Duty are to:

1. Eliminate unlawful discrimination, harassment and victimisation;
2. Advance equality of opportunity; and
3. Foster good community relations between people who share any protected characteristics and those who do not.

The Council has a duty to act and is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

Currently there are **nine protected characteristics** (previously known as 'equality groups' or 'equality strands') covered under the Equality Act 2010; these being age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

### Equality Impact Assessments

The report includes Equality Impact Assessments (EIAs) for individual decisions being taken. Whilst the Council must demonstrate that, when making decisions, particularly in relation to budget proposals, it has discharged its Public Sector Equality Duty in relation to the groups protected by the Equality Act 2010, it must also consider the principles of relevance and proportionality. The Council must also comply with other relevant legal duties and statutory obligations such as the duty to set a balanced budget based on residents' priorities and changing needs, within a context of reduced central Government funding and a generally challenging economic climate. In making decisions, Members will therefore need to consider the individual EIAs alongside:

- Revised strategy guidelines and new legislation;
- Increasing demand for services, and
- The community's priorities for services.

The paragraphs below summarise key considerations relating to the nine protected characteristics in respect of the total package of savings proposals under consideration. This analysis **excludes** analysis of the anticipated impacts on staff. Any human resources implications arising out of the approved proposals will be dealt with in accordance with the relevant HR policies and procedures and will be subject to individual Equality Impact Assessments (EIAs) and consultation with staff and trade unions as appropriate.

## Age

Children and young people will be affected by a number of the proposals, including those to reduce funding to First Steps and to change the manner in which youth services are provided across the borough. Although there may be a decrease in overall engagement opportunities for young people provided directly by the Council, the core offer of services will be protected. The original proposals for reductions in the youth service have also been somewhat mitigated by lowering the required saving in order to explore new delivery models, including commissioning a Youth Trust. This proposal is currently at the planning stage and will be subject to a Full Equality Impact Assessment and consultation during the coming financial year. The Council is also mindful of prioritising support for the most vulnerable children and has responded to increased demand for safeguarding services by increasing funding in this area.

Library proposals had originally included a likely cessation of the summer reading scheme, impacting on younger children, but these proposals have also now been modified to reduce this impact, as set out in the main report.

Older people make up a large proportion of the Borough's population and therefore they are likely to be affected by some of the changes inherent in the budget proposals, particularly those relating to the funding of services for older adults. However, it should also be noted that older people were disproportionately represented in the consultation exercise and so their priorities are reflected in the proposals to a greater extent than other groups.

Older people are expected to be affected by changes in care arrangements as a result of the Care Act, though this is a legislative change and not within the control of the Council. For some younger adults (aged 18 – 64), particularly those with a mild to moderate learning disability, the application of the new national eligibility criteria within the Care Act will either result in them receiving no service, or a reduced service compared to what they have been used to. This will also have an impact on their carers, the majority (76%) of whom are women, particularly older women. The Council is cognisant that it must support those people to find suitable alternatives locally and within the community. The Council's planned work around strengthening communities, and early help, intervention and prevention initiatives will be key in enabling younger adults to be as independent as possible.

It is anticipated that personalised services (such as personal budgets) will have a positive impact and will provide service users and their families / carers with greater choice and control over their services. However, for some people such a change is likely to be seen as a negative impact and / or a significant reduction in service, as they have become accustomed to receiving more traditional services from the Council over the years. For some people, the proposed introduction of a cap on a care package / personal budget will also result in them either having to meet the difference in the cost themselves (if they would like the care package / personal budget to continue), or will mean they will need to move into a residential or nursing care home.

In implementing the Care Act, the Council will prioritise assistance for the most vulnerable adults. In line with the approach taken to children's services, the Council's budget proposals give greater protection to those social care services that support the most vulnerable people. In order to achieve this, social care services will continue to be reviewed and re-shaped over the coming years to ensure that the most vulnerable people continue to be supported. The Council will continue to provide services to individuals who are assessed as having needs that

meet the new national eligibility criteria set out within the Care Act, and extra care schemes will continue to be provided to meet local needs. Meanwhile, data indicates that 80% of carers are aged 65+ and, as such, this age group will particularly benefit from the additional duties that are to be placed on the Council in respect of carers as a result of the Care Act.

In relation to culture and leisure services, the Housebound Service operating from the Council's libraries, which predominantly benefits older and disabled residents, will be maintained through the use of volunteers and, whilst adults will be more negatively impacted than children and young people by increases in fees and charges at Fairkies Arts Centre, the development of the adults' cultural offer available in the centre is expected to benefit this group.

Working age people will be disproportionately impacted by the changes to the Council Tax Support Scheme, as the changes do not affect people of pensionable age. However the service does not consider that the proposed changes will cause undue hardship, based on the impact seen in other London authorities who have implemented the same or higher reductions. The impact is also somewhat mitigated by the Council's Council Tax Discretionary Policy, which is designed to support households in hardship.

Finally, it is envisaged that the parking proposals will impact positively on all age groups who wish to visit outlying town centres through the introduction of a free limited stay tariff. Further positive impacts, in terms of improved driver behaviour and therefore enhanced road safety, are expected to arise from increased parking enforcement around schools.

## **Disability**

The EIAs in respect of a number of the budget proposals set out proactive steps to reduce the impacts on this group. The proposed changes to parking charges, for example, will not affect disabled people. Though there will be changes to the way in which the libraries service operates, the Council has deliberately avoided total building closures prioritised the continued opening of its 10 libraries, largely in recognition of the importance of ensuring accessibility of these services is maintained for disabled people, those with mobility problems and those without access to a car. As stated above, the Housebound Service operating from the Council's libraries, which predominantly benefits older and disabled residents, will be maintained through the use of volunteers. Steps are also being taken to ensure that online library resources are accessible to people with learning disabilities or hearing or sensory impairments. The Council also seeks to maximise Council Tax Support for disabled people by increasing the applicable amount for them through premiums.

While the Council is aiming to reduce its face-to-face contact costs by moving more people to self service and assisted service, it recognises that some disabled and older people will experience digital exclusion and will therefore keep alternative contact channels open for such customers. By shifting other customers towards less resource intensive contact channels, the Council will be able to focus its support resources on the most vulnerable residents and on those who need most assistance to access services.

## **Gender reassignment**

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people who have undergone gender reassignment. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact

of the proposals under consideration is considered to be unaffected by whether an individual has undergone gender reassignment or not.

### **Marriage and civil partnership**

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people who are married or have entered into a civil partnership. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the majority of proposals under consideration is considered to be unaffected by whether an individual is married or has entered into a civil partnership or not.

The Council does, however, recognise that married people, civil partners and couples are more likely to be affected by proposed changes to the provision of services for older adults, as they are more likely to be carers for a partner or spouse.

### **Pregnancy and maternity**

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people possessing this characteristic. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the majority of the proposals under consideration is considered to be unaffected by whether an individual possesses this characteristic or not.

The Council does, however, recognise that parents (particularly mothers and lone parents) are more likely to be affected (whether positively or negatively) by the changes proposed to the provision of adult social care and services to carers as a result of the Care Act, as they are more likely to be caring for a young adult with support needs.

### **Race**

At the point at which the 2011 Census was undertaken, the composition of the Havering population was 83% White British and 17% Black and Minority Ethnic (BME) groups (including non-White British residents). White British residents are therefore statistically more likely to be impacted (whether positively or negatively) by the budget proposals.

The findings from the budget consultation and other statutory consultations were limited in terms of their analysis of feedback from BME groups, either because very few people from these groups responded to the consultations and / or because they preferred not to disclose their ethnicity. This, combined with the fact that there is limited service user data broken down by ethnicity, means that it is difficult to assess with any accuracy which BME groups (if any) are likely to be *disproportionately* affected by the proposals.

There could be a negative impact for people of different ethnicities or races as a result of the proposed changes to the Council Tax Support scheme. This is because there is a slight over-representation of black and minority ethnicity communities amongst recipients of Council Tax Support. In mitigation however, as stated above, the Council has a Council Tax Discretionary Policy that is designed to support households in hardship.

While the Council is aiming to reduce its face-to-face contact costs by moving more people to self service and assisted service, it recognises that people who have limited English language

skills may experience digital exclusion and will therefore keep alternative contact channels open as well. Translation and interpreting services will also remain available on request. With the support of volunteers, the Council is also hoping to be able to continue to be able to support service users to access services and information online and / or to increase their computer confidence and English language skills.

In terms of the proposals relating to libraries, it should be noted that two of the five “strategically important” libraries (Harold Hill and Rainham) are based in areas of higher deprivation (where the proportions of BME communities are higher) and a third (Romford Library) is located in one of the most ethnically diverse areas of the borough and has the most ethnically diverse service user profile. Steps are also being taken to ensure that online library resources are accessible to people whose first language is not English.

In terms of improving the assessment of impact, several services have recognised the need to plug data gaps at a service level in respect of BME communities and are already taking steps to address this, such as improving their monitoring and data capture techniques.

### **Religion or belief**

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people of particular religions or beliefs. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the proposals under consideration is considered to be unaffected by an individual’s religion or beliefs.

### **Sex**

Women and girls comprise 52% of Havering’s population and, as such, are statistically slightly more likely to be affected by the overall budget proposals.

67% of adult service users are women. As such, female service users will be particularly disproportionately impacted by changes to these services compared with male service users. Similarly, the libraries service has significantly more female than male service users (at 58% compared with 39%), so the proposals in respect of that service are also likely to have a disproportionate impact on women and girls.

Not all the proposals impacting disproportionately on women, however, will have an adverse impact. For the first time, the Care Act recognises carers in law in the same way as those they care for and confers a number of new duties on the Council in respect of carers, including giving carers a right to have their support needs assessed and responded to as appropriate. As carers are statistically more likely to be female, this group will particularly benefit from these changes.

### **Sexual orientation**

No data that is currently held suggests that there is a disproportionate impact of the proposed package of budget proposals on people of different sexual orientations. This is due to a combination of service users and residents preferring not to disclose this information (and therefore little data being held in this regard) and also the fact that the anticipated impact of the proposals under consideration is considered to be unaffected by an individual’s sexual orientation.



## **Equality Impact Assessments (EIAs) of final budget proposals**

# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Budget Proposals for the Library Service 2015/2017
<b>Type of activity:</b>	Budget Proposals
<b>Lead officer:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Approved by:</b>	Andrew Blake Herbert, Group Director
<b>Date completed:</b>	January 2015
<b>Scheduled date for review:</b>	The proposals will be reviewed in January 2016

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Budget Proposals for the Library Service 2015
2	<b>Type of activity</b>	Budget Proposals
3	<b>Scope of activity</b>	<p>A proposal for a new delivery model for Library Services in a context of significant budget reductions. Changes, if agreed, will include a reduction in staffing and opening hours for libraries, the increase of Library Fines by 30%, and a greater use of volunteers to help deliver services including the Local Studies and Family History Service and the work of the Reader Development team, and the use of volunteers to deliver the Housebound Service.</p> <p>New ways to generate income will also be explored as part of the new model, such as new membership arrangements, philanthropy, donations and sponsorship.</p>
4a	<b>Is the activity new or changing?</b>	Yes - changing
4b	<b>Is the activity likely to have an impact on individuals or groups?</b>	Yes
5	<b>If you answered yes:</b>	<i>Please complete the EIA on the next page.</i>
6	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Date:</b>	January 2015

## 2. Equality Impact Assessment

### Background/context:

As has been noted in the draft Library Strategy, the Library service will be working in an entirely new context in the next three years. Significant reductions to the Library service budget will be required as the Council faces up to the challenge of finding £60m of savings (representing a third of its controllable budget).

It is clear that the Library service cannot continue to operate as it has done in the past and with the majority of the budgets covering staffing and building costs, the principal way to achieve the significant reductions that will be required is to either reduce the number of staff working for the service and/or close Library buildings.

Havering Council has decided to avoid building closures and prioritise the continued opening of the existing 10 library buildings, for the following reasons:

- The importance of retaining Libraries buildings in the town centres and communities in which they are based (for the reasons set out in this Strategy);
- The importance of ensuring that the current accessibility of the Libraries is maintained, particularly for disabled people, for those people who have mobility problems and for those people who do not have access to a car;
- Avoiding building closures (which could result in the disposal of those buildings) means that future investment in those services remains possible, assuming greater levels of funding become available at some point in the future. Closing Library buildings means that they will almost certainly be lost forever.

If all of the buildings are to be retained, which is proposed, the only realistic way of making significant budget savings is to reduce the opening hours, which in turn means reducing the number of staff employed by the Library service and reducing the number of staff on duty at any one time. At first glance this sounds as if the service to users will significantly reduce, but this need not be the case: in fact, it is the Council's intention to retain as much of the existing service as possible through a new delivery model (or business model) for the Library service. Increasing the number and involvement of volunteers, working alongside professional staff, is at the heart of the new delivery model which has worked well in other Local Authorities across the country.

The Arts Council, in their report: "Community Libraries: Learning from Experience: Summary Briefing for Local Authorities" (January 2013), have identified two main types of "community libraries" that have emerged across the country in the last few years:

1. "Independent community libraries", where there is no public sector involvement;
2. "Co-produced Libraries", where there is both public sector and community involvement.

Havering Council propose to adopt the "co-produced libraries" model, believing it important that a core team of professional Library staff are retained to provide a bed rock for the service. Their experience and skills are considered vital to underpinning the Library service offer and to help motivate, train and develop the increased number of

volunteers who will be required to help run the service. In fact there are three types of “co-produced library” sub models identified in the Arts Council report: Havering Council proposes to adopt the “community supported” sub model, where the service is Council led and funded, with professional staff employed, but with significant support from volunteers.

In Havering we propose to call the Library service the “Partnership Library Service”, so that the vital role that is to be played by both volunteers and Council employed staff is recognised.

Havering Council believes the current significant involvement of volunteers, the quality of that involvement and their commitment provides strong evidence that the “Partnership Library Service” model can work. The input of volunteers, however, cannot be assumed and the Council will have to work hard to both retain the existing volunteers and encourage involvement from new volunteers. To ensure the new delivery model is a success and to ensure that this Strategy is achieved, the Council estimate that the number of volunteers will need to increase by up to 100% by March 2016. The aim will be to create teams of volunteers that have a strong association with their local library, so that they can support each other and provide cover if a volunteer cannot fulfil their commitments for whatever reason. It is not essential that the number of volunteers will need to increase by up to 100%, but this target is considered desirable given the need for the volunteers to provide support and cover for each other.

It is envisaged that up to 100 volunteers will be needed to run the Housebound service; up to 140 volunteers will be needed to support the running of the five strategically important libraries; 100 volunteers will be needed to support the running of the other five libraries (a pool of 20 per library) and up to 40 volunteers will be needed to run events / activities, support the Local Studies and Family History Centre and to support literacy related work.

A separate Volunteer Strategy for the Library service will be written to ensure that this target is reached. The role of the partners will be set out in this Strategy.

The Volunteer Strategy will set out how the Council intends to

1. Learn from and apply best practice from around the country;
2. Retain the existing volunteers working with the Library service (there are currently approx. 380 volunteers);
3. Work with umbrella organisations, such as HAVCO and the Volunteer Centre to encourage new volunteers to join the service;
4. Define the various roles and responsibilities of the different types of volunteers that will be deployed, including identifying that roles they will not be able to carry out in Libraries (ie those roles that only staff will be able to carry out);
5. Market and communicate the volunteering opportunities that will become available;
6. Train and develop the volunteers, with the support of Havering College and the Council Equality and Diversity team, so that they are able to help manage the library buildings and meet the needs of all the library users, including disabled people;
7. How the volunteers will be motivated and incentivised to continue with their volunteering over an extended period of time;
8. How the deployment of volunteers will be organised and managed across the

service, including the strategic management of volunteers and the management of volunteers within each library;

9. What changes are required in relation to staff training and job profiles to ensure that an effective partnership is developed with volunteers.

The new delivery model proposes that the current Library building managers are retained to provide leadership and management expertise in each Library building (as they currently do) and that they are supported by a small team of staff, to ensure that there are always two Library staff on duty at any one time, during the “core opening hours” (the core opening hours are highlighted below). It is proposed that a small central team of peripatetic staff are also employed to provide cover for annual leave, sickness etc. It is further proposed that trained volunteers work alongside paid staff during the “core opening hours” and, where they are willing to do so, they work by themselves to extend the opening hours beyond the core offer.

The day to day management of the volunteers working in Libraries will be the responsibility of the relevant Library manager, but the overall responsibility for co-ordinating and developing the volunteer programme will be led by a post in the Reader Development team.

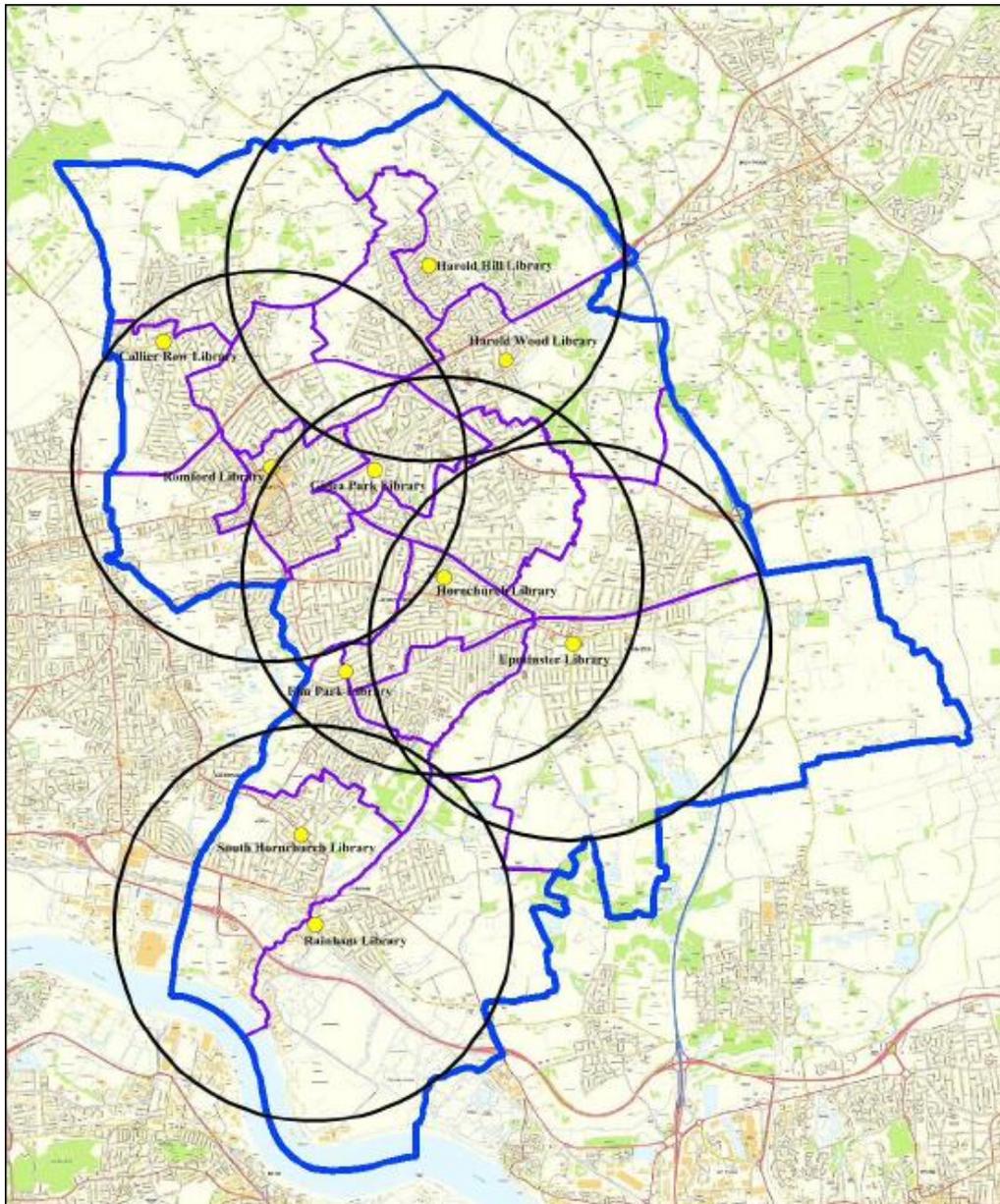
The new delivery model envisages the five strategically most important Libraries (Romford, Hornchurch, Upminster, Harold Hill and Rainham) opening at least 50 hours a week and the remaining five Libraries (Elm Park, South Hornchurch, Collier Row, Harold Wood and Gidea Park) opening at least 24 hours a week. The opening hours would include evening periods and Saturday opening. As set out above, these hours would be the “core opening hours” (ie. the minimum opening hours); but the intention would be to increase those opening hours, with the help of trained volunteers.

The table below details the number of physical visits at each library over the last 12 months (November 2013- October 2014)

<b>Libraries</b>	<b>Number of Physical Visits (January -14 to December -14)</b>
Romford	356,827
Hornchurch	339,812
Upminster	238,026
Collier Row	121,618
Elm Park	110,620
Gidea Park	125,941
Harold Hill	128,608
Harold Wood	70,701
Rainham	72,344
South Hornchurch	48,152
<b>Total</b>	<b>1,612,649</b>

The five strategically important libraries include the three busiest libraries (Romford, Hornchurch and Upminster) and the two libraries that, although are not the busiest, are located in areas of relative deprivation and where there is perceived to be a greater need for library services to be provided (Rainham and Harold Hill). The selection of Harold Hill Library and Rainham Library also takes account of the fact that they are new buildings and there are plans to build a significant number of new houses in the catchment area for these two library buildings, which means they will become busier in the future.

The map below highlights the library building locations and a 3 kilometre catchment area for the 5 most strategically important libraries (Romford, Rainham, Upminster, Harold Hill and Hornchurch).



		N ↑
		<b>Scale: 1:80000</b> <b>Date: 14 January 2015</b> 
<b>Havering</b> <small>LONDON BOROUGH</small>	London Borough of Havering Town Hall, Mafn Road Romford, RM1 3BD Tel: 01706 434343	© Crown copyright and database rights 2015 Ordnance Survey 100024327

As the map shows, almost all of the main residential areas in the borough are included in the catchment area of one of the five most strategically Important Libraries. It is also worth mentioning that there is a small community run Library in Cranham (operated by volunteers in the Cranham Community Centre).

It is envisaged that the vast majority of library users will continue to use the libraries that they currently use, albeit some of them will have to visit those libraries at different times. Members of the Library service can also continue to use the virtual Library on a 24/7 basis, which allows people to download a variety of materials and can renew library books on-line at any time.

The borough's ten libraries all occupy excellent sites in good locations. They are all based in or located close to town centres, so they are well served by public transport and are located in areas where people go shopping (thus allowing one visit to include both shopping and a library visit). The libraries also occupy prime locations on the main roads connecting the town centres, so are very visible as people travel around the borough, thus making the marketing of the buildings a lot easier than if they were "tucked away" on side roads.

Although the library buildings are located in prime positions, there may be a limited number of Library users that can only access their local Library at certain times of the week, which do not coincide with the new opening hours. The Council will mitigate this impact as far as possible by ensuring that there is a spread of opening hours across the different Libraries.

Should library users not be able to access one of the five libraries with reduced opening hours (52 hours down to 24) they will have the opportunity to travel to one of the five strategically important Libraries that will have longer opening hours (ie.50 hours a week). The distance of travel and travel time from the five smaller libraries to one of the five strategically important libraries is set out in the table below.

Library	Nearest strategically important library (open 50 hours a week)	Distance (miles)	Public transport link	Travel Time (minutes)
Collier Row	Romford	1.9	3 bus routes	Bus x 15 Drive x 8 Walk x 36
Harold Wood	Harold Hill	1.2	1 bus route	Bus x 11 Drive x 5 Walk x 23
South Hornchurch	Rainham	0.8	1 bus route	Bus x 7 Drive x 3 Walk x 16
Gidea Park	Hornchurch	1.4	2 bus routes	Bus x 12 Drive x 5 Walk x 26
Elm Park	Hornchurch	1.7	1 bus route	Bus x 13 Drive x 7 Walk x 31

The table above shows that the smaller libraries are within a reasonable distance from the strategically important libraries and that there are very good public transport links between the two. The term “reasonable distance” refers to a distance of approximately 2 miles, which is perceived to be reasonable because people could travel relatively quickly by car or public transport.

It is intended that the “Partnership Library Service” model that is proposed for the library buildings, will be extended to include the delivery of the Housebound Service and help deliver the Local Studies and Family History Service, and the work of the Reader Development team.

The proposed new delivery model for the Library service retains the existing book stock and computer budgets, so Library users will have access to the same range of book stock and computer services as they do now; plus users will also be able to access the same level of service through the London Library consortium. The new delivery model also includes a 30% increase to Library fines to help achieve the required budget savings.

The new delivery model envisages the Library service developing new ways to generate income through new membership arrangements, philanthropy, donations and sponsorship, using the experience of Library authorities, such as Northamptonshire, as a base to work from. A change of emphasis in the Culture and Leisure Marketing team will result in one post spending a significant amount of time on income generation in the Library service.

The Library Service will experience significant change in the next two years as it moves to a different delivery model. This transformation will have a significant impact on staff, as well as the services that can be provided to the public, during a period of transition.

In order to ensure that the proposed model will meet the needs of library users, we will enhance our volunteer offer and induction programme and, will provide volunteers with the required training on Equality & Diversity, Safeguarding, Disability Awareness, etc. Details of how this will be achieved will be set out in the Library Volunteer Strategy.

It is very likely that the proposed delivery model will also affect people in supported employment via the Rose Program (Realistic Opportunities for Supported Employment). The impact on staff members, including people in supported employments will be subject to a separate equality impact assessment.

#### Consultation on Library Budget Proposals

A statutory consultation on the budget proposals for the Library Service took place from the 29<sup>th</sup> September 2014 until the 5<sup>th</sup> January 2015. This ran alongside a consultation on the overall budget proposals for the Council from the 29<sup>th</sup> September 2014 – 29<sup>th</sup> December 2014.

The consultation took a number of forms. These included an online survey via the Council website and prepaid questionnaires available in Libraries and other council buildings that could be returned in the post. Users of the Library Housebound Service were sent the relevant pre-paid questionnaire, draft Library Strategy and Equality Impact Assessment and users of the Housebound Service with visual impairments were also sent an audio version of the Covering letter, draft Library Strategy and Equality Impact Assessment.

There were five public meetings to discuss Library budget proposals at Rainham, Hornchurch, Romford and Upminster Libraries, as well as at myplace in Harold Hill, attended by the Head of Service, with the Cabinet Member also in attendance at several meetings. An additional meeting took place at Romford library prior to the arranged meeting where a member of staff recorded questions which were responded to by the Head of Service.

There was a good response to the consultation. 898 Library surveys were completed, 191 residents attended the Library public meetings (120 of these were from the Upminster Library meeting) and an additional 37 letters to the Lead Member and Head of Service for Culture and Leisure were received. There was also a 'Havering Libraries Campaign' on facebook with 944 'likes' and an online campaign against reducing the opening hours at Upminster Library signed by 266 people. Finally there were 25 'tweets'.

The Equality Impact Assessment has been updated and reflects on the equality and diversity issues raised through the Library consultation and the wider Budget consultation.

<b>Age: Consider the full range of age groups</b>	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p> <p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity, Safeguarding, Disability Awareness, etc so that they can better understand and meet library users' needs, including the needs of children, young people and older people.</p> <p>Whilst the proposals will impact Library users of all ages, there may be a disproportionate impact on some age groups.</p> <p>Across all Library branches, the age group with the most library users is 25-64 (54.3%), higher than the percentage of residents in this age group (51.3%). This is followed by those aged 24 and under who represent 30.9% of Library users, slightly higher than the percentage of residents in this age group (30.2%). In terms of residents aged 65+, these represent 14.9% of Library users, lower than the percentage of residents in this age group (18.5%).</p> <p>Targeted outreach work will therefore have to be carried out to promote Library services to older residents and provide them with accessible information on the available services and facilities.</p> <p>Looking purely at age data, the proposals may have a disproportionate</p>
<b>Neutral</b>	
<b>Negative</b>	

impact on residents aged 25-64 and 24 and under. However, the impact of change may be greater for library users in older age groups who are also disabled (multiple disadvantage) due to additional difficulty in accessing alternative or more limited service provision. The impact on younger age groups or dependant / vulnerable children and adults may also impact on women as carers and those falling within the pregnancy / maternity characteristic.

Working age service users and full time students are also likely to be affected by the proposed reduction of opening hours.

Although there is no quantitative evidence, anecdotal evidence suggests Libraries are used by older residents during week days. A reduction in weekday opening hours may mean that these residents, who are already under-represented in the service user profile, stop using the library as frequently as before. In addition, a reduction in opening hours may mean a reduction in activities run in libraries, such as Knit and Natter, Baby Bounce, Young at Heart etc., which are primarily attended by older residents and parents with younger children, which means that the proposals may negatively impact small children and their parents, as well as older residents.

The Library Budget Consultation supports the anecdotal evidence in that residents were concerned about the impact on younger and older people. Residents stated that Libraries provide a place for younger and older residents to meet, combatting social isolation, and provide a place for study and socialising via various clubs/talks. There were also comments about the importance of libraries for families.

The Housebound Service is for people who are housebound either for a temporary period of time (i.e. coming out of hospital) or as an ongoing service for people who meet the criteria (people who cannot get to a library based on age, illness or disability). The primary users of this service are older people. Whilst the proposal envisages volunteers delivering this service, or a scaled down version, it likely that the proposals will have a negative impact on this group. There were many comments about the importance of the Housebound Service throughout the Library Budget Consultation and that for many users it is an important lifeline.

The Reader Development Team is primarily used by younger residents and the team interacted with 50,858 children in 2013/14 to assist them with their reading – for example the Summer Reading Challenge (There is also an adult outreach team that interacted with 6216 Adults in 2013/14). Volunteers already help deliver this service and this volunteer role could be expanded, but a reduction in paid staff in this area may have a negative impact particularly on young service users.

Again there were comments about the importance of the work of the Reader Development Team and the Summer Reading Challenge throughout the Library Budget Consultation in developing young people and encouraging them to read.

The virtual or online library has seen an increase in virtual visits in recent months. This service will continue to be promoted as it increases accessibility of the library for all age groups.

**Evidence:**

Library User Data 2015

Across all Library branches (based on available information on service users that provided their age), the age group with the most library users is 25-64 (54.3%). This is higher than the percentage of residents in this age group (51.3%) (please see table below). In terms of residents aged 65+, these represent 14.9% of Library users, lower than the percentage of residents in this age group (18.5%). Of those aged 24 and under, this groups represents 30.9% of Library users, slightly above the percentage of residents in this age group (30.2%). The proposals may therefore have a disproportionate impact on those aged 25-64 and under 24.

2013	Number	Percentage of population (%)
All persons	242,080	100.0
0-4 years	14,808	6.1
5-10 years	16,867	7.0
11-17 years	20,445	8.5
18-24 years	21,048	8.7
25-64 years	124,097	51.3
65-84 years	38,306	15.8
85+ years	6,509	2.7

*(Source: 2013 Mid-year population estimates, Office of National Statistics)*

There has been a significant increase in the number of people visiting the online library – 313,874 hits in Quarter 3 of 2014/15 compared to 112,569 hit in Quarter 3 of 2013/14. The intention is to further promote the online access to the library services as it is available 24/7.

Library Budget Consultation

Of the 898 residents that completed the survey, 829 provided their age. The table below provides a breakdown.

Last Birthday	Count	Percentage
13-24	37	4%
25-44	222	25%
45-64	298	33%
65+	272	30%
Unanswered	69	8%
<b>Total</b>	<b>898</b>	<b>100%</b>

When comparing Library User data to survey respondent data the following conclusions can be made:

- 30.9% of Library Users are aged below 24, over half of whom (16.5%) are aged 11-24. However only 4% of 13-24 year olds completed the survey. The under 24 age group is therefore underrepresented through the Library budget consultation survey.
- There are 54.3% Library Users aged 25-64. 58% of survey respondents were in this age group; therefore the 25-64 age group is overrepresented through the Library budget consultation survey.
- 14.9% of Library Users are aged 65+. However 30% of survey respondents were in this age group; therefore the 65+ age groups is overrepresented through the Library budget consultation survey.

Analysis of the comments as part of the survey showed that residents are concerned about the impact of the Library proposals particularly on younger and older people. Respondents stated Libraries provide a place for people to meet, use facilities and attend groups such as knit and natter and homework clubs and provide a place for students to study. Some comments also stated the importance of libraries for families.

There were arguments that Libraries should remain open in the daytime for older people, but also in the evenings and weekends for working people, children and families.

**Sources used:**

Library Service Data Profiles 2015

2013 ONS mid-year estimates

Library Budget Consultation 2014

**Disability:** Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

**Positive**

**Neutral**

**Overall impact:**

It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family

<p><b>Negative</b></p>	<p>History Service and the Reader Development Team.</p> <p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity, Safeguarding, Disability Awareness, etc so that they can better understand and meet library users' needs, particularly the needs of library users with learning Disabilities, Mental Health needs, hearing and/or sensory impairments.</p> <p>Based on 2011 Census data, 8.2% of the Havering residents have a long term health problem or disability (day to day activities limited a lot) and further 9% have a long term health problem or disability (day to day activities limited a little).</p> <p>According to the Annual Population survey (2012-13), 31,400 (21%) working age people (16-64) and 22,320 (52%) of older people (65+ years old) living in Havering have a disability or long term illness/health condition.</p> <p>Wards with the a highest percentage of residents with a long term health problem or disability (day to day activities limited a lot) that have a library include Gooshays (Romford Library), St Andrews (Hornchurch Library) and Elm Park (Elm Park Library). In terms of those who have a long term health problem or disability (day to day activities limited a little), wards with the highest percentage with a library include Elm Park (Elm Park Library), Harold Wood (Harold Wood Library) and Gooshays (Romford Library). Residents in these wards, particularly those where the Library opening hours will reduce to 24 hours per week (Elm Park Library and Harold Wood Library) will be disproportionately affected.</p> <p>The impact of change may be greater for library users in older age groups who are also disabled (multiple disadvantage) due to additional difficulty in accessing alternative or more limited service provision.</p> <p>The impact on younger age groups or dependant / vulnerable children and adults may also impact on carers, the majority of whom are women.</p> <p>A reduction in opening hours and staff may also mean a reduction in activities that are currently run in libraries. The Library Service does have some activities directly aimed at residents with a disability, for example the reading group for deaf people, a 'listening' reading group for visually impaired or blind people and events such as "Celebrates" and "Make A Noise in Libraries Fortnight" which again are for visually impaired or blind people.</p> <p>The Reader Development Team works with pupils from Corbets Tey School and Dycorts School, which are both schools for pupils with special education needs. The Team also works with the Romford Autistic Group to offer better access to our services and support to young people, parents and their carers. A reduction in opening hours</p>
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and staff may limit the Service's ability to work with these groups in the future.

The Housebound Service is primarily used by disabled service users and older residents who would not otherwise be able to access library services. One of the criteria for using the service is that a resident is not able to get to a library because of disability. Whilst the proposal envisages volunteers delivering this service, the proposals may have a negative impact on this group.

The Library Service has 8 people in supported employment via the Rose Program (Realistic Opportunities for Supported Employment). As part of the proposal the impact on these members of staff will be reviewed along with all Library staff. Every effort will be made to retain these employees in the Council.

**Evidence:**

No data on Library users with disabilities is collected. Evidence used is anecdotal.

Based on 2011 Census data (see tables below), 8.2% of the Havering residents have a long term health problem or disability (day to day activities limited a lot) and further 9% have a long term health problem or disability (day to day activities limited a little).

Wards with the a highest percentage of residents with a long term health problem or disability (day to day activities limited a lot) that have a library include Gooshays (Romford Library), St Andrews (Hornchurch Library) and Elm Park (Elm Park Library). In terms of those who have a long term health problem or disability (day to day activities limited a little), wards with the highest percentage with a library include Elm Park (Elm Park Library), Harold Wood (Harold Wood Library) and Gooshays (Romford Library). Residents in these wards, particularly those where the Library opening hours will reduce to 24 hours per week (Elm Park Library and Harold Wood Library) will be disproportionately affected.

Ward data (2011 Census)

Ward	Day-to-Day Activities Limited a Lot		
	Count	Ward total percentage	LLTI Borough percentage
Harold Wood	1067	8.43	5.48
Mawneys	1092	8.46	5.61
South Hornchurch	1164	8.59	5.98
Squirrel's Heath	854	6.47	4.39
Elm Park	1093	8.77	5.61
Upminster	923	7.19	4.74
Gooshays	1529	10.41	7.85
Romford Town	1193	7.49	6.13
St Andrew's	1183	8.87	6.08
Rainham and Wennington	982	7.87	5.04
Havering	19466 (8.2%)		

(Source: 2011 Census data)

Ward	Day-to-Day Activities Limited a Little		
	Count	Ward total percentage	LLTI Borough percentage
Harold Wood	1207	9.54	5.62
Mawneys	1199	9.28	5.58
South Hornchurch	1236	9.13	5.75
Squirrel's Heath	995	7.54	4.63
Elm Park	1256	10.08	5.85
Upminster	1169	9.11	5.44
Gooshays	1399	9.52	6.51
Romford Town	1281	8.05	5.96
St Andrew's	1245	9.34	5.8
Rainham and Wennington	1079	8.64	5.02
Havering	21478 (9%)		

(Source: 2011 Census data)

#### Library Budget Consultation

Of the 898 residents that completed the survey, 747 stated if they had a disability. The table below provides a breakdown.

Illness or disability	Count	Percentage
Yes	128	14%
No	619	69%
Unanswered	151	17%
<b>Total</b>	<b>898</b>	<b>100%</b>

Based on the data in the above section, 17% of residents have a disability that affects data to day activities a lot or a little. In the survey, 14% of respondents stated that had a disability. The views of disabled residents are therefore underrepresented in the survey.

Comments during the consultation regarding disability included that Libraries provide a place for people with disabilities to socialise, again combatting social isolation. Although the majority of respondents (including respondents with disclosed disabilities) agreed that the Council should find more cost-effective ways of supporting Housebound service users, there were also comments that the Housebound Service was a lifeline for some residents and should be protected.

#### **Sources used:**

2011 Census

2012/13 Annual Population Survey, Office of National Statistics

Library Budget Consultation 2014

<b>Sex/gender:</b> Consider both men and women													
<i>Please tick (✓) the relevant box:</i>													
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p> <p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity, Safeguarding, Disability Awareness, etc. so that they can better understand and meet library users' needs.</p> <p>The Library service has significantly more users who are female than male. This can be seen across all libraries across the borough and all age groups. The proposals are therefore likely to have a disproportionate impact on girls and women.</p> <p>Targeted outreach work will therefore have to be carried out to promote Library services to boy and men and provide them with accessible information on the available services and facilities</p> <p>The impact on younger age groups or vulnerable and dependent children / adults may also impact on women as carers and those falling within the pregnancy / maternity characteristic.</p>												
<b>Neutral</b>													
<b>Negative</b> ✓													
<b>Evidence:</b>													
<u>Library User Data 2015</u>													
<p>The percentage of female Library Users is 58%, compared to males at 39% (3% where gender is 'unknown'). This is disproportionate to the number of females (52%) and males (48%) in the borough (2013 Mid-year population estimates, Office of National Statistics). The proposals will therefore have a disproportionately high impact on girls and women.</p>													
<table border="1"> <thead> <tr> <th>2013</th> <th>Number</th> <th>Percentage of population (%)</th> </tr> </thead> <tbody> <tr> <td>All persons</td> <td>242,080</td> <td>100.0</td> </tr> <tr> <td>Male</td> <td>116,232</td> <td>48.0</td> </tr> <tr> <td>Female</td> <td>125,848</td> <td>52.0</td> </tr> </tbody> </table>		2013	Number	Percentage of population (%)	All persons	242,080	100.0	Male	116,232	48.0	Female	125,848	52.0
2013	Number	Percentage of population (%)											
All persons	242,080	100.0											
Male	116,232	48.0											
Female	125,848	52.0											
<i>(Source: 2013 Mid-year population estimates, Office of National Statistics)</i>													
<u>Library Budget Consultation</u>													
<p>Of the 898 residents that completed the survey, 815 stated their gender. The table below provides a breakdown.</p>													

Gender	Count	Percentage
Male	292	33%
Female	523	58%
Unanswered	83	9%
<b>Total</b>	<b>898</b>	<b>100%</b>

A disproportionately higher number of females completed the survey than males when comparing the survey data to the gender breakdown in the borough (58% females completed the survey compared to a figure of 52% females in the borough). However the same percentage of females completed the survey is comparable with the proportion of female Library users (58%), which means that the survey results are a representative reflection of the views of female Library users. As 33% males completed the survey compared to 39% male library users, the views of male service users are therefore underrepresented in the survey.

**Sources used:**

Library Service Data Profiles 2015

2013 Mid-year population estimates, Office of National Statistics

Library Budget Consultation 2014

**Ethnicity/race:** Consider the impact on different ethnic groups and nationalities

*Please tick (✓) the relevant box:*

<b>Positive</b>	
<b>Neutral</b>	
<b>Negative</b>	✓

**Overall impact:**

It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.

We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality & Diversity and Cultural Awareness so that they can better understand and meet library users' needs.

The majority of service users are White (83.74%) so this group is more likely to be affected by the proposals, particularly those from deprived backgrounds. However, there are fewer White Library Users compared to the proportion of residents who are White in the borough (87.66%).

There is an over representation of Black and Asian Library Users compared to the number of Black and Asian Residents in the borough. Therefore the proposals will have a disproportionate impact on these groups. There is an under representation of residents from Mixed and

Other Ethnic backgrounds.

Targeted outreach work will therefore have to be carried out to promote Library services to non-users from both White and BME backgrounds and provide them with accessible information on the available services and facilities.

Three libraries are based in the most ethnically diverse wards: Romford Library (based in Romford Town), South Hornchurch (based in South Hornchurch) and Rainham (based in Rainham and Wennington). The Libraries in these Wards also have the most diverse Library Users. It is envisaged that black and ethnic minority groups will not be adversely affected in the Romford and Rainham wards, as it is proposed that these two libraries will be open 50 hours per week. However, residents living in the South Hornchurch ward may be disproportionately affected as this is one of the libraries where opening hours are proposed to be reduced to 24 per week.

Other Libraries where the opening hours are proposed to be reduced to 24 per week include Collier Row (Mawneys ward), Elm Park, (Elm Park Ward), Gidea Park (Squirrels Heath Ward) and Harold Wood (Harold Wood Ward). Of these wards, Elm Park is the only ward (in addition to those listed in the paragraph above) that is more diverse than the borough as a whole.

BME communities living in the above wards might also be affected by potential reduction in events and activities that are attractive to particular groups; although the intention is to maintain as many of these events and activities as possible.

In terms of the Library Budget Consultation Survey the views of White residents are overrepresented compared to the proportion of library service users who are White. The views of Black residents are Asian residents are under-represented in the survey, but the views of residents from a Mixed Ethnic Background and Other ethnic groups are over-represented.

**Evidence:**

Borough data

The table below shows the breakdown of Havering’s population by ethnicity.

2011 Ethnic Groups	Count	% total population
White	207,949	87.66
Mixed Ethnic Background	4,933	2.08
Asian or Asian British	11,545	4.87
Black or Black British	11,481	4.84
Other Ethnic Group	1324	0.56

Source: 2011 Census, ONS

### Library User Data 2015

2015 Ethnic Groups	Count	% total population
White	49,570	83.74
Mixed Ethnic Background	1,115	1.88
Asian or Asian British	3,339	5.64
Black or Black British	4,905	8.29
Other Ethnic Group	262	0.44

Source: Library Service Data Profiles 2015

Of the 59,191 Library users who have provided details of their ethnicity, 83.74% are White, an underrepresentation of White residents in the borough (87.66%). The number of Black Library users is 8.29%, an overrepresentation of Black residents in the borough (4.84%). This is also true of Asian Library Users (5.64%) and Asian residents (4.87%). Library users of a Mixed Ethnic Background (1.88%) and Other Ethnic Group (0.44%) are underrepresented when looking at the number of residents that are Mixed (2.08) and Other in the borough (0.56).

The Libraries with the most diverse user group are Rainham (75.7% of users who provided their ethnicity are White), South Hornchurch (78.2% White ) and Romford (75.3% White).

### Ward Data

Ethnicity	People in White British ethnic group (Census) (% of total population) (2011)	Total of BME population in each ward with a Library
HAVERING	83.3	16.66
Elm Park	82.02	17.88
Harold Wood	85.89	14.06
Squirrels Heath	84.21	15.73
Upminster	91.61	8.37
Rainham and Wennington	80.48	19.43
South Hornchurch	79.35	20.52
Gooshays	82.71	17.2
St. Andrews	88.64	11.35
Romford Town	75.82	24.19
Mawneys	84.24	15.71

*(Source: 2011 Census data)*

The most ethnically diverse ward in the borough is Romford Town with residents from ethnic minority groups making up 24% of the population. This is followed by South Hornchurch (21%) and Rainham and Wennington (19%). The least ethnically diverse wards are Upminster (8%) followed by St Andrews (11%).

#### Library Budget Consultation

Of the 898 residents that completed the survey, 816 provided their ethnicity. The table below provides a breakdown.

Survey Ethnic Group	Count	Percentage
White	670	89.21%
Mixed background	17	2.26%
Black or Black British	30	3.99%
Asian or Asian British	25	3.33%
Other ethnic group	9	1.20%
<b>Total</b>	<b>751</b>	<b>100%</b>

Of those that provided their ethnic group (751 residents of the 898 that completed the survey), 89.21% were White compared to 83.74% White Library Users. The views of white residents are therefore over-represented in the survey. 3.99% of Black residents completed the survey compared to 8.29% Black Library Users in the borough and 3.33% of Asian residents completed the survey compared to 5.64% of Asian Library Users in the borough. The views of Black and Asian residents are therefore underrepresented in the survey. However, the percentage of residents that completed the survey that are Mixed (2.26%) and from an Other ethnic Group (1.20%) are higher than the percentage of Mixed Library Users in the borough (1.88%) and residents from an Other Ethnic Group in the

borough (0.44). The views of these residents are therefore over-represented in the survey.
<p><b>Sources used:</b></p> <p>Library Service Data Profiles 2015</p> <p>Census 2011</p> <p>Library Budget Consultation 2014</p>

<b>Religion/faith:</b> Consider people from different religions or beliefs including those with no religion or belief	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Neutral</b>	<p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p>
<b>Negative</b>	<p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity and Cultural Awareness so that they can better understand and meet library users' needs.</p> <p>The work currently undertaken to inform the final EIA will further look into potential and likely impact on all protected characteristics.</p>
<b>Evidence:</b>	
We do not hold data on the religious profile of libraries' service users but it is envisaged that the proposals will not have a disproportionate impact on this group.	
<b>Sources used:</b>	
N/A	

<b>Sexual orientation:</b> Consider people who are heterosexual, lesbian, gay or bisexual	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Neutral</b>	<p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are</p>

<b>Negative</b>	<p>sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p> <p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity and Bullying &amp; Harassment awareness so that they can better understand and meet library users' needs, but also understand their rights and responsibilities in carrying out their duties and in the interaction will colleagues and service users.</p>
<p><b>Evidence:</b></p> <p>We do not hold data on the sexual orientation profile of libraries' service users but it is envisaged that the proposals will not have a disproportionate impact on this group.</p>	
<p><b>Sources used:</b></p> <p>N/A</p>	

<p><b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth</p>	
<p><i>Please tick (✓) the relevant box:</i></p>	<p><b>Overall impact:</b></p>
<p><b>Positive</b></p>	<p>Not known</p>
<p><b>Neutral</b></p>	<p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p>
<p><b>Negative</b></p>	<p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity and Bullying &amp; Harassment awareness so that they can better understand and meet library users' needs, but also understand their rights and responsibilities in carrying out their duties and in the interaction will colleagues and service users.</p>
<p><b>Evidence:</b></p> <p>We do not hold data on the gender identity of libraries' service users but it is envisaged that the proposals will not have a disproportionate impact on this group.</p>	

<p><b>Sources used:</b></p> <p>N/A</p>
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**Marriage/civil partnership:** Consider people in a marriage or civil partnership

<p><i>Please tick (✓) the relevant box:</i></p>		<p><b>Overall impact:</b></p>
<p><b>Positive</b></p>		<p>Not known</p>
<p><b>Neutral</b></p>		<p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p>
<p><b>Negative</b></p>		<p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity so that they can better understand and meet library users' needs.</p>

**Evidence:**

We do not hold data on the marital status of libraries' service users but it is envisaged that the proposals will not have a disproportionate impact on this group.

<p><b>Sources used:</b></p> <p>N/A</p>
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**Pregnancy, maternity and paternity:** Consider those who are pregnant and those who are undertaking maternity or paternity leave

<p><i>Please tick (✓) the relevant box:</i></p>		<p><b>Overall impact:</b></p>
<p><b>Positive</b></p>		<p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p>
<p><b>Neutral</b></p>		<p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity, Safeguarding, Disability Awareness, etc so that they can better understand and meet library users' needs.</p>
<p><b>Negative</b></p>	<p>✓</p>	<p>The Library Service has no data on service users' pregnancy, maternity</p>

	<p>or paternity status. However, a reduction in staff and opening hours may mean a reduction in activities run in libraries. This could include groups such as Baby bounce and Read and Rhyme which are aimed at parents / carers with young children. Therefore the proposals may negatively impact these groups.</p> <p>The Library Budget Consultation included some comments from residents about the importance of groups like the ones listed above and that Libraries are an important resource for families.</p> <p>The impact on younger age groups or vulnerable children / adults may also impact on women as carers and those falling within the pregnancy / maternity characteristic.</p>
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<p><b>Evidence:</b></p> <p>The Library Service has no data on service users' pregnancy, maternity or paternity status.</p> <p><u>Library Budget Consultation</u></p> <p>Whilst no data was provided on residents pregnancy, maternity or paternity status through the consultation, there were comments about the importance of groups such as 'baby bounce' and 'read and rhyme' for parents with young children and that Libraries are an importance resource for families.</p>
<p><b>Sources used:</b></p> <p>N/A</p>

<b>Socio-economic status:</b> Consider those who are from low income or financially excluded backgrounds	
<i>Please tick (✓) the relevant box:</i>	<p><b>Overall impact:</b></p> <p>It is intended that volunteers will assist in keeping libraries open for the core opening hours (and longer than the core hours where there are sufficient numbers of volunteers); will maintain the Housebound Service and will support the delivery of the Local Studies and Family History Service and the Reader Development Team.</p> <p>We recognise that if we use volunteers to complement work carried out by paid staff, we need to enhance our volunteer offer and induction programme. Volunteers will be provided with the necessary support and required training on Equality &amp; Diversity, Safeguarding, Disability Awareness, etc so that they can better understand and meet library users' needs.</p> <p>The data we have shows that our proposals may have a particularly negative impact on service users living in more deprived areas of the borough where fewer people have access to other sources of books and information generally. For example,</p>
<b>Positive</b>	
<b>Neutral</b>	
<b>Negative</b>	

residents who rely on public transport to get to a strategically important library, or those who do not have a computer at home and use the computers in libraries instead will have less access to this facility. There may also be a reduction in access to some services e.g. Citizens Advice Bureau at Hornchurch Library.

Of the five most strategically important libraries, Romford Library and Harold Hill Library are in some of the most deprived wards (Romford Town and Gooshays respectively). Of the other five libraries where the opening hours are proposed to be reduced to 24 hours per week, South Hornchurch and Harold Wood Libraries are also in some of the most deprived wards (South Hornchurch Ward and Harold Wood Ward respectively). These wards also have amongst the highest proportions of benefit claimants (DWP 2014), and we know that households on benefits are 1.21 times more likely to be Library members than non-benefit households (Draft Mayhew Harper report, 2013).

The 30% increase in Library fees may have a negative impact on low income residents and lone parents (more likely to be women), but only if fines are incurred.

There were comments provided through the Library Budget Consultation regarding the importance of Libraries for poorer residents.

The potential removal of some of the activities and groups currently available could also negatively impact residents from disadvantaged backgrounds as they might not be able to afford to pay for groups/activities available outside the libraries.

The changes in the housebound service and service user activities and groups could potentially also affect older service users, particularly those living in deprived areas who are at higher risk of becoming socially excluded due to the removal of the above arrangements.

**Evidence:**

Library User Data 2011

As the table below shows, the most active library users are in Upminster at 17%, which is the least deprived ward in the Borough. However other wards with a high percentage of active users include Gooshays, the most deprived area of the Borough and Romford Town, which is ranked 6<sup>th</sup> in terms of deprivation. Residents in these wards from low income or financially excluded backgrounds are likely to be most affected by the proposals.

Deprivation ranking by ward

Ward	% of Population who are active library users	Deprivation Rank
------	--	------------------

Gooshays	14%	1
Heaton	10%	2
South Hornchurch	12%	3
Haverling Park	12%	4
Brooklands	9%	5
Romford Town	13%	6
Harold Wood	12%	7
Rainham and Wennington	11%	8
Mawneys	12%	9
Elm Park	14%	10
St Andrew's	13%	11
Hylands	12%	12
Pettits	12%	13
Squirrel's Heath	14%	14
Hacton	12%	15
Emerson Park	13%	16
Cranham	13%	17
Upminster	17%	18

(Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards, Department of Communities and Local Government, 2011)

NB. Rank 1 = Most deprived ward, Rank 18 = least deprived ward.

Highlighted wards have a library.

Of the five most strategically important libraries, Romford Library and Harold Hill Library are in some of the most deprived wards (Romford Town and Gooshays respectively). Of the other five libraries where the opening hours are proposed to be reduced to 24 hours per week, South Hornchurch and Harold Wood Libraries are also in some of the most deprived wards (South Hornchurch Ward and Harold Wood Ward respectively).

These wards also have amongst the highest proportions of benefit claimants (see table below), and we know that households on benefits are 1.21 times more likely to be Library members than non-benefit households (Draft Mayhew Harper report, 2013).

#### Benefit claimants by ward (with a library)

	Total claimants	Job seekers	ESA and incapacity benefits	Lone parents	Carers	Others on income related benefits	Disabled	Bereaved	Key out-of-work benefits <sup>†</sup>
DWP (2014)									
HAVERING	10.9	2.1	4.7	1.4	1.2	0.3	1	0.2	8.5
Elm Park	11.4	2.5	4.3	1.5	1.5	0.3	1.1	0.3	8.6
Harold Wood	11	1.8	5.1	1.3	1.3	0.4	1	0.2	8.6
Squirrels Heath	8.7	1.7	3.7	1.1	1	0.2	0.8	0.2	6.7
Upminster	4.7	0.9	1.8	0.3	0.7	0.1	0.7	0.2	3.1
Rainham and Wennington	11.9	2.3	4.8	1.8	1.2	0.3	1.2	0.2	9.3
South Hornchurch	14.7	3.4	6	1.7	1.6	0.4	1.1	0.4	11.5
Gooshays	19.5	3.6	9.1	3	1.7	0.5	1.4	0.2	16.2
St. Andrews	8.9	1.8	3.7	1	0.9	0.2	1.1	0.1	6.8
Romford Town	11.9	2.5	5.5	1.7	1	0.3	0.7	0.1	10.1
Mawneys	10.5	1.7	4.5	1.5	1.2	0.3	1.2	0.2	7.9

(2014 DWP Claimants data)

### Library Budget Consultation

Whilst no data was provided on residents' socio-economic status through the consultation, there were comments about the importance of Libraries for poorer residents.

#### **Sources used:**

Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards, Department of Communities and Local Government, 2011

Library Profiles 2011 based on local service data, national population statistics and Mosaic Customer Profiling

2014 DWP Claimants data. Draft Mayhew Harper report, 2013

Library Budget consultation

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
All	Library Profiles 2011 are now outdated and data is patchy so doesn't allow us to fully assess the impact on people with protected characteristics	Update the Library Profiles and ensure that all relevant protected characteristics are collected and monitored.  Use data to inform decision-making related to the future of libraries and to ensure libraries continue to provide diverse book stock to meet the changing needs of library users	Culture and Leisure Service to review new profiles. It will need to be agreed how often the profiles will be updated in the future. Monitoring officers will include Policy, Marketing and Administration Manager in Culture and Leisure Services and analyst in the Corporate Policy Team.	June 2015 (to be agreed with CPD team)	Analyst in Corporate Policy

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Age	<p>Negative impact on younger people (0-24 year olds) and older people (65+ groups, particularly 85+.</p> <p>Potential negative impact on working age groups and full time students</p>	<p>Carry out targeted and outreach work</p> <p>Volunteers to be provided with training to ensure the needs of older users are met.</p>	<p>Targeted and outreach work carried out with individuals and groups from this protected characteristic</p>	<p>Ongoing</p> <p>Training, by 31/3/16</p>	<p>Policy. Marketing and Admin manager</p>
Disability	<p>Negative impact on Housebound service users</p> <p>Negative impact in light of reduced opening hours, particularly if a disabled person's local library is not one of the 5 most strategically important Libraries.</p>	<p>Carry out targeted consultation</p> <p>Ensure online resources are accessible to people with Learning Disabilities, Hearing or Sensory impairments.</p> <p>Volunteers to be provided with training to ensure the needs of disabled users are met.</p>	<p>Secure support from volunteers to continue to provide the housebound service.</p> <p>Targeted consultation carried out with individuals and group from this protected characteristic</p>	<p>Ongoing</p> <p>Training, by 31/3/16</p>	<p>Library Services manager</p> <p>Policy. Marketing and Admin manager</p>

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Ethnicity	Library users from some BME backgrounds are under-represented compared to the ethnicity profile of the Borough	Carry out targeted and outreach work  Ensure online resources are accessible to people whose first language is not English  Volunteers to be provided with training to ensure the needs of black and ethnic minority users are met.	Targeted and outreach work carried out with individuals and group from this protected characteristic	Ongoing  Training, by 31/3/16	Policy. Marketing and Admin manager
Gender	Women and girls are disproportionately affected  Potential multiple impact on women due to caring responsibilities, pregnancy or maternity	Carry out targeted and outreach work  Volunteers to be provided with training to ensure the needs of women and girls are met.	Targeted and outreach work carried out with individuals and group from this protected characteristic	Ongoing  Training, by 31/3/16	Policy. Marketing and Admin manager

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Multiple disadvantage due to two or more protected characteristics	Lack of information on multiple deprivation / disadvantage	Further consider multiple deprivation/disadvantage and cumulative impact  Carry out targeted and outreach work	Targeted and outreach work carried out with socio-economic individuals and groups and multiple disadvantage considered	Ongoing  Training, by 31/3/16	Policy. Marketing and Admin manager
Ethnicity, Gender and Age  Potential Multiple disadvantage due to two or more protected characteristics	Under-representation of males, older people and residents of White and some BME ethnic backgrounds	Targeted outreach work will therefore have to be carried out to promote Library services to non-users and provide them with accessible information on the available services and facilities.	Annually updated Library Profiles. Monitoring of events and projects.	January 2016	Library Manager  Policy. Marketing and Admin manager

# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Budget proposals for Fairkytes Arts Centre 2015
<b>Type of activity:</b>	Budget Proposals
<b>Lead officer:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Approved by:</b>	Andrew Blake Herbert, Group Director
<b>Date completed:</b>	January 2015
<b>Scheduled date for review:</b>	The proposals will be reviewed in January 2016

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Budget proposals for Fairkytes Arts Centre 2015
2	<b>Type of activity</b>	Budget Proposals
3	<b>Scope of activity</b>	Budget proposals for Fairkytes Arts Centre in order for them to move towards a Cost Recovery business model (receiving no subsidy from the Council).  Whilst several changes are proposed, the existing offer to the community will be preserved as much as possible and savings realised through wholesale reductions in services are not being considered.
4a	<b>Is the activity new or changing?</b>	Yes - changing
4b	<b>Is the activity likely to have an impact on individuals or groups?</b>	Yes
5	<b>If you answered yes:</b>	<i>Please complete the EIA on the next page.</i>
6	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Date:</b>	15 <sup>th</sup> January 2015

## 2. Equality Impact Assessment

### Background/context:

As part of the Council's budget reductions, Fairkytes Arts Centre is considering proposals to move towards a Cost Recovery business model so that it can operate without subsidy from the London Borough of Havering to sustain its long term future. This will mean changes to the existing business model and changes to the nature and style of available activities.

As part of the changes, the way Fairkytes operates is being reviewed, moving from 'service delivery' to a more commercially oriented approach. This will be achieved through:

- Operational savings and efficiencies  
*(For example, changes to the contracting arrangements for drinks machines and ground maintenance)*
- Savings realised through changes to, and development of, the Cultural Offer of Fairkytes and the wider Arts service  
*(Changes to the way in which annual exhibitions and competitions are managed and delivered, reduction in funding to events and projects, introduction of ticketed events and providing more services through Fairkytes Arts Centre rather than commissioning from external providers)*
- Additional income realised through existing programmes  
*(Increases in Fees and Charges for room and hall hire, studio lets and adult workshops. No plans to increase fees for children's workshops)*
- Big Ideas – income realised through new or additional activities and programmes  
*(A series of new ticketed events to be introduced)*

The cultural offer available to the community will be impacted in some way and the Arts Service as a whole needs to become a more event-oriented and a commercially aware organisation, with less subsidy for developmental work in order to develop a sustainable future. However, at this stage, the existing offer to the community will be preserved as much as possible and savings realised through wholesale reductions in services are not being considered.

### Budget Consultation

The Council launched a public consultation on the 2015 – 18 budget proposals on the 29<sup>th</sup> September which ran for three months closing on 29<sup>th</sup> December 2014. In addition to this consultation, there was also a consultation meeting about the proposals for Fairkytes Arts Centre, held at the building on the 4<sup>th</sup> November 2014.

Approximately 20 people attended the meeting and there were various questions and comments. The relevant feedback has been included in the appropriate part of this document.

<b>Age:</b> Consider the full range of age groups	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Fairkytes Arts Centre runs a number of workshops for Adults (16+ or 18) and Children (5+), as well as being used by independent groups and making rooms available for hire for regular and one off events.</p> <p>From April-July 2014/15 there have been 1395 attendances at Adult Workshops (41%) and 2029 attendances at Children's Workshops (59%). No increases in charges are proposed for Children's Workshops, so the changes will have a disproportionate impact on the existing adult users (these figures do not take into account the use of Fairkytes for private hire or events).</p> <p>The Fairkytes Survey 2014 (completed by Adults only) shows that the age profile of Fairkytes adult users is predominantly older residents aged 55-84 (87%). This is disproportionately higher than the number of residents aged 55-84 living in the Borough at 27% and the percentage of residents aged 55-84 in St Andrews Ward at 30%, where Fairkytes Arts Centre is located (Census 2011).</p> <p>Changes to the way in which exhibitions and competitions are managed (particularly if there is a rationalisation of these) may impact this age group disproportionately. Increases in fees and charges for room hire and tickets for events may also make some activities less affordable and again this may impact this age group more than others. At the same time, however, the development of the adults' cultural offer available in the centre may also benefit this group.</p> <p>The Arts Service has funded many groups and projects in recent years aimed at young people (13-19) and reduction and/or removal of these may be perceived as negatively impacting this age group. However, the groups that received this funding achieved relatively small outputs. Therefore, by reallocating resources and running events and activities through Fairkytes Arts Centre, we believe we will reach and benefit a greater number of young people.</p> <p>In the case of Romford Contemporary Arts Programme (RCAP), funding over the last 3 years has enabled the group to become established and they are in the process of moving to an independent Community Interest Company status with considerable external funding opportunities via private sector and Economic Development partnerships. RCAP's sustainability and legacy are therefore assured and there is little necessity for Cultural Services funding to continue at this level.</p> <p>During the Budget Consultation meeting for Fairkytes Arts Centre there were questions and comments about concessionary charges (which will still apply under the proposals), how a younger audience can be encouraged into the centre.</p>
<b>Neutral</b>	
<b>Negative</b> ✓	

**Evidence:**

Service level performance data illustrates that 41% of attendances for workshops so far in 2014/15 were Adults (16+ or 18+ dependant on the workshop). The 2014 Fairkytes Survey (completed by adults only) showed that the age profile of Fairkytes adult users is predominantly older residents aged 55-84 (87%). (Data from those that completed the survey only). This is disproportionately higher than the number of residents aged 55-84 living in the Borough at 27% (64,600 residents) and the percentage of residents aged 55-84 in St Andrews Ward at 30%, (3951 residents) where Fairkytes Arts Centre is located (Census 2011).

The Fairkytes Survey is completed by adults only and the small number of surveys completed means that the figures are not representative of all Fairkytes users, providing an indication only. Future Fairkytes Surveys will be reviewed so that they include the questions that will provide us with the data we need. The distribution of the survey will also be reviewed so that we get a higher number of respondents and the data is therefore more representative.

At the Budget Consultation Meeting for Fairkytes there were various questions and comments that were relevant to this protected characteristic, including about concessionary charges, and how younger people could be encouraged to use the centre.

**Sources used:**

Service level performance data 2014/15  
 Fairkytes Survey 2014  
 Census 2011, Office of National Statistics  
 Fairkytes Budget Consultation Meeting November 2014

**Disability:** Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

**Overall impact:**

<b>Positive</b>	<p>Fairkytes Survey data 2012 and 2014 illustrates that a number of Fairkytes survey respondents have a disability. However the survey is only completed by adults who partake in workshops and not those that use the centre for private hire and / or events. It is therefore likely that the number of Fairkytes users with a disability is proportionally much higher, particularly as there are activities that take place at the centre that are aimed at disabled participants who may experience difficulties responding to a written survey.</p> <p>Whilst this group will be impacted negatively by increases in fees and charges, the development of the adults' cultural offer available in the centre may also benefit this group. The future programmes of work could also be developed in a way that is more inclusive for disabled and all users.</p> <p>In light of the limited about evidence from the Fairkytes Survey the impact on this group is not yet known. This gap in information will be addressed.</p>
<b>Neutral</b>	
<b>Negative</b>	

**Evidence:**

7% (or 12 people) of the 163 people who answered a question on disability as part of the Fairkytes Annual Survey 2014 stated they had a disability. This is lower than the figure for the 2012 Survey at 16% (22 of 138 who answered this question in 2012). These figures are lower than the percentage of working age people (16-64) with a disability or long term health condition in Havering (21%) and lower than the figure for the percentage of older people (65+) with a disability or long term health condition in Havering (52%).

While based on this data there doesn't appear to be a disproportionate impact on this group compared to other groups, we recognise that the data we hold has its limitations and gaps.

The Fairkytes Annual Survey is completed by adults only and the small number of surveys completed means that the figures are not representative of all Fairkytes users, providing an indication only. It is also recognised that people with learning difficulties and disabilities, BSL users and service users with sight difficulties/disabilities might be under-represented in the respondents' profile due to barriers in completing this survey.

Other than the Fairkytes Annual Survey, no data on disability is currently collected. Therefore the impact on this group is not yet known.

Future Fairkytes Surveys will be reviewed so that they include the questions that will provide us with the data we need. The distribution of the survey will also be reviewed so that we get a higher number of respondents and the data is therefore more representative.

**Sources used:**

2012/13 Annual Population Survey, Office of National Statistics  
 2011 Census, Office of National Statistics  
 Fairkytes Annual Survey 2014 and 2012

**Sex/gender:** Consider both men and women

*Please tick (✓)  
 the relevant box:*

**Overall impact:**

**Positive**

In total more women attend Fairkytes Arts Centre than men. Women will therefore be disproportionately affected by the proposals to change the nature and style of available activities, increase fees and charges and ticket events.

**Neutral**

**Negative**

✓

At the same time, however, the development of the adults' cultural offer available in the centre may also benefit this group.

<p><b>Evidence:</b></p> <p>In 2013/14 of the 83,458 attendances at Fairkytes Arts Center, 66,416 provided their gender (non- unique). Of these 45,869 (69%) were women and girls and 20,547 (31%) were men and boys.</p> <p>As of July 2014, in 2014/15 there have been 21,308 attendances to Fairkytes (non-unique). Of these 11,720 (55%) were women and girls and 9,588 (45%) were men and boys.</p>
<p><b>Sources used:</b></p> <p>Service level performance data 2013/14 and 2014/15</p>

<b>Ethnicity/race:</b> Consider the impact on different ethnic groups and nationalities	
<i>Please tick (✓) the relevant box:</i>	<b>Overall impact:</b>
<b>Positive</b>	<p>In 2014 96% of Fairkytes Survey respondents were White British, a significantly higher figure than the percentage of White British residents in the Borough (83%) and higher than the percentage of White British residents living in St Andrews Ward (89%) where Fairkytes is located (2011 Census).</p> <p>It should be noted, however, that the Fairkytes Annual Survey is completed by adults only and the small number of surveys completed means that the figures are not representative of all Fairkytes users, providing an indication only. Furthermore, the survey is not completed by those who hire the centre to run their own groups and there are currently many minority and faith groups that use Fairkytes on a regular basis.</p>
<b>Neutral</b>	<p>Based on the Fairkytes Survey there doesn't appear to be a disproportionate impact on Black and Minority Ethnic (BME) residents, however we recognise that the data we hold has its limitations and gaps. We also recognise that BME service users might be under-represented in the respondents' profile due to language barriers in completing this survey.</p> <p>In light of the limited about evidence from the Fairkytes Survey the impact on this group is not yet known. This gap in information will be addressed.</p>
<b>Negative</b>	
<p><b>Evidence:</b></p> <p>The 2014 Fairkytes survey showed that 96% of respondents were White British, which is disproportionate to the 83% of White British residents in the borough and the 89% of White British residents in St Andrews Ward where Fairkytes Arts Centre is located. The remaining 4% of Fairkytes users were White Irish (0.6%), White Other (1.1%), Asian or Asian British / Indian (0.6%), Black or Black British/ Other (0.6%), Other Ethnic Group</p>	

(0.6%) and prefer not to say (0.6%).

Figures for the 2012 Fairkytes Survey are very similar, with 96% of respondents White British, 1% White Irish, 1% Mixed/Other, 1% Asian or Asian British/Indian and 1% Black or Black British/African.

Based on the Fairkytes Survey there doesn't appear to be a disproportionate impact on Black and Minority Ethnic (BME) residents, however we recognise that the data we hold has its limitations and gaps. We also recognise that BME service users might be under-represented in the respondents' profile due to language barriers in completing this survey. The impact on this group is therefore not yet known. This gap in information will be addressed.

**Sources used:**

Fairkytes Annual Survey 2012 and 2014  
2011 Census

**Religion/faith:** Consider people from different religions or beliefs including those with no religion or belief

*Please tick (✓) the relevant box:*

**Overall impact:**

<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>

Not known

**Evidence:**

No information is collected on the Religion of Fairkytes Users. However, it is known that one religious group uses the centre for group meetings and they are likely to be affected by the increased charges and fees of hire.

**Sources used:**

N/A

**Sexual orientation:** Consider people who are heterosexual, lesbian, gay or bisexual

*Please tick (✓) the relevant box:*

**Overall impact:**

<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>

Not known

<b>Evidence:</b>	
No information is collected on the sexual orientation of Fairkytes Users but there is no local or national evidence to suggest that this group might be disproportionately affected.	
<b>Sources used:</b>	
N/A	

<b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>		
No information is collected on the gender reassignment of Fairkytes Users but there is no local or national evidence to suggest that this group might be disproportionately affected.		
<b>Sources used:</b>		
N/A		

<b>Marriage/civil partnership:</b> Consider people in a marriage or civil partnership		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>		
No information is collected on the marital status of Fairkytes Users but there is no local or national evidence to suggest that this group might be disproportionately affected.		
<b>Sources used:</b>		
N/A		

<b>Pregnancy, maternity and paternity:</b> Consider those who are pregnant and those who are undertaking maternity or paternity leave	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<b>Overall impact:</b>  Not known
<b>Neutral</b>	
<b>Negative</b>	
<b>Evidence:</b>  Although a small number of activities are run for parents and young children, no data on pregnancy, maternity and paternity is collected. However, as we are not considering to increase fees for children's workshops and activity, the impact on this groups is likely to be neutral.	
<b>Sources used:</b>  N/A	

<b>Socio-economic status:</b> Consider those who are from low income or financially excluded backgrounds					
<i>Please tick (✓) the relevant box:</i>					
<b>Positive</b>	<b>Overall impact:</b>  The proposals to increase fees and charges for room and hall hire, studio lets and adult workshops as well as an increase in ticketed events may mean that Fairktyes will be less accessible to those who are from low income or financially excluded backgrounds.  However, the majority of Fairktyes users come from relatively affluent parts of the Borough and it is believed that price increases should be affordable for most users.				
<b>Neutral</b>					
<b>Negative</b>					
	✓				
<b>Evidence:</b>  Of those that completed the Fairktyes Survey 2014, the majority came from the more affluent parts of the borough: RM11 (18%), RM12 (22%), RM14 (15%) (primarily made up of wards Emerson Park, St Andrews, Hacton, Upminster, Hylands, Squirrels Health, Elm Park and Cranham). It is therefore believed that price increases should be affordable to most users.  However, 8% of those who responded came from RM2 and 7% from RM3 which include some of the more deprived wards in the Borough (Heaton and Gooshays). Residents who live in these areas of the borough are more likely to be affected by the proposals.					
<table border="1"> <thead> <tr> <th>Ward</th> <th>Deprivation Rank</th> </tr> </thead> <tbody> <tr> <td>Gooshays</td> <td>1</td> </tr> </tbody> </table>		Ward	Deprivation Rank	Gooshays	1
Ward	Deprivation Rank				
Gooshays	1				

Heaton	2
South Hornchurch	3
Havering Park	4
Brooklands	5
Romford Town	6
Harold Wood	7
Rainham and Wennington	8
Mawneys	9
Elm Park	10
St Andrew's	11
Hylands	12
Pettits	13
Squirrel's Heath	14
Hacton	15
Emerson Park	16
Cranham	17
Uppminster	18

*NB. Rank 1 = Most deprived ward, Rank 18 = least deprived ward.*

*Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards.  
Department of Communities and Local Government, 2011*

**Sources used:**

Fairkytes Annual Survey 2014  
 JSNA Demographics Update - Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards, Department of Communities and Local Government, 2011

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
All	The data we hold is incomplete so doesn't allow us to fully assess the impact on people with protected characteristics	Improve the Fairkytes survey so that it includes the questions that will provide us with the data we need. Also improve the distribution of the survey so that we get a higher number of respondents and the data is more representative. Explore other ways to collect data.	Better data to inform future decisions and use of the centre	2015	Mark Etherington
All	The data we hold is incomplete therefore it is unknown if the current programme is fully inclusive and attractive to all	Review potential for developing new offers in line with the needs and aspirations of the population including researching new	Better information on community needs  Better monitoring of offer verses need	2015	Mark Etherington

	groups.	population groups not currently using the centre			
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# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Budget Proposals for Havering Music School
<b>Type of activity:</b>	Budget Proposals
<b>Lead officer:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Approved by:</b>	Andrew Blake Herbert, Group Director
<b>Date completed:</b>	January 2015
<b>Scheduled date for review:</b>	The proposals will be reviewed in January 2016

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Budget Proposals for the Music School
2	<b>Type of activity</b>	Budget Proposals
3	<b>Scope of activity</b>	<p>Havering Music School has revised and refreshed the way it operates and a new charging policy has been successfully trialled in schools. The policy offers the same tuition packages wherever lessons take place but charges all parents directly (historically schools have collected parental fees). This presents an opportunity to reduce overhead costs and increase income further. Following the trial, the model is now being rolled out across the borough.</p> <p>It is proposed that the new model is now rolled out to all schools in the borough.</p>
4a	<b>Is the activity new or changing?</b>	Yes - changing
4b	<b>Is the activity likely to have an impact on individuals or groups?</b>	Yes
5	<b>If you answered yes:</b>	<i>Please complete the EIA on the next page.</i>
6	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Kayleigh Pardoe, Policy, Marketing and Administration Manager, Culture and Leisure, Culture, Community and Economic Development
<b>Date:</b>	January 2015

## 2. Equality Impact Assessment

### Background/context:

The Council has reduced its subsidy to Havering Music School (HMS) in the last two years and the Music School have responded positively by revising their operating arrangements and pricing structure. This has now been successfully trialled in schools. The revised arrangements offer the same tuition packages wherever lessons take place but charges all parents directly (historically schools have collected parental fees). This presents an opportunity to reduce overhead costs and increase income further. Following the trial, the model is now being rolled out across the Borough.

HMS services are available to any and all children living and/or in education in the Borough so all families and children may potentially be considered to be affected. In practice, our present customer base within the Borough is around 3,000 for weekday school tuition and about 460 at the Saturday and Weekday Music Centres.

It should be noted that under the proposed direct charging scheme overall annual costs will rise to fund the considerable increase in activity offered to HMS students. HMS currently invoices schools for 37 weeks' tuition a year and schools mostly pass this charge onto parents in three termly payments. The proposed scheme will charge parents directly for 52 weeks per year but partners/carers will have the option to pay monthly thereby spreading the costs over twelve months.

The new charging policy has also standardised the packages available, making it much easier for both students and parents to understand. Although as stated there will be a rise in cost, there has been a considerable increase in the offer provided. Parents are now able to choose from the three packages available, as shown below.

	<b>Lesson</b>	<b>Musician-ship Class</b>	<b>Ensemble</b>	<b>Summer School</b>	<b>Cost per week</b>
<b>BRONZE</b>	20 minutes paired (or 3 in 30 mins)	30 minutes per week	30 minutes per week	-	£ 6.50
<b>SILVER</b>	30 minutes paired (or individual 15 mins)	30 minutes per week	60 minutes per week	1 week	£10.50
<b>GOLD</b>	30 minutes individual	30 minutes per week	unlimited	1 week	£16.00

We therefore anticipate that, despite the annual costs increase, both HMS students and parents/carers will benefit from the proposed scheme: HMS students will enjoy a much wider and improved HMS programme offer and their parents/carers will be able to spread the costs over twelve payments which will make tuition more affordable and easier to budget for.

Schools will continue to operate policies for remission of fees and cover the cost of tuition for students who qualify. Eligibility criteria, level of funding, process and funding source are discussed with each school and agreed before the school converts to the Direct Debit scheme (or before HMS tuition starts for the first time). In most cases schools choose to fund this provision from the Pupil Premium but this is at their discretion and some may choose to pay for it from other budgets. HMS will review remission of fees with each school periodically.

One of the drivers for introducing this charging scheme is the fact that the council is currently dependent on schools for the promotion of the services and collection of fees and have in the past relied on their taking an inclusive approach. In consequence we have, at an organisational level, a limited understanding of who our customers actually are.

Consultation has been undertaken with primary and secondary schools, who largely welcome the move, although secondaries have by and large been more cautious in their support. School staff we have consulted all agree that monthly payments will be popular with parents. Feedback from parents who are already invoiced termly (for Saturday and Weekday Music Centres) is that monthly payment options would be welcome.

HMS is constantly looking for new ways of improving access and increasing participation in our activities and services so that everyone can flourish, particularly children from vulnerable and disadvantaged groups, and thereby is actively promoting equality of opportunity and fostering good community relations. Participation in music and other culturally related community projects provides a focus for social activity, reducing isolation, and bringing together people of diverse cultures, ages and backgrounds in a context of mutual understanding and sharing.

The new charging scheme is an opportunity to explain directly to parents/carers the educational and social benefits that children enjoy as a result of participation in musical activity. We will exploit this and the closer links with our paying customers, to effectively communicate the opportunities we can offer through our wide range of partnerships, with the aim of maximising positive impact, by transforming people's quality of life through participation in and enjoyment of culture.

As the proposal will increase ensemble and theory opportunities during the week, groups who may be unable to participate on Saturdays will have increased opportunities at other periods. Furthermore, the new scheme will result in new ensembles and theory classes in schools all over the Borough, making these opportunities more accessible to less well-off families, who may otherwise have difficulty travelling to our Saturday and Weekday Centres in Hornchurch.

**Age:** Consider the full range of age groups

<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>  HMS services are available to any and all children up to the age of 18 living and/or in education in the Borough so all families and children may potentially be considered to be affected. In practice, our present customer base within the Borough is around 3,000 for weekday school tuition and about 460 at the Saturday and Weekday Music Centres.  At present there is not data available on the age breakdown of HMS users.		
<b>Sources used:</b>  N/A		

<b>Disability:</b> Consider the full range of disabilities; including physical mental, sensory and progressive conditions		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>  No information on disability is currently available. The Borough's datasets do not permit us to cross-reference against Special Educational Need information.		
<b>Sources used:</b>  N/A		

<b>Sex/gender:</b> Consider both men and women		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  More girls are members of HMS compared to boys (ages 0-18). Girls
<b>Positive</b>	<input type="checkbox"/>	

<b>Neutral</b>	<input checked="" type="checkbox"/>	are therefore more likely to benefit from the proposed changes than boys.
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>		
<p>HMS's data return to the DfE for the academic year 2011-12 shows that 42% of our students were boys and 58% girls, compared to 51% boys and 49% girls in this age group across the borough (ONS Mid-year population estimates Custom Age Tool 2013).</p> <p>Although more recent statistics are not available, anecdotally we believe the percentage of girls has increased further over the last few years.</p>		
<b>Sources used:</b>		
DfE data 2011/12		
ONS Mid-year population estimates Custom Age Tool 2013		

<b>Ethnicity/race:</b> Consider the impact on different ethnic groups and nationalities		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>
<b>Positive</b>	<input type="checkbox"/>	The majority of HMS students are White British (73%) which is lower than the percentage of this age group living in the Borough (82%) (Those aged 0-19 Census 2011). There will therefore be no disproportionate impact on White British children and their families.
<b>Neutral</b>	<input checked="" type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	<p>Ethnicity information is collated from the Borough's central student records and shows that engagement is high among children of non-White origin.</p> <p>Black children stand out, making up 13.94% of our students compared to the percentage of Black residents in the borough (7%). There is also a higher percentage of Chinese students at HMS (1.65%) compared to the percentage of Chinese residents in the borough (0.7%).</p> <p>Chinese, Other and Mixed origin children appear to out-perform the average at all levels, but especially at NQF level 3. Black children appear to underperform at NQF2 and NQF3 particularly, although this may reflect a bulge in the number of beginners.</p> <p>The proposals therefore are also likely to benefit ethnic minority groups, particularly Black and Chinese, in the Borough.</p>

**Evidence:**

The tables below show the breakdown of ethnicity for HMS, and achievement by different ethnic group (Borough's central student records).

	Total	Pre NQF level 1	NQF level 1	NQF level 2	NQF level 3	
<b>White</b>	73.20%	62.24%	28.96%	6.11%	2.69%	<b>100.00%</b>
<b>Mixed</b>	6.27%	64.04%	25.28%	6.18%	4.49%	<b>100.00%</b>
<b>Asian</b>	4.23%	65.00%	29.17%	3.33%	2.50%	<b>100.00%</b>
<b>Black</b>	13.94%	74.75%	21.46%	2.78%	1.01%	<b>100.00%</b>
<b>Chinese</b>	1.65%	38.30%	31.91%	23.40%	6.38%	<b>100.00%</b>
<b>Other</b>	0.70%	70.00%	15.00%	10.00%	5.00%	<b>100.00%</b>
	<b>100.00%</b>					

These figures have been compared to the ethnic profile of the borough (2012 Round SHLAA ethnic group projection - final, Greater London)

2014 (projection)	Percentage of population (%)	Percentage breakdown of Ethnicity for HMS (%)
White	85.7%	73.20%
Black	7%	13.94%
Asian	5.40%	4.23%
Chinese	0.7%	1.65%
Other	1.2%	0.70%

Although not directly comparable (SHLAA projections do not account for 'Mixed'), the figures illustrate that HMS has a disproportionately lower number of White British Students compared to the percentage of White British residents in the Borough and disproportionately higher number of Black and Chinese Students that Black and Chinese residents in the borough.

**Sources used:**

Borough's central student records

2012 Round SHLAA ethnic group projection - final, Greater London

**Religion/faith:** Consider people from different religions or beliefs including those with no religion or belief

Please tick (✓) the relevant box:

**Positive**

**Neutral**

**Overall impact:**

Not known

<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b> No data is currently available.		
<b>Sources used:</b> N/A		

<b>Sexual orientation:</b> Consider people who are heterosexual, lesbian, gay or bisexual		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b> Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b> No information is collected on sexual orientation.		
<b>Sources used:</b> N/A		

<b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b> Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b> No information is collected on gender reassignment.		
<b>Sources used:</b> N/A		

<b>Marriage/civil partnership:</b> Consider people in a marriage or civil partnership		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>  No information is collected on marriage/civil partnership.		
<b>Sources used:</b>  N/A		

<b>Pregnancy, maternity and paternity:</b> Consider those who are pregnant and those who are undertaking maternity or paternity leave		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Not known
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input type="checkbox"/>	
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b>  No information is collected on pregnancy, maternity and paternity.		
<b>Sources used:</b>  N/A		

<b>Socio-economic status:</b> Consider those who are from low income or financially excluded backgrounds		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  It should be noted that under the proposed direct charging scheme overall annual costs will rise to fund the considerable increase in activity offered to HMS students. HMS currently invoices schools for 37 weeks' tuition a year and schools mostly pass this charge onto parents
<b>Positive</b>	<input type="checkbox"/>	
<b>Neutral</b>	<input checked="" type="checkbox"/>	

<p><b>Negative</b></p>	<p>in three termly payments. The proposed scheme will charge parents directly for 52 weeks per year but partners/carers will have the option to pay monthly thereby spreading the costs over twelve months.</p> <p>We therefore anticipate that, despite the annual costs increase, both HMS students and parents/carers will benefit from the proposed scheme: HMS students will enjoy a much wider and improved HMS programme offer and their parents/carers will be able to spread the costs over twelve payments which will make tuition more affordable and easier to budget for, particularly for lone parents and families on low incomes.</p> <p>School staff we have consulted all agree that monthly payments will be popular with parents. Informal feedback from parents whom we already invoice termly (for Saturday and Weekday Music Centres) is that monthly payment options would be welcome.</p> <p>At present, HMS is also not aware which of its students are eligible for the Borough's remission of fees scheme, as families apply directly and confidentially to the relevant Borough department and schools fund remissions. We will become more aware of this as we roll out the new scheme throughout the Borough.</p> <p>As the proposal will increase ensemble and theory opportunities during the week, groups who may be unable to participate on Saturdays will have increased opportunities at other periods. Furthermore, the new scheme will result in new ensembles and theory classes in schools all over the Borough, making these opportunities more accessible to less well-off families, who may otherwise have difficulty travelling to our Saturday and Weekday Centres in Hornchurch.</p>
<p><b>Evidence:</b></p> <p>No data currently available.</p>	
<p><b>Sources used:</b></p> <p>N/A</p>	

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Age Gender Disability Religion Socio-economic disadvantage	Data is patchy so doesn't allow us to fully assess the impact on children with protected characteristics	As we roll out the new charging scheme across the borough, more data on students will be collected	Data provided will allow us to evaluate the impact of proposals on residents. It will also allow us to review the impact of the new scheme.	Throughout 2015	Gary Griffiths

# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Parking Fees and Charges
<b>Type of activity:</b>	Budget Proposals
<b>Lead officer:</b>	Tina Brooks
<b>Approved by:</b>	Bob Wenman Head of Streetcare Please include your name, job title, service and directorate
<b>Date completed:</b>	January 2015
<b>Scheduled date for review:</b>	Will be reviewed on each occasion changes are made to the charging policy If and when applicable

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Changes to fees and charges
2	<b>Type of activity</b>	Budget Proposals/Strategy/Policy
3	<b>Scope of activity</b>	<p>To amend charges for parking activities within the authority. To provide the amenity of parking spaces for business and residents to ensure adequate turnover of parking space and to maintain road safety through encouraging better driver behaviours.</p> <p>Changes to price and short stay tariffs to support local business.</p> <p>To implement new permitted parking areas and to review mechanisms used for parking payment including the introduction of cashless parking facilities.</p> <p>To make changes to enforcement operations to ensure compliance with moving traffic regulations and to improve driving standards.</p>
4a	<b>Is the activity new or changing?</b>	Yes
4b	<b>Is the activity likely to have an impact on individuals or groups?</b>	Yes
5	<b>If you answered yes:</b>	Please complete the EIA on the next page.
6	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Tina Brooks Assistant Group Manager Traffic & Parking Services
<b>Date:</b>	12/01/2015

## 2. Equality Impact Assessment

### Background/context:

The Council provides 8422 parking spaces borough wide, off street (2643) on street (779) a number of which are dedicated for use of blue badge holders, in accordance with the recommended ratio given by the Office for National Statistics) and 5000 resident only parking spaces.

Parking Spaces are provided to accommodate either long or short stay parking suitable for each specific area e.g. long stay commuter parking or short stay shopping either on or off street.

Short stay parking charges are designed to promote the responsible use of the available parking spaces by shoppers to ensure turnover of space and to promote the local economy

Permit parking reserves spaces for specific parts of the community e.g. local business or residents who would otherwise be unable to have reasonable access to parking close to their properties if space was not controlled through means of a permit system due to commuter or retail activities. Changes to visitors permits to be considered to allow purchase of hourly or daily permits. This may be facilitated through cashless parking providers using virtual permits.

Increases in charges will ensure the costs of providing these services are met; any surplus income derived from the on street parking service may only be used in accordance with section 55 of the Road Traffic Regulation Act 1984, which includes provision and upgrade of parking facilities, highway and environment provision and provision of public transport e.g. freedom passes.

It is proposed to review parking charges and the payment mechanisms through upgrading existing pay and display equipment and to consider the introduction of cashless parking facilities for all that use parking facilities within the borough.

Cashless parking system will provide an alternative payment mechanism as an enhancement to customer service. Payment by phone, text or online will eliminate the need for the driver to have the correct change available upon parking and will provide the additional facility of allowing a top up payment to be made without the need to return to the vehicle if the driver is delayed. This service has proven successful in other authorities where increasing usage of this payment method has led to reduced costs in respect of machine maintenance and cash collection. The reduced volume of cash collection improves security of both staff and Council income.

Where free parking sessions are offered for limited time periods this will require motorists to input vehicle registration numbers at the machines and to place pay and display tickets within the windscreen of their vehicles.

Currently Blue Badges issued to disabled persons may be used without charge on all permitted parking bays in the Borough with the exception of specific voucher bays which are specifically signed. There is no anticipated change to the existing arrangements at this time.

### Parking in Parks

The parking proposals include applying charges to all car parks in parks and changing the charging arrangements. Before the consultation there were two separate EIAs; one for car parking in parks and one for Parking. However as car parking in parks was included in the Parking Budget Consultation, the two EIAs have been merged post consultation and the impact on park service users is therefore within the scope of this Equality Impact Assessment.

Parking restrictions in car parks are designed to prevent long term parking by residents, commuters or shoppers which could be to the detriment of parks users. However, we recognise that parking restrictions do have the potential to displace parking to adjacent areas and also have cost implications attached to them, which may be detrimental to others, particularly to disabled residents and people from socio-economic groups.

#### Current charges

In July 2012, parking charges were successfully introduced in Cottons Park, Lodge Farm Park (in both Carlton Road and Main Road car parks) and at Upminster Park (in both the New and Old Windmill Hall car parks) at the following times:

#### **Cottons Park Car Park (Cottons Approach):**

Monday – Friday (8:00 – 18:00 hours)

Saturday (8:00 – 18:00 hours)

#### **Lodge Farm Park (Main Road end):**

Monday – Friday (8:00 – 18:00 hours)

Saturday (8:00 – 18:00 hours)

#### **Lodge Farm Park (Carlton Road end):**

Monday – Friday (8:00 – 18:00 hours)

Saturday (8:00 – 13:00 hours)

#### **New Windmill Hall Car Park (St. Mary's Lane):**

Monday – Friday (8:00 – 18:00 hours)

Saturday (8:00 – 13:00 hours)

#### **Old Windmill Hall Car Park (St. Mary's Lane):**

Monday – Friday (8:00 – 18:00 hours)

Saturday (8:00 – 13:00 hours)

Charges start at 20p for 0-2 hours and go up to £8.00 for 8-12 hours. There is no charge from 6pm to 8am. Saturday afternoons are free from 1pm (due to sporting events) apart from Main Road Lodge Farm Park. Sundays are free of charge.

#### New proposals

It is proposed that new parking charges will replace the charges listed above and be introduced to the parks listed below.

Bedfords Park  
Bretons Outdoor Recreation Centre (main)  
Bretons Outdoor Recreation Centre (overflow)  
Brittons (Ford Lane)  
Brittons (Rainham Rd)  
Broxhill Centre  
Central Park  
Cranham Brickfields

Dagnam Park  
Gidea Park Sports Ground Depot  
Gidea Park Bowls  
Hacton Parkway and Playsite  
Harold Wood Park (Harold View)  
Harold Wood Park (Recreation Ave)  
Harrow Lodge Park (Sports Centre)  
Harrow Lodge Park (Rainham Rd)  
Harrow Lodge Park (Warren Drive)  
Haynes Park (Slewings Lane)  
Haynes Park (Northumberland Ave)  
Hornchurch Country Park (Sq n App)  
Hornchurch Country Park (South end Rd)  
Hylands Park  
King Georges Playing Field (r/o café)  
King Georges Playing Field (f/o café)  
Parklands  
Rise Park  
Rainham Recreation Ground  
The Dell  
Tylers Common  
Upminster Hall Playing Field  
Westlands Playing Fields

It is proposed that the charges will be as follows:

20p for 3 hours;

50p for 3-5 hours;

There will be a maximum stay of 5 hours;

Free on Saturday and Sunday

Charges apply from 8.00am to 6.30pm from Monday to Friday.

No free period at the beginning of a stay but a 10 minutes grace period at the end.

### **Consultation on Parking Budget Proposals**

The Council launched a public consultation on the 2015 – 18 budget proposals on the 29<sup>th</sup> September which ran for three months closing on 29<sup>th</sup> December 2014. In addition to the general Budget Consultation, the Council launched a specific statutory consultation on proposals related to the Parking Service. There were 364 responses to the Parking Service consultation of which approximately 44% (159 surveys) were completed on line and 56% (205 surveys) were completed via a paper copy.

#### **'Yes' / 'No' (quantitative) questions**

There were five 'Yes' / 'No' questions as part of the Parking Budget Proposals Consultation, as follows:

Q1. These proposals would allow for half an hour free parking (20 minutes free parking, plus 10 minutes 'grace' period) in on-street pay and display bays and in car parks outside Romford. We believe this would support local businesses and shoppers. Do you agree with this proposal?

Q2. Would you prefer no free period, but lower charges for longer stays?

Q3. Do you agree that parking tariffs should be set in a way that supports short term parking and deters long-stay commuters (higher charges for longer stays)?

Q4. Do you agree with the proposal that car parking in parks should cost less than it does in town centre car parks?

Q5. The 'school run' causes many issues for pedestrians, parents, children and motorists. Would you support more parking restrictions and enforcement around schools?

When looking into respondents' feedback on questions 1 to 5, the data shows that of those who answered the question:

Q1 – 57% of respondents agreed with the proposal for half an hour free parking (20 minutes free parking, plus 10 minutes 'grace' period) in on-street pay and display bays and in car parks outside Romford, while 38% disagreed.

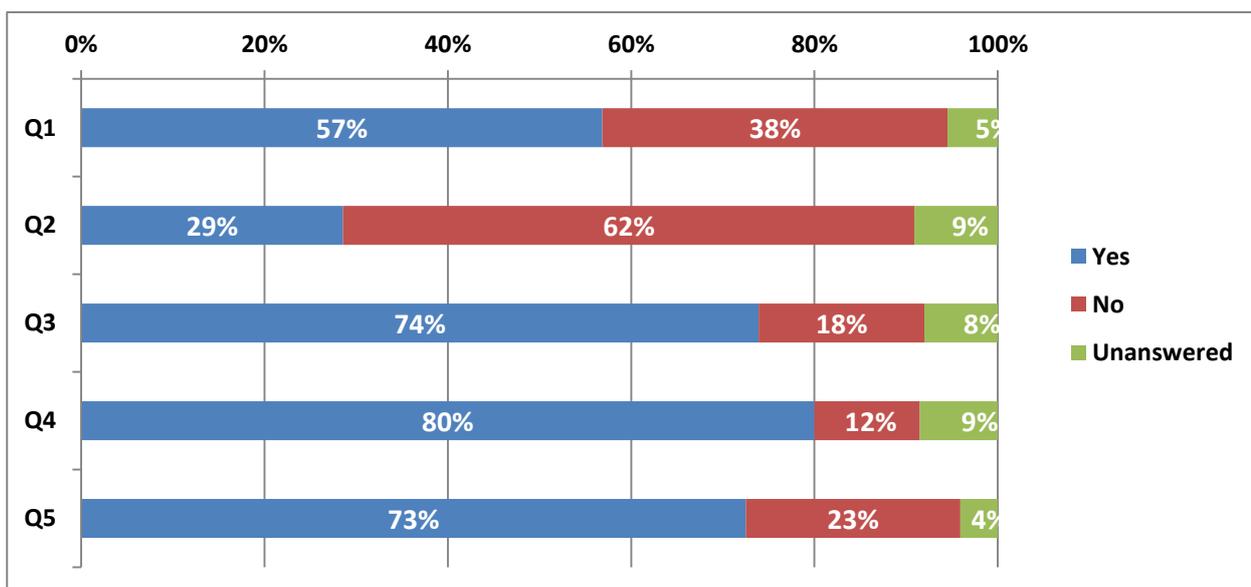
Q2 – 62% disagreed with the proposal of no free period but lower charges for longer stays, while 29% agreed with the proposal.

Q3 – 74% agreed that parking tariffs should be set in a way that supports short term parking and deters long-stay commuters (higher charges for longer stays), while 18% disagreed.

Q4 – 80% agreed that car parking in parks should cost less than it does in town centre car parks, 12% disagreed.

Q5 – 73% are supportive of more parking restrictions and enforcement around schools, while 23% are against the proposal.

**Bar chart illustrating the percentage of Yes/No responses for the 5 questions listed above**



Open ended (qualitative) questions

Additionally, there were three open ended questions that respondents were invited to comment on:

Q6. The proposals would amend the arrangements for a number of parking permits used by residents and businesses in certain circumstances. Do you have any comments on these proposals?

Q7. The Council wants to help local people park near their homes. If you have any requests for additional parking bays, residents' parking schemes or changes to parking restrictions in your local area, please list them here and we will consider them (subject to separate, local consultation).

Q8. Do you have any other comments on the parking proposals and strategy that you have not addressed in previous responses?

Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to parking in parks and were against this proposal.

The feedback on the Parking Service has been considered by Cabinet in January and is reflected in this Equality Impact Assessment that will inform the final decision on the parking proposals in February.

<b>Age:</b> Consider the full range of age groups	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>It is envisaged the proposals will impact positively on all age groups who wish to visit the outlying town centres.</p> <p>The introduction of a free limited stay tariff will allow for shorter visits and a greater turnover of parking space availability which will particularly benefit the public who will have improved opportunities to park.</p> <p>Further positive impact will arise from increased enforcement around schools to improve driver behaviours and road safety.</p> <p>However, apart from the above outlined positive impact there might be some negative implications from the introduced charges in parks, particularly for most frequent service users of parks and/or leisure centres such as working age families with young children and older people.</p> <p><u>Parking in Parks</u></p> <p>Parking restrictions in unrestricted car parks are designed to prevent long term parking by residents, commuters or shoppers which could be to the detriment of parks users.</p> <p>It is envisaged that the proposals will impact positively on all age</p>
<b>Neutral</b>	
<b>Negative</b> ✓	

groups who wish to use the Borough's parks, but particularly older people, people with disabilities and parents / carers with young children; as they will have greater chance of being able to park their cars in the parks where charges are to be introduced.

There were a number of comments in the budget consultation survey about the impact of charges in Parks on the Walking for Health Programme, which is primarily attended by an older demographic. This group may therefore be disproportionately affected by the proposals.

**Evidence:**

No data on the age profile of service users is available, so we have used the available diversity profile data of the Borough and respondents' diversity profile (where disclosed) to inform our proposals and EIA.

Age profile of Havering's population:

2013	Number	Percentage of population (%)
All persons	242,080	100.0
0-4 years	14,808	6.1
5-10 years	16,867	7.0
11-17 years	20,445	8.5
18-24 years	21,048	8.7
25-64 years	124,097	51.3
65-84 years	38,306	15.8
85+ years	6,509	2.7

*(Source: 2013 Mid-year population estimates, Office of National Statistics)*

Age profile of Parking proposals consultation respondents:

Last Birthday	Count	Percentage
13-24	4	1%
25-44	61	17%
45-64	125	34%
65+	142	39%
Unanswered	32	9%
<b>Total</b>	<b>364</b>	<b>100%</b>

*(Source: Parking proposals consultation, 2014)*

The comparison of the age profile of Havering's population with respondents' age profile shows that 51% of respondents are of working age (25-64) which is comparable to the proportion of working age residents in the Borough (51.3%) and therefore could be concluded that the results from the survey are a representative reflection of their views. From the above data it is also evident that the views of residents aged 24 or below are

underrepresented as only 1% of respondents were from this age group. Respondents who are 65 and over, on the other hand are over-represented (39%) compared to the Borough profile (18.5% of Havering's population are in this age group).

When looking into responses to Council's short- and long-term parking proposals (Q1, Q2 and Q3), the majority of respondents were supportive of short-term parking proposals and agreed with Council's approach to deter long-term parking. Of the minority of respondents who were concerned with Council's proposals on short- and long-term parking, those aged 25-64 were over-represented. However, their proportion wasn't disproportionately higher than respondents aged 25-64 who were supportive of the proposals.

In terms of the question on parking restrictions and enforcement around schools (Q5), while the majority of respondents (74%) were in favour of the proposal, 23% disagreed. Of those who weren't supportive of the proposal, the majority were aged 24-44 or 45-64, which could be explained with the fact that they are more likely to have children or grand children of school age.

Of those who responded to the question related to parking charges in parks (Q4), a great majority (80%) were supportive of lower parking charges in parks than town centre car parks. However, it's also worth considering the qualitative feedback on Q8 inviting for further comments.

Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to proposed changes to parking charges in parks and were against this proposal, particularly where Havering Walking for Health schemes were operating or at the Leisure Centres. Of those, 56% were aged 25-64, followed by 38% 65+, and 2% 13-24.

Respondents aged 65 and over are over-represented in the survey (both qualitative and quantitative responses) and working age respondents are slightly over-represented in the qualitative responses. This over-representation could be due to the perception of these age groups that they will be negatively affected through proposed charges, including charging in parks and at leisure centres. .

#### **Sources used:**

2013 Mid-year population estimates, Office of National Statistics

LB Havering Public Consultation on the 2015 – 18 budget proposals and Parking proposals consultation, 2014

Mayor of London The Outer London Commission (2012): Second Report

London Councils report The Relevance of Parking in the Success of Urban Town Centres, 2012

**Disability:** Consider the full range of disabilities; including physical mental, sensory and progressive conditions

<p>Please tick (✓) the relevant box:</p>	<p><b>Overall impact:</b></p> <p>Currently Blue Badges issued to disabled persons may be used without charge on all bays in the Borough with the exception of specific voucher bays which are clearly signed. There is no anticipated change to the existing arrangements at this time.</p>
<p><b>Positive</b></p>	
<p><b>Neutral</b></p>	<p>✓</p>
<p><b>Negative</b></p>	<p>The introduction of a free limited stay tariff will allow for shorter visits by the general public and in turn allow greater turnover of parking space which may particularly benefit people with disabilities who will have improved opportunities to park.</p> <p>In terms of the proposal to introduce a cashless parking system and usage of mobile phones as an extra means of payment, there is no anticipated negative impact as these new arrangements will be supplementing current payment mechanisms.</p> <p><u>Parking in Parks</u></p> <p>Parking restrictions in unrestricted car parks are designed to prevent long term parking by residents, commuters or shoppers which could be to the detriment of parks users.</p> <p>It is envisaged that the proposals will impact positively on all age groups who wish to use the Borough's parks, but particularly older people, people with disabilities and parents / carers with young children; as they will have greater chance of being able to park their cars in the parks where charges are to be introduced.</p> <p>Disabled Badge Holders must pay for parking unless the vehicle is exempt from road tax and has a tax classification DISABLED in which case 3 hours free is permitted with normal charges applying after 3 hours.</p> <p>Disabled customers are not restricted to using disabled bays only and may use any car parking bay in a car park, excluding of course, motorcycle bays if not used for the purpose of parking such a vehicle, or bays set aside for permit holders only.</p>

**Evidence:**

Comprehensive data on disability profile of service users is unavailable so comments are based on available disability profile data of Havering's population and respondents' disability profile data (where disclosed) .

Disability profile of Havering's population:

Based on 2011 Census data, 8.2% of the Havering residents have a long term health

problem or disability (day to day activities limited a lot) and further 9% have a long term health problem or disability (day to day activities limited a little).

According to the Annual Population survey (2012-13), 31,400 (21%) working age people (16-64) and 22,320 (52%) of older people (65+ years old) living in Havering have a disability or long term illness/health condition.

Disability profile of Parking proposals consultation respondents:

<b>Illness or disability</b>	<b>Count</b>	<b>Percentage</b>
Yes	47	13%
No	261	72%
Unanswered	56	15%
<b>Total</b>	<b>364</b>	<b>100%</b>

(Source: *Parking proposals consultation, 2014*)

As seen from the above data, the views of disabled residents are under-represented in the survey results as only 13% of respondents who responded to the disability question have a disability / long-term illness. It's worth noting that the numbers of respondents disclosing their disability is very small (47 respondents) and further 56 (15%) respondents chose not to disclose their disability. It is therefore hard to draw conclusions based on the available data.

Analysis of responses to Q1, Q2, Q3 and Q4, shows that both respondents with and without disabilities are generally supportive with Council's proposals. Fewer disabled respondents are concerned about a no free parking period and a smaller charge for a longer period of time compared to respondents without disabilities. This is probably because many disabled people are Blue Badge holders. However, a slightly higher number (40) of disabled residents were in favour of more parking restrictions and enforcements around schools. This may be because more restrictions could help improve accessibility to schools.

Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to proposed changes to parking charges in parks and were against this proposal. Of the 158, 14% stated they had a long standing illness or disability, which is lower than the disability profile of the Borough.

#### **Sources used:**

2011 Census, Office of National Statistics

2012/13 Annual Population Survey, Office of National Statistics

LB Havering Public Consultation on the 2015 – 18 budget proposals and Parking proposals consultation, 2014

<b>Sex/gender:</b> Consider both men and women		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  Although no data on sex/gender profile of service users is currently available, the breakdown of responses to the survey does indicate that more women than men are concerned about lower charges for longer stays in car parking in parks. This could potentially be influenced by taking family members (children) to the park. Also, women are less supportive of more parking restrictions and enforcement at schools compared to men, which could partly be because women are more likely to be responsible for taking their children at school.
<b>Positive</b>		
<b>Neutral</b>		
<b>Negative</b>	✓	

**Evidence:**

No data on sex/gender profile of service users is currently available so comments are based on gender profile of Havering's population and respondents' gender profile data (where disclosed)

Gender profile of Havering's population:

2013	Number	Percentage of population (%)
All persons	242,080	100.0
Male	116,232	48.0
Female	125,848	52.0

*(Source: 2013 Mid-year population estimates, Office of National Statistics)*

Gender profile of Parking proposals consultation respondents:

Gender	Count	Percentage
Male	164	45%
Female	172	47%
Unanswered	28	8%
<b>Total</b>	<b>364</b>	<b>100%</b>

*(Source: Parking proposals Consultation, 2014)*

Of those respondents to the survey who disclosed their gender, 47% were female and 45% were male (8% did not disclose their gender), compared to respectively 52% female residents and 48% male residents in the Borough. While based on the disclosed data, the views of both men and women seem to be under-represented, it should be noted that 8% did not disclose their gender profile so it's likely that the results from the survey are fairly representative of residents (both men and women) living in the Borough.

When looking into responses to Council's short- and long-term parking proposals (Q1, Q2 and Q3), the majority of both male and female respondents were supportive of short-term parking proposals and agreed with Council's approach to deter long-term parking. More women than men agreed with lower charges for longer stays (Q2) and that car parking in parks should cost less than car parking in town centre car parks (Q4). This

could potentially be influenced by taking family members (children) to the park.

Also, in terms of Q5, while the majority of women (as well as men) were supportive of more parking restrictions and enforcement at schools, almost one third (27%) of female respondents disagreed with the proposal, which could partly be because women are more likely to be responsible for taking their children at school.

Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to proposed changes to parking charges in parks and were against this proposal. Of the 158, 52% are female and 45% are male (3% not stated).

**Sources used:**

2013 Mid-year population estimates, Office of National Statistics

LB Havering Public Consultation on the 2015 – 18 budget proposals and Parking proposals consultation, 2014

London Councils report The Relevance of **Parking** in the Success of Urban **Town Centres**, 2012

**Ethnicity/race:** Consider the impact on different ethnic groups and nationalities

*Please tick (✓) the relevant box:*

**Overall impact:**

The impact based on ethnicity or national group is not known.

**Positive**

**Neutral**

**Negative**

Evidence:

Comprehensive data on ethnicity or nationality of service users is currently unavailable so we have based our assessment on available ethnicity profile of Havering’s population and respondents’ ethnicity profile.

Ethnicity profile of Havering’s population:

2011 Ethnic Groups	Count	% total population
White	207,949	87.66
Asian or Asian British	11,545	4.87
Black or Black	11,481	4.84

British		
Mixed Ethnic Background	4,933	2.08
Other Ethnic Group	1324	0.56

(Source: 2011 Census, ONS)

Ethnicity profile of Parking proposals consultation respondents:

Survey Ethnic Group	Count	Percentage
White	291	80%
Asian or Asian British	3	1%
Black or Black British	7	2%
Mixed background	3	1%
Other ethnic group	2	1%
Prefer not to say	15	4%
Unanswered	43	12%
Total	364	100%

(Source: Parking proposals consultation, 2014)

16% of consultation respondents preferred not to disclose their ethnicity. Of those who responded to the ethnicity question, 80% were White compared to just below 88% White residents living in the Borough. Of known Black and Minority Ethnic (BME) respondents, 2% were Black or Black British (compared to just below 5% of residents), 1% were Asian or Asian British (compared to just below 5% of residents) and 1% were from Mixed heritage (compared to 2% of residents). As seen above, the views of all ethnic groups, including White and BME groups, apart from the Other Ethnic Group, are under-represented in the survey. It's worth noting, however, that the number of BME respondents is very small (15) and further 58 (16%) respondents did not disclose their ethnic background. It is therefore hard to draw conclusions based on the available data.

Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to proposed changes to parking charges in parks and were against this proposal. Of the 158, 84%(133 respondents) were White and 13% (21 respondents) preferred not to disclose their ethnic background and 6% were Blank.

#### Sources used:

2011 Census, Office of National Statistics

2012/13 Annual Population Survey, Office of National Statistics

London Councils report The Relevance of **Parking** in the Success of Urban **Town Centres**,2012

<b>Religion/faith:</b> Consider people from different religions or beliefs including those with no religion or belief		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>
<b>Positive</b>	<input type="checkbox"/>	No data available.
<b>Neutral</b>	<input checked="" type="checkbox"/>	There is no evidence to suggest that the proposals will have a disproportionate impact on this protected characteristic.
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b> No data available.		
<b>Sources used:</b>  N/A		

<b>Sexual orientation:</b> Consider people who are heterosexual, lesbian, gay or bisexual		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>
<b>Positive</b>	<input type="checkbox"/>	No data available.
<b>Neutral</b>	<input checked="" type="checkbox"/>	There is no evidence to suggest that the proposals will have a disproportionate impact on this protected characteristic.
<b>Negative</b>	<input type="checkbox"/>	
<b>Evidence:</b> No data available.		
<b>Sources used:</b>  N/A		

<b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input checked="" type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>
<b>Overall impact:</b>	
No data available.	
There is no evidence to suggest that the proposals will have a disproportionate impact on this protected characteristic.	
<b>Evidence:</b>	
No data available.	
<b>Sources used:</b>	
N/A	

<b>Marriage/civil partnership:</b> Consider people in a marriage or civil partnership	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input checked="" type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>
<b>Overall impact:</b>	
No data available.	
There is no evidence to suggest that the proposals will have a disproportionate impact on this protected characteristic.	
<b>Evidence:</b>	
No data available.	
<b>Sources used:</b>	
N/A	

<b>Pregnancy, maternity and paternity:</b> Consider those who are pregnant and those who are undertaking maternity or paternity leave	
<i>Please tick (✓) the relevant box:</i>	<b>Overall impact:</b> No data available.
<b>Positive</b>	<u>Parking in Parks</u>
<b>Neutral</b>	Parking restrictions in unrestricted car parks are designed to prevent long term parking by residents, commuters or shoppers which could be to the detriment of parks users.
<b>Negative</b> ✓	It is envisaged that the proposals will impact positively on all age groups who wish to use the Borough's parks, but particularly older people, people with disabilities and parents / carers with young children; as they will have greater chance of being able to park their cars in the parks where charges are to be introduced.  However, we do recognise that introduced charges are likely to negatively affect parents with children, particularly low income families and lone parents.
<b>Evidence:</b> No data is available.	
<b>Sources used:</b> N/A	

<b>Socio-economic status:</b> Consider those who are from low income or financially excluded backgrounds	
<i>Please tick (✓) the relevant box:</i>	<b>Overall impact:</b> The increased charges for longer term parking may have a negative effect on those on low income or financially excluded backgrounds, however, free limited stay parking may be seen as of value for short visits to shops etc.
<b>Positive</b>	<u>Parking in Parks</u>
<b>Neutral</b>	
<b>Negative</b> ✓	An introduction or increase of charges for car parking and the number of car parks this applies to in the Borough is likely to have negative impact on people on low incomes or who are from financially excluded backgrounds. In particular this could impact those that live and visit parks in the most deprived areas of the Borough, including older and disabled residents and their carers.

This was demonstrated in the budget/parking consultation for 2015-2018 where 44% of the total survey responses objected to the introduction of charges in parks citing the impact on public health and well-being.

**Evidence:**

No socio-economic data of service users is currently available.

Parking in Parks

The table below lists the new Parks (in addition to those that already have car parking charges) to be affected, the ward of the park and the Ward's deprivation rank. Residents who live and visit parks in the more deprived areas of the borough such as Gooshays, Heaton, Havering Park and Brooklands may be disproportionately affected by the proposal.

Parks breakdown by ward and deprivation rank:

Park	Ward	Deprivation Rank of Ward
Central Park	Gooshays	1
Dagnam Park	Gooshays	1
Broxhill Park	Heaton	2
Bedfords Park	Havering Park	4
Westlands Playing Fields	Brooklands	5
Harold Wood Park	Harold Wood	7
Tylers Common	Harold Wood	7
Rainham Recreation Ground	Rainham and Wennington	8
King Georges Playing Field	Mawneys	9
Bretons Outdoor Recreation Centre	Elm Park	10
Brittons	Elm Park	10
The Dell	St Andrews	11
Harrow Lodge Park	Hylands	12
Hylands Park	Hylands	12
Gidea Park Sports Ground Depot	Pettits	13
Rise Park	Pettits	13

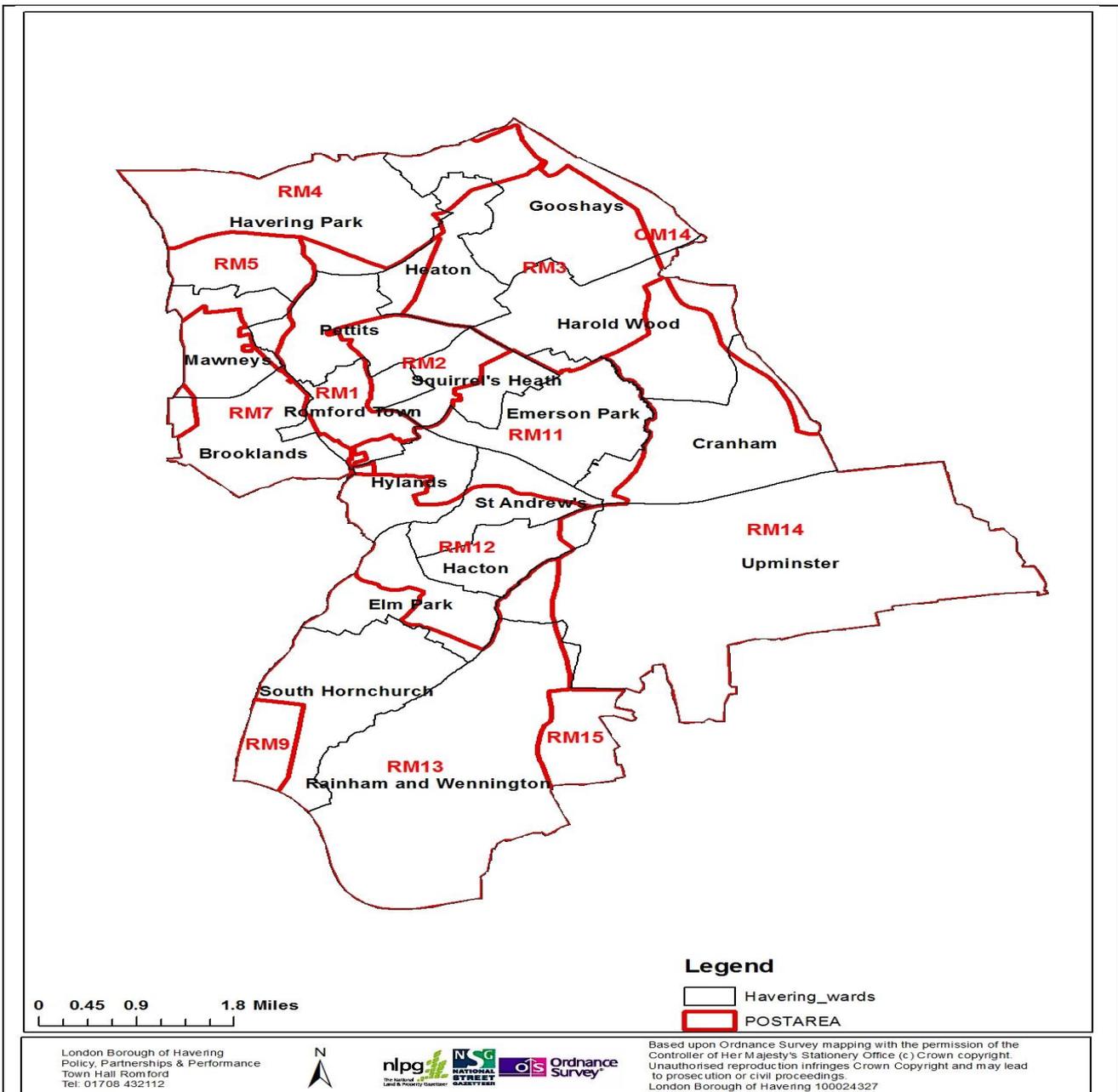
Haynes Park	Squirells Heath	14
Hacton Parkway and Playsite	Hacton	15
Hornchurch Country Park	Hacton	15
Cranham Brickfields	Cranham	17
Upminster Hall Playing Field	Cranham	17
Parklands	Upminster	18

N.b. Rank 1 = Most deprived ward, rank 18 = least deprived ward.

Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards.  
Department of Communities and Local Government, 2011

The majority of respondents to the consultation were from the following areas RM12 (23% or 83 respondents), RM11 (14% or 52 respondents) and RM14 (11% or 40 respondents). As seen from the below map, these postcodes relate but are not limited to: Hacton, Elm Park, Hylands, St Andrew's and Squirrel Heath wards.

Postcode areas of respondents overlaid with Council wards map:



Of the 364 responses to the consultation, 232 respondents provided answers to the open ended question in the survey (Q8). Of these, the majority of comments (158) were referring to proposed changes to parking charges in parks and were against this proposal. Of the 158, 105 respondents provided their postcodes which enabled us to identify the wards they live in. The table below shows that 16% (17 respondents) were from Hacton, 13% (14 respondents) were from Elm Park, 11% (12 respondents) were from Hylands and 10% (10 respondents) are from St Andrew's ward.

Respondents' breakdowns by ward:

Wards	count	percentage
Hacton	17	16%
Elm Park	14	13%
Hylands	12	11%
St Andrew's	10	10%
Squirrel's Heath	7	7%

Upminster	7	7%
Harold Wood	7	7%
Pettits	6	6%
Cranham	5	5%
South Hornchurch	5	5%
Emerson Park	4	4%
Romford Town	4	4%
Brooklands	2	2%
Havering Park	2	2%
Gooshays	1	1%
Mawneys	1	1%
Rainham and Wennington	1	1%
<b>Grand Total</b>	<b>105</b>	<b>100.00%</b>

From the above data it can be seen that the majority of residents who were against the parking proposals in parks were from Hacton, Elm Park, Hylands, St Andrew's wards which are situated in the middle of the Borough deprivation ranks. It is possible many of the objections received from these areas are related to the leisure centres which are situated in the parks.

**Sources used:**

LB Havering Public Consultation on the 2015 – 18 budget proposals.

Table of Index of Multiple Deprivation by Lower Super Output Area in Havering Wards. Communities and Local Government, 2011

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## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Socio-economic status and multiple disadvantage	Disproportionate impact on low income or financially excluded backgrounds; potential disproportionate impact due to multiple disadvantage (e.g. lone parents with young children)	<p>If the proposals are implemented, they will be regularly monitored through surveys and monitoring of usage.</p> <p>Changes will also be communicated to the public via the Councils website and public notices</p>	Any potential or likely negative impact is minimised	Assessment to be reviewed in a year's time	Bob Wenman

\* You should include details of any future consultations you will undertake to mitigate negative impacts

\*\* Monitoring: You should state how the negative impact will be monitored; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

## Review

Group Manager Parking Services to carry out annual review.

# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Early Help and Troubled Families (EH&TF) proposals for reviewing Grant funding
<b>Type of activity:</b>	Budget proposals
<b>Lead officer:</b>	<b>Sarah Thomas</b>
<b>Approved by:</b>	<i>Kathy Bundred, Head of Children Services</i>
<b>Date completed:</b>	<i>16<sup>th</sup> January 2015</i>
<b>Scheduled date for review:</b>	<i>This is to be reviewed in January 2016 to assess the impact of the changes that have been put in place.</i>

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Early Help and Troubled Families (EH&TF) proposals for reviewing Grant funding
2	<b>Type of activity</b>	Budget proposals
3	<b>Scope of activity</b>	<p>In light of the ongoing financial pressures, Early Help has reviewed its short and long term financial position.</p> <p>At the Cabinet meeting in September 2014 it was agreed to review all commissioning and grant priorities, and the scope of the Early Help budget review has also reflected this.</p> <p>This Equality Impact Assessment (EIA reviews Early Help's grant funding approach.</p> <p>In line with the Council's objectives of achieving best value for money, we are moving towards a commissioning model. This means that all external services are commissioned through a competitive tendering process against a framework of established and evidenced priorities. There remains only one grant-funded provision; 'First Steps'</p> <p>First Steps currently receive funding from Children's Centre's revenue budget and also from the children's disability team revenue budget. This EIA relates to the proposal to take away the £85,000 grant paid by Early Help (Children Centre's) only.</p> <p>This EIA reviews:</p> <ol style="list-style-type: none"> <li>Contributions of the grant aided service towards</li> </ol>

		<p>improved family outcomes across the borough</p> <ol style="list-style-type: none"> <li>2. Impact of the provision on current and potential service users with protected characteristics and options of ways to minimise any identified negative impact</li> <li>3. Impact on the provider (First Steps) and ways of minimising the impact</li> <li>4. Alignment with service and strategic objectives and legislative changes</li> </ol> <p><b>Further saving proposals beyond 2015/16 will be articulated once plans and business cases have been produced and will be subject to full Equality Impact Assessments.</b></p>
4a	Is the activity new or changing?	<p><i>Yes- changing</i></p> <p><b>Staff Individuals and Groups</b> There is no direct impact on Council staff as the grant does not fund any LBH staff posts.</p>
4b	Is the activity likely to have an impact on individuals or groups?	<p><b>Community Individuals and Groups (including voluntary organisations)</b> First Steps are a charity organisation which offers support to families with disabled pre-school children and term-time play sessions for children with disabilities.</p> <p>We do not have the detail of First Steps charging policy, however our understanding is that the majority of their services are offered free at point of contact/delivery.</p> <p>Current and potential service users of the First Steps grant funded service may be affected as a result of the withdrawal of the Early Help grant. However any impact from the proposal will be offset by four key factors.</p> <ol style="list-style-type: none"> <li>1) Increasing inclusivity within Children Centres; Special Education Needs and Disability (SEND) friendly facilities, where children with disabilities and their families are able to access a wide range of universal, inclusive and integrated services (such as health visitors, midwives, school nurses and soon a dentist) and an even wider range of services through referral to partner agencies where appropriate.</li> <li>2) A general increase in the SEND services available to children with disabilities and their families which was not as prevalent when the grant was initially set up by Children's Centres. For example, 'UsMums' a local group of parents of children with disabilities run a self-organised support group all year round, from the Elm</li> </ol>

		<p>Park Children's Centre, where there is a Sensory Room and other accessible facilities</p> <p>3) Havering's local offer of Pre-schools/nurseries which include;</p> <ul style="list-style-type: none"> <li>- Bridge Nursery; for children aged 3 and 4 with social communication or autistic spectrum disorders whose needs cannot be met within mainstream nursery provision.</li> <li>- Corbets Tey School is a special school for pupils with Moderate, Severe and Complex Learning Difficulties. Children and young people between the ages of 4 and 16 can attend.</li> <li>- Ravensbourne School is a special school for pupils with Severe and Multiple Learning Difficulties. Children and young people between the ages of 2 and 19 can attend.</li> </ul> <p>4) More generic and SEND specific funding becoming available to providers including;</p> <ul style="list-style-type: none"> <li>- the 2 and 3 year old funding of places (15 hours free child care per week)</li> <li>- An extensive list of Ofsted-registered childminders who are able to meet the varying needs of SEND children</li> <li>- Troubled Families programme Payments by Results (PbR) payments (for those meeting the criteria) claimable by providers of whole family support</li> <li>- Early Years budgets</li> <li>- SEND Service commissioning opportunities</li> <li>- Also there is the parent's new right to buy-in specialist SEND care for children from 2014, the biggest change to Special Education Needs (SEN) for 30 years. Parents now have power to control personal budgets for their children with severe, profound or multiple health and learning needs, meaning they can directly purchase and choose the expert support that is right for their child. This is likely to extend the market and choice of provision likely to increase – Parents may wish to directly purchase the support of First Steps, should this be their provider of choice to meet their child's needs.</li> </ul>
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In light of these four factors, the need for a grant-funded service is no longer necessary to ensure SEND children and their families receive appropriate support and care.

First Steps may initially be affected by this change. However discussions have been had with First Steps Interim CEO and a number of options were covered, notably:

- Support in identifying funding streams e.g. funding for the 2 and 3 year old offer and Troubled Families funding PbR funding where appropriate
- The use of the Children's Centre building was offered (an identical arrangement as Disablement Association of Barking and Dagenham - DABD)
- First Steps acknowledged they receive funding from other sources and this could be further explored
- Opportunities for First Steps to bid for - commissioned SEND services, once these are established
- Opportunities to directly market to parents who are able to directly purchase care of choice
- Expansion of their service to whole year, rather than term time only to possibly increase revenue from charging for services
- Closer working with other VCS organisations, such as Family Information Group (FIG) to offer a joined up, complimentary offer

There is an increasing opportunity for First Steps to utilise alternative funding opportunities, such as:

- the 2 and 3/4 year old funding, to increase its traded provision and deliver chargeable service to parents who will now be able to directly resource support for their child, as per the SEND Act
- to participate commissioning opportunities, once this have been established by the SEND service.
- to access Troubled families (Phase 2) payment by results funding.

First Steps are also positive about working collaboratively with other providers, such a DABD and FIG etc.

As a result of the changes in legislation, notably the SEND Act, there will be increased opportunity for First Steps to access other funding sources, for example parents will be provided with funds to directly purchase support for their child. First Steps will also be able to

		participate in the bidding process for the commissioning of SEND provision, which LBH or other local authorities may wish to tender. In addition First Steps could also establish partnering arrangements with other providers.
5	<b>If you answered yes:</b>	<i>Please see full EIA.</i>
6	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Kathy Bundred, Head of Children's Service, Children, Adults and Housing
<b>Date:</b>	January 2015

## 2. Equality Impact Assessment

### Background/context:

Early Help currently grant fund First Steps – a charity that deliver specialist pre-school education for children under 5 with specific needs and/or disabilities. The provision currently includes

- 5 pre-school sessions per week for up to 10 children.
- 2 'Promoting attention, communication and cooperation' (PACC) sessions per week for 12 children a year targeted at children with Social Communication Difficulties or Autistic Spectrum Disorders.
- 1 Stepping up (PACC follow-on group) programme per year catering for 6 children – 1 session a week

During this reporting year there were 47 referrals that have accessed one of the three services which operate term time only.

### Breakdown of 47 referrals against disabilities as identified by First Steps

Disability	Number of children	Percentage
Cerebral Palsy	10	21%
Downs Syndrome	1	2%
Global Developmental Delay	15	32%
Physical Disability	1	2%
Speech Communication Delay	23	48%
Self-injurious behaviour	1	2%
SYNDORME	1	2%
Visual Impairment	2	4%
Total	47	N/A

**Source: First Steps Monitoring data provided July 2014**

Early Help have carried out a review and are proposing the withdrawal of funding. This decision can best be understood against a backdrop of three key changes

#### 1) Increasing inclusivity within children centres.

The Children's Centres are increasing their inclusivity: This can be seen from the increase of services being delivered from Centre's as well as the specialist SEND-friendly facilities like Elm Park Children Centre which has automated electric doors and a specialist sensory room and outdoor space.

In these SEND-friendly facilities, children with disabilities and their families are able to access a wide range of universal, inclusive and integrated services (such as health

visitors, midwives, school nurses and soon a dentist) and an even wider range of services through referral to partner agencies where appropriate.

The Early Help Service have built strong direct links with Parents Groups like 'UsMums' who have been using Elm Park's Children Centre specialist sensory room and gardens during school holidays since July 2012. The Early Help Service recognises the very limited resources available to families over the school holidays and are keen to work in partnership with families, to provide a safe and secure environment to entertain SEND children during the school holidays. The group which also provides a strong support networks for families has steadily grown and demand has meant that there are now two sessions running every week during the holidays (10-15 families per session). Building direct relationships with parent groups like 'UsMums' has helped us signpost families to resources available in Havering. This approach of promoting, enabling, facilitating such groups in local areas is being welcomed by such families evidenced from qualitative feedback received from 'UsMums'.

The Disablement Association of Barking & Dagenham (DABD) deliver services from Collier Row Children's Centre every Saturday. Early Help have made additional alternations throughout the entire building to facilitate this: widening the doors to allow for wheelchairs, ramps where required and SEND-friendly outside play equipment. There is a 'Buddy Club' provision for a minimum of 40 Saturday's a year, providing 1:1 support for up to 20 young people (aged 5 – 18) at each session enabling them to access recreational and life skill opportunities under the supervision of specialist trained staff participating in specific activities such as cookery; crafts; sports; sensory play; social skills; life skills; accessing the wider community; shopping; swimming; cinema; bowling etc.

Parents and children with disabilities already access some of our inclusive universal services such as baby weighting, breastfeeding groups, stay and play, monkey music etc.

We are increasing our universal offer (and promoting public health outcomes) and will ensure that our offer is accessible to and inclusive of all groups. This is a key consideration to promote footfall and greatest reach.

Some of First Steps children do have profound disabilities and First Steps have the required lifting equipment which Children's Centres do not have. However, the development of the SEND requirement under the Children and Families Act means that parents now have personalised budgets with which to purchase the service appropriate to their child's needs. That said, many of the children who access First Steps do go on to attend mainstream school, and these children could access more universal services via the Children Centres.

The Children's Centres are increasingly hosting health staff and services: Health visitors, midwives, school nurses and soon a dentist, so that disabled children and their families can access health services under one roof.

**2) A general increase in the SEND services available to children with disabilities and their families which was not as prevalent when the grant was initially set up**

## by Early Help.

Early Help work closely with Havering's Pre-schools/nurseries and the services within the Children Centre's often involve referrals to these provisions which include

- Bridge Nursery for children ages 3 and 4 with social communication or autistic spectrum disorders whose needs cannot be met within mainstream nursery provision
- Corbets Tey School – a Special school for pupils with moderate, severe and complex Learning Difficulties for children aged 4-16
- Ravensbourne School – A special school for pupils with severe and Multiple Learning Difficulties for children and Young people aged 2-19.

Additionally Positive Parents is a parent's forum, similar to 'Usmums' for Parents & Carers of Children and Young People with Disabilities and/or Additional Needs living in Havering. Set up and run by parents and carers of children with disabilities who offer signposting, information and training as well as the opportunity to meet with others via regular coffee mornings and social events. Opportunities are provided for parent carers to influence decisions that affect their families.

### **3) More generic and SEND specific funding becoming available to providers through the 2/3 and 4 year old offer (2/3/4YOO), Troubled Families programme, Early Years budgets and the Parents new right to buy in specialist SEND care for children from 2014.**

This review has identified that the children would be eligible for funded places through the 2/3 and 4 year old offer (2/3YOO). Early Help will support First Steps to transfer funding streams and referral processes to integrate with the 2/3YOO process where place funding is not already being accessed and the provider will be supported through this transition. This transition process will not have a direct impact on service users.

The data reported to Early Help by First Steps (see table under the Age Section under ('Evidence' below) identifies the age of the children attending the provision. First Steps have accessed 2, 3 and 4 year old funding for only 26 children this year; with the potential to claim for an additional 21 children, as the funding continues until at least the first term of their mainstream schooling.

Additionally, The Early Help service have offered to work closely with First Steps to provide support and guidance in identifying funding that may be available through the Troubled Families Phase 2 Programme.

The Early Years Funding Panel also accepts applications from Early Years settings, like First Steps, to support the education of children with a range of needs to enable them to access their Early Educational Entitlement. The funding aims to enable providers to meet the needs of children with complex special educational needs. In order to be considered for funding, evidence must be submitted to the panel that a child has a significant disability or learning difficulty, and that the support needed is over and above what the setting could be reasonably expected to provide.

In very rare and exceptional cases contingency funding can be requested, which will cover the full cost of a 1-1 worker.

**2013 – 2014** – 51 children received funding for 2-5 sessions  
 1 child received contingency funding

**2014 – 2015** – 69 children are receiving funding  
 4 children are receiving contingency funding

The Special Educational Needs (Personal Budgets and Direct Payments) Regulations [2014] came into force on 1<sup>st</sup> September 2014. As mentioned earlier, this now means all families with an approved education, health and care plan will have a legal right to request a personal budget, if they choose. This means parents now can receive direct payments and choose/purchase the expert support that is right for children with severe, profound or multiple health and learning needs. Parents will be given a choice of whether to take control of the personal budget by agencies managing the funds on their behalf or, where appropriate, by receiving direct payments, if they are suitable, to purchase and manage the provision themselves.

It is possible that current and potential service users of the grant-funded service may be affected from the grant being withdrawn but the review shows that there are several other funding streams that can and should be accessed and will offset any impact.

The provider of the commissioned service may be affected by this change. However discussions have been had with the provider in identifying funding streams and support e.g. funding for their 2/3YOO/ Troubled Families funding.

It is important to note that a precedent has been set in the past when Early Help ceased grant funding of Family Information Group (FIG), who provide child care and education provision for under 5's including SEND children. FIG have gone on to continue to provide services by accessing other grants and funding streams.

Also in line with the councils objectives of achieving best value, we are moving towards a commissioning model, so should services need to be secured moving forward, this is likely to be through competitive tendering with appropriate liaison and consultation with the new SEND service.

In light of these 3 factors, the need for a grant funded service is no longer necessary to ensure SEND children and their families receive appropriate support and care.

<b>Age:</b> Consider the full range of age groups	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<b>Overall impact:</b> Currently First Step provides services to 47 under 5's.  The breakdown of the numbers against age is below.  Based on these figures it is clear that 3 & 4 year olds would be disproportionately affected by ceasing the grant funding as this equates to 76% of the total number of referrals. There is also the issue of 4% of
<b>Neutral</b>	
<b>Negative</b> x	

referrals not having a DOB noted.

As 96% of the children at the point of referral were aged 2-4, they would be eligible for place funding under the 2YOO.

First Step may receive a reduction in funding where they have received funding from both the 2/3/4YOO and the Early Help Grant, (applicable for 26 children). It is unclear why First Steps did not apply for 2/3/4YOO funding for the remaining 21 children who are aged between 2-4 years old. It may be the case that these children are already having their places funded at another Early Years setting or it may just be that First Steps have simply decided not to apply for funding due to receiving the Early Help grant. Early Help can support First Steps to transfer funding streams and referral processes to integrate with the 2-4YOO process where funding is not already being accessed for the 21 other cases..

We are liaising with First Step to mitigate any potential negative impact by ensuring that support is given to First Step to access place funding from the 2/3YOO and then access funding for additional support through

- Parents who can directly purchase services
- Early Years Funding Panel & contingency funding for exceptional cases.
- Troubled Families Programme PbR funding.

This should mean no impact on service provision to these SEND children and their families. First Steps will, if necessary, be communicating with families to make them aware of the changes.

**Evidence:**

**Breakdown of 47 referrals against age**

<i>Age</i>	<i>Number of children</i>	<i>Percentage</i>
5	1	2%
4	15	32%
3	20	43%
2	9	19%
<i>No DOB recorded</i>	2	4%
<i>Total</i>	47	100%

**Source: First Steps Monitoring data provided July 2014**

**Sources used:**

**First Steps Monitoring data provided July 2014**

<b>Disability:</b> Consider the full range of disabilities; including physical mental, sensory and progressive conditions	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<b>Overall impact:</b> The types of disabilities exhibited, as stated in the referrals, are as follows
<b>Neutral</b>	The groups that will disproportionately be affected if grant funding was withdrawn, would be those with speech/communication delay at 48% and children with Global Developmental delay at 32%. It is important to note that some referrals are for children with multiple disabilities and complex needs hence adding up the number of children affected by each disability totals in excess of the 47 referrals we would otherwise expect .
<b>Negative</b>	<p>The data is useful when it comes to Early Help planning services in the future but it is also interesting when compared to data from Havering's Joint Strategic Needs Assessment (JSNA) for supporting vulnerable Children. At primary level, speech, language and communication difficulties are by far the most common type of identified SEN, followed by moderate learning difficulties and behavior, emotional and social difficulties. Together these account for 74% Primary level SEN. Special schools have a very different profile with most children having severe, moderate or profound and multiple learning difficulties- these account for 79% of SEN in Haverings special schools. Speech and language constitutes around 2% of Special School SEN but just under 40% of Primary school SEN.</p> <p>Though we have already talked at length about the alternative funding streams, First Steps can access- which will mitigate the impact of withdrawing the grant, we should consider the benefits of some of these families accessing services from the Children Centre's directly. In addition to benefiting from accessing a wide range of services which can result of referrals to specialist Early Years settings like</p> <ul style="list-style-type: none"> <li>• Bridge Nursery for children ages 3 and 4 with social communication or autistic spectrum disorders whose needs cannot be met within mainstream nursery provision</li> <li>• Corbets Tey School – a Special school for pupils with moderate, severe and complex Learning Difficulties for children aged 4-16</li> <li>• Ravensbourne School – A special school for pupils with severe and Multiple Learning Difficulties for children and Young people aged 2-19.</li> </ul> <p>There are also services delivered within the Children Centres that these families can benefit from.</p> <p>Good Beginnings Service is a home visiting service for pre-school children who have been identified as having social communication difficulties or have a diagnosis of autistic spectrum disorder. Good Beginnings Service holds group play sessions across both North and South Locality Children Centres, helping families and children establish</p>

positive routines and develop skills in communication, play, social interaction, cognitive development and independence. Parents can refer directly to the service but many of the families accessing Good Beginnings Service have been referred by Health Visitors or community nurses during child development checks.

Havering College also deliver Language and Play courses through North and South locality Children Centres which are designed for parents and carers of children aged between 2-4 years old to work together with their child to develop language and communication skills. The course teaches techniques to interact with the child, recognise language development in every day routines and identify opportunities to learn and teach through play.

For families who do not meet the threshold for support by the SEND social work teams, they are signposted to Positive Parents and Parents in Partnership (PIP) which is a service commissioned by LBH; they deliver drop in sessions and 1 to 1 meetings with parents of children with disabilities and provide advice, support and guidance. Through the services provided by these organisations within Children Centres, we can see that if First Steps do not access/apply for the funding to continue to deliver the services they currently are, families can access services through the Children Centres, thereby mitigating any negative impact on the groups disproportionately affected by this change.

The Early Help service will liaise closely with First Steps over the next few months to identify any families that will benefit from accessing these services.

### Breakdown of 47 referrals against disabilities

Disability	Percentage
Cerebral Palsy	21%
Downs Syndrome	2%
Global Developmental Delay	32%
Physical Disability	2%
Speech Communication Delay	48%
Self-injurious behaviour	2%
SYNDORME	2%
Visual Impairment	4%

**Source: First Steps Monitoring data provided July 2014**

### Sources used:

**First Steps Monitoring data provided July 2014**

**Number and percentage of pupils with SEN statements, JSNA Children and Young People Chapter, 2013.**

**Sex/gender:** Consider both men and women

<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  As 51% of the children accessing First Steps provisions are Male and 49% are female, neither group is disproportionately affected by this change.  Looking at other family support services, 54% of service users are female and 46% are male, which is roughly representative of the Borough gender breakdown. (52% girls and women and 48% boys and men living in Havering). This also similar to the Gender profile of the First Steps service users accessing services funded by the Early Help grant.  However the gender profile of SEND children shows that boys are twice as likely to have a SEND statement as girls. In 2011, 2% of boys in primary school have SEN statements compared to 1% of girls. It is also known that there is a higher prevalence of autism amongst boys than girls. From this data it is evident that the gender profile of service users is not reflective of the gender profile of children with SEN statements. Early Help will continue to work closely with our partners in Health e.g. Community nurses who carry out development checks within the Children Centres, to ensure we identify and address the higher level of need for specialist pre-school education for boys and their families.
<b>Positive</b>		
<b>Neutral</b>	X	
<b>Negative</b>		

**Evidence:**

**Breakdown of 47 referrals by Gender**

<i>Gender</i>	<i>Number of children</i>	<i>Percentage</i>
<i>Male</i>	24	51%
<i>Female</i>	23	49%
<b>Total</b>	47	100%

**Source: First Steps Monitoring data provided July 2014**

**Sources used:**

**First Steps Monitoring data provided July 2014**

**Ethnicity/race:** Consider the impact on different ethnic groups and nationalities

<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  The majority of referrals relate to White British children, which stands at 51% and 6% are from White Other and Asian (respectively 4% and 2%). It should be noted, however, that 42% of referrals do not have an ethnicity recorded so it is hard to fully assess the impact on ethnic
<b>Positive</b>		
<b>Neutral</b>		

<b>Negative</b>	<p>groups.</p> <p>As set out earlier in the EIA, we will support First Step in identifying and applying for additional funding streams to offset any potential impact to the children affected by this change. We would also support them to establish a more robust monitoring and reporting processes capturing ethnicity and socio-economic data.</p>																		
<p><b>Evidence:</b></p> <p><b>Breakdown of 47 referrals by Ethnicity</b></p> <table border="1" data-bbox="151 562 1166 792"> <thead> <tr> <th><i>Ethnicity</i></th> <th><i>Number of children</i></th> <th><i>Percentage</i></th> </tr> </thead> <tbody> <tr> <td><i>White British</i></td> <td><i>24</i></td> <td><i>51%</i></td> </tr> <tr> <td><i>Not recorded</i></td> <td><i>20</i></td> <td><i>42%</i></td> </tr> <tr> <td><i>White Other</i></td> <td><i>2</i></td> <td><i>4%</i></td> </tr> <tr> <td><i>Asian (Other)</i></td> <td><i>1</i></td> <td><i>2%</i></td> </tr> <tr> <td><b>Total</b></td> <td><b>47</b></td> <td><b>100%</b></td> </tr> </tbody> </table> <p><b>Source: First Steps Monitoring data provided July 2014</b></p>		<i>Ethnicity</i>	<i>Number of children</i>	<i>Percentage</i>	<i>White British</i>	<i>24</i>	<i>51%</i>	<i>Not recorded</i>	<i>20</i>	<i>42%</i>	<i>White Other</i>	<i>2</i>	<i>4%</i>	<i>Asian (Other)</i>	<i>1</i>	<i>2%</i>	<b>Total</b>	<b>47</b>	<b>100%</b>
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<p><b>Religion/faith:</b> Consider people from different religions or beliefs including those with no religion or belief</p>							
<p><i>Please tick (✓) the relevant box:</i></p> <table border="1" data-bbox="140 1256 400 1480"> <tr> <td><b>Positive</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Neutral</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Negative</b></td> <td><input type="checkbox"/></td> </tr> </table>	<b>Positive</b>	<input type="checkbox"/>	<b>Neutral</b>	<input type="checkbox"/>	<b>Negative</b>	<input type="checkbox"/>	<p><b>Overall impact:</b></p> <p><i>Not known</i></p>
<b>Positive</b>	<input type="checkbox"/>						
<b>Neutral</b>	<input type="checkbox"/>						
<b>Negative</b>	<input type="checkbox"/>						
<p><b>Evidence:</b></p> <p>N/A</p>							
<p><b>Sources used:</b></p> <p>N/A</p>							

<b>Sexual orientation:</b> Consider people who are heterosexual, lesbian, gay or bisexual		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  <i>This protected characteristic is not considered to be relevant and is therefore not monitored as part of this process.</i>
<b>Positive</b>		
<b>Neutral</b>	<b>x</b>	
<b>Negative</b>		
<b>Evidence:</b>  N/A		
<b>Sources used:</b>  N/A		

<b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  <i>This protected characteristic is not considered to be relevant and is therefore not monitored as part of this process.</i>
<b>Positive</b>		
<b>Neutral</b>	<b>x</b>	
<b>Negative</b>		
<b>Evidence:</b>  N/A		
<b>Sources used:</b>  N/A		

<b>Marriage/civil partnership:</b> Consider people in a marriage or civil partnership		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>  <i>This protected characteristic is not considered to be relevant and is therefore not monitored as part of this process.</i>
<b>Positive</b>		
<b>Neutral</b>	<b>x</b>	

<b>Negative</b>		
<b>Evidence:</b>		
N/A		
<b>Sources used:</b>		
N/A		

<b>Pregnancy, maternity and paternity:</b> Consider those who are pregnant and those who are undertaking maternity or paternity leave		
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>
<b>Positive</b>		There are a number of ways in which parents and carers of children with disabilities can be supported and access appropriate services.
<b>Neutral</b>	x	Fathers of disabled children are encouraged to attend the weekly, weekend father club, which is held in two children's centres where fathers receive peer support and advice from professionals on positive parenting children of all ages, including those with additional needs.
<b>Negative</b>		<p>Fathers are also able to access the 'Caring Dads' accredited 14 week parenting programme, which is run in children's centres on a cyclical basis and includes fathers with children with special/additional needs.</p> <p>Gestating mothers receive support from their midwives in the first instance, with support from Children's centres and SEND service as identified. The specialist Neo natal medical team at Queens Hospital coordinate this.</p> <p>Dependent upon the assessed needs of the child, many additional needs can be met within the universal support via early years settings, specialist child-minders, and children's centres.</p> <p>Children's Centres run breastfeeding support cafes and these include supporting mothers who are breast feeding children with disabilities.</p> <p>Families, where needs are significant/profound are supported via specialist professionals/social workers within the SEND team.</p> <p>All parents are provided with information on services and support provided within their community area, including playgroups, inclusive culture and leisure sessions (ie swimming), and other universal and targeted groups.</p> <p>Vulnerable families with children with a disability beneath the 'SEND threshold' who are in need of whole family support are referred as any other family to the Early Help Service.</p>

	Positive parents and Parents in partnership (PIP) which a service commissioned by LBH who deliver drop in session and 1 to 1 meeting with parents of children with disability for advice, support and guidance.
<b>Evidence:</b>  N/A	
<b>Sources used:</b>  N/A	

<b>Socio-economic status:</b> Consider those who are from low income or financially excluded backgrounds	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Havering is one of the less deprived boroughs in London; it is ranked 26 out of the 32 boroughs in the capital. However levels of inequality are high (Havering has the fourth highest inequality score in London) suggesting there are pockets of deprivation within the borough.</p> <p>In particular, problems of educational disadvantage and crime are the main drivers of deprivation in the borough</p> <p>While Havering does not have to contend with extreme deprivation or inequality, the borough has significant pockets of deprivation and a low wage economy for residents who work within the borough. Havering has five lower-level super output areas that fall within the 20 per cent most deprived in England - these are in Harold Hill, Mardyke in Rainham and Waterloo Road Estate in Romford. Based on the below details of the children referred to first steps, 10% of children live around the Harold Hill area, 36% in Rainham and 13% in Romford.</p> <p>71% the referrals received at First Steps is from South of the Borough, while 29% from the North. This means that the families with SEND children from the South of the Borough are likely to be disproportionately affected by the removal of the grant. First Steps is based South of the Borough, which may explain why the majority of referrals are from South of the Borough.</p> <p>However, having these children come directly to the 6 Children Centres which are based across both North and South localities, will mean that they will have access to a wider range of services. We will be working closer with First Steps in identifying these services for the families disproportionately affected by the removal of this grant.</p>
<b>Neutral</b>	
<b>Negative</b>	
	X

**Evidence:****Geographical profile of service users**

North /South Locality	Nearest CC	Numbers	Percentage
South (Romford)	St Kilda	6	13%
South	Elm Park	10	22%
South (Rainham)	Rainham Village	17	36%
North	Collier Row	7	15%
North (Harold Hill)	Chippenham Road	3	6%
North (Harold Hill)	Ingrebourne	2	4%
Postcode not supplied	N/A	2	4%
		47	100%

**Source: First Steps Monitoring data provided July 2014****Sources used:****First Steps Monitoring data provided July 2014**

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Age	Based on these figures it is clear that 3 & 4 year olds would be disproportionately affected by ceasing the grant funding as this equates to 76% of the total number of referrals. There is also the issue of 4% of referrals not having a DOB noted.	<p>Early Help to support First Step in accessing</p> <ul style="list-style-type: none"> <li>• place funding from the 2/3YOO</li> <li>• Parents who can directly purchase services</li> <li>• Early Years Funding Panel &amp; contingency funding for exceptional cases.</li> <li>• Troubled Families Programme PbR funding.</li> </ul> <p>Early Help can support First Steps to transfer funding streams and referral processes to integrate with the 2-4YOO process where funding is not already being accessed for the 21 other cases. This transition process will not have a direct impact on service users.</p>	Provide support and guidance to First Steps in identifying alternative funding.	By April 2015	Sarah Thomas
Ethnicity (including nationality and first language if not English) and religion	There is poor data relating to ethnicity and socio economic background of families accessing services.	Provide support to First Step to establish monitoring and reporting processes	Ethnicity, religion and socio economic data to be continually reviewed to better understand the needs of the families and children.	By April 2015	Sarah Thomas

Disability	The groups that will disproportionately be affected if grant funding was withdrawn, would be those with speech/communication delay at 48% and children with Global Developmental delay at 32%.	<p>Early Help can support First Steps to transfer funding streams and referral processes to integrate with the 2-4YOO process where funding is not already being accessed as well as identifying alternative funding streams</p> <p>Also we have identified services delivered in Children Centres and refer children to other partner agencies who can provide specialist support with the children disproportionately affected by the removal of grant funding.</p>	We will be working closer with First Steps in identifying these services for the families disproportionately affected by the removal of this grant.	By April 2015	Sarah Thomas
Socio-economic status	71% the referrals received at First Steps is from South of the Borough, while 29% from the North. This means that the families with SEND children from the South of the Borough are likely to be disproportionately affected by the removal of the grant	Having these children come directly to the 6 Children Centres- which are based across both North and South localities, will mean that they will have access to a wider range of services.	We will be working closer with First Steps in identifying these services for the families disproportionately affected by the removal of this grant.	By April 2015	Sarah Thomas

\* You should include details of any future consultations you will undertake to mitigate negative impacts

\*\* Monitoring: You should state how the negative impact will be monitored; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

## Review

In this section you should identify how frequently the EIA will be reviewed; the date for next review; and who will be reviewing it.

This will need to be reviewed in January 2016 by Sarah Thomas.



# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Younger adults - minimum statutory levels of service for younger adults (18-64)
<b>Type of activity:</b>	Statutory review of current service provision for younger adults (18-64)
<b>Lead officer:</b>	Barbara Nicholls, Head of Service, Children, Adults and Housing
<b>Approved by:</b>	Joy Hollister, Group Director, Children, Adults and Housing
<b>Date completed:</b>	18 <sup>th</sup> August 2014
<b>Scheduled date for review:</b>	January 2016

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@havering.gov.uk](mailto:diversity@havering.gov.uk)

## About your activity

1	<b>Title of activity</b>	Younger adults - minimum statutory levels of service for younger adults (18-64)
2	<b>Type of activity</b>	Statutory review of current service provision for younger adults (18-64)
3	<b>Scope of activity</b>	<p>We will review services for younger adults, with a view to shaping more cost effective services and/or meeting statutory requirements through personalised services.</p> <p>Services for younger adults (between the ages of 18 and 64) are very expensive and do not offer the personalised provision required. We will review all areas of spend (e.g. residential care, care packages, respite and day care) to ensure that we are receiving maximum value for money and that services are person centred and outcomes-focussed.</p> <p>We will re-commission where necessary to meet statutory requirements through personalised services, and will look to apply the minimum statutory levels of service using the new national eligibility criteria within the Care Act.</p> <p>As we complete person centred plans, move to personal budgets and strictly apply eligibility criteria it is likely that we will not require some of the current provision. We will ensure any changes to how services are offered will include full consultation and impact assessment prior to any recommendations being finalised, and ensure viable alternatives are available.</p> <p>Havering spends relatively more on services for younger adults compared to other local authorities. The review will particularly focus on high cost placements and services, as well as services where unit costs are much higher than average.</p>

<b>4a</b>	<b>Is the activity new or changing?</b>	Yes -changing
<b>4b</b>	<b>Is the activity likely to have an impact on individuals or groups?</b>	Yes
<b>5</b>	<b>If you answered yes:</b>	<i>Please complete the EIA on the next page.</i>
<b>6</b>	<b>If you answered no:</b>	N/A

<b>Completed by:</b>	Barbara Nicholls, Head of Service, Children, Adults and Housing
<b>Date:</b>	18 <sup>th</sup> August 2014

## 2. Equality Impact Assessment

### Background/context:

Despite the national drive towards personalisation since the turn of the century (starting with [Valuing People](#) in 2001, [Putting People First](#) in 2007, and now the [Care Act](#) in 2014 - due to be implemented in April 2015), services in Havering for younger adults (between the ages of 18 and 64) are very traditional, expensive and do not offer the personalised provision required.

As a result Havering spends relatively more on services for younger adults (particularly people with a learning disability) compared to other local authorities. Yet comparative benchmarking data shows that service users and carers are relatively unhappy with the services they receive. Some of this can be explained by the relatively low numbers of people who receive self-directed support, and those who are receiving direct payments.

Our role is to focus on the person and their needs, their choices and what they want to achieve. We must improve the uptake and quality of personalised services by providing service users and their families with personal budgets, direct payments, outcomes-based and needs-led assessment, self-directed support, health and well-being, family and community support, and care and support plans, in-line with the national agenda.

Within the Care Act, carers will (for the first time) be recognised in the law in the same way as those they care for, including carers' rights to assessments and support. Currently, carers do not have a right to receive support, although local authorities can provide support (e.g. respite care) at their discretion. This means that access to assessment and the range of support on offer can vary considerably.

The Care Act will, for the first time, establish national eligibility criteria. The Guidance is currently in draft, and sets out the national minimum threshold for eligibility, which will be consistent across England. At the moment, each local authority sets its own eligibility threshold based on guidance. This means that the amount, and type, of care that is provided by a local authority can vary depending on where a person lives. While assessments tend to focus on what service should be provided, rather than on what the person actually needs or wants.

Havering is committed to applying the minimum statutory levels of service using the new national eligibility criteria within the Care Act. This will both help to improve the personalisation of services, and to tackle our high spend areas during a time of increasing demographic demand and unprecedented financial austerity across local government.

We will review this Equality Impact Assessment in January 2016, by which time the Care Act will be implemented or in its implementation phase, and we will start to see evidence and the impact of these changes.

**Age:** Consider the full range of age groups

Please tick (✓) the relevant box:

**Positive**

**Overall impact:**

The age groups that are most likely to be affected by this statutory review are younger adults (between the ages of 18 and 64) who

<b>Neutral</b>		receive adult social care services. The carers of these service users, many of whom are older people will also be impacted.
<b>Negative</b>	✓	<p>For some service users and carers the application of the new national eligibility criteria within the Care Act will either result in no service, or a reduced service compared to what they have been used to.</p> <p>It is expected that personalised services (such as personal budgets) will have a positive impact and will provide service users and their carers with choice and control over their services. However, for some people such a change is likely to be seen as a negative impact and/or a significant reduction in service, as they have become accustomed to receiving more traditional services from the Council over the years.</p>

**Evidence:**

Havering spends relatively more on services for younger adults (particularly people with a learning disability) compared to other local authorities. Yet the comparative benchmarking data shows that service users and carers are relatively unhappy with the services they receive.

Relevant benchmarking data shows that Havering is in the:

- Lowest quartile in England for ‘overall satisfaction of people who use services with their care and support.’
- Lowest quartile in England for ‘social care-related quality of life.’
- Lowest quartile in England for ‘proportion of people who use services who have control over their daily life.’
- Lowest quartile in England for ‘proportion of people using social care who receive self-directed support, and those receiving direct payments.’

Havering has the highest proportion of older people (18%) in London, and as such providing support for carers is critical to the successful delivery of this project. Currently, a very small proportion of carers in Havering receive support compared to the average nationally. Support given to carers includes advice services or receiving a carer’s break.

- 11% (or 25,214 people) of Havering’s residents provide unpaid care. 7% (or 16,094 people) of those people provide care of between 1-19 hours of unpaid care per week and further 3% (5,835 people) provide 50 hours and over of unpaid care per week. Both categories are higher than England and London averages.

The aim of this project is to support people to live as independently as possible in the community and help them to maintain/improve their health and wellbeing.

The negative impact of applying the minimum statutory levels of service will be mitigated by ensuring that:

- We focus on strengthening communities;
- We provide services for our most vulnerable younger adults and those who have an assessed need, as well as supporting carers who meet the criteria for respite services to have a break from their caring role (improving support for carers is an important theme throughout the Care Act);
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-

based approach, where the needs and wellbeing of the individual are paramount.

It is also worth noting that other concurrent projects are looking at how we can support and enable communities to become more resilient and self-sufficient, while other projects that are focusing on early help, intervention and prevention initiatives. This is an acknowledgement that it is normally far better for the wellbeing of people to avoid entering the social care system in the first place.

**Sources used:**

- 2011 Census, Office of National Statistics
- 2013 Mid-year population estimates, Office of National Statistics
- Adult Social Care Outcomes Framework (ASCOF) 2012/13

There is a great deal of evidence and research nationally around the positive impacts of the personalisation agenda in social care (and why traditional services often hinder people’s ability to improve their outcomes and wellbeing), and we have used this to inform this project. There are too many examples of evidence to list here, but the ‘[Care and Support Statutory Guidance](#)’, issued under the [Care Act](#) 2014, provides a comprehensive evidence base and case studies.

**Disability:** Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

**Positive**

**Neutral**

**Negative**

**Overall impact:**

This project will have a negative impact on people with disabilities. Many of the services we currently provide to this group are very traditional and are not personalised, and therefore it is expected that this group will be the most impacted.

We recognise, however, that service users with a learning disability will be disproportionately affected compared to other disabled service users, as the majority of Adult Social Care expenditure on younger adults is spent on people with a learning disability.

By moving to more personalised services it is anticipated that the performance in these relevant indicators will improve over time. Having said that, some younger adults with a mild or moderate learning disability could end up with no statutory services as a result of the national eligibility criteria introduced by the care Act. We therefore must ensure that we support those people to find suitable alternatives locally and within the community. This is where our strengthening communities, and early help, intervention and prevention initiatives will be key in enabling younger adults to be as independent as possible.

✓

**Evidence:**

- It is estimated that more than 31,400 (21%) working age (16-64) people living in Havering have a disability or long term illness/health condition.
- More than 1,100 residents are registered as being blind or partially sighted in Havering.
- It is estimated that more than 14,000 adults (aged 18 - 64) in Havering have a

moderate or severe disability, with the number of adults with learning disabilities increasing by roughly the same amount. The number of adults (aged 18 – 64) with moderate or severe disabilities will rise by around 7% in the next ten years, with more than 15,000 adults in Havering having a physical disability by 2021.

- The most common categories of learning disability are Moderate Learning Disability (30%), Behaviour, Emotional and Social Difficulties (19%), and Speech, Language and Communication Needs (17%).
- There are approximately 20,000 adults in Havering who have a common mental health issue. It is estimated that there are more than 600 adults in Havering with a Borderline Personality Disorder, nearly 600 people with Psychotic Disorder and around 500 people with Antisocial Personality Disorder. Predicted future population growth means that the number of adults (aged 18-64) experiencing each of these mental illnesses is expected to increase by 6% in the next ten years (by 2021) in Havering.
- Adults in Havering that are receiving treatment for severe mental health problems are less likely to be in employment or in stable accommodation: less than 4% are in employment and less than 50% are in stable accommodation. These percentages are below the average in England and London.

Currently, there are 723 service users with a physical disability, 304 service users with mental health problems and 591 services users with a learning disability. It is therefore estimated that Adult Social Care provide a service to 1 in 20 younger adults with a disability or long term illness/health condition.

Havering spends relatively more on services for younger adults (particularly people with a learning disability) compared to other local authorities. Yet the comparative benchmarking data shows that service users and carers are relatively unhappy with the services they receive.

Although the proportion of service users with a learning disability is lower than the proportion of services users with a physical disability or mental health problem, the majority of spend on younger adults in Havering is on learning disability services (£16m net for 2014/15). Average gross weekly cost (2012/13) on supporting adults with a learning disability in residential and nursing care (incl. full cost paying and preserved rights residents) is £1,489 per adult in Havering, which is slightly higher than the London average of £1,439 and the England average of £1,341.

The proportion of adults with a learning disability in paid employment is 8% in Havering, compared to 9.3% across London and 7.1% across England.

The aim of this project is to support people to live as independently as possible in the community and help them to maintain/improve their health and wellbeing. For example, we will encourage and support younger adults to gain employment, and to take full advantage of opportunities so as to be able to fully participate in their communities.

The negative impact of applying the minimum statutory levels of service will be mitigated by ensuring that:

- We focus on strengthening communities;
- We provide services for our most vulnerable younger adults and those who have an assessed need, as well as supporting carers who meet the criteria for respite services to have a break from their caring role (improving support for carers is an

- important theme throughout the Care Act);
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-based approach, where the needs and wellbeing of the individual are paramount.

**Sources used:**

- 2012/13 Annual Population Survey, Office of National Statistics
- Current list of younger adult service users from Swift
- 2014/15 Budgets Social Care PPSEX1 2012/13 Benchmarking Tool
- Adult Social Care Outcomes Framework (ASCOF) 2012/13
- 2011/12 Joint Strategic Needs Assessment data

**Sex/gender:** Consider both men and women

Please tick (✓) the relevant box:

**Positive**

**Neutral**

**Negative**

**Overall impact:**

Overall, there is an even 50-50 split of male and female younger adult service users.

The majority of current service users with a physical disability are women (60%), while the majority of current service users with a learning disability (60%) or mental health problem (57%) are men.

Also, due to the new national eligibility criteria adults with mild or moderate learning disabilities could end up with no statutory services. This will have an impact on their carers, the majority of whom are women (76%), particularly older women.

As stated previously, however, improving support for carers is an important theme throughout the Care Act. For the first time, carers will be recognised in the law in the same way as those they care for, including carers' rights to assessments and support.

**Evidence:**

52% of Havering's current population (125,848 people) are girls and women, while 48% of Havering's current population (116,232 people) are boys and men.

The larger percentage of females in Havering may in part be explained by the longer female life expectancy: 84.1 years for women compared to 79.1 years for men.

50% of younger adults who receive a service are female; 50% are male. 76% of carers of these service users are female.

A significant number of people living in Havering provide unpaid care (25,214 people), and as such providing support for carers is critical to the successful delivery of this project.

<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>• 2011 Census</li> <li>• 2013 Mid-year population estimates, Office of National Statistics</li> <li>• Current list of younger adult service users from Swift</li> </ul>
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<b>Ethnicity/race:</b> Consider the impact on different ethnic groups and nationalities							
<p><i>Please tick (✓) the relevant box:</i></p> <table border="1"> <tr> <td><b>Positive</b></td> <td></td> </tr> <tr> <td><b>Neutral</b></td> <td></td> </tr> <tr> <td><b>Negative</b></td> <td>✓</td> </tr> </table>		<b>Positive</b>		<b>Neutral</b>		<b>Negative</b>	✓
<b>Positive</b>							
<b>Neutral</b>							
<b>Negative</b>	✓						
<p><b>Overall impact:</b></p> <p>While the comparative statistics (below) suggests that White British service users are likely to be disproportionately affected by the proposed changes, their proportion is comparable to the ethnic profile of the Borough.</p>							
<p><b>Evidence:</b></p> <p>86.4% of service users are White British which is comparable to the ethnic profile of the Borough (85.7%).</p> <p>13.6% of current service users are from Black and Minority Ethnic (BME) backgrounds, including White Other which is slightly lower than the proportion of BME communities in the Borough (14.3%). However, in light of the projected increase in ethnic diversity in the Borough, BME groups are also likely to be affected by the new national eligibility criteria.</p>							
<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>• 2012 Round SHLAA ethnic group projection - final, Greater London Authority</li> <li>• Current list of younger adult service users from Swift</li> </ul>							

<b>Religion/faith:</b> Consider people from different religions or beliefs including those with no religion or belief							
<p><i>Please tick (✓) the relevant box:</i></p> <table border="1"> <tr> <td><b>Positive</b></td> <td></td> </tr> <tr> <td><b>Neutral</b></td> <td></td> </tr> <tr> <td><b>Negative</b></td> <td></td> </tr> </table>		<b>Positive</b>		<b>Neutral</b>		<b>Negative</b>	
<b>Positive</b>							
<b>Neutral</b>							
<b>Negative</b>							
<p><b>Overall impact:</b></p> <p>Not known</p>							
<p><b>Evidence:</b></p> <p>According to the 2011 Census, 66% of Havering’s population has stated that they are Christian, followed by 23% who declared that they have no religion and just below 7% who preferred not to state their religion. Other religions in the borough are Muslim (2%), Hindu (1.2%), Sikh (0.8%), Jewish (0.5%) and Buddhist (0.3%).</p> <p>Due to lack of service level data we cannot fully assess the impact on this protected</p>							

characteristic. However, it is not expected that service users with this protected characteristic will be negatively affected.
<b>Sources used:</b> <ul style="list-style-type: none"> <li>• 2011 Census</li> </ul>

<b>Sexual orientation:</b> Consider people who are heterosexual, lesbian, gay or bisexual	
<i>Please tick (✓) the relevant box:</i>	<b>Overall impact:</b>
<b>Positive</b>	Not known
<b>Neutral</b>	
<b>Negative</b>	
<b>Evidence:</b>	
<p>There is no sufficient information on sexual orientation at national or local level.</p> <p>We cannot fully assess the impact on this protected characteristic due to the lack of data. However, it is not expected that service users with this protected characteristic will be negatively affected.</p>	
<b>Sources used:</b>	
<ul style="list-style-type: none"> <li>• There is no sufficient information on sexual orientation at national or local level.</li> </ul>	

<b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth	
<i>Please tick (✓) the relevant box:</i>	<b>Overall impact:</b>
<b>Positive</b>	Not known
<b>Neutral</b>	
<b>Negative</b>	
<b>Evidence:</b>	
<p>There is no sufficient information on gender identity at national or local level.</p> <p>We cannot fully assess the impact on this protected characteristic due to the lack of data. However, it is not expected that service users with this protected characteristic will be negatively affected.</p>	

<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>• There is no sufficient information on gender reassignment at national or local level.</li> </ul>
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<b>Marriage/civil partnership: Consider people in a marriage or civil partnership</b>	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Neutral</b>	
<b>Negative</b>	
<p><b>Evidence:</b></p> <p>According to the 2011 Census, 49% of Havering residents are married while 33% are single (never married or never registered a same-sex civil partnership), 8% are divorced or formerly in a same-sex civil partnership which is now legally dissolved, 8% are widowed or a surviving partner from a same-sex civil partnership, 2% are separated (but still legally married or still legally in a same-sex civil partnership) and 0.1% in a registered same-sex civil partnership.</p> <p>Due to the lack of service level data we cannot fully assess the impact on this protected characteristic. However, we recognise married people, civil partners and couples are more likely to be affected by the statutory review as carers.</p>	
<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>• 2011 Census</li> </ul>	

<b>Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave</b>	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Neutral</b>	
<b>Negative</b>	
<p><b>Evidence:</b></p> <p>Due to the lack of service level data we cannot fully assess the impact on this protected characteristic. However, we recognise that parents, particularly mothers and lone parents are more likely to be affected by the statutory review as carers.</p>	

**Sources used:**

- There is no sufficient information on gender reassignment at national or local level.

**Socio-economic status:** Consider those who are from low income or financially excluded backgrounds

*Please tick (✓) the relevant box:*

**Positive**

**Overall impact:**

Not known.

**Neutral**

Multiple disadvantage is a new measure in the Census and there is not sufficient information on socio-economic status at a service level. However, there may be a disproportionately negative impact on socio-economic status from this project. For instance, only 8% of people with a learning disability who receive a service are in paid employment, and many of our service users will receive some form of benefits.

**Negative**

Also, due to the new national eligibility criteria adults with mild or moderate learning disabilities could end up with no statutory services. This will again have an impact on their carers, the majority of whom are women, particularly older women.

As stated previously, however, improving support for carers is an important theme throughout the Care Act. For the first time, carers will be recognised in the law in the same way as those they care for, including carers' rights to assessments and support.

**Evidence:**

There is not sufficient information on socio-economic status at a national or service level.

Multiple disadvantage was a new 2011 Census measure defined as the proportion of households who have one or more of the following deprivation characteristics (dimensions): no qualifications, a long-term illness, unemployment, overcrowded housing.

- 35% of the population in Havering were recorded as having 1 dimension, 21% with 2 dimensions, 4% with 3 dimensions and 0.4% with 4 dimensions.
- Proportion of adults with a learning disability in paid employment is 8% in Havering, 9.3% across London and 7.1% across England.
- A significant number of people living in Havering provide unpaid care (25,214 people).
- 4% (or 9,855 people) of Havering's population claim Disability Living Allowance in 2013.
- 2% (or 2,825 people) of Havering's population claim Incapacity Benefits in 2013.

**Sources used:**

- 2011 Census
- Adult Social Care Outcomes Framework (ASCOF) 2012/13
- DWP data, Q02 2013

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
All	The data we hold is patchy so doesn't allow us to fully assess the impact on service users with protected characteristics	Address the gaps in service user data  Use consultation feedback to inform final budget saving proposals	Final budget saving proposals are informed by service users' diversity profile and feedback  EIA will be reviewed in Jan 16 and finalised action plan agreed  Additional service-specific EIAs will be produced as necessary as future plans are further developed	Consultation Jan 15  EIA review Jan 16  As required	Barbara Nicholls  Barbara Nicholls  Barbara Nicholls

# Equality Impact Assessment (EIA)

## Document control

<b>Title of activity:</b>	Older Adults (Better Care Fund, Older Adults and Royal Jubilee Court)
<b>Type of activity:</b>	<p><b>Better Care Fund</b> - Protection of adult social care spending in areas that support the delivery of improved health-related outcomes.</p> <p><b>Older Adults</b> - Ensure that we are receiving maximum value for money and that services are person-centred and outcomes-focussed. Also, we will look to introduce a cap on the total cost of a care package / personal budget that is not more than the average cost of residential and nursing care.</p> <p><b>Royal Jubilee Court</b> - Closure of the reablement and step-down service.</p>
<b>Lead officer:</b>	Barbara Nicholls, Head of Service, Children, Adults and Housing
<b>Approved by:</b>	Joy Hollister, Group Director, Children, Adults and Housing
<b>Date completed:</b>	18 <sup>th</sup> August 2014
<b>Scheduled date for review:</b>	January 2016

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?</b>	No

# 1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at [diversity@haverling.gov.uk](mailto:diversity@haverling.gov.uk)

## About your activity

1	<b>Title of activity</b>	Older Adults (Better Care Fund, Older Adults and Royal Jubilee Court)
2	<b>Type of activity</b>	<p><b>Better Care Fund</b> - Protection of adult social care spending in areas that support the delivery of improved health-related outcomes.</p> <p><b>Older Adults</b> – Ensure that we are receiving maximum value for money and that services are person-centred and outcome-focused. Also, we will look to introduce a cap on the total cost of a care package / personal budget that is not more than the average cost of residential and nursing care.</p> <p><b>Royal Jubilee Court</b> - Closure of the reablement and step-down service.</p>
3	<b>Scope of activity</b>	<p><b>Better Care Fund</b> - In 2015/16 the new Better Care Fund will launch. This pooled budget is aimed at supporting health and social care integration, through transforming services to work more closely together in local areas. The focus will be on enabling improved collaboration work, joint commissioning, better data-sharing, seven-day working across health and social care services, and the protection of social care services.</p> <p>For the Council this means that some services will be funded via the Better Care Fund to help achieve these aims. These services include the new Joint Assessment and Discharge, and Integrated Cluster Community Teams, reablement / enablement, assistive technology, and sign-posting services. The fund will also be used to support the implementation of the Care Act through sustainable service delivery models.</p> <p><b>Older Adults</b> - We will review our operating model for older adults, and ensure that we are receiving maximum value for money and that services are person-centred and outcomes-focussed. In addition, we will look to introduce a cap on the total cost of a care package / personal budget that is not more than the average cost of residential and nursing care. This may be necessary in order to both deliver savings and help mitigate against</p>

		<p>future demand pressures from an ageing population.</p> <p><b>Royal Jubilee Court</b> - Royal Jubilee Court (RJC) provides sheltered housing, retirement housing, and supported housing for older adults. There is also a reablement and step-down service that is provided through a contract with an external provider.</p> <p>We are proposing to close the reablement element of this Council-run service and will look at alternative uses for Royal Jubilee Court. People who would have accessed reablement through RJC will access this instead from the community teams.</p> <p>Also, it should be noted that improved integrated services resulting from the Better Care Fund could result in a drop in demand for Royal Jubilee Court.</p>
4a	Is the activity new or changing?	Yes - changing
4b	Is the activity likely to have an impact on individuals or groups?	<p><b>Better Care Fund</b> – No</p> <p><b>Older Adults</b> – Yes</p> <p><b>Royal Jubilee Court</b> – No</p>
5	If you answered yes:	<i>Please complete the EIA on the next page.</i>
6	If you answered no:	<p><b>Better Care Fund</b> - Health-related spend will be funded via the Better Care Fund. It is anticipated that this activity will have no impact on individuals or groups.</p> <p><b>Royal Jubilee Court</b> - People who would have accessed reablement through Royal Jubilee Court will access this instead from the community teams i.e. they will still receive the same level of service but not at this setting. For instance, they might receive reablement at their own home. It is anticipated that this activity will have no impact on individuals or groups.</p>

<b>Completed by:</b>	Barbara Nicholls, Head of Service, Children, Adults and Housing
<b>Date:</b>	18 <sup>th</sup> August 2014

## 2. Equality Impact Assessment

### Background/context:

Increasing demographic pressures mean that the current operating model for older adults is unsustainable in the future. For example:

- Havering has the highest proportion of older people (18%) in London;
- People are living longer and are entering the system with more complex needs;
- Havering's population is predicted to rise by 13.5% by 2021, and is growing at a faster rate than the England average;
- The 65+ population in Havering is expected to grow the fastest overall in the future, increasing by 16% by 2021. The fastest growth is in the 90+ age, expected to increase by 70% by 2021;
- We are anticipating an increase in the numbers of people requiring a statutory assessment of need with the introduction of the Care Act in April 2015.

Our role is to focus on the person and their needs, their choices and what they want to achieve. We must improve the uptake and quality of personalised services by ensuring that personal budgets, direct payments, outcomes-based and needs-led assessment, self-directed support, health and well-being, family and community support, and care and support plans, are all prioritised in-line with the national agenda.

Within the [Care Act](#) - due to be implemented in April 2015), carers will (for the first time) be recognised in the law in the same way as those they care for, including carers' rights to assessments and support. Currently, carers do not have a legal right to receive support, although local authorities can provide support (e.g. respite care) at their discretion. This means that access to assessment and the range of support on offer can vary considerably.

The Care Act will, for the first time, establish national eligibility criteria. The guidance is currently in draft, and sets out the national minimum threshold for eligibility, which will be consistent across England. At the moment, each local authority sets its own eligibility threshold based on guidance. This means that the amount, and type, of care that is provided by a local authority can vary depending on where a person lives. While assessments tend to focus on what service should be provided, rather than on what the person actually needs or wants.

Havering is committed to reviewing our operating model to ensure that it is sustainable in the future, and supports as many people as possible to live independently in the community. We will focus on improving the outcomes and wellbeing of older adults living in Havering, and will work in partnership with other agencies to implement the Care Act.

However, we will look to introduce a cap on the total cost of a care package / personal budget that is not more than the average cost of residential and nursing care. This may be necessary in order to both deliver savings and help mitigate against future demand pressures from an ageing population (and during a time of unprecedented financial austerity across local government).

We will review this Equality Impact Assessment in January 2016, by which time the Care Act will be in the implementation phase, and we will start to see evidence and the impact of these changes.

<b>Age:</b> Consider the full range of age groups																							
<i>Please tick (✓) the relevant box:</i>		<b>Overall impact:</b>																					
<b>Positive</b>		<p>The age groups that are most likely to be affected by this project are older adults (65+) who receive Adult Social Care services (5,545 people), The carers of these service users, many of whom are older adults will also be impacted (1,670 people).</p> <p>Of the affected age groups, older adults who are between the ages of 80-84 (23% of current service users), 85-89 (26%) and 90+ (22%) are more likely to receive a service from Adult Social Care, and will be disproportionately affected compared to other older adults from other affected groups (between the ages of 65-79). In total, 71% (3,937 people) of older adult service users are 80+, which is 28% of the total 80+ population living in Havering.</p> <p>It is anticipated that personalised services (such as personal budgets) will have a positive impact and will provide service users and their families/carers with choice and control over their services. However, for some people the proposed introduction of a cap on a care package / personal budget will result in them either meeting the difference in the cost themselves (if they would like the care package / personal budget to continue), or will mean they will need to move into a residential or nursing care home.</p>																					
<b>Neutral</b>																							
<b>Negative</b>	✓																						
<b>Evidence:</b>																							
<ul style="list-style-type: none"> <li>• There is a 5.7% projected growth in the overall Havering population between 2012-2017.</li> <li>• The 65+ population in Havering is expected to grow the fastest overall in the future, increasing by 16% by 2021. The fastest growth is in the 90+ age, expected to increase by 70% by 2021.</li> <li>• 80% of carers are aged 65+.</li> <li>• Breakdown of service users and residents by age group:</li> </ul>																							
<table border="1"> <thead> <tr> <th>Age Range</th> <th>% of Residents 65+</th> <th>% Service Users 65+</th> </tr> </thead> <tbody> <tr> <td>65-69</td> <td>29%</td> <td>6%</td> </tr> <tr> <td>70-74</td> <td>21%</td> <td>7%</td> </tr> <tr> <td>75-79</td> <td>19%</td> <td>16%</td> </tr> <tr> <td>80-84</td> <td>16%</td> <td>23%</td> </tr> <tr> <td>85-89</td> <td>10%</td> <td>26%</td> </tr> <tr> <td>90+</td> <td>5%</td> <td>22%</td> </tr> </tbody> </table>			Age Range	% of Residents 65+	% Service Users 65+	65-69	29%	6%	70-74	21%	7%	75-79	19%	16%	80-84	16%	23%	85-89	10%	26%	90+	5%	22%
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90+	5%	22%																					
<p>The table clearly shows that service users aged 80+ are significantly over-represented compared to the 80+ older adults population living in Havering.</p>																							
<p>Relevant benchmarking data shows that Havering is in the:</p> <ul style="list-style-type: none"> <li>• Lowest quartile in England for 'overall satisfaction of people who use services with their care and support.'</li> <li>• Lowest quartile in England for 'social care-related quality of life.'</li> </ul>																							

- Lowest quartile in England for ‘proportion of people who use services who have control over their daily life.’
- Lowest quartile in England for ‘proportion of people using social care who receive self-directed support, and those receiving direct payments.’

Havering has the highest proportion of older people (18%) in London, and as such providing support for carers is critical to the successful delivery of this project

The aim of this project is to support as many as people as possible to live independently in the community, and help them to maintain/improve their health and wellbeing. These are major themes within the Care Act and the Better Care Fund.

The negative impact of this project will be mitigated by ensuring that:

- We focus on strengthening communities;
- We maximise the opportunities for improving services, outcomes and wellbeing through greater integration with Health via the Better Care Fund;
- We provide services for our most vulnerable older adults and those who have an assessed need, as well as supporting carers who meet the criteria for respite services to have a break from their caring role (improving support for carers is an important theme throughout the Care Act);
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-based approach, where the needs and wellbeing of the individual are paramount.

It is also worth noting that other concurrent projects are looking at how we can support and enable communities to become more resilient and self-sufficient, as well other projects that are focusing on early help, intervention and prevention initiatives. This is an acknowledgement that it is normally far better for the wellbeing of people to avoid entering the social care system in the first place.

#### **Sources used:**

- 2013 Round SHLAA population projections (based on Havering population of 241,289 in 2012), Greater London Authority
- 2011 Census
- Current list of older adults service users from Swift
- Adult Social Care Outcomes Framework (ASCOF) 2012/13
- 2013 Mid-year population estimates, Office of National Statistics

There is a great deal of evidence and research nationally around the positive impacts of the personalisation agenda in social care (and why traditional services often hinder people’s ability to improve their outcomes and wellbeing), and we have used this to inform elements of this project. There are too many examples of evidence to list here, but the [‘Care and Support Statutory Guidance’](#), issued under the [Care Act](#) 2014, provides a comprehensive evidence base and case studies.

<b>Disability:</b> Consider the full range of disabilities; including physical mental, sensory and progressive conditions	
<i>Please tick (✓) the relevant box:</i>	
<b>Positive</b>	<p><b>Overall impact:</b></p> <p>87% of older adult service users have a physical disability (including 83% of older adult service users who are either frail or have a temporary illness), while 10% have a mental health problem (including 8% of older adult service users who have dementia) and 1% have a learning disability.</p> <p>As regards 'Disability', all older adults who receive Adult Social Care services have met the Council's eligibility criteria, and are considered to have a disability as defined by the Equality Act 2010. We will continue to provide services to individuals who are assessed as having needs that meet the new national eligibility criteria within the Care Act.</p> <p>80% of carers are 65+ and are themselves likely to require support themselves to continue in their caring role. As stated previously, however, improving support for carers is an important theme throughout the Care Act. For the first time, carers will be recognised in the law in the same way as those they care for, including carers' rights to assessments and support.</p>
<b>Neutral</b>	
<b>Negative</b> ✓	
<b>Evidence:</b>	
<p>Havering has the highest proportion of older people in London (18% or 44,815 people), and a significant number of people providing unpaid care (25,214 people), and as such providing support for carers is critical to the successful delivery of this project and any changes to our operating model.</p> <ul style="list-style-type: none"> <li>• 22,320 (52%) of older adults (aged 65+) have a disability or long term illness/health condition.</li> <li>• 87% of older adult service users have a physical disability. Of these, 96% are frail or have a temporary illness, 3% have a visual impairment, and 1% have a hearing impairment.</li> <li>• 80% of carers are aged 65+.</li> </ul> <p>Relevant benchmarking data shows that Havering is in the:</p> <ul style="list-style-type: none"> <li>• Lowest quartile in England for 'overall satisfaction of people who use services with their care and support.'</li> <li>• Lowest quartile in England for 'social care-related quality of life.'</li> <li>• Lowest quartile in England for 'proportion of people who use services who have control over their daily life.'</li> </ul> <p>As evident above, people are living longer and are entering the system with more complex needs. This trend is likely to continue, hence the need to review our operating model in-line with the recommendations of the Care Act. The negative impact of this project will be mitigated by ensuring that:</p> <ul style="list-style-type: none"> <li>• We focus on strengthening communities;</li> <li>• We maximise the opportunities for improving services, outcomes and wellbeing through greater integration with Health via the Better Care Fund;</li> </ul>	

- We provide services for our most vulnerable older adults and those who have an assessed need, as well as supporting carers who meet the criteria for respite services to have a break from their caring role;
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-based approach, where the needs and wellbeing of the individual are paramount.
- Lowest quartile in England for 'proportion of people using social care who receive self-directed support, and those receiving direct payments.'

**Sources used:**

- Current list of older adult service users from Swift
- 2011 Census
- Adult Social Care Outcomes Framework (ASCOF) 2012/13

**Sex/gender:** Consider both men and women

*Please tick (✓) the relevant box:*

**Positive**

**Neutral**

**Negative**

**Overall impact:**

67% of older adult service users are women, compared to 52% of the total female population of Havering. This means that female service users will be disproportionately affected by the project compared to male service users.

Furthermore, 68% of carers of older adult service users are again female, which means that the negative impact of the project will disproportionately affect women both as service users and carers of service users.

As stated previously, however, improving support for carers is an important theme throughout the Care Act. For the first time, carers will be recognised in the law in the same way as those they care for, including carers' rights to assessments and support. It is therefore envisaged that female carers will be positively impacted by the proposed legal changes related to carers.

**Evidence:**

52% of Havering's current population (125,848 people) are girls and women, while 48% of Havering's current population (116,232 people) are boys and men.

The larger percentage of females in Havering may in part be explained by the longer female life expectancy: 84.1 years for women compared to 79.1 years for men.

67% of older adult service users and 68% of carers of older adult service users are women, which means that the negative impact of the project will disproportionately affect women both as service users and carers of service users.

- Breakdown of older adult service users by gender:

Service User Group	% Male	% Female
Physical Disability	86%	87%
Learning Disability	1%	1%
Mental Health	10%	11%
Other	3%	1%

The negative impact of this project will be mitigated by ensuring that:

- We focus on strengthening communities;
- We maximise the opportunities for improving services, outcomes and wellbeing through greater integration with Health via the Better Care Fund;
- We provide services for our most vulnerable older adults and those who have an assessed need, as well as supporting carers (two thirds of which are female) who meet the criteria for respite services to have a break from their caring role;
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-based approach, where the needs and wellbeing of the individual are paramount.

Havering has a significant number of people providing unpaid care (25,214 people), and as such providing support for carers is critical to the successful delivery of this project and any changes to our operating model.

**Sources used:**

- 2011 Census
- 2013 Mid-year population estimates, Office of National Statistics
- Current list of older adult service users from Swift

**Ethnicity/race:** Consider the impact on different ethnic groups and nationalities

Please tick (✓) the relevant box:

**Positive**

**Neutral**

**Negative**

**Overall impact:**

The comparative statistics (below) suggests that older adults who are White British are more likely to receive a service from Adult Social Care. Therefore White British older adults may be impacted disproportionately more as a result of this project.

Although only 7% of current service users are from Black and Minority Ethnic backgrounds, including White Other, these groups are also likely to be affected by this project, particularly in the context of a projected increase in ethnic diversity in the Borough.

**Evidence:**

Havering is one of London's least diverse Boroughs, with 85.7% of Havering's population being White British.

93% of older adult service users are White British, which is disproportionately higher than the Borough profile.

The comparative statistics therefore suggests that older adults who are White British are more likely to receive a service from Adult Social Care.

However, as stated above, although only 7% of current service users are from Black and Minority Ethnic backgrounds, including White Other, these groups are also likely to be affected by this project, particularly in the context of projected increase in ethnic diversity in the Borough.

**Sources used:**

- 2012 Round SHLAA ethnic group projection - final, Greater London Authority
- Current list of older adult service users from Swift

**Religion/faith:** Consider people from different religions or beliefs including those with no religion or belief

*Please tick (✓) the relevant box:*

**Overall impact:**

**Positive**

Not known

**Neutral**

**Negative**

**Evidence:**

According to the 2011 Census, 66% of Havering’s population has stated that they are Christian, followed by 23% who declared that they have no religion and just below 7% who preferred not to state their religion. Other religions in the borough are Muslim (2%), Hindu (1.2%), Sikh (0.8%), Jewish (0.5%) and Buddhist (0.3%).

Due to lack of service level data we cannot fully assess the impact on this protected characteristic. However, it is not expected that service users with this protected characteristic will be negatively affected.

**Sources used:**

- 2011 Census

**Sexual orientation:** Consider people who are heterosexual, lesbian, gay or bisexual

*Please tick (✓) the relevant box:*

**Overall impact:**

**Positive**

Not known

**Neutral**

**Negative**

<p><b>Evidence:</b></p> <p>There is no sufficient information on sexual orientation at national or local level.</p> <p>We cannot fully assess the impact on this protected characteristic due to lack of data. However, it is not expected that service users with this protected characteristic will be negatively affected.</p>
<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>There is no sufficient information on gender reassignment at national or local level.</li> </ul>

<p><b>Gender reassignment:</b> Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth</p>							
<p><i>Please tick (✓) the relevant box:</i></p> <table border="1"> <tr> <td><b>Positive</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Neutral</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Negative</b></td> <td><input type="checkbox"/></td> </tr> </table>	<b>Positive</b>	<input type="checkbox"/>	<b>Neutral</b>	<input type="checkbox"/>	<b>Negative</b>	<input type="checkbox"/>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Positive</b>	<input type="checkbox"/>						
<b>Neutral</b>	<input type="checkbox"/>						
<b>Negative</b>	<input type="checkbox"/>						
<p><b>Evidence:</b></p> <p>There is no sufficient information on gender identity at national or local level.</p> <p>We cannot fully assess the impact on this protected characteristic due to lack of data. However, it is not expected that service users with this protected characteristic will be negatively affected.</p>							
<p><b>Sources used:</b></p> <ul style="list-style-type: none"> <li>There is no sufficient information on gender reassignment at national or local level.</li> </ul>							

<p><b>Marriage/civil partnership:</b> Consider people in a marriage or civil partnership</p>							
<p><i>Please tick (✓) the relevant box:</i></p> <table border="1"> <tr> <td><b>Positive</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Neutral</b></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Negative</b></td> <td><input type="checkbox"/></td> </tr> </table>	<b>Positive</b>	<input type="checkbox"/>	<b>Neutral</b>	<input type="checkbox"/>	<b>Negative</b>	<input type="checkbox"/>	<p><b>Overall impact:</b></p> <p>Not known</p>
<b>Positive</b>	<input type="checkbox"/>						
<b>Neutral</b>	<input type="checkbox"/>						
<b>Negative</b>	<input type="checkbox"/>						
<p><b>Evidence:</b></p> <p>According to the 2011 Census, 49% of Havering residents are married while 33% are single (never married or never registered a same-sex civil partnership), 8% are divorced</p>							

or formerly in a same-sex civil partnership which is now legally dissolved, 8% are widowed or a surviving partner from a same-sex civil partnership, 2% are separated (but still legally married or still legally in a same-sex civil partnership) and 0.1% are in a registered same-sex civil partnership.

Due to the lack of service level data we cannot fully assess the impact on this protected characteristic. However, we recognise married people, civil partners and couples are more likely to be affected by this project as carers.

**Sources used:**

- 2011 Census

**Pregnancy, maternity and paternity:** Consider those who are pregnant and those who are undertaking maternity or paternity leave

*Please tick (✓) the relevant box:*

<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>

**Overall impact:**

Not known

**Evidence:**

We cannot fully assess the impact on this protected characteristic due to lack of data. However, it is not expected that service users with this protected characteristic will be negatively affected given that the project affects older adults aged 65+.

**Sources used:**

- N/A

**Socio-economic status:** Consider those who are from low income or financially excluded backgrounds

*Please tick (✓) the relevant box:*

<b>Positive</b>	<input type="checkbox"/>
<b>Neutral</b>	<input type="checkbox"/>
<b>Negative</b>	<input type="checkbox"/>

**Overall impact:**

Not known

Multiple disadvantage is a new measure in the Census and there is not sufficient information on socio-economic status at a service level. However, there may be a disproportionately negative impact on socio-economic status from this project (see below).

**Evidence:**

There is not sufficient information on socio-economic status at a national or service level.

Multiple disadvantage was a new 2011 Census measure defined as the proportion of households who have one or more of the following deprivation characteristics (dimensions): no qualifications, a long-term illness, unemployment, overcrowded housing.

- 35% of the population were recorded as having 1 dimension, 21% with 2 dimensions, 4% with 3 dimensions and 0.4% with 4 dimensions.

We recognise that this project might have a disproportionately negative impact on older adults, particularly women and disabled people, from disadvantaged backgrounds and deprived areas, particularly given that:

- 67% of older adult service users are women;
- 71% of older adult service users are aged 80+;
- 16% (or 6,960 people) of Havering's population of pensionable age claim Attendance Allowance in 2013;
- A significant number of people living in Havering provide unpaid care (25,214 people);
- 4% (or 9,855 people) of Havering's population claim Disability Living Allowance in 2013;
- 2% (or 2,825 people) of Havering's population claim Incapacity Benefits in 2013;
- 80% of carers are aged 65+; and
- 68% of carers of older adult services are women.

The negative impact of this project will be mitigated by ensuring that:

- We focus on strengthening communities;
- We maximise the opportunities for improving services, outcomes and wellbeing through greater integration with Health via the Better Care Fund;
- We provide services for our most vulnerable older adults and those who have an assessed need, as well as supporting carers (two thirds of which are female) who meet the criteria for respite services to have a break from their caring role;
- We focus on maximising the quality of our personalised services; and
- We ensure that assessments and care and support plans (support plan in the case of carers) are person-centred, outcomes-focused, and completed using an asset-based approach, where the needs and wellbeing of the individual are paramount.

**Sources used:**

- 2011 Census
- Current list of older adult service users from Swift
- DWP data, Q02 2013

## Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
All	The data we hold is patchy so doesn't allow us to fully assess the impact on service users with protected characteristics	Address the gaps in service user data  Use consultation feedback to inform final budget saving proposals	Final budget saving proposals are informed by service users' diversity profile and feedback  EIA will be reviewed in Jan 16 and finalised action plan agreed  Additional service-specific EIAs will be produced as necessary as future plans are further developed	Consultation Jan 15  EIA review Jan 16  As required	Barbara Nicholls  Barbara Nicholls  Barbara Nicholls

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**LONDON BOROUGH OF  
HAVERING**

**CORPORATE  
ASSET MANAGEMENT PLAN  
2015 - 2019**

## **CONTENTS**

### **Sections**

- 1 Introduction and Context**
- 2 Corporate Vision**
- 3 Policy Context**
- 4 Asset Management Policies**

### **Appendix**

- 1 Summary of the Council's Property Assets**



# 1 Introduction and Context

- 1.1 As at 31<sup>st</sup> March 2013 the Council's Financial Accounts show that the Council held property assets (other than Council Housing) with a net book value of £416m. This net book value is divided between the General Fund (£395m) and the Housing Revenue Account (£21m).

The majority of these property assets are regarded as operational assets as they are held for the purposes of service delivery. The net book value of operational properties held by the Council is £371m.

A small non-operational portfolio is also held and this consists of the Council's commercially let premises and assets that are held pending disposal. The net book value of non-operational properties held by the Council is £45m.

A summary of the Council's property assets as at 1<sup>st</sup> January 2015 is attached as Appendix 1.

- 1.2 The Asset Management Plan (AMP) is a document that sets out the Council's corporate vision on asset management, clarifies how this fits in with other Council strategies and sets out the policies that the Council adopts through its asset management activities.
- 1.3 Asset management is embedded into all of the Council's activities. Decisions on how services are delivered, where they are delivered from and what facilities are required are all influenced and informed by the Council's approach to both operational and strategic asset management.
- 1.4 The Council's focus is on securing and improving service delivery and this is reflected in all of the Council's strategic documents. Operational properties that are fit for purpose, are flexible in use and can be provided in a cost efficient way are vital in underpinning the delivery of services.
- 1.5 Furthermore, it is now widely recognised that assets can be used proactively to initiate and support service related outcomes. This may be through the provision of capital as a result of asset disposals but it could also be through the acquisition, management and development of assets to create income flows, to commence estate regeneration, to support community initiatives and to encourage investment.
- 1.6 Asset management within the Council is co-ordinated by the Corporate Asset Management Group (CAMG) that has responsibility for co-ordinating property related asset management throughout the authority and provides a link between services areas, the Corporate Management Team and elected Members on all property related issues.
- 1.7 The management of assets is always an important issue for any organisation – especially large organisations that have a very diverse asset base. However, this Plan has been prepared within a particularly challenging financial context that has involved the Council making revenue savings of £40m in the period 2010 – 2014 with a further estimated £60m of saving to be identified during 2015 – 2019. In the current challenging conditions and the changing environment within the public

sector it is vital that the Council have a clear vision on assets, a clear understanding of the challenges and pressures in respect of the use of assets and clear policies on how those assets should be managed and reviewed.

- 1.8 The biggest change to the portfolio of property assets held by the Council over recent years has been the transfer of schools from Local Authority control to initially Foundation Schools and, more recently, Academies. This change of status has been accompanied by an effective change of ownership and the Council now exercises much less direct control over the school estate from a property perspective.
- 1.9 The Council has taken a robust approach both to the ownership of assets and to the potential for capital receipts to support capital projects. Over the last 8 years approximately £108 has been raised from the sale of assets (excluding the sale of Council houses). The Council's approach to asset management and capital projects has been influenced by the availability of surplus assets but as these become more difficult to identify the approach to both will need to be kept under review.

Additionally, in the current financial climate the creation of property related sustainable revenue sources is an important area of activity for the Council, possibly in relation to providing housing for rent or commercial property investments.

- 1.10 This plan sets out how asset management interacts, supports and influences other strategic policies. The Plan confirms the detailed asset management policies and practices that provide that support and influence.

## **2. Corporate Vision**

- 2.1 The Council's objectives for the next four years will reflect the stated priorities of Havering residents as expressed in successive consultation exercises – principally, keeping the Borough clean and safe and promoting a high quality of life for local people.
- 2.2 These priorities will be enshrined in the Council's over-arching corporate strategy and the corporate planning process for the new financial year. The Council's financial planning – both in terms of investment and savings, also reflect this focus and are structured to support the Council's overall objectives.

In 2013 the Council published a guide called *The Way Forward: A Connected Council* showing what initiatives were required to deal with the challenging circumstances and, in particular, the need to generate savings by radically altering the way that the Council does business. This document provides a roadmap showing the policies and projects that create a road to a Connected Council making a positive difference to residents' lives.

- 2.4 Both the management of capital and assets work together to support all of these objectives. The Capital Strategy identifies that Havering, like most local

authorities, is faced with a range of financial constraints and competing pressures for service delivery and improvements.

### 3 Policy Context

- 3.1 The Council's Corporate Plan currently covers the period 2014-15. This identifies five Strategic Objectives and highlights the Strategic Outcomes that would be the measure of success in achieving those objectives. The Corporate Plan sets out the Key Activities that will be undertaken in pursuing those outcomes and commits the Council to a wide range of Measures and Targets to demonstrate whether these objectives have been achieved.
- 3.2 The strategy for providing the financial support for the delivery of these objectives is set out in the Financial Strategy and the Capital Strategy.
- 3.3 The management and use of assets must be aligned with other Council policies, such as Development Control policies and the Sustainable Energy Strategy.
- 3.4 The use of property in the delivery of services also has to be planned within this policy framework. Service delivery and property use is continually under review to identify service improvements and/or savings and is considered annually within Service and Directorate Plans.
- 3.6 The main asset management challenges are:
- **Value for Money** – to ensure that the maximum benefit in terms of service delivery is derived from any asset held at the minimum cost
  - **Suitability & Sufficiency** – ensuring that retained assets are suitable for their proposed use, are fit for purpose and support improved service delivery.
  - **Managing Resources** – ensuring that assets are managed efficiently and that initiatives to improve efficiency are identified and implemented.
  - **Rationalisation** – ensure that the disposal of surplus assets links with the Financial Strategy and that the retention of assets is rigorously tested against the Council's retention criteria.
  - **Sustainability** – ensuring that asset management has proper regard to impacts on the environment and addresses sustainability issues.
- 3.7 The position of the Council is that Havering is likely to continue to have severe resource constraints for the next few years, almost certainly to the end of the decade, and as anticipated, these constraints are even more marked than anticipated in previous years. This has inevitably placed severe further restrictions on the resources for services and leaves the Council facing the need for further savings plans to meet the expected financial position arising from the current Comprehensive Spending Review (CSR). Whilst this may be seen as a continuation of the experience of recent years, the scale of reductions needed in public sector spend have, as has been seen, had a major impact on funding for local government.

- 3.8 The Council has historically approved a three year rolling Capital programme, with a detailed programme for the first year and an indicative programme for the subsequent two years. The Programme is now based on a two year period and remains reliant on funding through the generation of capital receipts, although consideration had been given to a transitional process, with a gradual move towards the use of prudential borrowing to finance it.

Changes in the cost of prudential borrowing through the Public Works Loans Board were previously announced as part of the CSR. Given the ongoing financial climate, it is now felt that the Council's immediate budget strategy should not incorporate the use of prudential borrowing on General Fund projects, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital and Section 106 receipts and any sources of external funding only. This places particular importance on the rationalisation and sale of assets to fund capital programmes.

## 4. Asset Management Policies

- 4.1. To ensure that the Council's approach to the management of assets is consistent and that it is focussed on maximising the contribution that assets make to service delivery it is important to set out the aims and objectives of property ownership and use.

It is also important to examine particular asset related issues including the management of operational property, the process of property review and rationalisation and the challenges that must be addressed in administering the property portfolio.

The Council's approach to the management of assets held for non-operational reasons (such as commercial investment properties) and those held for community use also needs to be defined.

### 4.2 Aims and Objectives of Property Ownership

- 4.2.1 The Council's agreed Aims and Objectives for property use to meet its aspirations are shown below:

- **To ensure that assets retained by the Council achieve the most effective and efficient contribution possible to the delivery of services, reflecting the needs of stakeholders and users.**
- **To make available on suitable terms to other Public Bodies, Voluntary Bodies and other Partners in the provision of services, such assets as may be best employed in the provision of jointly provided services.**
- **To consider the use of assets by the private sector on suitable terms where such assets may be best utilised in the provision of contracted out services.**
- **To consider the transfer to appropriate service providers those assets in need of substantial capital expenditure to achieve acceptable standards, under terms and conditions that will reflect the views of stakeholders and service needs, preserve a Council interest, and retain influence in the future use of such assets, where appropriate.**

4.2.2 The Council is committed to retaining ownership, either freehold or leasehold, of only those assets which meet at least one of the following criteria:

- **The asset needs to be retained in Council ownership and control for the provision of services.**
- **The Council considers the asset to be of great value to its community and other stakeholders and/or are in need of the degree of protection, from development or other uses, afforded only by ownership**
- **The asset produces a net income that is of greater benefit to the Council than the saving or capital receipt that could be achieved by disposal.**

When acquisition opportunities are being considered, these criteria will also be used to inform that process. In addition, it is necessary to demonstrate that any proposed property acquisition meets service requirements (and that these requirements cannot be met from the existing portfolio) or that the asset would yield an income that would justify acquisition or that it would enable the Council to achieve other strategic aims such as the regeneration of an area.

4.2.3 In all other respects the Council sees no necessity to retain or acquire property assets that do not fall within one of the above definitions.

### **4.3 Aims and Objectives of Property Use**

4.3.1 In addition to considering the strategic need to own property and identifying criteria for continuing to own property it is also important to set out how the Council views the optimum way to use its properties. Within the Council's retained property portfolio the aim is:

- **To identify and meet the Council's essential and core property requirements.**
- **To secure flexibility in terms of financial, physical and functional elements of property use.**
- **To recognise and consider the needs of services, stakeholders and users.**

### **4.4 Operational Property**

- 4.4.1 Operational property is defined as property that is held, occupied, used or consumed by the Council in the direct delivery of its services including administrative accommodation.
- 4.4.2 The Council will continue to review the use of all property to ensure that it meets the criteria for retention identified within this Plan. The use of existing operational assets will be kept under review to ensure that they continue to be fit for purposes and are essential to meet service or community needs.
- 4.4.3 The challenges for the management of operational property are:

- **Creating a flexible portfolio of operational properties that easily adjust to changing service requirements and the likely increase in partnership working.**
- **Reducing the cost of operational properties to contribute to required revenue savings through greater efficiency, new working practices and partnership working.**
- **Increasing the efficiency in use of individual premises within the operational property portfolio.**
- **Ensuring that all operational properties are fit for purpose, deliver the service outcomes required and can easily adjust to meet changes in those service outcomes.**

## 4.5 Property Disposals and Property Reviews

- 4.5.1 The Council continues to be heavily reliant on capital receipts to allow capital projects to proceed and the important role that disposals play in the provision of capital resources is reflected in the Capital Strategy. The identification and implementation of disposal opportunities is crucial to funding and securing improvements in the delivery of many services.
- 4.5.2 It is the case that as the Council has pursued a policy of selling surplus sites for many years it becomes more difficult to identify new sites that do not pose challenges - especially in respect of objections to disposal that arise in many cases. Constant and ongoing appraisal of property assets to identify disposal opportunities is an essential part of pro-active asset management. It is considered that most disposal opportunities will now arise from further asset reviews and changes in the way that the Council is structured or that services are offered. The asset management implications of change must be an integral part of the change process.
- 4.5.3 The Council will continue to review its property holdings and will endeavour to maintain the quality and efficiency of its property portfolio. The total amount of land and buildings owned is likely to fall although retained assets may need investment to ensure that quality can be maintained.

## 4.6 Property Costs and Challenges

4.6.1 The costs of owning, running and maintaining property assets have a significant impact on the Council's annual budget. Ensuring that these costs are kept as low as possible whilst still protecting an asset base and the services that are delivered are a vital part of the asset management process.

4.6.2 The Council will continue to address these issues in a number of ways:

- **By rigorously testing the continued ownership of property against the criteria set out in this Plan.**
- **By robustly measuring, challenging and seeking to reduce all property related costs.**
- **By improving the overall quality of the property portfolio in order to improve efficiency in use.**
- **By ensuring that the contribution made by all properties to service delivery is maximised including optimising occupational densities, using properties for longer or for more than one purpose and providing for more partnership working.**
- **By further standardisation and centralisation of the control of property assets to ensure a fully corporate approach and to ensure a holistic approach to investment and management.**

## 4.7 Community Use of Assets

4.7.1 The Council recognises the valuable contribution that community organisations make to the provision of services at a local level and how they assist with improving social cohesion.

The Council will seek to adopt appropriate asset management approaches to encourage Community Associations, Sports Clubs and other community based groups seeking to use its asset base to support and promote local community activities.

### 4.7.2 *Community Associations*

As part of all new agreements Community Associations and the Council have recognised the importance of the availability of these assets to the whole community. Associations are required to actively offer their facilities for hire and the Council seeks to ensure that community use is the predominant focus of these premises.

### 4.7.3 *Sports & Community Lettings*

The Council supports the accommodation needs of local organisations and clubs by leasing property on suitable terms. A wide range of sports and community

organisation benefit from this provision, which provides for the Council and its community a well established sports and community sector.

#### **4.8 Commercial Property Owned by the Council**

4.8.1 In addition to properties that are held for operational purposes the Council owns a number of commercial properties, mainly shops on housing estates, which produce an income that provides essential support to the Council's revenue position and the provision of services.

The revenue benefit of the portfolio will be continuously reviewed to ensure that it fulfils its function of supporting a balanced retail provision within the Borough whilst meeting income objectives.

The Council will seek to meet the challenge of balancing the social outcomes of the portfolio with financial requirements in managing the commercial portfolio.

4.8.2 The vision for the Council's commercial portfolio and the criteria for retaining ownership are shown below:

- **The Council should continue to hold non-operational commercial property if at least one of the following criteria applies:**
  - **Produce a net income that is of greater benefit to the Council than the saving or capital receipt that could be achieved by disposal.**
  - **That the non-financial benefits of retaining the property are considered sufficient to justify retention.**
  - **That there are strategic reasons to retain the asset.**
  - **The legal tenure of the premises and/or any statutory constraints preclude disposal**
- **Management practices will:**

## **4.9 Property Management Responsibilities**

- 4.9.1 Since 1<sup>st</sup> April 2011 the Council have operated a Corporate Landlord model in order to manage its property portfolio. Since 1/4/14 the Council's asset management activities have been carried out by oneSource under the Joint Working Arrangements between the London Borough of Havering and the London Borough of Newham.
- 4.9.2 Under this model the management of operational property (depots, libraries, park buildings, schools etc) has been consolidated and transferred to the Asset Management Service. The occupying service (the "tenant") is largely freed of any property management responsibility and can focus on service delivery.
- 4.9.3 Additionally, this model also provides a more consistent approach to premises management; minimisation of premises risks and provides procurement benefits from applying FM contracts across a greater number of assets. It also allows for the more effective prioritisation of repair and maintenance from a centralised and corporately controlled budget.

# Appendix 1

# Summary of the Council's Property Assets as at 1<sup>st</sup> January 2015

The attached schedule shows the property types held by the Council and the number of properties within each type.

Type	Details	Sub Groups	Sub Total	Totals
<b>Administrative Offices</b>	Premises used primarily for the administration of the Councils services		8	<b>8</b>
<b>Agricultural</b>	Land within green belt or similar use			<b>17</b>
		Farmed	3	
		Grazing	10	
		Forestry	1	

		Nature Conservation	1	
		Amenity Land	2	
<b>Allotment Sites</b>	Sites let to local allotment societies		28	<b>28</b>
<b>Car Parking</b>	Surface or Multi Storey Parking	Car Parks with public access	30	<b>30</b>
<b>Cemetery &amp; Crematorium</b>	Burial Grounds & Crematorium			<b>4</b>
		Cemeteries	3	
		Cemetery & Crematorium	1	
<b>Depots</b>	Variety of premises for cleaning/maintenance operational use			<b>15</b>
		Recycling Centre	1	
		Parks/Streetcare Depots	9	
		General & Fleet Operations Depot	1	
		Housing Depot	1	
		Market Storage Compound	3	
<b>Libraries</b>	Public Libraries	Library	10	<b>10</b>
<b>Leisure</b>	Various Leisure Facility			<b>10</b>
		Multi use outdoor recreation	1	
		Sports Stadium	1	
		Outdoor Pursuit Centre	1	
		Swimming Pools	2	
		Youth Facility	1	
		Golf Course	1	
		Miniature Golf	1	
		Theatre	1	
		Arts Centre	1	
<b>Parks</b>	Parks and Formal Open Spaces			<b>51</b>
		Park	25	
		Playing Field	12	
		Open Space	12	

		Country Park	2	
<b>Educational Use</b>	Education related facilities (not Schools)			<b>10</b>
		Nursery (where occupation is in a separate building and let on a tenancy)	2	
		Tuition - Youth/Referral Centres	5	
		Youth Centre	1	
		Tuition	2	
<b>Schools</b>	Includes Schools that occupy the premises under Academy Leases			<b>57</b>
		Primary	26	
		Junior	11	
		Infant	11	
		Secondary	7	
		Special	2	
<b>School Playing Fields</b>	Playing Fields used by Schools		8	<b>8</b>
<b>Social Care</b>	Adult and Pre School Care & Advice Provision			<b>21</b>
		Group Homes (Independent Living)	9	
		Residential Living/Day care	2	
		Day Centres/Advice Centre	6	
		Early Years	3	
		Meals on Wheels Centre	1	
<b>Service Let Accommodation</b>	Residential type premises occupied as part of a service provision such as school caretaker houses		21	<b>21</b>
<b>Garage Blocks</b>				<b>135</b>
		Garage Blocks	130	

		Garage Sites (Garages Demolished)	5	
<b>Commercial Lettings</b>				<b>234</b>
		Shops	199	
		Parks - Kiosks/Cafes/ Visitor Centres	5	
		Offices	4	
		Workshops	2	
		Telecommunicatio n Equipment on Council Buildings	5	
		Other commercial premises	10	
		Held for development	9	
<b>Community and Club Lettings</b>				<b>59</b>
		Sports Club related lettings	32	
		Other Community type of lettings	27	
<b>Social Halls</b>				<b>22</b>
		Social Hall let to Community Associations	18	
		Social Halls available for hire	4	
<b>Utility Equipment</b>				<b>164</b>
		Gas Easements and Govenors	8	
		Electricity Sub Stations	156	
<b>Public Conveniences</b>				<b>16</b>
		APC/DAPC	12	
		Toilets	3	
		Toilets Closed	1	
<b>Flood Lagoons</b>			6	<b>6</b>
<b>Heritage</b>			4	<b>4</b>
<b>Housing</b>				<b>63</b>
		Warden Controlled Complex	25	

		Residentially developed sites let on long leases to Social Landlords	28	
		Residential Shared Ownership/Joint Venture Sites	7	
		Hostels	3	
<b>Play sites</b>			<b>26</b>	<b>26</b>
<b>Other Land &amp; Property</b>				<b>69</b>
		Amenity Land	62	
		Golf Course (Part)	1	
		Nature Reserves	3	
		Heritage Assets	1	
		Surplus (awaiting disposal)	2	
<b>TOTAL</b>			<b>1088</b>	<b>1088</b>

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## CABINET

11 February 2015

<b>Subject Heading:</b>	<b>HRA Budget for 2015/2016 and HRA Major Works Capital Programme 2015/6 – 2017/8</b>
<b>Cabinet Member</b>	<b>Councillor Damian White Councillor Roger Ramsey</b>
<b>CMT Lead:</b>	<b>Joy Hollister</b> , Group Director, Children's Adults and Housing <b>Andrew Blake-Herbert</b> , Director of Finance & Commerce
<b>Report Author and contact details:</b>	Sue Witherspoon, Head of Homes and Housing 01708433747  Conway Mulcahy Finance Business Partner 01708 432565 <a href="mailto:Conway.mulcahy@havering.gov.uk">Conway.mulcahy@havering.gov.uk</a>
<b>Policy context:</b>	HRA Policy and budgets
<b>Financial summary:</b>	To agree rents and other charges, the HRA revenue spend budget as detailed in Appendix 1, and a HRA Major Works Capital programme, detailed in Appendix 2
<b>Is this a Key Decision?</b>	Yes
<b>Is this a Strategic Decision?</b>	Yes
<b>When should this matter be reviewed?</b>	December 2015
<b>Reviewing OSC</b>	Towns and Communities

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

Clean, safe and green borough	<input checked="" type="checkbox"/>	
Excellence in education and learning	<input type="checkbox"/>	
Opportunities for all through economic, social and cultural activity	<input checked="" type="checkbox"/>	
Value and enhance the life of every individual	<input type="checkbox"/>	
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>	

**SUMMARY**

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

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

The Housing Revenue Account is sound and is able to invest in its stock, and develop new homes over the coming three years. However, due to a recent change in the Government's rules on rent increases, the former system of rent restructuring is being abolished in 2015/16 and future rent increases are designed to be limited to no more than the Consumer Price Index (CPI) + 1%. The Council plans to move to the new system in 2016/17, but has to take the opportunity which remains in this year, to move its rents to target rents immediately. This will remove the inequality between properties that currently exists. At present it is 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 will be eliminated. All rents will be at target rents; additional rental income will be available to invest in the housing stock, and in new homes, and future rent increase for the next 10 years will 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 remain the lowest in London, during the year 2014/15.

**RECOMMENDATIONS**

That Cabinet:

1. Agrees the Housing Revenue Account Budget as detailed in Appendix 1.
2. Agrees 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. Agrees 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 28th December 2014, and the week commencing 28 March 2016.
4. Agrees that tenants' service charges and heating and hot water charges for 2015/6 are 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. Agrees that the service charge for homeless households accommodated in the Council's hostels is increased by 1.2% to £25.14 a week (average figure).
6. Agrees that charges for high and medium demand garages are increased by 1.2% and that rents for low demand garages are frozen.
7. Notes that the charges for mobile support will be deleted, but that new service charge for the provision of security and support in sheltered housing will be introduced, and will be £6.57pw (52 weeks). This will replace the mobile support charges which last year ranged from £5.48pw to £13.70pw, depending upon the level of support.

8. Agrees 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. Agrees 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. Notes that there is a projected in-year surplus of £1.620m, and to agree that £0.5m will be carried forward to fund the replacement of the Housing Management system.
11. Agrees the HRA Major Works Capital Programme, detailed in Appendix 2, and refer this to full Council for final ratification.

**REPORT DETAIL**

**1. BACKGROUND**

- 1.1 The Localism Act 2011 changed the financial system for the management of council housing. The old system, with its notional income and expenditure accounts, and its distribution of housing subsidy across the country has gone. In its place, Government has provided freedom and independence for the management of council housing finance, in return for a one off payment of the national housing subsidy debt (and a premium for the treasury).
- 1.2 The new system started in April 2012, and so the Housing Revenue Account (HRA) budget now looks very different from budgets in previous years. The business plan is designed to provide long term management of the Council's housing assets. We have more freedom to direct our resources to the best and most cost effective management of the Council's housing stock. However, we do not have complete freedom – some aspects remain centrally controlled, such as rent setting, and the use of capital receipts.
- 1.3 This report sets out first, what income resources the Council has available to spend on housing, sets out the current HRA financial position, and proposed spending plans for 2015/16.

- 1.4 One of the central driving aims of the Council is to maintain the Decent Homes Standard for its stock and, through the HRA Business Plan to achieve this goal whilst maintaining a good quality housing service and also to start replacing some of the properties lost through the Right to Buy, with new build Council homes.
- 1.5 The Council recognises that there is a need for good quality affordable homes, especially for elderly residents and first time buyers, and has set out its ambition to meet these needs by using resources generated through the Council's Housing Business Plan.

## **2. INCOME**

### **2.1 Rents**

- 2.1.1 The Council's main source of income to manage its housing stock is tenants' rents. Up until this year, the Government has influenced rents by applying a formula called "rent restructuring". While the new regime has devolved much decision-making to local authorities, the Government has retained much control over rents so as to have an influence on the national housing benefit bill.
- 2.1.2 The rent restructuring formula was introduced by the government in 2002/03. This provided a "target rent" for each property, based on a mix of local average earnings and capital values, adjusted for the size of property. The target rent, once achieved, was meant to ensure that council rents for similar properties in an area were at similar levels. Since the introduction of the restructuring system in 2002/03, the date at which council rents are expected to converge has been amended by the government a number of times. The Government has now set out new proposals for rents, which proposes that rents will be increased by a maximum of CPI + 1% rather than the maximum allowed under the RPI formula of 0.5% + RPI + £2 which applied in 2014/15. This set of proposals was subject to consultation which closed on 24<sup>th</sup> December. This formula was set out on the basis, that the Government believed that most social landlords had already achieved target rents. However, this was not the case in Havering, as the rents have been historically, very low. Havering made a formal submission to the Government in response to the proposed changes, and fortunately, the Government has amended the proposals to allow landlords who have not achieved target rents to continue with the former rent restructuring regime. There remains in place a "limit rent" which is the maximum that the social landlord can charge, whereby the tenant will receive full Housing Benefit, and 100% of the subsidy met by Government. At the same time, the limit rent, and the formula rent have been brought together and are now at the same level.
- 2.1.3 It is proposed therefore in 2015/6, to make a one off increase to raise all the rents of Council tenants in Havering, to the formula rent. This has the effect of a larger average rent increase this year (8.6%) but will bring in additional resources to enable the local authority to fulfil its spending plans, of dealing with all the stock investment required and also to maintain a modest new build programme of new homes. Rents after this year will be increased by no more than the Government formula (of CPI + 1% maximum) if we wish the Housing benefit subsidy to be met in full. This proposed rent increase will affect 90% of tenants. 10% of properties have been re-let in the last year, and during the course of the last year, formula rents

## Cabinet, 11 February 2015

were applied as properties became vacant. Those properties which have been let in the last 12 months, therefore, are already at the formula rent.

2.1.4 In 2014/15, the average rent in Havering is £91.44. Applying the formula rent to all properties in April 2015 gives an average increase of £7.87 a week, that is, 8.66%. Using this formula, the average rent in 2015/16 will be £99.31. This will mean in effect that rents are increased as set out in the table below:

	<b>Rents 2014/15 52 weeks</b>	<b>Rents 2015/6 52 weeks</b>	<b>Increase (£)</b>	<b>% Increase</b>
Bedsit	£70.55	£79.25	£8.70	12.34%
1 Bed	£76.61	£86.92	£10.31	13.45%
2 Bed	£89.60	£96.60	£7.00	7.81%
3 Bed	£107.66	£115.71	£8.05	7.48%
4 Bed	£121.77	£134.03	£12.26	10.07%
5 Bed	£134.13	£148.03	£13.90	10.36%
<b>Average Rent</b>	<b>£91.44</b>	<b>£99.31</b>	<b>£7.87</b>	<b>8.60%</b>

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

- Council rents in Havering remain below housing association rents and significantly below private sector rents, which are running at around £250 a week for a one bedroom home to £340 for a three bedroom property
- The proposed council rent for 2015/16 is still within the housing benefit limits for Havering and so the 71% of tenants on full or partial housing benefit and prospective tenants in most financial hardship will continue to be supported.
- Havering Council's rents in 2015/16 will continue to be amongst the lowest council rents in London.
- Therefore, as well as benefiting from the lowest rents in Havering, our council tenants will continue to enjoy the lowest rents across the capital.

Information on rents is not available from every borough at the end of March 2014, but of those boroughs publishing their average rents on a 52 week basis, Havering had the lowest rents. From outer London Boroughs the following information was available:

Borough	Average net rent
Barnet	99.12
Brent	111.27
Ealing	94.80
Haringey	104.18
Harrow	112.45
Havering	85.15
Hillingdon	108.62
Kingston	113.29
Redbridge	97.01

2.16 Applying the formula rent calculation in 2015 will provide an improved income forecast to that in last year's business plan. Such a decision will also have the benefit of evening out actual rents for tenants in similar properties in similar areas so that variances between neighbours will be stopped on 31<sup>st</sup> March 2015.

2.17 The increased income from this rent rise will be used to increase the HRA revenue contribution to the HRA major works programme to deliver improved stock investment in line with the tenants' number one priority as stated in the tenant survey undertaken in the summer of 2012.

2.18 The increased income will also enable the Council to deliver a contribution towards tenants' second highest priority, which is the development of new affordable homes.

## 2.2 Service charges

2.2.1 The aim of the Council, in respect of service charges, is to ensure that those receiving the service are paying for them. We have fully reviewed all the service charges over 2010/11 and 2011/12, and we are nearly in a position where the cost of each service can be fully recovered from the service charges raised. Work has also been done to improve the value-for-money of some services, either by reviewing the staffing and costs of the service, or by renegotiation of contracts with some service providers. There will continue to be a regular programme of reviews of services, in order to ensure that we remain aware of the views of tenants on the levels of services that they wish to pay for.

2.2.2 We are able to reduce the service charge for the services listed below due to efficiencies made in the cost of the services:

CCTV – Static Service: reduced by £0.09p (6%)

Heating: reduced by £0.63p (9%)

Hot water – reduced by 0.15p (2%)

Bulk refuse – reduced by 0.02p (4%)

Door Entry – reduced by £1.11 (81%)

2.2.3 It is proposed that the following charges will be frozen:

TV aerial

CCTV – mobile service

2.2.4 It is proposed that the following charges should be increased:

Internal block cleaning: increased by 25p (19%)

Grounds maintenance: increased by 70p (25%)

Sheltered cleaning: increased by 4p (1%)

Community (Wardens – increased by 10p (12%)

Caretaking – increased by 34p (10%)

If a tenant received all these services, then the net increase in service charges would be £0.84p. The increase in internal block cleaning reflects the fact that the cost of this service is not fully covered by the income from service charges. This is being gradually addressed over a period of four years, and next year's increase should see the cost of the service fully covered. It is proposed to consult tenants on the Grounds Maintenance contract and possible alternative services, which could deliver savings at the Tenants' Conference on 18<sup>th</sup> February, 2015.

2.2.5 It is proposed to increase service charges for hostel residents by 1.2% (equivalent to CPI). Service charges in hostels cover the maintenance of the hostel communal areas, as well as 24 hour staffing.

2.3 Garages

2.3.1 There are currently 664 garages let (of which 92 are part of the number earmarked for demolition and will become unavailable to let), and a further 508 empty and available to let. The rents of our high demand garages are about the same as comparable private garages to let. There have been 60 garages let this year (from 1 April 2014), of which 29 are high demand garages. It seems therefore that there is a reasonable demand for garages. Clearly there are also many garages which are difficult to let. It is therefore proposed to raise the high demand and medium demand garage rents by 1.2% and freeze the rent of the remaining low demand garages.

2.4 Support charges – mobile support

2.4.1 The mobile support service who visited residents in their homes, as part of our mobile support service, was formerly funded by a Supporting People grant, which met the charges for elderly residents. This is an unringfenced General Fund grant, and as part of the General Fund budget reductions for 2015/16, this grant has been removed. The Housing Service has therefore conducted a complete review of the service, consulting residents about the future of the service. The residents were offered three options – to remove the service altogether with a saving to those who paid the charge themselves; or to keep the service as the same, but charge the service cost to all residents; or a third option of reforming the service, bringing together the housing management and the support functions and creating a new service, funded through a mix of HRA funding, and service charges. The residents opted overwhelmingly (80%) for the hybrid option, which is being implemented in March 2015. The service charge for this new service will therefore be £6.57 per week (52 weeks).

2.5 Service charges – Careline and Telecare support

2.5.1 It is proposed that the Careline and Telecare service charges be increased by September's CPI (1.2%).

**3. THE HRA BUDGET 2015/16**

3.1 Attached at Appendix 1 is the proposed HRA budget for 2015/16. A summary of the main movement from the 2014/15 budget is as follows:-

<b>Revised Expenditure Budget 2014/15</b>	<b>£57,307,030</b>
Pay award	£220,260
Contract Inflation	£276,960
Reduction in CSSA (Support Charges)	-£285,570
Interest Payment reductions	-£138,280
Other net Budget movements	-£278,990
On-going Growth items	£500,800
One off Growth Items dropping out	-£504,920
<b>2015/16 Original Expenditure Budget</b>	<b>£57,097,290</b>
<b>Revised Income Budget 2014/15</b>	<b>(£53,459,200)</b>
Rent Increases	(£3,953,520)
Service Charges increase	(£723,110)
Other income reduced	£745,860
<b>2015/16 Original Income Budget</b>	<b>(£57,389,970)</b>
<b>Net Budget</b>	<b>(£292,680)</b>
Increase in Capital funded by revenue	£5,326,000
<b>Gross Budget</b>	<b>£5,033,320</b>

3.2 Reasons for variation – growth items

3.2.1 Pay award – £220,260. A 2.2% pay award has been agreed with the Unions, over a 2 year period. This provision will therefore need to be made within the budget to fund this.

3.2.2 During the course of 2014/15, we have been developing a befriending service jointly with Tapestry, (formerly Age Concern Havering). This will recruit 50 volunteers in the first year, who will be matched with elderly people in the community who suffer from social isolation. This will increase to 100 volunteers in Year 2. This additional cost of £25,000 will fund the services of a Volunteer Co-Ordinator who will recruit, train support and place the volunteers with our residents.

3.2.3 £13,000 will be spent in 2015/16 towards the cost of broadband for our Sheltered Units, where we have installed ICT suites, so that elderly residents can carry out shopping online, contact relatives through Skype and carry out other functions via the internet. This service is currently being used by 20% of the residents in Sheltered Housing, and it is hoped that this will be extended through training and support in 2015/16. We are also installing large screens in Sheltered so that film clubs can be formed and provide entertainment for our residents. There is also provision within this, to fund TV licences for our sheltered schemes.

- 3.2.4 £15,000 has been built into the budget to provide for uplift in the allowances paid to TMOs, in line with Government guidance and regulations.
- 3.2.5 £25,000 has been put into the budget to pay for the supervision of ex-offenders under the Community Payback scheme. We have successfully funded a pilot scheme in this area in the past, which has led to improvements on estates including redecorations of railings, bollards and other environmental features. We propose to build this into the budget on a regular basis.
- 3.2.6 An additional £110,000 has been built into the budget to increase the staff complement in Property Services. Two of these posts, surveyors will be employed to carry out additional work supervising the repairs contract work, to ensure compliance with the contract terms, and ensure that the quality of work is maintained. One of these posts will be to carry out a similar function, but with our services contractors – supervising work such as gas servicing, asbestos, legionella and electrical contractors.
- 3.2.7 An additional £72,000 has been built into the budget of the Housing Options team. There has been a significant growth in the amount of work carried out both by the Housing Needs team, and also the Lettings Team and additional resources are needed to ensure applications are assessed quickly, and that empty properties are let quickly. These posts will add to this function. There will be a closer look at the structure and function of these teams during the course of 2015/16 in order to ensure that the processes work effectively.
- 3.2.8 An additional £16,000 has been added to the Affordable Housing Team to provide a part time resource to enable the sales of Shared Ownership Units, to be built by the Council to be sold quickly, and in line with the Council's preferred policy of targeting such units to local Havering people.
- 3.2.9 It is proposed to create a post of Tenancy Fraud Officer, to work within the Housing Services Team. (£42,000) This is because the funding from the DCLG to deal with tenancy fraud has now come to an end, and the work will not continue without further funding.
- 3.2.10 It is proposed to create the post of Training officer (£40,000) to ensure that the new housing management system, when implemented will be appropriately used by staff. There is a need to improve the ICT skills of staff generally, and particularly in the light of the introduction of a new Housing Management system.
- 3.2.11 This amounts to total growth (not including pay award) in Supervision and Management of £358,000.
- 3.3 Reasons for Variation – savings items
- 3.3.1 There is a significant increase in the Service Charge income. Although the individual service charges have not been increased greatly, and in all but one case simply cover the cost, there has been a growth in the number of users of Havering Telecare and Careline services. This has led to a significant increase in income to this cost centre, which is reflected in the budget.

- 3.3.2 A reduction of £100,000 has been made in the Estate Services agency budget, as cover will be provided by permanent staff, when staff are absent on leave, sickness and training.
- 3.3.3 An income target of £20,000 has been set for the Community Warden Service, to be achieved by providing services to other Housing providers, such as Housing Associations. This has been done on a temporary basis in the past, over the summer period. The team is confident that this can be established on a more permanent basis.
- 3.3.4 Miscellaneous savings in Community Services amounting to £26,000 have been identified in areas such as equipment, office expenses, car allowances and cleaning materials.
- 3.3.5 Efficiencies have been identified in the Housing Services Team, which will yield £25,000.
- 3.3.6 Savings in Property Services can be found as a result of the new Repairs Contract (£62,920), in the Lifts and Alarms budget (£20,000) and other miscellaneous items such as car allowances, repairs to adaptations and general office expenses. These miscellaneous savings amount to £14,420.
- 3.3.7 Reductions in contingency provision can be made. A provision was set up to carry out the integration of Homes in Havering with the Council. This amounted to £300,000 and is now no longer required. A further reduction in the general contingency of £100,000 can also be made.
- 3.3.8 A saving of £20,000 can be made in the books and subscriptions budgets within the Housing Needs and Strategy Service.
- 3.3.9 This amounts to a total saving of £688,340 in Supervision and Management. The net effect of growth and savings in the Supervision and Management of the service is a saving of £330,340.
- 3.3.10 There is a significant reduction in the income from “other” items. These include Supporting People, insurance charges, halls for hire, and water commission.

**4. MAJOR WORKS BUDGET – HRA 2015/16 – 2017/18 major works resources and proposed spend**

- 4.1 With the introduction of Self Financing in 2012 it is now possible to plan major works expenditure beyond one year at a time.
- 4.2 Decent Homes Grant Funding from the GLA came to an end in 2014/15. As a result of use of this grant and significant additional investment of HRA resources into the Decent Homes Programme, essentially all properties now meet the Standard, with the exception of around 2% of homes which are currently undergoing works, notably through the non-traditional house refurbishment programme or Decent Homes works at the void stage.
- 4.3 From now on, the main source of funds for investment in the existing stock stems from tenants’ rents. Surpluses in rental income net of day-to-day

management and maintenance of the stock and meeting the costs of borrowing can be converted to investment in major projects.

4.4 These HRA resources can also be used to fund new build. HRA Business Plan resources for this purpose can be augmented by right-to-buy receipts as the Council has struck an agreement with the GLA to use 100% of the usable element of right-to-buy receipts on the building of new social housing within three years of their generation. Failure to use right-to-buy receipts in this way would see the Council having to pay the receipts over to the GLA with additional interest. Some council housing new build schemes have also attracted grant from the GLA.

4.5 The table below summarises the available resources across the coming three years.

<b>Funding source</b>	<b>2015/16 £'000s</b>	<b>2016/17 £'000s</b>	<b>2017/18 £'000s</b>	<b>Three year total £'000s</b>
HRA Business Plan resources available for major works use	25,679	22,030	23,157	70,866
Leaseholder contribution	200	200	200	600
GLA affordable housing grant for new build*	1,924	1,268	0	3,192
Right-to-buy receipts for new build**	495	1,554	2,470	4,519
<b>TOTAL</b>	<b>28,298</b>	<b>25,052</b>	<b>25,827</b>	<b>79,177</b>
<p>* GLA grant for Phase 1 schemes, listed in the table below, has been accounted for in previous financial years. GLA grant for Phase 2 schemes, listed in the table below, accounted for in full in year of start-on-site</p> <p>** Right-to-buy funding to Phase 1 schemes has been accounted for in previous financial years. Right-to-buy funding for Phase 2 schemes accounted for in full in year of start-on-site. Includes right-to-buy receipts which will need to be spent in-year on new build housing to avoid repayment to the GLA with interest but for which schemes have not yet been approved</p>				

4.5 The 2014/15 – 2015/16 New Build programme consists of the following schemes:

<b>Project</b>	<b>Type of housing</b>	<b>Number of units</b>
<b>Phase 1*</b>		
Albys Close bungalow scheme	Affordable Rented	9 bungalows
	Shared Ownership for elderly	10 bungalows
Replacement of hard-to-let bedsit bungalows with two bedroom family homes	Affordable Rented	12 houses
New Plymouth and Napier – conversion of pram sheds	Affordable Rented	3 flats
<b>Phase 2</b>		
New Plymouth and Napier – infill on land at base on the towers	Affordable Rented	11 houses
	Shared Ownership	8 houses
Briar Road Estate – redevelopment of	Affordable	36 flats

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the centre of the estate	Rented	
	Shared Ownership	10 houses
Block Extensions – flats adjacent to existing flatted schemes	Affordable Rented	27 flats
Diana Princess of Wales	Affordable Rented	1 wheelchair adapted bungalow
	Shared Ownership	5 houses
Lexington Way	Affordable Rented	2 flats
	Shared Ownership	10 houses
Kilmartin Way	Affordable Rented	5 houses
Dewsbury Road	Affordable Rented	5 houses
Taplow House, Rainham	Shared Ownership	16 flats
* Schemes at Garrick House, Ullswater Way, Ravenscourt Grove and Holsworthy House will complete in 2014/15		

4.6 The full proposed Major Works programme – covering investment in the existing council housing stock and building of new properties – for the three years 2015/16 to 2017/18 is included in Appendix 2.

4.7 The Council has also been successful in bidding for additional resources for a programme to extend 15 two bedroom ground floor flats to provide much needed 3 bedroom, level access accommodation on the ground floor for households with a disabled person within them. Work has commenced and will continue into 2015/16.

4.8 The Council will be delivering a Tenants Incentive Scheme, to assist 20 first time buyers who are currently Havering Council tenants during 2014/15 and 2015/16 by providing assistance with deposits. This is jointly funded between the Council and the GLA. There are currently 14 households going through the home-buying process, with an average of five fresh enquiries a month.

### **5. 30 year Business Plan 2015/16 to 2045/46**

5.1 Attached at Appendix 3 is the reworked HRA Business Plan financial model. Years 1 to 10 have been included. Year 1 of the business plan is based on the 2015/16 proposed budget.

5.2 The plan for the HRA is based on keeping a minimum of £2m in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining reserves at £2m are available for major works for as long as the stock condition survey need to spend exists.

5.3 It can be seen from Appendix 3 that such a need remains until 2019/20. (It should be noted that the investment gap shown is against the stock condition survey need to invest which is at a higher level than decent homes). From then on the level of balances on the HRA increases.

5.4 There have been a number of changes to the Business Plan since it was first approved in February 2012. In particular, the Government changes to the

Right to Buy have increased the number of sales completed above that originally anticipated. In addition, now that the majority of borrowing (self financing debt) has been fixed at 3.26% for the next 12 years this has stabilised the long term interest charges in the Business Plan at a very low level. Finally, there is a significant beneficial impact caused by the Council's proposals to move directly to formula rents in 2015/16.

## **6. CONCLUSION**

- 6.1 The Self Financing Business Plan (Appendix 3) shows that the Council is able to maintain and improve its stock and provide good quality housing services throughout the life of the plan. The Housing Revenue Account budget which is set out in this report is a prudent budget, designed to maintain a decent level of service, and inject further resources into a programme of major investment in the housing stock that will maintain the Decent Homes standard for our housing stock and carry out additional much needed investment. The Council has been able to include proposals within the Business Plan to develop a modest programme of new build units on HRA land. The HRA has moved to a more stable financial future, with a reasonable level of balances.

## **REASONS AND OPTIONS**

### **Reasons and Options**

#### 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.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

#### **HRA Revenue**

This whole report largely concerns the Financial Implications and risks concerning the setting of the HRA budget for 2015/16, and the revision of the figures for the 30 year Self Financing Business Plan. The HRA is sufficiently

healthy to generate working balance reserves of an estimated £2m at the end of 2015/16, and at least £2m beyond this.

There are risks associated with any HRA budget, but it is felt these can be managed. The council has had the opportunity to review its resource requirement for 2015/16. On repairs, there are unbudgeted volume risks, but these can be managed by ensuring the HRA working balance is retained at least £2m. The bad debt provision contribution has been set based on an allowance for increasing arrears for the possible consequences of welfare reform. An assumption has been made in the business plan projections for this amount to increase in future years.

In addition to £2m reserves on the HRA, the following estimated provisions / reserves are predicted as at 31 March 2015:-

- Bad and doubtful debt provision of £2.532 (including leaseholder major works) - calculated according to best practice
- Leaseholder Major Works Reserve of £1.228m – this is the balance remaining on the reserve. £0.200m is generated from this reserve each year as a contribution to the HRA Investment programme.
- Right to Buy Pooling Earmarked Reserve of £4.56m (estimate) - from 2012/13 the council can retain a proportion of right to buy receipts to fund affordable housing development.

A rent rise directly to raise all rents to formula rent is recommended. This will provide much needed additional resources to enable the Council to deal with the necessary stock investment, and deliver new homes and use the RTB receipts set aside for this purpose, in agreement with the Government.

### **HRA Investment Capital Budget**

The table in paragraph 4.5 gives a confirmed resource position for 2015/16.

Neither the proposed HRA Major Works Capital programmes for 2015/16, nor the new build proposals, pose any liabilities for the Council's resources outside those resources solely available for housing expenditure, that is:-

- HRA resources/revenue surpluses
- Right-to-buy receipts subject to the Council's agreement with the DCLG to use them to fund new housing.

### **Legal implications and risks:**

Under Part V1 of the Local Government and Housing Act 1989 any local authority that owns housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA. The Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other

prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.

Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities: (a) to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) to take all reasonably practicable steps to avoid an end-of-year deficit. The proposed HRA budget fulfils these requirements.

The report sees approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures which provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council's statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular the maintenance and repair of dwellings may be considered consistent with the Council's repairing obligation under Section 11 of the Landlord and Tenant Act 1985.

**Human Resources implications and risks:**

None specific.

**Equalities implications and risks:**

An equalities impact assessment has been carried out. Of note, the proposed rent increases are influenced by central government through their rent restructuring formula. Furthermore, best practice and guidance dictates that service charges should be set at a level which covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

71% of council tenants are in receipt of Housing Benefit. The proposed rents and service charges eligible for housing benefit are within the housing benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected

The major works programme makes available resources to bring forward works to make the remaining sheltered bedsits with shared bathrooms / showers fully self-contained. This will advantage this section of the community who are people over the age of 55.

**BACKGROUND PAPERS**

Housing Revenue Account Budget Report 2014/15  
Equalities Impact Assessment

**APPENDIX 1 – HRA budget 2015/16**

	2014-15 Original Budget	2015-16 Original Budget	Variance
	£	£	£
<b>Income and Expenditure</b>			
<b>Income</b>			
Dwelling rents	(45,231,270)	(49,152,660)	(3,921,390)
Garages	(393,930)	(400,710)	(6,780)
Charges for services and facilities - Tenants	(4,866,470)	(5,589,580)	(723,110)
Charges for services and facilities – Leaseholders	(1,574,340)	(1,574,340)	0
Shared ownership	(88,630)	(113,980)	(25,350)
Supporting People Grant	(518,000)	0	518,000
Other	(721,750)	(493,890)	227,860
<b>Total Income</b>	<b>(53,394,390)</b>	<b>(57,325,160)</b>	<b>(3,930,770)</b>
<b>Expenditure</b>			
Repairs and maintenance	7,358,680	7,348,120	(10,560)
Supervision and management plus recharges	22,885,920	22,580,980	(304,940)
Depreciation and impairment	14,184,490	14,184,490	0
Debt management costs	53,780	47,820	(5,960)
Bad debt	665,000	665,000	0
<b>Total Expenditure</b>	<b>45,147,870</b>	<b>44,826,410</b>	<b>(321,460)</b>
<b>Net cost of HRA services</b>	<b>(8,246,520)</b>	<b>(12,498,750)</b>	<b>(4,252,230)</b>
Interest payable and similar charges	5,990,650	5,852,370	(138,280)
Interest and investment income	(64,810)	(64,810)	0
Surplus or deficit for the year on HRA services	(2,320,680)	(6,711,190)	(4,390,510)
Statement on movement of HRA balances			
Surplus or deficit for the year on HRA services	(2,320,680)	(6,711,190)	(4,390,510)
Major works expenditure funded by the HRA	20,353,000	25,679,000	5,326,000
Transfer to or from Major Repairs Reserve (MRR)	(13,934,490)	(13,934,490)	0
<b>Net (income)/Expenditure</b>	<b>4,097,830</b>	<b>5,033,320</b>	<b>935,490</b>
HRA balance brought forward	(7,602,906)	(5,310,044)	2,292,862
Net (income)/Expenditure	4,097,830	5,033,320	935,490
In year Surplus 14-15	0	(1,620,000)	(1,620,000)
RTB receipts (Debt Element)	(1,804,968)	(755,584)	1,049,384
<b>HRA balance carried forward</b>	<b>(5,310,044)</b>	<b>(2,652,308)</b>	<b>2,657,736</b>

**Appendix 2 – funded 2015/6 – 17/18 HRA Major works Capital Programme**

<b>Major Works Programme 2015-18</b>					
		<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>3yr Totals</b>
<b>New Build Programme and pre-commitments in 2015/16</b>					
New Build Programme		10,508,721	13,323,987	8,947,129	32,779,837
Napier and New Plymouth improvements		873,732	-	-	873,732
Preliminaries Costs		45,000	-	-	45,000
Programme delivery fees		4,050	-	-	4,050
<b>Total</b>		<b>11,431,503</b>	<b>13,323,987</b>	<b>8,947,129</b>	<b>33,702,619</b>
Total less fees		11,427,453	13,323,987	8,947,129	33,698,569
<b>Stock Upkeep Works to maintenance standards including Major Repairs</b>					
Major Voids		600,000	500,000	600,000	1,700,000
Structural		50,000	50,000	50,000	150,000
Electrical Upgrade/Mains Supplies		150,000	150,000	150,000	450,000
Legionella		170,000	170,000	170,000	510,000
Fencing / Boundary Walls		50,000	50,000	50,000	150,000
Drainage/Sewers		50,000	50,000	50,000	150,000
Asbestos Removal/Management		120,000	120,000	120,000	360,000
External Refurbishment (xrd)		1,395,000	-	1,100,000	2,495,000
DDA Fire Protection/Mean of Escape		50,000	50,000	50,000	150,000
Careline equipment		50,000	50,000	50,000	150,000
Stock condition surveys 10%		25,000	25,000	25,000	75,000
Aids and Adaptations		500,000	350,000	350,000	1,200,000
Programme delivery fees		237,150	159,600	70,200	466,950
<b>Total</b>		<b>3,447,150</b>	<b>1,724,600</b>	<b>2,835,200</b>	<b>8,006,950</b>
Total less fees		3,210,000	1,565,000	2,765,000	7,540,000
<b>Stock Reinvestment to improve conditions including any outstanding Decent Homes works</b>					
Non Trad Houses/Flats System Build		600,000	500,000	850,000	1,950,000
Support Consultants		250,000	150,000	-	400,000
Kitchen/Bathrooms at Void stage		700,000	600,000	850,000	2,150,000
Stock Investment "Replacements"		5,737,714	4,222,683	7,100,000	17,060,397
Preliminaries Costs		570,394	425,041	715,500	1,710,936
Programme delivery fees		684,730	804,681	666,085	2,155,496
<b>Total</b>		<b>8,542,838</b>	<b>6,702,406</b>	<b>10,181,585</b>	<b>25,426,829</b>
Total less fees		7,858,109	5,897,725	9,515,500	23,271,333
<b>Stock Remodelling</b>					
Bedsit Remodelling		500,000	90,000	500,000	1,090,000
Preliminaries Costs		45,000	8,100	45,000	98,100

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Programme delivery fees		49,050	1,962	49,050	100,062
<b>Total</b>		<b>594,050</b>	<b>100,062</b>	<b>594,050</b>	<b>1,288,162</b>
Total less fees		545,000	98,100	545,000	1,188,100
<b>Future Investment</b>					
Tower Block Cladding		-	-	550,000	550,000
Preliminaries Costs		-	-	-	-
Programme delivery fees		-	-	49,500	49,500
<b>Total</b>		<b>-</b>	<b>-</b>	<b>599,500</b>	<b>599,500</b>
Total less fees		-	-	550,000	550,000
		<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>3yr Totals</b>
TOTAL		24,015,541	21,851,055	23,157,464	69,024,060
TOTAL works		23,040,562	20,884,812	22,322,629	66,248,002
TOTAL fees		974,980	966,243	834,835	2,776,058
CAPITAL CONTINGENCY		1,663,853	179,280	(905)	1,842,228
<b>Major Works Resources available from Business Plan</b>		<b>£25,679,394</b>	<b>£22,030,335</b>	<b>£23,156,559</b>	<b>£70,866,287</b>

Appendix A (i) - Business Plan model - revenue

Year	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>INCOME:</b>														
Rental Income	50,497	52,199	53,903	55,478	56,851	58,256	59,695	61,168	62,675	64,218	65,796	67,412	69,065	70,757
Void Losses	(1,344)	(1,036)	(1,066)	(1,094)	(1,121)	(1,149)	(1,177)	(1,206)	(1,236)	(1,266)	(1,297)	(1,329)	(1,362)	(1,395)
Service Charges	7,164	6,701	6,835	6,972	7,111	7,253	7,398	7,546	7,697	7,851	8,008	8,169	8,332	8,499
Non-Dwelling Income	401	410	418	426	435	444	453	462	471	480	490	500	510	520
Grants & Other Income	608	843	860	877	895	913	931	949	968	988	1,008	1,028	1,048	1,069
RTB Debt Adjustment	756	756	756	735	735	735	735	735	714	714	714	714	714	714
<b>Total Income</b>	<b>58,081</b>	<b>59,872</b>	<b>61,706</b>	<b>63,393</b>	<b>64,905</b>	<b>66,452</b>	<b>68,034</b>	<b>69,653</b>	<b>71,289</b>	<b>72,984</b>	<b>74,718</b>	<b>76,492</b>	<b>78,307</b>	<b>80,164</b>
<b>EXPENDITURE:</b>														
General Management	(22,571)	(22,836)	(23,064)	(23,526)	(23,996)	(24,476)	(24,965)	(25,465)	(25,974)	(26,494)	(27,023)	(27,564)	(28,115)	(28,677)
Bad Debt Provision	(665)	(1,170)	(1,339)	(1,512)	(1,688)	(1,730)	(1,772)	(1,816)	(1,861)	(1,906)	(1,953)	(2,001)	(2,050)	(2,100)
Responsive & Cyclical Repairs	(7,348)	(7,707)	(7,855)	(7,993)	(8,111)	(8,230)	(8,351)	(8,474)	(8,598)	(8,723)	(8,850)	(8,979)	(9,110)	(9,242)
<b>Total Revenue Expenditure</b>	<b>(30,584)</b>	<b>(31,713)</b>	<b>(32,258)</b>	<b>(33,030)</b>	<b>(33,795)</b>	<b>(34,436)</b>	<b>(35,089)</b>	<b>(35,754)</b>	<b>(36,432)</b>	<b>(37,123)</b>	<b>(37,827)</b>	<b>(38,544)</b>	<b>(39,275)</b>	<b>(40,019)</b>
Interest Paid & Administration	(5,900)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(8,748)	(20,538)	(20,084)	(19,621)
Interest Received	65	22	21	21	21	59	169	318	475	647	821	933	998	1,076
Impairment	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Income</b>	<b>21,411</b>	<b>21,869</b>	<b>23,157</b>	<b>24,072</b>	<b>24,819</b>	<b>25,763</b>	<b>26,803</b>	<b>27,905</b>	<b>29,020</b>	<b>30,197</b>	<b>28,715</b>	<b>18,094</b>	<b>19,696</b>	<b>21,351</b>
<b>APPROPRIATIONS:</b>														
Revenue Contribution to Capital	(25,679)	(22,030)	(23,157)	(24,072)	(24,819)	(18,131)	(12,305)	(12,547)	(12,794)	(11,812)	(12,043)	(12,279)	(12,519)	(12,763)
<b>Total Appropriations</b>	<b>(25,679)</b>	<b>(22,030)</b>	<b>(23,157)</b>	<b>(24,072)</b>	<b>(24,819)</b>	<b>(18,131)</b>	<b>(12,305)</b>	<b>(12,547)</b>	<b>(12,794)</b>	<b>(11,812)</b>	<b>(12,043)</b>	<b>(12,279)</b>	<b>(12,519)</b>	<b>(12,763)</b>
<b>ANNUAL CASHFLOW</b>	<b>(4,268)</b>	<b>(162)</b>	<b>1</b>	<b>(0)</b>	<b>0</b>	<b>7,632</b>	<b>14,498</b>	<b>15,358</b>	<b>16,226</b>	<b>18,385</b>	<b>16,672</b>	<b>5,815</b>	<b>7,177</b>	<b>8,588</b>
Opening Balance	6,430	2,162	2,000	2,001	2,001	2,001	9,633	24,130	39,488	55,715	74,100	90,771	96,586	103,764
<b>Closing Balance</b>	<b>2,162</b>	<b>2,000</b>	<b>2,001</b>	<b>2,001</b>	<b>2,001</b>	<b>9,633</b>	<b>24,130</b>	<b>39,488</b>	<b>55,715</b>	<b>74,100</b>	<b>90,771</b>	<b>96,586</b>	<b>103,764</b>	<b>112,351</b>

2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
72,489	74,260	76,073	77,927	79,824	81,765	83,751	85,782	87,860	89,985	92,158	94,381	96,654	98,979	101,357	103,788
(1,429)	(1,464)	(1,499)	(1,536)	(1,573)	(1,611)	(1,650)	(1,690)	(1,731)	(1,772)	(1,815)	(1,859)	(1,903)	(1,949)	(1,996)	(2,043)
8,668	8,842	9,019	9,199	9,383	9,571	9,762	9,957	10,157	10,360	10,567	10,778	10,994	11,214	11,438	11,667
530	541	552	563	574	585	597	609	621	634	646	659	672	686	700	714
1,091	1,112	1,135	1,157	1,181	1,204	1,228	1,253	1,278	1,303	1,330	1,356	1,383	1,411	1,439	1,468
693	693	693	693	693	672	672	672	672	672	672	672	672	672	672	672
<b>82,042</b>	<b>83,984</b>	<b>85,971</b>	<b>88,003</b>	<b>90,081</b>	<b>92,186</b>	<b>94,360</b>	<b>96,583</b>	<b>98,856</b>	<b>101,181</b>	<b>103,557</b>	<b>105,988</b>	<b>108,472</b>	<b>111,012</b>	<b>113,609</b>	<b>116,264</b>
(29,251)	(29,836)	(30,433)	(31,041)	(31,662)	(32,295)	(32,941)	(33,600)	(34,272)	(34,958)	(35,657)	(36,370)	(37,097)	(37,839)	(38,596)	(39,368)
(2,151)	(2,204)	(2,257)	(2,312)	(2,368)	(2,426)	(2,485)	(2,545)	(2,606)	(2,669)	(2,733)	(2,799)	(2,866)	(2,935)	(3,005)	(3,077)
(9,375)	(9,511)	(9,648)	(9,786)	(9,926)	(10,069)	(10,212)	(10,358)	(10,505)	(10,654)	(10,805)	(10,957)	(11,111)	(11,267)	(11,425)	(11,585)
<b>(40,777)</b>	<b>(41,550)</b>	<b>(42,338)</b>	<b>(43,140)</b>	<b>(43,957)</b>	<b>(44,790)</b>	<b>(45,638)</b>	<b>(46,503)</b>	<b>(47,383)</b>	<b>(48,280)</b>	<b>(49,195)</b>	<b>(50,126)</b>	<b>(51,075)</b>	<b>(52,041)</b>	<b>(53,026)</b>	<b>(54,030)</b>
(19,146)	(18,662)	(18,170)	(17,671)	(17,165)	(2,140)	(2,140)	(2,140)	(2,140)	(2,140)	(2,140)	(2,140)	(28,482)	(1,195)	(1,195)	(1,195)
1,169	1,275	1,397	1,535	1,689	1,932	2,262	2,607	2,966	3,340	3,724	4,120	4,399	4,699	5,150	5,709
(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>23,037</b>	<b>24,797</b>	<b>26,610</b>	<b>28,477</b>	<b>30,398</b>	<b>46,938</b>	<b>48,594</b>	<b>50,298</b>	<b>52,049</b>	<b>53,850</b>	<b>55,697</b>	<b>57,592</b>	<b>33,065</b>	<b>62,224</b>	<b>64,288</b>	<b>66,498</b>
(13,075)	(13,328)	(13,585)	(13,848)	(14,115)	(14,392)	(14,669)	(14,952)	(15,239)	(15,531)	(16,734)	(17,054)	(17,379)	(17,710)	(18,047)	(405)
<b>(13,075)</b>	<b>(13,328)</b>	<b>(13,585)</b>	<b>(13,848)</b>	<b>(14,115)</b>	<b>(14,392)</b>	<b>(14,669)</b>	<b>(14,952)</b>	<b>(15,239)</b>	<b>(15,531)</b>	<b>(16,734)</b>	<b>(17,054)</b>	<b>(17,379)</b>	<b>(17,710)</b>	<b>(18,047)</b>	<b>(405)</b>
<b>9,962</b>	<b>11,469</b>	<b>13,025</b>	<b>14,629</b>	<b>16,284</b>	<b>32,547</b>	<b>33,925</b>	<b>35,346</b>	<b>36,810</b>	<b>38,319</b>	<b>38,964</b>	<b>40,538</b>	<b>15,686</b>	<b>44,514</b>	<b>46,241</b>	<b>66,093</b>
112,351	122,314	133,783	146,808	161,437	177,721	210,267	244,192	279,538	316,348	354,667	393,631	434,169	449,855	494,369	540,610
<b>122,314</b>	<b>133,783</b>	<b>146,808</b>	<b>161,437</b>	<b>177,721</b>	<b>210,267</b>	<b>244,192</b>	<b>279,538</b>	<b>316,348</b>	<b>354,667</b>	<b>393,631</b>	<b>434,169</b>	<b>449,855</b>	<b>494,369</b>	<b>540,610</b>	<b>606,703</b>

Appendix A (ii) - Business Plan model - capital

Year	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>EXPENDITURE:</b>														
Planned Variable Expenditure	(13,182)	(11,620)	(10,863)	(11,077)	(10,752)	(10,963)	(11,178)	(11,396)	(11,619)	(10,704)	(10,912)	(11,125)	(11,341)	(11,560)
Planned Fixed Expenditure	(269)	(276)	(283)	(290)	(59)	(61)	(62)	(64)	(66)	(67)	(69)	(71)	(72)	(74)
Procurement Fees	(1,076)	(952)	(892)	(909)	(865)	(882)	(899)	(917)	(935)	(862)	(879)	(896)	(913)	(931)
Previous Year's Overall Shortfall	(28,910)	(24,697)	(30,490)	(30,083)	(18,901)	(6,064)	-	-	-	-	-	-	-	-
New Build - net cost	(6,336)	(14,233)	(9,978)	(154)	(158)	(162)	(166)	(170)	(174)	(179)	(183)	(188)	(193)	(197)
<b>Total Capital Expenditure</b>	<b>(49,774)</b>	<b>(51,777)</b>	<b>(52,505)</b>	<b>(42,513)</b>	<b>(30,735)</b>	<b>(18,131)</b>	<b>(12,305)</b>	<b>(12,547)</b>	<b>(12,794)</b>	<b>(11,812)</b>	<b>(12,043)</b>	<b>(12,279)</b>	<b>(12,519)</b>	<b>(12,763)</b>
<b>FUNDING:</b>														
Revenue Contributions	25,679	22,030	23,157	24,072	24,819	18,131	12,305	12,547	12,794	11,812	12,043	12,279	12,519	12,763
<b>Total Capital Funding</b>	<b>25,679</b>	<b>22,030</b>	<b>23,157</b>	<b>24,072</b>	<b>24,819</b>	<b>18,131</b>	<b>12,305</b>	<b>12,547</b>	<b>12,794</b>	<b>11,812</b>	<b>12,043</b>	<b>12,279</b>	<b>12,519</b>	<b>12,763</b>
<b>Deficit/backlog</b>	<b>(24,094)</b>	<b>(29,747)</b>	<b>(29,349)</b>	<b>(18,440)</b>	<b>(5,916)</b>	-	-	-	-	-	-	-	-	-

2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(11,844)	(12,072)	(12,305)	(12,542)	(12,783)	(13,033)	(13,282)	(13,536)	(13,795)	(14,058)	(15,163)	(15,451)	(15,743)	(16,041)	(16,344)	-
(76)	(78)	(80)	(82)	(84)	(86)	(88)	(90)	(93)	(95)	(97)	(100)	(102)	(105)	(107)	(110)
(954)	(972)	(991)	(1,010)	(1,029)	(1,049)	(1,070)	(1,090)	(1,111)	(1,132)	(1,221)	(1,244)	(1,268)	(1,292)	(1,316)	(9)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(201)	(205)	(210)	(214)	(218)	(223)	(229)	(235)	(241)	(247)	(253)	(259)	(266)	(272)	(279)	(286)
<b>(13,075)</b>	<b>(13,328)</b>	<b>(13,585)</b>	<b>(13,848)</b>	<b>(14,115)</b>	<b>(14,392)</b>	<b>(14,669)</b>	<b>(14,952)</b>	<b>(15,239)</b>	<b>(15,531)</b>	<b>(16,734)</b>	<b>(17,054)</b>	<b>(17,379)</b>	<b>(17,710)</b>	<b>(18,047)</b>	<b>(405)</b>
13,075	13,328	13,585	13,848	14,115	14,392	14,669	14,952	15,239	15,531	16,734	17,054	17,379	17,710	18,047	405
<b>13,075</b>	<b>13,328</b>	<b>13,585</b>	<b>13,848</b>	<b>14,115</b>	<b>14,392</b>	<b>14,669</b>	<b>14,952</b>	<b>15,239</b>	<b>15,531</b>	<b>16,734</b>	<b>17,054</b>	<b>17,379</b>	<b>17,710</b>	<b>18,047</b>	<b>405</b>
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## London Borough of Havering – HRA Self-financing Business Plan 2015 – 2045

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## 1. Introduction

The Self Financing regime for Council Housing was introduced in April 2012. It provides for Councils to manage their income and expenditure over a period of 30 years, in exchange for taking on a proportion of national housing debt. It enables Councils to plan their investment in housing over a longer time frame, and to retain their rental surpluses. It gives greater control over investment decisions to local authorities.

However, in the short life of the new financial regime, it can be seen that Councils are also subject to a number of risks and changes which impact on the Plan. The change with the greatest impact is that the Government has introduced new ideas and policies which have a direct impact on the Business Plan. It is up to Councils to deal with all these changes as best they can, although inevitably, Councils will have to amend their plans and programmes as they are affected by changes in the economic and legal environment.

## 2. Vision and mission

### 2.1 Our Vision

The London Borough of Havering aims to provide good quality accommodation for those unable to meet their housing needs in the private market. The Council will make the best use of the resources available, consulting with tenants about how to raise and how best to use those resources.

Our aim is to provide housing that is:

- Safe
- Warm
- Healthy
- Surrounded by a good environment
- In friendly and harmonious neighbourhoods
- Able to provide a springboard for those who wish to, to move on to owner occupation or other private market options
- Able to contribute to the prosperity of households and the community

### 2.2 Governance

This HRA Business Plan is owned by the whole Council. It is of primary interest to the Housing Service and its customers, as it is the means by which the vision will be delivered – a safe, secure warm and healthy home in a good environment. However, the obligations that the housing service has been required to take on by the Localism Act 2011 are of such a magnitude that if the Business Plan is not well managed, it will have an impact on the whole Council.

The Business Plan will therefore be reviewed annually by Cabinet and key risks and issues will be reviewed by the Lead Member for Housing on a regular basis. This will be supported by officers who will keep the Plan under review. This will be done by a corporate group of officers, (the HRA Business Plan Project Group) including Legal, Finance and Housing officers twice a year. Housing and Finance officers, will also alert the Corporate Project Group to any key issues more frequently as required.

The Council decided to take the Arms Length Management Organisation (ALMO) back in house in March 2012, and this took place in October 2012. Back office functions have been merged, and the integration of the front office function has also now been implemented, in November 2013. The main responsibility of the Business Plan therefore rests with the Housing Service.

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The Council's Resident Involvement Strategy is currently under review. In the light of changes in the way in which tenants are able, and wish to communicate with the Council, it has been decided to review the current method of involving tenants. In the meantime, the Housing Business Plan will be the subject of consultation with tenants, through the Annual Conference.

### 2.3 Risks and risk management

The main risks associated with the Business Plan itself are:

#### **Improved standards in building works required and additional unforeseen investment requirements**

There have been changes to the standards required in buildings from time to time – such as improved standards of electrical and gas safety, legionella, insulation and other issues. These have sometimes been in response to developing technology, such as satellite and digital services; and sometimes in response to incidents which draw attention to the importance of these issues, such as fire risks. Property services officers have to keep abreast of such developments and draw them to the attention of the HRA Business Planning Group; and they will need to be assessed and built into the Business Plan as required.

#### **Communication and involvement of stakeholders**

Where there are changes and challenges to the Business Plan which affect our ability to deliver our services and our investment programmes, households will be affected – tenants and residents – who have a right to know what is happening to their service and the improvements that they expect. Leaseholders have to pay a contribution to the cost of major works, and need time to plan for large items of expenditure. It is important that we keep our tenants, leaseholders and key partners, such as construction firms informed of the programme and changes to it, so that they can fully participate in delivering the best possible service. There is a risk to our reputation if we are not able to deliver our entire investment programme as anticipated, especially if we do not keep tenants informed of changes.

#### **Interest rates may rise**

The Council has fixed the majority of its loans for between 12 and 28 years, at an average of 3.594%. The risks posed by rises in interest rates therefore in the short term are low. However, if the Council decides to undertake additional borrowing, in order to deliver new projects, then the issue of interest rates will be of importance. We have recently used HRA resources to take on properties belonging to the General Fund, and the debt associated with them has therefore been re-assigned to the HRA. However, as this is part of the Council's overall borrowing, the interest rate remains low.

#### **Build cost inflation may rise**

In the first 15 years of the plan, investment in the housing stock is a critical activity. At present Build cost inflation is calculated at 2.5%, half of one per cent above the assumed general rate of inflation (CPI). If this rises then this will have an impact on the Plan. This can be mitigated by longer term procurement contracts, although this may not necessarily be the best course of action to obtain best value in all circumstances.

#### **Right to Buy sales not as predicted**

The Government have made a number of changes to the Right to Buy since the introduction of Self Financing. The discount has been increased, twice, and the Government are proposing further changes to promote the Right to Buy. This has had the impact of increasing the Right to Buy sales from our initial predictions of 12 – 15 a year, to 96 completed sales in 2013/4 and an estimated 80 in 2014/15.

The Government have invited local authorities to enter into agreements to share the proceeds of the RTB, as long as they are spent on new build or acquiring new homes, and as long as no more than 30% of the total costs are met by RTB receipts. The rules on the application of RTB

## HRA Business Plan

receipts have also changed, in that from April 2013 they cannot be matched with GLA funding. This has meant that in order to use the RTB receipts in Havering, we will have to match them with HRA BP resources (including borrowing) in order to deliver more homes.

This business plan is based on 100 sales in 2014/15 reducing to 50 sales per year there after. The HRA is able to retain the equivalent debt per property sold on the HRA and this has been factored in to the overall level of resources available within the plan.

### **Changes to welfare benefits (and therefore rent collection rates fall)**

Elements of the welfare reform package have now been implemented. The Spare Room Subsidy was implemented in April 2013 and the overall Benefit cap in July 2013. The Council has been working closely across all departments to advise tenants of the consequences, and to ensure that they are able to take mitigating actions in preparation.

As a consequence, the rent collection rate has remained remarkably stable. The additional bad debt provision has not been required, so far.

The only part of the Welfare Reform package that has not been implemented is Universal Credit, which includes the proposal to pay benefits directly to claimants. This is likely to have an impact on collection rates. National statistics show that 25% tenants have "switched back" to direct payment of rent in areas where this has been implemented which indicates that there has been a significant problem with arrears of rent as a result of this change.

71.74% of Council tenants are dependent upon Housing Benefit/Local Housing Allowance, and whilst many of these changes have not affected them, especially as 37% of our tenants are over 60, payments of benefits directly to claimants will have an impact on them all.

We still anticipate that the collection of rent will become a more challenging task, and a reduced collection rate from the current 97% will have an impact on the Business Plan. It has therefore been assumed in the plan that the bad debt provision should be increased from the current 1.4% to 2.25% from 2016/17.

We anticipate that Universal Credit will be rolled out in Havering in the summer of 2015.

### **Empty properties higher than forecast**

The Business Plan depends upon the collection of income from 9,995 properties as at 1 April 2012. There is built into the Business Plan the fact that not all these properties will be occupied at any one time, and that properties do become empty when people move, or die. This level of empty properties, called the void rate, is currently set at 2% for 2015/6 and requires careful management. We have had a high turnover of empty properties in 2014/15 because we have been making a concerted effort to enable tenants who are under occupying their properties, to move to smaller homes. This has created a higher than usual level of turnover. There are also a number of empty properties within the housing stock which are hard to let, because they are the less popular bedsits or one bedroom units in Sheltered Housing that cannot be accessed by a lift if above ground floor level. There is an active programme of reviewing and improving some of these sheltered housing schemes, and disposing of others.

There is also the issue of the performance of staff in inspecting, repairing and letting empty homes to ensure that the void time is kept to a minimum. Performance in this area does not currently meet the 2014/5 KPI target. By the end of quarter 3, 2014/15, the cumulative position to date was 40 days against a target of 25 days. This has been affected by strategic voids (properties expected to be part of major programmes) being released for re-letting, which would account for a longer period. Constant attention is needed to ensure that the re-let period is kept low. The risk to the Business Plan is that income anticipated does not materialise, because the number of empty homes rises above the 2.0% assumed throughout the Business Plan.

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### Impact of depreciation rules

The Government is currently consulting on proposed new changes to the method of calculating depreciation. The Government is proposing to introduce this new methodology over a five-year period, and the impact on the Business Plan of this new piece of work has not yet been assessed.

### Higher than anticipated repair costs

One of the areas of spend which is most volatile, is that of repairs. A bad winter, with a higher than usual level of roof repairs or heating breakdowns can cause spend in this area to rise. We have recently retendered the repairs contract, which has provided a significant savings in the repairs budget, and at the end of March 2015 our stock will have reached 98% Decent Homes Standard. We therefore believe that this risk is under control.

The Risk Register will continue to be maintained and reviewed quarterly by the HRA Business Plan Group.

## 3. Service Delivery

### 3.1 Stock overview and management structure

At as 1 April 2014, the Council owned 12,070 social housing assets, consisting of 9,734 rented homes and 2,336 leasehold properties. The rented housing stock comprises a range of housing types, the highest proportion (58.4%) of which are flats, 37.8% are houses, and 3.8% are bungalows.

Within the HRA portfolio there are also 1172 garages.

### 3.2 Establishing the long term demand for stock

#### 3.2.1 Recent housing demand and supply of affordable housing

An independent Housing Needs Study was commissioned by the Council in 2012 to inform its Housing Strategy 2013 - 2015. The study indicated that there is a need for around an additional 1000 additional affordable units each year for the next 10 years.

During the course of the Housing Strategy the Council has worked in partnership with RSLs to deliver new build affordable units in the borough, as set out in table 2 below.

Table 2 - new build affordable housing delivery

Year	Performance target	Performance outturn
2008-11	3-year target 800	910
2011/12	250	426
2012/13	250	487
2013/14	250	366
2014/15	375	377 at December 2014

### 3.2.2 Future demand for council housing

It is difficult to project the long-term demand for housing in terms of setting a 30-year target. However, we have seen that demand for affordable housing continues to out-strip supply for general needs affordable housing and we expect this to increase given the expected increase in the 15 year+ age group in the borough. Even under current plans, we are not meeting all the newly arising need for housing, and there will be an accumulated shortfall of housing supply over the next three years. Under the HRA Self Financing arrangement and new freedoms, the Council will be able to retain rental surpluses and allow for long-term resource and investment planning. In terms of sheltered housing supply, the Council has delivered the majority of its strategy and will continue to review existing schemes to identify opportunities to that ensure housing stock is fit for its future purpose.

## 4 Self Financing/Treasury Management

### 4.1 Rents and Service Charges

#### 4.1.1 Rent Policy

Havering Council has followed the Government's rent restructuring policy to move Council housing rents to a target rent based on a property's affordability (using local average wage), bedroom numbers and property valuation. The aim of this policy was to ensure that rents charged by all social housing providers converge at target rents in 2015/16. However, due to the historic low level of rents in Havering, rents were not able to reach target rents by the Government's formula date. The Government have now abolished the rent restructuring regime, and set in its place a long term ten year formula to enable rents to rise by CPI + 1%.

This would have had a detrimental impact of Havering's Business Plan, but the final document issued by the Government, allowed Councils to complete their rent restructuring programme before moving to the new formula. We have therefore been setting rents at target rents when they become empty, for the last 12 months, and from April 2015 propose to move all tenants of properties, whether occupied or not, to target rents. This will have a beneficial impact on the Business Plan.

#### 4.1.2 Limit Rent

The Government have also announced that the Limit rent will be the Formula rent. As Havering is moving its rents directly to Formula rents, this will have no impact on Havering. Only if we decide in future years, to raise rents above the limit rent, we will be obliged to repay that part of the rent that is over the limit rent back to Government, in proportion to the number of tenants who are on Housing Benefit.

#### 4.1.3 Service Charge Review

The Council has undertaken a review of service charges. The review is based on the aim of fully recovering the *actual* cost of relevant services through service charges. Where relevant, tenants have been consulted on the level of charges and on the quality of the service provided. The review has now been completed, and all service charges are now set on a full cost recovery basis. There is only one charge, sheltered housing cleaning, that is not on a full cost recovery basis. The proposed future policy on service charges is that this will continue, and therefore service charges may go up or down, depending upon the costs of the service in the preceding year. It is proposed that there should be consultation on the level of service every three years.

### 4.2 Treasury management & debt financing

## HRA Business Plan

Each council that owns housing stock is obliged to maintain a HRA. The account is 'ring-fenced' and this means that all income to and expenditure from the account must be held within the account and funds must not be transferred between this and the Council's General Fund.

The key items of income and expenditure on the HRA are detailed below:

### Income

Tenants' Rents and Service Charges

Garage rents

Miscellaneous income, such as water commission, Insurance and hire of halls

Interest accrued on council mortgages

Interest accrued on balances

### Expenditure

Management and maintenance costs

Provision for bad debts

Interest payments on loans

In April 2012, the Council took on an additional £168m of debt, making the total Housing debt held by Havering Council £173m. This is a mixture of long fixed term loans for the self-financing debt, (the average interest paid is 3.594%) with the residual amount being variable interest rate debt based on the council's consolidated rate of interest currently forecast at 4.82%. This means that in effect the annual interest payments for the HRA account remains constant during the first 12 years of the Business Plan at £6m. This would only vary should the Council decide to take on any additional borrowing.

Havering currently has available unused headroom of £34,334,170. This is the gap between the Council's actual borrowing, and its borrowing limit as set by Government. This borrowing capacity could be used for any investment purpose that benefits the Council's Housing Revenue Account. This might include additional investment in the housing stock, or the development of additional homes within the Housing Revenue Account. However, the Council does not propose to undertake any additional borrowing at this stage, and the funding of the current building plans can be managed within existing resources.

## **5 Investment Challenges**

The Council faces an array of significant investment challenges arising from a number of factors including:

- previously inconsistent funding streams, for example Decent Homes funding
- a backlog of expensive repairs to non-traditionally built dwellings
- changing socio-demographics within the borough, notably, the growth in the elderly population in the borough at the same time as rising aspirations leading to, for example, sheltered bedsit with shared facilities being effectively obsolete
- new technologies providing opportunities for investment, for example, more innovative external treatments to tower blocks and improved door entry alarm call systems and improved access to entertainment from commercial providers such as Sky and Virgin
- The need for new affordable homes.

The various investment challenges are discussed in turn below.

### 5.1 HRA Stock

In terms of social housing as at 19/1/2015 the Council owned 9734 rented properties and 2336 leasehold dwellings. In addition, it is responsible for the management and maintenance of 1172 garage units in the portfolio. There are three tenant management organisations, which provide general environmental and minor repair services to the estates concerned.

## HRA Business Plan

Table 4 below provides a breakdown of the portfolio in the standard archetypes used for the HSSA base return<sup>1</sup>.

Table 4 - shows the breakdown in property types (19/1/2015)

<b>Stock at 1 April 2013</b>	<b>Rented homes</b>
Traditional pre-1945 small (less than 70sqm) terrace houses	189
Traditional pre-1945 semi-detached houses	209
Traditional all other pre-1945 houses	20
Traditional 1945-64 small (less than 70 sqm) terrace houses	627
Traditional 1945-64 large (70 sqm or more) terrace / semi detached / detached houses	1129
Traditional 1965-74 houses	470
Traditional post 1974 houses	234
Non-traditional houses	770
Traditional and non-traditional pre-1945 low rise (1-2 storeys) flat	78
Traditional and non-traditional post-1945 low rise (1-2 storeys) flat	2260
Traditional and non-traditional medium rise (3-5) storey flats	2756
Traditional and non-traditional high rise (6+ storeys) flats	600
Traditional and non-traditional bungalows	392
Traditional multi-occupied dwellings post 1944	0
<b>Total</b>	<b>9734</b>

### 5.1.1 Stock condition

A key proportion of the Council's housing stock was developed during the period 1945-64 with a consequently relatively high percentage of homes built by non-traditional methods. This post war development "boom" was prevalent in the development of social housing and the construction methods and materials used during this period pose particular challenges. A prime example of this is the quantity of asbestos containing materials employed and found in our homes.

Over 40% of our stock is houses, of which in excess of 850 units are non-traditional properties and these require high levels of maintenance and investment. In addition, we have a number of high rise properties (610 units) which also require high levels of maintenance and investment. These properties require extensive works to enhance thermal comfort, as well as making them wind and watertight, reducing high instances of damp and condensation. The design of some of these property types also necessitates the adjustment of internal layouts to accommodate boiler and kitchen replacements. Our non-traditional houses also require extensive structural works in order to address the well-documented structural defects.

### 5.1.2 Stock investment requirements

The age profile of our housing stock has a material impact on the investment requirements as a large proportion of the stock was constructed in a specific time period.

At 31 March 2015, the level of Decent Homes across the Council's stock is projected to be 98% by 31<sup>st</sup> March 2015.

<sup>1</sup> Source – Housing Subsidy Base data 2012/13

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In excess of 57% of our homes were constructed during the period 1945-64 which means that there is a higher propensity for non-decency failures occurring within a narrow time band. In addition, we have a further 7% of non-traditional properties (Cornish, etc) with extensive investment requirements. This level of investment although high is still viable in comparison with new build replacement. This is further exacerbated by the aspect of elemental failures occurring in specific time periods forming “peaks” which constantly detract from the investment allocated to our homes.

### 5.1.3 New Build

The Council has in previous years, had limited resources to allocate to a range of housing priorities. Despite over 30% (3,048) of our homes having 3 or more bedrooms, the majority of our lettings are to smaller homes, and even then we only turnover 6% of our properties a year and demand for homes continues to outstrip supply. We support RSLs to develop larger homes and facilitate moves into the private sector. In addition, we have by necessity embarked on a programme of remodelling and/or delivering extensions programmes to our properties in our portfolio. We have successfully bid for funding from both the Mayor’s Housing and Support Fund, and the Mayor’s Pipeline Funding stream to deliver new units of affordable accommodation. The schemes in development in 2014/15 are:-

<b>Project</b>	<b>Type of housing</b>	<b>Number of units</b>
Albys Close bungalow scheme	Affordable Rented	9 bungalows
	Shared Ownership for elderly	10 bungalows
Replacement of hard-to-let bedsit bungalows with two bedroom family homes	Affordable Rented	12 houses
New Plymouth and Napier – conversion of pram sheds	Affordable Rented	3 flats
Garrick House bungalows	Affordable Rented	9 bungalows
Holsworthy House bungalows	Affordable Rented	2 bungalows
Ravenscourt Grove bungalows	Affordable Rented	3 bungalows

We have also been successful in gaining grant through the Mayor’s Affordable Housing Programme 2015 – 18The schemes within this programme are:-

<b>Phase 2</b>		
New Plymouth and Napier – infill on land at base on the towers	Affordable Rented	11 houses
	Shared Ownership	8 houses
Briar Road Estate – redevelopment of the centre of the estate	Affordable Rented	36 flats
	Shared Ownership	10 houses
Block Extensions – flats adjacent to existing flatted schemes	Affordable Rented	27 flats
Diana Princess of Wales	Affordable Rented	1 wheelchair adapted bungalow
	Shared Ownership	5 houses
Lexington Way	Affordable Rented	2 flats
	Shared Ownership	10 houses

## HRA Business Plan

Kilmartin Way	Affordable Rented	5 houses
Dewsbury Road	Affordable Rented	5 houses
Taplow House, Rainham	Shared Ownership	16 flats

### 5.1.4 Decent Homes programme delivery

The Decent Homes Programme will substantially complete on 31<sup>st</sup> March 2015. It is essential therefore to start developing a new asset management strategy for the housing stock, which will maintain the stock at Decent Homes level, and the higher level of a mortgageable condition. In addition, therefore works required above the decent homes programme, as some elements of our stock are not covered by the Decent Homes Programme. This includes elements such as Fire Safety, Lifts, and programmes to upgrade and improve our more out of date stock, such as our sheltered housing.

### Green Deal

The funding being made available via this initiative is becoming increasingly challenging for the Council to obtain in regards to its own stock due to the economic demographic of the borough. However, we are continuing to explore opportunities through partnerships with providers, suppliers and other agencies. The issue of fuel poverty is a key driver to reduce demand on Council services and works, supported by specialist advice, is being rolled out across the Housing stock.

### 5.1.5 Stock condition information

The information required for managing and maintaining all of the properties key elements and the stock condition of our housing portfolio is recorded on "Keystone", a specialist database. This system provides both detailed storage and reporting facilities on a plethora of investment requirements and decisions. It is also capable of producing detailed investment projections using multi-faceted scenario analysis.

This system has recently been located onto the main council servers and we are now able to securely gain the benefits of the most up-to-date version of this vital tool.

The stock condition survey is updated in two ways. Firstly, a programme of annual inspections is carried out by a dedicated resource within Homes and Housing. In addition to this, as works are completed the database is updated and projections can be re-cast on the basis of the data held.

## 5.2 Hostels

The Council owns three hostels, providing short-term accommodation for homeless single people and families.

The existing hostels are detailed in table 8 below:

Table 8 – Existing hostels in the borough

<b>Hostel</b>	<b>Number of rooms</b>
Abercrombie House, Harold Hill	37
Will Perrin House	12
Queen Street Villas, Romford	46
<b>Total</b>	<b>95</b>

The current provision of hostel accommodation is regularly at 97%-100% occupancy, and when there is either a spike in applications, or alternatively a dip in move on accommodation for our

## HRA Business Plan

emergency cases, there have had to be occasional but infrequent use of Bed & Breakfast accommodation. Following a review of our need for temporary accommodation it has been decided that should such unusual fluctuations of supply and demand occur again, that the Council's less desirable permanent accommodation can be used on a temporary, non-secure licence basis. A maximum of 12 households will be accommodated in this way at any one time. This may, in fact, mean using fewer actual properties, for example, if a larger vacant council property can accommodate two or more households in the short term.

### 5.3 Sheltered and extra-care housing

Havering has the highest proportion (17%) of older people of any London Borough. In addition to the expected housing need among this age group, we also recognise that older people's aspirations are continually rising and this means that the large numbers of bedsits with shared facilities and limited lift access within the current housing stock no longer meets that need.

We recognize that a number of schemes did not meet older people's changing expectations and aspirations, and would not be fit for future purpose. As a consequence, a large number of schemes required upgrading or re-modelling. This has led to the decommissioning of seven schemes, and part of another one.

We now have 19 sheltered schemes. However with the inappropriate type of stock, some 31 are currently void and available to let, and a further, 66 which are virtually impossible to let. Analysis indicates a need for 98 sheltered lets a year which at average relet rate indicates an over-supply of accommodation. Therefore, alternative uses, such as conversion to extra care or other age groups, are being considered.

#### 5.3.1 Sheltered and extra-care housing – funding requirement

The Council has carried out a strategic review of older persons' housing needs. There is an identified need for additional extra care housing, much of which will be provided by the private and housing association sectors.

In relation to HRA housing, there is a recognised need to convert all sheltered bedsits with shared bathrooms into either self-contained bedsits or larger units. There will also need to be lifts installed or upgraded at a number of schemes.

The total cost of these works is anticipated to exceed £5m. During the first three years of the Business Plan, a total of £3.01m has been identified to commence these conversion works. This figure excludes Decent Homes costs.

### 5.4 High rise properties

The Council owns a number of high rise properties of 6 storeys and above (comprising 610 units). These properties require extensive works to enhance thermal comfort, as well as making them wind and watertight, reducing high instances of damp and condensation and require high levels of maintenance and investment to bring them up to the decent homes standard. The design of some of these property types also necessitates the adjustment of internal layouts to accommodate boiler and kitchen replacements.

#### 5.4.1 High rise properties – funding requirement

There will be a cost of delivering improvements, to beyond the Decent Homes Standard, that will total £13.554m over a 3 year period.

### 5.5 Garages

The Council currently owns 1172 garages. Many are in low demand. It is therefore necessary for the Council to assess whether better use can be made of these HRA assets. To this end, a

## HRA Business Plan

number of sites have already been identified for redevelopment for affordable housing. This programme has been largely completed, with 110 homes completed by March 2014.

For those sites which are no longer in demand for garages and are unsuitable for redevelopment for housing, other alternatives are being considered, including creating hardstanding for parking, and landscaping for community use. There will be a need for £0.5m for such works over the period.

### 5.6 Regeneration

**Harold Hill Ambitions** is a key project of the Council, the aim of which is to substantially enhance the physical and social infrastructure of the Harold Hill area. Up to 40% of HRA housing stock is located in this part of the borough and so the Harold Hill Ambitions project will have a significant impact on the popularity and sustainability of the district over the lifetime of the Business Plan.

There are key aspects to the Harold Hill Ambitions programme as they relate to the HRA:

- The Housing stock has been improved to Decent Homes, with some additional work above the Decent Homes standards to improve the visual aspect of the area, as well as improving the quality of life for the majority of the residents
- two major redevelopment sites have been created by the decanting, disposal and demolition of two out-of-date bedsit bungalow sheltered schemes. Notting Hill Housing Group and Countryside Developments have been appointed to develop a mixed tenure scheme with an emphasis on affordable accommodation
- the 1970s Briar Road estate in the south west corner of Harold Hill has been identified for regeneration. This part of Harold Hill was built to a Radburn design and has a number of unattractive design features which compromise community safety and visual amenity. Notting Hill Housing Group has been appointed to develop, with HCA grant, a number of infill sites, with the receipt supporting environmental improvements across the estate.
- The central square, including a number of shops, which was included in the original Briar Road redevelopment programme will be completely redeveloped, but as a separate scheme. Funding from the Mayor's Affordable Housing Programme 2015 – 18 has been obtained to deliver this improvement.

**Rainham Compass** is the Council's programme to improve the Rainham area in the south of the borough. There are lower levels of HRA stock in this part of the borough, particularly following the transfer of the Mardyke Estate to Old Ford Housing Association in 2008. That aside, the Council owns two tower blocks, New Plymouth and Napier Houses, in the Rainham Compass area. They are both in particularly poor repair and, allied to this, are currently unpopular, harder-to-let and experience management problems. The Council has allocated resources to enhance these two blocks beyond the Decent Homes standard by means of high quality cladding and the innovative addition of large, glass-encased balconies. The contracts for the major external works have been finalised, and works are scheduled for 2015/16 and 2016/17.

**Rainham and Beam Park Housing Zone bid.** In 2014.15, the Homes and Housing Service worked closely with Economic Regeneration colleagues on a bid to the GLA for Housing Zone status for the south of the borough. The bid was made in September 2014, but the outcome will not be known until Spring 2015 at the earliest, although officers remain in close consultation with the GLA. If successful, the GLA will provide a mix of grant and investment for regeneration of the A1306, a CPO programme to be led by the Council to bring forward residential development sites while removing and/or relocating low quality commercial usage, and resources for affordable housing on key sites in the area.

The bid includes three HRA infill sites for which the Service is bidding for grant to develop 42 units of accommodation. The HRA Business Plan identifies unallocated resources for development, some of which could potentially be used should the bid prove successful,

## HRA Business Plan

although this would obviate the ability to use these resources to match right-to-buy receipts held (note: these cannot be combined with GLA grant). Alternatively or additionally, a future decision could be made to redirect other anticipated HRA resources towards new build or generate additional resources through extra borrowing.

### 5.7 Offices

The condition of offices within the Council's portfolio is reasonable and does not impact currently on the HRA Business Plan. There may at some time in the future be a review of the Council's owned assets in the Harold Hill area of the Borough, in order to rationalise the buildings that the Council owns and manages.

In a few cases, residential units have been used as offices. Where these are no longer required, the HRA Business Plan sees deconversion back to residential use as one of the primary options. In 2014/15, a number of flats in sheltered blocks used for some time as officers became available due to the reconfiguration of the older persons' support service. Capital was reallocated within the 2014/15 programme to bring these properties back into residential use.

The Service will remain open to such possibilities in the future.

### 5.8 Aids and Adaptations

The age profile of the population places increasing demand on investment towards minor adaptations and remodelling in the council's housing stock. We have the highest proportion of people aged 60 and over out of the 33 London boroughs, with as many as 37% of our tenants in this age group and a further 7% being aged between 55 – 60.

### 5.9 Telecare

The Council launched its Telecare pilot in 2007. It uses new technology to offer a flexible care and support system to promote choice and improve people's independence at home. This service continues to be promoted to both Council and private sector households. Emerging opportunities include the provision of hard-wired Telecare provision within proposed new extra-care housing schemes in the Borough. Currently the cost of the Telecare System is being in part met by the HRA. However, as there is an expansion of users, it is expected that the Telecare service will provide in due course, a revenue stream to the HRA over the 30-year Business Plan.

In conjunction with Adult Social Care, the net number of careline and Telecare continues to increase by around 500 a year. The current funding model includes around £1 per week per client subsidy from the HRA. With a growing client base, it is anticipated that the economies of scale will reduce this level of subsidy. A detailed review of the financial model will be carried out in quarter 1 2015/16 in order to assess the current financial situation, and the need for investment in staff and stock to enable this service to grow further. The Havering Telecare Service has received national recognition for its important contribution to the health and well-being of elderly residents, and is strongly associated with a reduction in hospital admissions and savings to the National Health Service.

## 6 Funding the Business Plan

In order to be able to achieve the objective of bringing out housing stock up to a decent standard in a good environment, we are going to have to maximise the resources available to us, and to make the best use of resources through effective procurement.

### 6.1 Revenue

## HRA Business Plan

The main source of income for the Housing Revenue Account is our rent; and Chapter 4 set out our proposals in respect of rents. We will be moving all our properties to target rents from 1<sup>st</sup> April 2015, and raising rents in line with the Government formula of PCI + 1% thereafter.

We must maintain high levels of rent collection, as collection has a direct impact on the resources that can be spent on management and maintenance each year.

### 6.2 Service Charges

Our policy with respect to service charges is that we aim to recover in full the cost of all the services we provide. We hope over time to be able to provide more detailed accounts of service charges for tenants, and to be able to consult with them on the level of service that they wish to see procured and whether to improve or reduce standards and frequency of service.

### 6.3 Grant funding

The Grant funding from the Decent Homes programme has been very important to Havering, and should enable us to substantially achieve the Decent Homes standard by March 2015.

The Council has successfully bid for GLA funding towards new homes and £5.4m GLA funding has been provided towards the Service's current development programme of 201 homes over the period 2014/15 to 2017/18. The Council intends to continue to bid for GLA funding in order to continue to deliver important new homes targeted primarily at elderly people, but with some developments targeted at first time buyers.

The Council's only other resources, to achieve its objectives therefore are Revenue Contributions to Capital that the Council is able to make. This is made up of a depreciation charge and any additional amount that the Council wishes to make. The Business Plan currently assumes that spare revenue, after payment of debt, funding of management and maintenance services and ensuring that there is a base balance of £2m, is devoted to capital improvements.

In the past, resources have been split between the Decent Homes Programme and other essential work, such as lifts, legionella, asbestos, or fire risk assessment works. There continues to be a need for both elements to be supported.

### 6.4 Capital receipts

With capital receipts arising from time-to-time, the Council's position remains as it has for some time that it wishes to maximise local discretion over the use of HRA receipts and will always resolve to spend 100% of any such receipts on housing and/or regeneration purposes. The Council did enter into an agreement with the Department of Local Government (DCLG) on 19<sup>th</sup> June 2013 to use Right to Buy receipts towards new units of social housing, under agreed conditions. The Business Plan currently provides for match funding to enable these receipts to be used by building within the HRA.

The Council has a series of major regeneration priorities, typically including new affordable housing, and these strategic priorities will remain the focus for receipts in the medium term rather than direct investment in HRA stock unless this is clearly an integral part of the regeneration of a local area.

### 6.5 Supporting People

We received £518k a year Supporting People funding from Adult Services for supporting tenants in receipt of mobile support for older people and/or the alarm call careline. This funding has been removed from 2015/16 and consultation with residents about the future of this service

## HRA Business Plan

has now been carried out. An alternative structure will be implemented in March 2015 and service charges of £6.70 a week will part fund this new service.

### 6.6 How are we going to deliver all this?

Attached to this Business Plan narrative, in Appendix A is our financial modelling of how this is all going to work. The Business Plan Model is a spreadsheet setting out what we anticipate will happen over the next 30 years. It sets out all our anticipated income and expenditure requirements, and builds in a range of assumptions that we have used to establish what we think will happen. These assumptions are set out in Appendix B.

The first three years of the business plan is set out in Table 9 below. It is based on maintaining current service expenditure increased by the base rate of inflation of 2.0%.

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## HRA Business Plan

<b>Table 9</b>			
<b>Year</b>	<b>2015.16</b>	<b>2016.17</b>	<b>2017.18</b>
	<b>1</b>	<b>2</b>	<b>3</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME:</b>			
Rental Income	50,497	52,199	53,903
Void Losses	(1,344)	(1,036)	(1,066)
Service Charges	7,164	6,701	6,835
Non-Dwelling Income	401	410	418
Grants & Other Income	608	843	860
RTB Debt Adjustment	756	756	756
<b>Total Income</b>	<b>58,081</b>	<b>59,872</b>	<b>61,706</b>
<b>EXPENDITURE:</b>			
General Management	(22,571)	(22,836)	(23,064)
Bad Debt Provision	(665)	(1,170)	(1,339)
Responsive & Cyclical Repairs	(7,348)	(7,707)	(7,855)
<b>Total Revenue Expenditure</b>	<b>(30,584)</b>	<b>(31,713)</b>	<b>(32,258)</b>
Interest Paid & Administration	(5,900)	(6,062)	(6,062)
Interest Received	65	22	21
Impairment	(250)	(250)	(250)
Depreciation			
<b>Net Operating Income</b>	<b>21,411</b>	<b>21,869</b>	<b>23,157</b>
<b>APPROPRIATIONS:</b>			
Revenue Contribution to Capital	(25,679)	(22,030)	(23,157)
<b>Total Appropriations</b>	<b>(25,679)</b>	<b>(22,030)</b>	<b>(23,157)</b>
<b>ANNUAL CASHFLOW</b>			
	<b>(4,268)</b>	<b>(162)</b>	<b>1</b>
Opening Balance	6,430	2,162	2,000
	-	-	-
<b>Closing Balance</b>	<b>2,162</b>	<b>2,000</b>	<b>2,001</b>

Thirty years is a long time, and it is inevitable that many of these assumptions will change. Indeed, we have seen in the first two years of the plan that many assumptions have had to be amended. There will be further changes in Government legislation and regulation, in the economic environment, in the cost of building work and other key factors. We have therefore also run a number of sensitivity analyses to establish what would happen if any of these assumptions were different from our base model. These enable us to demonstrate that we have a reasonably robust Business Plan that will be able to deliver our ambitions for our housing stock.

Over the 30 year business plan there is an overall investment backlog of 5 years against the stock condition survey level of investment. However it is anticipated that the decent homes backlog will be dealt with by 31<sup>st</sup> March 2015 as the increased revenue contributions for the HRA feed into the capital programme.

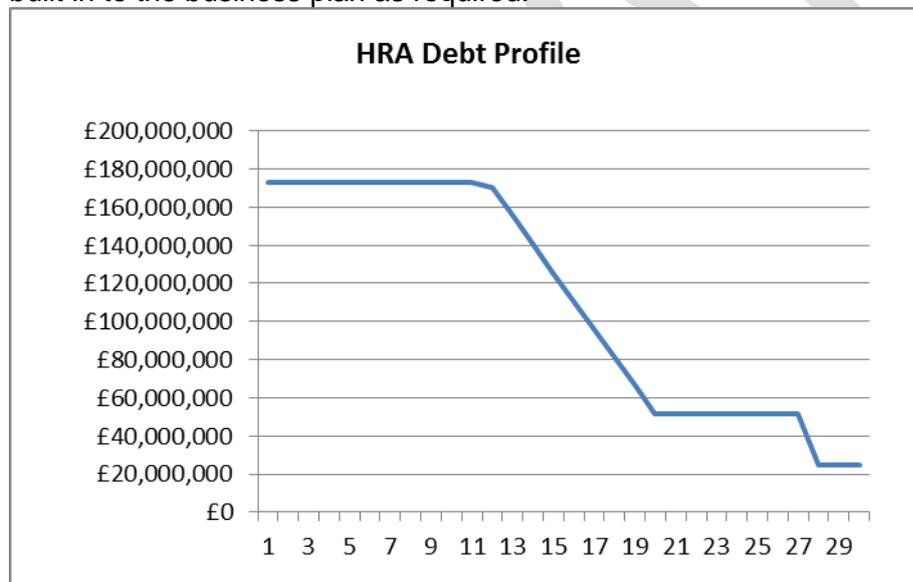
Over the 30 year business plan, there is an overall investment backlog of 5 years, against the stock survey level of investment. The estimated backlog figures are as follows, with the backlog

## HRA Business Plan

eliminated from 2020/21, year 6 of the plan. With the investment backlog resolved, there are then more fundamental choices on how funds could be used, to include further investment in new stock, service provision or debt repayment. The elimination of the backlog is projected as follows:-

Year	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21
	1	2	3	4	5	6
	£000	£000	£000	£000	£000	£000
<b>EXPENDITURE:</b>						
<b>Total Capital Expenditure Need</b>	<b>(49,774)</b>	<b>(51,777)</b>	<b>(52,505)</b>	<b>(42,513)</b>	<b>(30,735)</b>	<b>(18,131)</b>
<b>FUNDING:</b>						
Revenue Contributions	25,679	22,030	23,157	24,072	24,819	18,131
<b>Total Capital Funding</b>	<b>25,679</b>	<b>22,030</b>	<b>23,157</b>	<b>24,072</b>	<b>24,819</b>	<b>18,131</b>
<b>Investment Backlog</b>	<b>(24,094)</b>	<b>(29,747)</b>	<b>(29,349)</b>	<b>(18,440)</b>	<b>(5,916)</b>	<b>-</b>

The debt repayment profile is fixed, with a series on fixed term loans. The first loans become repayable in year 12 and continue to year 20. During those years, tranches of loans to the value of £16.5m are scheduled to be paid off each year. A final loan repayment is due in year 28 of the plan. A small residual amount of debt will be left on the plan of £24m, being the initial debt on the plan prior to the introduction of self financing debt. Repayment of the debt profile is built in to the business plan as required.



Sensitivity testing of the model has been carried out using a number of different scenarios; the outcome of this sensitivity testing is included at Appendix C.

## Glossary of Abbreviations and Housing Terms

**Extra-care housing** - These schemes are designed with the needs of frailer, older people in mind and with varying levels of care and support available. People living in extra-care housing have their own self-contained home and this form of housing includes flats, bungalow estates and retirement villages, the properties can be rented, owned or part-owned/part-rented.

**Decent Homes Standard** – Government definition of Decent Homes was published in 2002. To be defined as a 'decent home' a property must: meet the current statutory minimum for housing; be in a reasonable state of repair; have reasonably modern facilities; and provide a reasonable degree of thermal comfort (effective insulation and heating).

**GLA** – Greater London Authority which promotes the Mayor of London's Housing Strategy and distributes housing capital resources, in place of the HCA, in London.

**HCA** – Homes and Communities Agency - the national housing and regeneration agency in England.

**HRA** - Housing Revenue Account – every local authority that owns housing stock is obliged to maintain a HRA. The account is ring-fenced so that all income and expenditure on managing the stock is held within the account. Councils are not allowed to transfer funds to and the General Fund.

**HSSA** – Housing Strategy Statistical Appendix – annual statistical return which local housing authorities are required to provide to central government.

**KPIs** – Key performance indicators

**Non-traditional housing** – these are prefabricated homes. This method has been used in the UK during periods of high demand such as during the post-war periods. Problems have arisen over the quality of materials used.

**PWLB** - Public Works Loan Board

**RPI** – Retail Price Index is a measurement of inflation. Calculated on a monthly basis, it measures the change in the cost of a basket of retail goods and services (including mortgage interest payments, food fuel). It is used as a base rate for calculating increases to social housing rents.

**RSL** – Registered Social Landlord, also known housing associations or registered providers.

**Social housing rents** – Social Housing rents (known as target rents) are calculated in accordance with a formula based 70% on local incomes and 30% on capital values. These are reviewed every year. The Government has issued specific guidance on calculating rental increases (this is Consumer Price Index, CPI + 1%).

**Supporting People** – An integrated policy and funding framework for the commissioning of housing-related support for vulnerable people, introduced in 2003.

## More information and background documents

More information

## HRA Business Plan

More information can be gained about this Business Plan from Officers detailed in the table below:

<b>Subject area</b>	<b>Contact details</b>	
Finance		
Finance and procurement	Conway Mulcahy	01708 432565
Treasury management	Mark White	01708 432164
Business Plan modelling	Conway Mulcahy	01708 432565
Strategic management of housing stock and housing development		
Housing Strategy and Needs, including new build	Jonathan Geall	01708 434606
Stock condition and decent homes programme	Kevin Hazlewood	01708 434091
Overall Business Plan narrative	Sue Witherspoon	01708 433747

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## HRA Business Plan

### Appendix B – Assumptions within the Business Plan

General Inflation (CPI)	2.0%
Rent Inflation (CPI+1%)	3.0%
Capital Inflation (CPI+½%)	2.5%
Right to Buy Sales per annum	50
Void rate	2.0%
Bad Debt	1.3% year 1 to 3% year 5
Interest rate on debt average to year 14	3.48%
Interest Rate on balances	1.0%

2015/16 HRA budget is baseline position

Right to Buy Useable Receipts used by General Fund (1-4-1, used by HRA)

Minimum Working Balances £2m

Rent increases follow formula rents for 2015 and thereafter CPI + 1%

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## Appendix C Scenario testing

SCENARIO		HRA Surplus Point (>£2m) Year	HRA Balances @ Year 30	SCS Investment Backlog Cleared Year
1	Baseline	6	£609m	5
2	CPI = 3% rather than 2%	6	£780m	5
3	Inflation on capital 1% > CPI	6	£572m	5
4	RTB sales remain at 100 instead of 50 per annum from year 2	6	£493m	4
5	Bad debt provision reaches 5% of debit due to welfare reform	6	£559m	5
6	Real ½% inflation on rents	6	£422m	5
7	No real 1% inflation on rents	7	£252m	6

Conclude: Business Plan is viable on baseline assumptions. Any other variables can be accommodated within the plan.

**Appendix 3a: HRA Projections from Business Plan - Years 1-10**

Year	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
	1	2	3	4	5	6	7	8	9	10
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>INCOME:</b>										
Rental Income	50,497	52,199	53,903	55,478	56,851	58,256	59,695	61,168	62,675	64,218
Void Losses	(1,344)	(1,036)	(1,066)	(1,094)	(1,121)	(1,149)	(1,177)	(1,206)	(1,236)	(1,266)
Service Charges	7,164	6,701	6,835	6,972	7,111	7,253	7,398	7,546	7,697	7,851
Non-Dwelling Income	401	410	418	426	435	444	453	462	471	480
Grants & Other Income	608	843	860	877	895	913	931	949	968	988
RTB Debt Adjustment	756	756	756	735	735	735	735	735	714	714
<b>Total Income</b>	<b>58,081</b>	<b>59,872</b>	<b>61,706</b>	<b>63,393</b>	<b>64,905</b>	<b>66,452</b>	<b>68,034</b>	<b>69,653</b>	<b>71,289</b>	<b>72,984</b>
<b>EXPENDITURE:</b>										
General Management	(22,571)	(22,836)	(23,064)	(23,526)	(23,996)	(24,476)	(24,965)	(25,465)	(25,974)	(26,494)
Bad Debt Provision	(665)	(1,170)	(1,339)	(1,512)	(1,688)	(1,730)	(1,772)	(1,816)	(1,861)	(1,906)
Responsive & Cyclical Repairs	(7,348)	(7,707)	(7,855)	(7,993)	(8,111)	(8,230)	(8,351)	(8,474)	(8,598)	(8,723)
<b>Total Revenue Expenditure</b>	<b>(30,584)</b>	<b>(31,713)</b>	<b>(32,258)</b>	<b>(33,030)</b>	<b>(33,795)</b>	<b>(34,436)</b>	<b>(35,089)</b>	<b>(35,754)</b>	<b>(36,432)</b>	<b>(37,123)</b>
Interest Paid & Administration	(5,900)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)	(6,062)
Interest Received	65	22	21	21	21	59	169	318	475	647
Impairment	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
<b>Net Operating Income</b>	<b>21,411</b>	<b>21,869</b>	<b>23,157</b>	<b>24,072</b>	<b>24,819</b>	<b>25,763</b>	<b>26,803</b>	<b>27,905</b>	<b>29,020</b>	<b>30,197</b>
<b>APPROPRIATIONS:</b>										
Revenue Contribution to Capit	(25,679)	(22,030)	(23,157)	(24,072)	(24,819)	(18,131)	(12,305)	(12,547)	(12,794)	(11,812)
<b>Total Appropriations</b>	<b>(25,679)</b>	<b>(22,030)</b>	<b>(23,157)</b>	<b>(24,072)</b>	<b>(24,819)</b>	<b>(18,131)</b>	<b>(12,305)</b>	<b>(12,547)</b>	<b>(12,794)</b>	<b>(11,812)</b>
<b>ANNUAL CASHFLOW</b>	<b>(4,268)</b>	<b>(162)</b>	<b>1</b>	<b>(0)</b>	<b>0</b>	<b>7,632</b>	<b>14,498</b>	<b>15,358</b>	<b>16,226</b>	<b>18,385</b>
Opening Balance	6,430	2,162	2,000	2,001	2,001	2,001	9,633	24,130	39,488	55,715
<b>Closing Balance</b>	<b>2,162</b>	<b>2,000</b>	<b>2,001</b>	<b>2,001</b>	<b>2,001</b>	<b>9,633</b>	<b>24,130</b>	<b>39,488</b>	<b>55,715</b>	<b>74,100</b>

**Appendix 3b: HRA Capital Investment Requirement Projection from Business Plan**

<b>Year</b>	<b>2015.16</b>	<b>2016.17</b>	<b>2017.18</b>	<b>2018.19</b>	<b>2019.20</b>	<b>2020.21</b>	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
	<b>£000</b>									
<b>EXPENDITURE:</b>										
Planned Variable Expenditure	(13,182)	(11,620)	(10,863)	(11,077)	(10,752)	(10,963)	(11,178)	(11,396)	(11,619)	(10,704)
Planned Fixed Expenditure	(269)	(276)	(283)	(290)	(59)	(61)	(62)	(64)	(66)	(67)
Disabled Adaptations	-	-	-	-	-	-	-	-	-	-
Other Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Procurement Fees	(1,076)	(952)	(892)	(909)	(865)	(882)	(899)	(917)	(935)	(862)
Previous Year's Overall Shortfall	(28,910)	(24,697)	(30,490)	(30,083)	(18,901)	(6,064)	-	-	-	-
New Build - net cost	(6,336)	(14,233)	(9,978)	(154)	(158)	(162)	(166)	(170)	(174)	(179)
<b>Total Capital Expenditure</b>	<b>(49,774)</b>	<b>(51,777)</b>	<b>(52,505)</b>	<b>(42,513)</b>	<b>(30,735)</b>	<b>(18,131)</b>	<b>(12,305)</b>	<b>(12,547)</b>	<b>(12,794)</b>	<b>(11,812)</b>
<b>FUNDING:</b>										
Revenue Contributions	25,679	22,030	23,157	24,072	24,819	18,131	12,305	12,547	12,794	11,812
<b>Total Capital Funding</b>	<b>25,679</b>	<b>22,030</b>	<b>23,157</b>	<b>24,072</b>	<b>24,819</b>	<b>18,131</b>	<b>12,305</b>	<b>12,547</b>	<b>12,794</b>	<b>11,812</b>
<b>Investment backlog</b>	<b>(24,094)</b>	<b>(29,747)</b>	<b>(29,349)</b>	<b>(18,440)</b>	<b>(5,916)</b>	-	-	-	-	-

# HRA Budget 2015 - 2016

**This section is designed as a learning tool - to be used as an informal “note pad” to record the analysis you undertake and the considerations you take into account**

**It is *not* intended that this section will be placed in the public domain, however, we suggest that you retain this information for future reference and audit purposes**

**A1.** What are the aims and proposed outcomes of the policy/function (and any associated procedures)?

To set a budget for the Housing revenue account for the year 2015 – 2016  
 To ensure that the Council’s housing stock is maintained and improved  
 To ensure that tenants’ homes are safe, well maintained and that the environment in which they live is of good quality  
 To ensure that leaseholders and tenants service charges are set at the cost of the service, and the costs are recovered from those tenants and leaseholders who receive the services  
 To set rents at a level which ensure that the Council as landlord, receives sufficient income to cover its responsibilities  
 To plan for the next three years for major works investment in the stock  
 To forecast the income and expenditure over a period of 30 years, ensuring that the Council can repay its debts

**A2.** Which individuals, or groups of individuals, are *most likely* to be affected?

All Council tenants and leaseholders(around 12,000 households)

**A3.** Now consider whether any of the following groups might be *particularly* affected?

Racial groups	<u>Consider:</u>	Language and cultural factors Includes Gypsy and Traveller groups
Religious or Faith groups	<u>Consider:</u>	Practices of worship, religious or cultural observance Including non-belief
Disability groups	<u>Consider:</u>	Physical, visual, aural impairment Mental or learning difficulties
Gender	<u>Consider:</u>	Male, female and transgender
Age	<u>Consider:</u>	Elderly, or young people
Sexual orientation	<u>Consider:</u>	Known or perceived orientation

Older people are the largest ground most likely to be affected as 35% of our tenants are over the age of 65

Disabled groups are likely to be over represented amongst Council tenants

**A4.** What information are you able to obtain about each of these groups?

*The following information sources may be considered, however, this list should not be regarded as absolute:*

- Demographic data
- Equality monitoring data (internal and external)

- Previous consultation (previous policies, consultation networks, surveys)
- Recommendations of inspection reports
- Review of complaints information
- Other Local authorities equality impact assessments

## **Demographic and Diversity Profile of Havering's Population 2015**

We do not have specific data for Council tenants and leaseholders, but the following information about the population of Havering is as follows:

### Older People

15.8% of the population of Havering is over the age of 65; 2.7% is over the age of 85. This is a higher number of people in these age groups residing in Havering, than compared to London and England.

Between the censuses of 2001 and 2011, these age groups have seen the largest increase – those of 85 up by 43% and those over 65 by 2%

### Disabled People

- According to the latest Annual Population Survey (2012 – 2013) 21% of people of working age (16 – 64) have disclosed that they have a disability or long term illness/health condition.
- The Annual Population Survey 2012/13 also shows that 58% of people with a disability are economically active, and 49% of these are in employment
- 4% of people in Havering claimed Disability Living Allowance in 2013
- 2% of people in Havering claimed Incapacity Benefits in 2013
- 16% of people of pensionable age claimed Attendance allowance in 2013
- More than 1,100 residents are registered as being blind or partially sighted in Havering
- The number of adults with moderate or severe disabilities will rise by around 7% in the next ten years with the number of adults with learning disabilities increasing by roughly the same amount.
- The number of adults (aged 18 – 64) with moderate or severe disabilities will rise by around 7% in the next ten years, with more than 15,000 adults in Havering having a physical disability by 2021
- The number of children in Havering with a learning difficulty will increase, most significantly among primary school age children.
- There are approximately 20,000 adults in Havering who have a common mental health issue. It is estimated that there are more than 600 adults in Havering with a Borderline Personality Disorder, near 600 people with Psychotic Disorders and around 500 people with Antisocial Personality Disorder.
- Predicted future population growth means that the number of adults (aged 18 – 64) experiencing each of these mental illnesses is expected to increase by 6% by 2021 in Havering
- Adults in Havering that are receiving treatment for severe mental health problems are less likely to be in employment (less than 4%) or in stage accommodation (less than 50%). These percentages are below the average for London and England
- 10.4% of adults in Havering have identified themselves as carers, compared to 8.5% in London. At the same time a very small proportion of carers in Havering receive support than is the average nationally. Support given to carers includes advice services or receiving a carer's break

**A5.** Which of these groups do you now need to speak to in order to obtain additional information?

	✓	Details of any particular member group or sub group
Racial groups		
Disability groups		
Gender		
Age		
Religious or Faith groups		
Sexual orientation		

**Using the information from questions (4) and (5) above:**

**A6.** Is there anything to suggest that any individual or group of people *may* receive (or *perceive themselves to receive*) unequal access to, or an unequal standard of service from LBH in relation to the principles and processes described within this policy/function?

	Yes/No	Details of any particular member group or sub group
Racial groups	NO	
Disability groups	NO	
Gender	NO	
Age	NO	
Religious or Faith groups	NO	
Sexual orientation	NO	

**HAVING UNDERTAKEN THE ABOVE PRELIMINARY REVIEW THE JUDGEMENT IS THAT A FULL EIA IS NOT REQUIRED .**

AUTHOR SIGN OFF	
NAME	SUE WITHERSPOON
POSITION	HEAD OF HOMES AND HOUSING
DATE	3 <sup>RD</sup> FEBRUARY 2015

HEAD OF SERVICE SIGN OFF	
NAME	SUE WITHERSPOON
POSITION	HEAD OF HOMES AND HOUSING
DATE	3 <sup>RD</sup> FEBRUARY 2015

**IF YOU HAVE ANSWERED "YES" TO ANY OF THE CATEGORIES IN QUESTION (A6) YOU ARE NOW ASKED TO USE YOUR JUDGEMENT TO ANSWER THE REST OF THE QUESTIONS IN SECTION A.**

# EQUALITY IMPACT ASSESSMENT

## Part 'B'

This section should be used to *formally* record the findings and results of your assessment. This section will normally be made available to the public.

Title of Policy/ Function	<b>Housing Revenue Account Budget and Business Plan 2015/16</b>		
Name of Author	<b>Sue Witherspoon</b>		
Date of creation/review	<b>02 / 03 / 2015</b>	Version No.	
<b>PLEASE OUTLINE THE RESULTS OF YOUR IMPACT ASSESSMENT BELOW</b>			
<b>B1</b>	What are the aims and proposed outcomes of your policy/function?		
<p>To set a budget for the Housing revenue account for the year 2015 – 2016</p> <p>To ensure that the Council's housing stock is maintained and improved</p> <p>To ensure that tenants' homes are safe, well maintained and that the environment in which they is of good quality</p> <p>To ensure that leaseholders and tenants service charges are set at the cost of the service, and costs are recovered from those tenants and leaseholders who receive the services</p> <p>To set rents at a level which ensure that the Council as landlord, receives sufficient income to c its responsibilities</p> <p>To plan for the next three years for major works investment in the stock</p> <p>To forecast the income and expenditure over a period of 30 years, ensuring that the Council can repay its debts</p>			
<b>B2</b>	What research has been undertaken?		
<ol style="list-style-type: none"> <li>1. Review of relevant legislation and regulations to ensure that the Housing Revenue Account complies with Government requirements to set a budget for the landlord function of the Council.</li> <li>2. Review of current spend in 2014/15 and whether it has adequately delivered the Council's Objectives in relation the management of its Council homes.</li> <li>3. Stock condition surveys to ensure that the Council understands the condition of its stock</li> <li>4. Survey of tenant opinion in relation to a range of topics, such as information, consultation Access to the internet, opinions about current services</li> <li>5. Comparisons with neighbouring boroughs rents</li> <li>6. Comparison with RSL and market rents</li> </ol>			
<b>B3</b>	What consultation has taken place? ( <i>who has been consulted, and by what method?</i> )		
<b>(a)</b>	Internally within the Authority		

Finance Legal Housing Managers HR	
<b>(b)</b> Externally	
Tenants and Leaseholders	
<b>B4</b>	What feedback was received?
Finance are co-authors of the report, and are supportive of the proposals Legal have provided comments, and these are included within the report Tenants' and leaseholders views are being used to review services	
<b>B5</b>	What amendments, if any, have been incorporated into the policy/function to reflect that feedback?
Changes have been made to the major works provision, and moving additional resources into investment, rather than maintained in balances All financial data has been updated in line with decisions made by the Lead Member on rents, service charges, major works programme Tenants have been consulted about changes to the services for older people in Sheltered housing, including the provision of broadband and film clubs Tenants have been consulted on changes to the mobile support service, and the new Sheltered Scheme managers; these proposals were subject to a specific consultation exercise and the proposed scheme is supported by 84% of the tenants affected Provision for additional supervision of the repairs contracts, additional staff for Lettings and Needs and Tenancy Fraud work has been included, following consultation with managers A range of savings proposals have been put forward by Service Managers, which have been incorporated	
<b>B6</b>	If changes were recommended but <i>not</i> incorporated, what justification is there for this?
Savings in the Agency budget for the Caretaking service were opposed by relevant managers, but the budget reduction was considered justified in view of the overall Council service preference not to employ agency staff.	
<b>B7</b>	What monitoring arrangements are to be put in place (or already exist) to monitor the <i>actual</i> impact of this policy/function? What data is to be collected?
There are monthly meetings to monitor the budget performance – these are reported via the Council's system, CP Forecasting There are quarterly meetings to review the Business Plan. These are held jointly with Finance and Housing The Service Plan, which delivers the regular services and also looks at improvement and change for the service, is reviewed twice a year The objectives contained within the Service Plan form part of individual officers' objectives, which are monitored monthly through a system of 121 meetings, and Performance appraisals	

**Please consider the six diversity strands in answering the following questions:**

<b>B8</b>	Does your analysis show different outcomes for different groups. If yes, indicate which groups and which aspects of the policy/function contribute to inequality
<p>No; all tenants and leaseholders are equally affected                  There is no evidence to suggest that any of the protected groups will be differently affected</p>	
<b>B9</b>	Are these differences justified (e.g. are there legislative or other constraints)? If they are, explain in what way
<p>Not applicable</p>	
<b>B10</b>	What actions need to be taken as a result of this Equality Impact Assessment to address any detrimental impacts or meet previously unidentified need? Include dates by which action will be taken. Attach an action plan if necessary
<p>More detailed analysis of the tenant and leaseholder population needs to be undertaken, so that the customer profile is better understood. This will form part of the Service Plan 2015/16</p>	

<b>B11</b>	When will you evaluate the impact of the action taken? Give review dates
<p>Quarterly evaluation of the Business Plan will take place throughout the year; there are regular corporate meetings to look at the Business Plan</p>	

AUTHOR SIGN OFF	
NAME	SUE WITHERSPOON
POSITION	HEAD OF HOMES AND HOUSING
DATE	3/2/15

HEAD OF SERVICE SIGN OFF	
NAME	SUE WITHERSPOON
POSITION	HEAD OF HOMES AND HOUSING
DATE	3/2/15



**CABINET**

**11 February 2015**

**Subject Heading:**

Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Statement for 2015/16

**Cabinet Member:**

Cllr Clarence Barrett

**CMT Lead:**

Andrew Blake-Herbert

**Report Author and contact details:**

Mark White  
Capital & Treasury Manager  
01708 433624

**Policy context:**

The Council is required to formally approve the Treasury Management Strategy Statement, Prudential Indicators and the Minimum Revenue Provision Statement following recommendation from Cabinet

**Financial summary:**

There are no direct financial implications from the strategy. Treasury management activities are considered as part of the overall budget strategy.

**Is this a Key Decision?**

No

**Is this a Strategic Decision?**

No

**When should this matter be reviewed?**

Bi-Annually

**Reviewing OSC:**

Audit Committee

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

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

**SUMMARY**

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**

That Cabinet approves:

- The Treasury Management Strategy Statement (TMSS)
- The Prudential Indicators set out in appendix B of this report
- 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
  - 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**

Credit Rating	Banks Unsecured*	Banks Secured*	Government	Corporates	Registered Providers
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
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.

**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 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 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 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>
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
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## **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 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 £m</b>	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 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

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>
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

**Cabinet, 11th February 2015**

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>