



CABINET

| | | |
|----------------|---------------------------------------|--|
| 6.30 pm | Wednesday 13 February 2019 | Council Chamber - Town Hall |
|----------------|---------------------------------------|--|

Members 9: Quorum 3

Councillor Damian White (Leader of the Council), Chairman

Cabinet Member responsibility:

Councillor Robert Benham

Cabinet Member for Education, Children & Families

Councillor Osman Dervish

Cabinet Member for Environment

Councillor Joshua Chapman

Cabinet Member for Housing

Councillor Jason Frost

Cabinet Member for Health & Adult Care Services

Councillor Roger Ramsey

Cabinet Member for Finance & Property

Councillor Viddy Persaud

Cabinet Member for Public Protection and Safety

Andrew Beesley
Head of Democratic Services

**For information about the meeting please contact:
Debra Marlow tel: 01708 433091
e-mail: debra.marlow@onesource.co.uk**



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which is not in camera range.**

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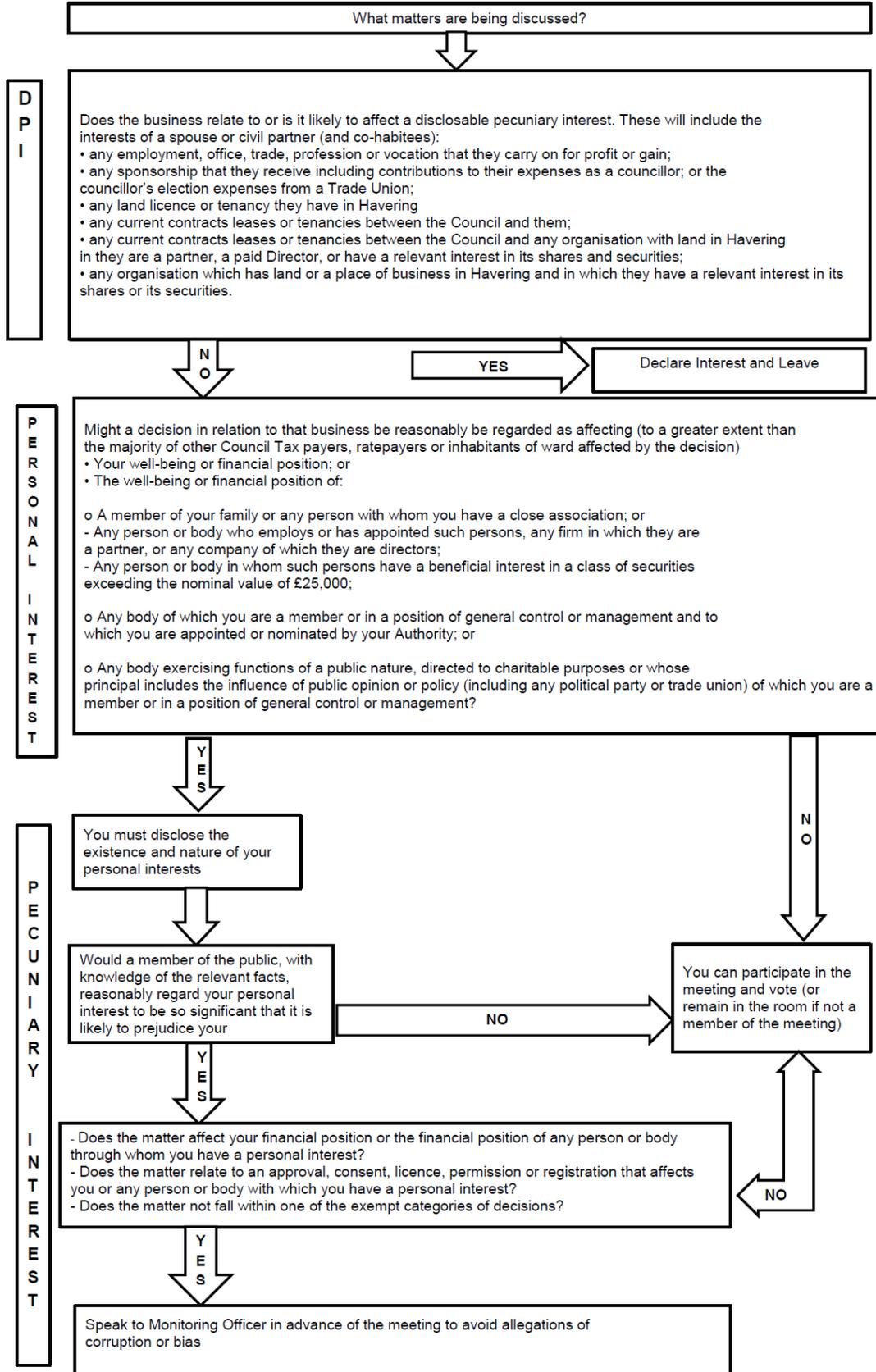
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- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
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Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



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 INTEREST

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

4 MINUTES (Pages 1 - 14)

To approve as a correct record the minutes of the meeting held on 29th November 2018 and 16th January, 2019, and to authorise the Chairman to sign them.

5 ORACLE UPGRADE TO FUSION (Pages 15 - 38)

6 2019/20 CAPITAL STRATEGY & PROGRAMME (Pages 39 - 64)

7 2019/20 BUDGET AND MEDIUM TERM STRATEGY (Pages 65 - 288)

8 SETTING THE HRA BUDGET FOR 2019/2020 AND THE HRA CAPITAL PROGRAMME (2019/20 - 2023/24) (Pages 289 - 314)

9 TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2019/20 (Pages 315 - 352)

10 EXCLUSION OF THE PRESS AND PUBLIC

To consider whether the press and public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the press and public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

11 MERCURY LAND HOLDINGS (MLH) IN-YEAR BUSINESS PLAN UPDATE (Pages 353 - 422)

- 12 RAINHAM AND BEAM PARK REGENERATION LLP BUSINESS PLAN 2019/2020**
(Pages 423 - 716)
- 13 HAVERING AND WATES REGENERATION LLP - BUSINESS PLAN 2019/2020**
(Pages 717 - 836)
- 14 BRIDGE CLOSE REGENERATION LLP BUSINESS PLAN 2019/2020** (Pages 837 -
1144)
- 15 CONTRACT AWARD FOR THE DEMOLITION OF NAPIER AND NEW PLYMOUTH
HOUSE** (Pages 1145 - 1166)

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MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Thursday, 29 November 2018
(7.30 - 8.35 pm)

Present:

Councillor Damian White (Leader of the Council), Chairman

| | Cabinet Member responsibility: |
|---------------------------|---|
| Councillor Robert Benham | Cabinet Member for Education, Children & Families |
| Councillor Osman Dervish | Cabinet Member for Environment |
| Councillor Joshua Chapman | Cabinet Member for Housing |
| Councillor Jason Frost | Cabinet Member for Health & Adult Care Services |
| Councillor Roger Ramsey | Cabinet Member for Finance & Property |
| Councillor Viddy Persaud | Cabinet Member for Public Protection and Safety |

17 DISCLOSURES OF INTEREST

There were no disclosures of interest.

18 UPDATE ON THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY 2019-2020

Councillor Roger Ramsey, Cabinet Member for Finance & Property, introduced the report.

The report presented an overview of the national economic and financial environment within which all local authorities were currently developing their financial plans for the next 4 years. It set out the complex range of factors affecting local authority forecast funding streams, expenditure pressures and the Council's position in relation to these matters.

The report also set out the Council's current financial situation and its approach to achieving financial balance over the period 2019/20 to 2022/23.

The report consisted of the following sections:

- Policy and strategic context (section 1)
- Summary of the national context (section 2)
- Update on the 2018/19 budget position (section 3)
- Update on the Medium Term Financial Strategy (section 4)
- Update on the consultation with residents undertaken over the last year (section 5)
- Update on the capital programme (section 6)
- Timetable and next steps (section 7)

Reasons for the decision:

The Council is required to set a balanced budget in advance of the beginning of each financial year. This report sets out progress in reaching the balanced budget for 2019/20 and sets out the Council's future plans for balancing the budget from 2020/21 to 2022/23.

Other options considered:

The report outlines all the options identified so far for balancing the 2019/20 budget. There is still a budget gap even if these options are approved and therefore officers will continue to seek further options for balancing not just next year's budget but also the budgets for 2020/21 to 2022/23.

Cabinet:

- **Noted** the updated national financial context for local government, in year financial performance and the projected budget gap over the period 2019/20 to 2022/23 as set out in sections 1 and 2 of the report and the period 6 (September 2018) and of year forecast position set out in section 3.
- **Noted** the assumptions which underpin the forecast.
- **Approved** savings proposals for 2019/20 of £8.702m as set out in section 4 and **Appendices B** (£0.770m), **C** (£3.156m) and **D** (£4.776m), having considered the consultation feedback set out in **Appendices E** and **F**.
- **Approved** the launch of consultation on the measures included in the Improving Traffic Flows project as set out in **Appendix D**.
- **Approved** the growth proposal for 2019/20 of £1 million to fund the revenue costs of the £10 million capital investment in the Highways Investment Programme for 2019/20, as set out in section 4, having considered the consultation feedback set out in **Appendices E** and **F**.
- **Approved** the updated 5 year Capital Programme in Section 6 for recommendation onto full Council for agreement in January 2019.

- **Noted** the timetable and process for developing, reporting and considering the 2019/20 budget and MTF5 as set out in section 7.

19 **UPDATE ON THE COUNCIL TAX SUPPORT SCHEME 2019 AND COUNCIL TAX SURCHARGE ON EMPTY HOMES**

Councillor Damian White, Leader of the Council, introduced the report.

The report before Cabinet set out the detail of the responses to the public consultation to change the Council Tax Support Scheme 2019 (CTS Scheme) and the Council Tax surcharge on properties empty for more than two years.

An overview of the existing Council Tax Support Scheme was attached to this report along with an Equalities Impact Assessment, proposed CTS Scheme, Risk Register and full version of the consultation outcomes.

Reasons for the decision:

The Council has a statutory duty to provide a CTS Scheme and to consult the public and interested parties when considering changes to the CTS Scheme. This is set out in Schedule 4 of the Local Government Finance Act 2012.

There is a shortage in the housing market which Government has recognised and introduced legislation to enable local authorities to encourage the occupation of those empty properties by way of a further increase in the Council Tax surcharge.

Other options considered:

At Cabinet on 25 July 2018, Members considered in detail a number of options with regard to the CTS Scheme and selected the scheme proposed in Appendix C for consultation. Details of the options considered can be found in the July Cabinet report and are set out in Appendix F Council Tax Support Scheme Options of this report.

With regard to the Empty Property Surcharge, the only other option is to do nothing.

The responses to the consultation have also set out a number of other alternatives and the Council's replies to those are reflected elsewhere in this report and Appendices

Cabinet:

- **Considered** the responses to the Council Tax Support Scheme and Long Term Empty Homes Premium consultation

- **Approved** and recommend to Council the adoption of the proposed Council Tax Support Scheme as summarised in Appendix C of the report with effect from 1 April 2019.
- **Approved** and recommend to Council an increase from 50% to 100% as a surcharge rate of Council Tax for the properties that have been empty for more than two years with effect from 1 April 2019.

20 **BRETONS MANOR HOUSE, BARNs AND PARKS**

Councillor Viddy Persaud, Cabinet Member for Public Protection and Safety, introduced the report.

The report before Cabinet explained that the Bretons Project had been working up options in relation to Bretons Manor House and surrounding grounds and park over the last year. Cabinet was asked to approve further funding of £350k for the revenue project management costs to take forward the Project for a further year, funded from the Transformation Fund. The funding will support Phase II Development of Bretons Manor House, Tudor barn, outbuildings, walled garden, lake and parks. Phase II Development will include an architects' master plan for the site, planning permission for the totality of the site and the continuation of external funding applications for specific projects on the site.

Cabinet was also asked to approve an application to fund legal costs from the Business Risk Reserve as necessary to a cap of £100k.

Reasons for the decision:

Due to a lack of funding at the present time, a phased approach is recommended, which would enable the development of different clusters as funding is secured. It is recommended that the Council initially invest revenue to develop a Masterplan for the site, secure planning permission for the totality of the site and to continue to submit funding bids to external bodies. The GLA have indicated that the Council should submit a bid to them for revenue development funding for this project which they consider one of just two very complex but exciting projects in London, economically and culturally.

This report requests that £350k be allocated from the Transformation Fund to fund the project management, master planning and other associated costs of taking this project forward during the period from December 2018 to November 2019 plus that funding to a cap of £100k be made available from the Business Risk Reserve to cover any necessary legal costs arising.

Additional requests for funding were considered but are not being recommended at this stage. There are projects that are close to being ready to progress but require more certainty in relation to the context for the whole site or would benefit from external funding which is currently not confirmed. These projects are:-

- The Great Hall - investment of £3.45 million would be required to build a brand new Great Hall in the grounds of the Manor House as a wedding and events venue. Such a development could activate the project and unlock the commercial potential of the site. However, the success of such a venue will partly be dependent on the Hall's surroundings and these are not currently up to the standard required. It has been concluded a bid for Council funding should be paused at this time.
- 3G Football Pitches - investment of £2.2 million is currently required for two 3G football pitches and associated changing/social facilities in the south of the site. The Football Foundation is keen on this option and would probably be prepared to fund up to £1 million of the cost. Feasibility work with the Football Foundation and Essex FA is already underway. However, this leaves a potential shortfall of £1.2 million for the Council to find or to seek funding sources from elsewhere. Veolia were approached but will not fund facilities which are, or are likely to be, run by external contractors, which is expected to be the outcome for these football pitches. It is also considered unlikely that a commercial case for the pitches can be achieved. In addition, the anti-social behaviour issues will also need to be resolved before this end of the site can be developed. It has therefore been decided not to submit a bid to the Council for funding at this stage.

Options considered:

A number of options have been explored in relation to the totality of the Bretons site.

These include;

- Do nothing: this would still cost £4m over the next 20 years as there would need to be capital costs (approximately £100k pa) and revenue costs (approximately £100k pa) incurred over the next 20 years to maintain the site
- Sell land and buildings: this may generate a sale of approximately £2m but only if the park was included which is probably not an attractive proposition for the local community. The Council would lose responsibility for the anti-social aspects of the area but also levers of control.
- Outsource entire model through joint venture: this is not viable as there has been a lack of interest in investing in the capital costs and the returns would not be commercially viable for the council. This situation may change over time if the problems with the site are resolved.
- Deliver the model in-house and lease aspects of the site: this is the recommended approach however it requires £28.9m investment and would present a very high risk for the Council without external funding. It would involve, over time, investing in minimum viable projects (MVPs) that generate commercial returns (eg the Great Hall) or priority projects (eg the 3G football pitches) in a phased approach.

Cabinet:

- **Agreed** that £350k be allocated from the Transformation Fund to fund the project management, master planning and other associated costs plus that funding to a cap of £100k be made available from the Business Risk Reserve to cover any necessary legal costs arising.
- **Delegated** authority to the Chief Operating Officer, after consultation with the Leader and Cabinet Member for Public Protection and Safety, to authorise the submission of related funding applications to external bodies to a limit of £5m.

21 **EXCLUSION OF THE PRESS AND PUBLIC**

There were no press and public in attendance. The meeting went into closed session.

22 **BRIDGE CLOSE, ROMFORD - PURCHASE OF RESIDENTIAL PROPERTIES ON WATERLOO ROAD AND OLDCHURCH ROAD**

Councillor Damian White, Leader of the Council, introduced the report.

The Bridge Close redevelopment area includes residential properties, which front onto Waterloo Road and Oldchurch Road. These are owned by the Council, the Bridge Close Regeneration LLP (the Joint Venture) and private owners.

The report proposed that the Council seek to purchase all of the privately-owned residential properties not in Council or Joint Venture ownership through private treaty. The expected cost of acquiring the residential properties not in Council or Joint Venture ownership is set out in an exempt appendix to the report (Appendix A).

It is proposed that properties acquired may be subsequently transferred to the Joint Venture as part of the Council's equity contribution as agreed by Council in February 2018, and in accordance with the terms of the Joint Venture legal agreements signed in April 2018. Prior to transferring to the Joint Venture, it is proposed that the properties be used as temporary accommodation, to assist to reduce General Fund pressures around homelessness.

The proposal constitutes an adjustment to the HRA Capital programme to provide sufficient funding for the Council to acquire the privately owned residential properties through private treaty.

Cabinet:

- **Agreed** to the Council entering into direct negotiations with landowners to purchase up to 23 residential properties on Waterloo Road and Oldchurch Road, Romford through private treaty.
- **Agreed** to delegate to the Director of Regeneration authority to take all necessary steps to enable and complete the acquisitions outlined in Resolution 1 above following consultation with the Director of Finance; that includes the authority to approve the terms to enable of the acquisition by private treaty, any financial arrangements for relocation of current land owners or tenants, completion of relevant agreements and appointments of relevant professionals.
- **Agreed** following agreement on resolutions 1 and 2 above to agree to recommend to Council to include sufficient financial provision as set out in Appendix A (exempt), to enable the private treaty purchase of the 23 residential properties on Waterloo Road and Oldchurch Road, Romford.
- **Noted** that the transfer of the properties acquired via this Cabinet decision may be transferred to the Bridge Close Regeneration LLP in accordance with the terms set out in the Land Acquisition Strategy, the Land Agreement and the Members Agreement.

Chairman

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Public Document Pack



MINUTES OF A CABINET MEETING Council Chamber - Town Hall Wednesday, 16 January 2019 (7.30 - 8.05 pm)

Present:

Councillor Damian White (Leader of the Council), Chairman

Councillor Robert Benham

Councillor Osman Dervish

Councillor Joshua Chapman

Councillor Roger Ramsey

Councillor Viddy Persaud

Cabinet Member responsibility:

Cabinet Member for Education,
Children & Families

Cabinet Member for Environment

Cabinet Member for Housing

Cabinet Member for Finance &
Property

Cabinet Member for Public
Protection and Safety

Apologies were received for the absence of Councillor Jason Frost.

27 **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

28 **MINUTES**

The minutes of the meeting of Cabinet held on 13 November 2018 were agreed as a correct record and signed by the Chairman.

29 **BUSINESS RATES - DISCRETIONARY REVALUATION SUPPORT SCHEME**

Councillor Roger Ramsey, Cabinet Member for Finance and Property, introduced the report.

The report set out the Council's proposals for administering the remaining two years of the Governments Revaluation Support Scheme (RSS) for the financial years 2019/2020, and 2020/2021 and the principles of the scheme for the remaining period up until 2020/2021.

In the Budget statement on 8 March 2017, the Chancellor announced that the Government would provide £300m to support those business most adversely affected by the recent revaluation of commercial properties. The funding was provided over a period of 4 years.

The RSS adopted in 2017 is in addition to the changes announced in the budget on 29 October 2018, which provides further support to businesses from April 2019. Local Authorities were able to use their current powers with regards to Discretionary Business Rate Relief under Section 47 of the Local Government Act 1988 to develop and administer this new relief.

It was explained that the Government did not prescribe how this relief was to be applied as they considered that Local Authorities were best placed to design their own relief schemes to determine eligibility and how best to distribute this support.

Havering received Government funding of £1.696m. The funding for 2017/2018 & 2018/2019 which had to be applied in year, has been fully allocated to the eligible properties in accordance with the scheme approved by Cabinet on 9 August 2017.

Reasons for the decision:

The Council is required by central government to fully implement the Discretionary Revaluation Support Scheme. The Council does not have the ability to abstain from the implementation of the scheme.

Other options considered:

The report proposes a continuation of the Governments Revaluation Support Scheme as agreed at Cabinet on 9 August 2017. The proposal is in-line with the Governments criteria to help small businesses.

Cabinet approved the continuation of the Governments Discretionary Revaluation Support for the remaining two years of the relief as set out in the report, and previously agreed by Cabinet in August 2017.

30 **HOMEBUILDING CAPACITY FUND - APPLICATION FOR GRANT FROM THE GREATER LONDON AUTHORITY (GLA)**

Councillor Damian White, Leader of the Council, introduced the report.

The report sought approval to enable the Council to submit a bid to obtain grant funding under the Greater London Authority (GLA) Homebuilding Capacity Fund. The scheme is to develop capacity, skills and expertise to develop new affordable housing. The approval to progress any or initiatives and commit Council funding will be sought separately in accordance with the Councils constitution. The deadline for bid submission being 25 January 2019.

Reasons for the decision:

The funding is revenue funding for additional staff for a period of 2 years. The additional staff will have the levels of skills and experience needed to deliver good quality affordable housing and enhanced place shaping. This will also build expertise and skills for a lasting improvement in delivery. The approval to progress schemes and commit Council funding will be sought separately in accordance with the Councils constitution.

Other options considered:

Not to Bid was rejected as a viable option as it would mean the Council would not be able to benefit from the programme to support the delivery of local housing priorities and regeneration activities.

Cabinet approved the submission of a bid of £940,000 as set out in the report to the GLA for the Homebuilding Capacity Fund.

31 ADOPT LONDON EAST

Councillor Robert Benham, Cabinet Member for Education, Children and Families, introduced the report.

The purpose of the report is to propose a model for the future delivery of East London's Regional Adoption Agency.

It is proposed that the East London Regional Adoption Agency (RAA) is created through combining the adoption services for the four East London Boroughs of Havering, Tower Hamlets, Newham and Barking and Dagenham.

These agencies wish to build on the success of their existing services to improve performance in meeting the needs of children who require permanence through adoption, by bringing together the best practice from each authority within the RAA. This proposal forms part of an overarching project to develop four RAAs across London.

Each of the four RAA's will have a host/lead authority. It is proposed that Havering will be the lead authority for East London. All local authorities in England are statutorily required to join a regional adoption agency by April 2020.

Following the recent news regarding Waltham Forest's cabinet decision to join 'Ambitious for Adoption' an alternative Regional Adoption Agency, the report recommends a four local authority model. The remaining four local authorities are committed to establishing the model proposed in the report and full business case.

In Havering, the average annual spend for adoption services over the last three years (plus a projected spend 2017/18) was £340,929.00 this includes

£27k (net) that was spent on inter-agency fees – the cost of placing a Havering child with an adopter approved outside of the adoption agency.

It was reported that under the proposed formation of an East London RAA a contribution of £313,929 is required to fund future costs within the RAA. Inter-agency fees will remain the responsibility of each Local Authority and will not form part of the budget for the RAA – a budget will be retained to cover interagency fees within each constituent Local Authority including Havering.

Each member of the RAA will need to provide a one-off contribution to the set-up costs of the RAA – these are costs that are not currently covered by individual adoption budgets including the Head of Service for the RAA, and the centralised business support function. The Havering contribution will be a one-off payment of £47,089, with the other three Local Authorities also making one-off contributions.

As the host authority, Havering will receive an income of circa £200k in the first year to cover the cost of transition, a new head of service and hosting costs.

The business case to support this model enables each Local Authority partner to reduce the amount it spends on inter-agency fees, as the RAA recruits more of its own adopters, and places more of its children with its adopters.

It was noted that alongside the reduction in expenditure, the model also projects an income that will be derived from other Local Authorities placing their children with East London Adopt carers, thus attracting a fee income to the RAA. This projected income will allow the transition costs to be tapered off to £0 in year 2 of the RAA going live. The combined effect of an inter-agency fee income (which will be retained by the East London Adopt RAA), and the reduction of inter-agency expenditure (the costs of which will be allocated proportionately, and budgetary responsibility retained by each of the constituent Local Authorities) enables the model to project a reduced overall cost of delivering adoption services over the next three years.

Reasons for the decision

In March 2016, the government announced changes to the delivery of adoption services setting a very clear direction that all local authorities' adoption services must be delivered on a regionalised basis by 2020. The premise of regionalisation is to:

- Increase the number of children adopted
- Reduce the length of time children wait to be adopted
- Improve post-adoption support services to families who have adopted children from care
- Reduce the number of agencies that provide adoption services thereby improving efficiency and effectiveness.

Other options considered

An options appraisal was undertaken in the initial stages of development of the Pan London model for regionalisation of adoption. This model was subsequently refined into four 'Adopt London' Regional adoption agencies with a central hub providing further opportunities for efficiencies of scale. The detailed modelling benefitted from experience in Yorkshire; an early adopter with a similar model:

The rationale for the pan London approach:

- A Pan London resource for London children and families
- 4 Regional agencies providing responsive services at a local level within a recognisable geographical area
- London boroughs who understand local need and challenges to host each agency
- Ability to recruit adopters to meet identified need within the local area
- Opportunities for further economies of scale through working Pan London
- Opportunities for further funding for innovation through Practice Improvement Funding

In order to further test the proposed model consideration has been given to joining a regional adoption agency with other local providers. The only local provider who may be available for consideration is the Coram led regional adoption agency in partnership with Redbridge and other Local Authorities. The Council made an informal approach to Coram to establish whether they have the capacity to consider Havering as a partner and source information on the delivery model and associated costs.

The local authority model has now been determined as the preferred option due to the following factors:

- Significant reputational risks of pulling out of the model, as the host authority at such a late stage
- Staff across all local authorities have been involved in the design of the new system for three months and there is a commitment from those staff to make this model work
- The likelihood that the DFE would want to claim back project development funds if the model of delivery were to change now
- Targets for performance improvements in the East London model will achieve better outcomes and larger scale efficiencies.

Cabinet

1. Approved the business case at appendix A to this report to proceed with an East London Regional Adoption Agency led by the London

Borough of Havering to commence by July 2019 agree the budget commitment set out in the body of the report;

2. Delegated authority for the implementation of the project to the Director for Children Services including but not limited to entering into partnering agreements, agreeing the final terms of any Inter-authority risk and partnership sharing agreement and agreeing and arranging TUPE of staff between the authorities.

Chairman

CABINET

Subject Heading:

Oracle Cloud Upgrade (Fusion) and Application Implementation Support

Cabinet Member:

Councillor Roger Ramsey, Cabinet Member for Finance and Property

SLT Lead:

Jane West, Chief Financial Officer

Report Author and contact details:

Mark Hobson, Director of Finance and Transformation, oneSource,
mark.hobson@onesource.co.uk

Policy context:

Cost Savings

Financial summary:

Project & running costs over 10 years are £11.5m.

Over 10 years the project will save between £5m to £11.5m net of the project & running costs
Payback is between 3.1 and 4.1 years

Is this a Key Decision?

Yes - Expenditure or saving of £500,000 or more

When should this matter be reviewed?

March 2019

Reviewing OSC:

Overview and Scrutiny Board

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

| | |
|-------------------------------|-----|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

SUMMARY

The report details the contract award in relation to the upgrade from our current Oracle Corporate Enterprise Resource Planning (ERP) System platform moving it to the next generation platform known as Fusion which is Oracle's name for its Cloud product. The Council uses Oracle ERP software to manage business critical functions such as paying staff and suppliers. The upgrade will provide improvements on existing functionality.

RECOMMENDATIONS

That Cabinet

1. Approve the implementation and upgrade from our current Oracle version to the Oracle Cloud to Go Live by April 2020.
2. Approve a budget and allocation of funding of £4.5 million from the capital programme to be funded through the government's Flexible Use of Capital Receipts scheme for Transformation Projects that deliver an ongoing saving.
3. Approve the award of :
 - Oracle Fusion Subscription licence to Oracle as a direct award with VEAT which would be a 10 year contract for a total value of £4.343m
 - A Contract to Evosys off G-Cloud 10 framework as implementation partner to implement the upgrade for a total value of £1.490m
4. Approve entering into a shared support arrangement with London Borough of Lambeth to provide expert support at the cost of £0.2m.
5. Delegate authority to the Council's Chief Financial Officer
 - to award a change management contract to embed the Clouds new ways of working in Havering, as assessment of this will be made once the project is under way and a decision will be made to see if external support is required, £0.3m is budgeted for this activity
 - in consultation with the Monitoring Officer to approve the final forms of contract and entering into such agreements necessary to give effect to the recommendations detailed in this report.

REPORT DETAIL

1. Background

The full business case for this project is attached as Appendix A giving further information and detail to support this report.

- 1.1 The existing Oracle platform supporting Havering was implemented in 2014. Oracle has advised the Council that there will be no future investment into this product resulting in risk of bugs and viruses not being fixed. This means the current version of Oracle is not future proofed and will ultimately go out of Oracle support as more and more organisations move to Oracle's latest product, Fusion Cloud. The Havering user experience will start to decline and the cost of maintaining the system will increase over time.
- 1.2 Currently our Oracle software is hosted by Capgemini as part of the One Oracle T-Gov2 agreement when six London boroughs signed a hosting agreement in 2012. Newham subsequently joined as a seventh partner and went live in 2016. Havering and Newham are the only remaining parties to that agreement as the other boroughs have moved to Fusion Cloud or other hosting arrangements. The fixed cost of being on that platform is now being borne by Havering and Newham only.
- 1.3 The new Fusion Cloud system allows a standardisation of processes, resilience in technology and certainty about costs. It enables more integration of systems which will support the efficiency agenda, provide an improved user experience and enhance our internal control. The Cloud is a well established way of hosting software.

REASONS AND OPTIONS

2. Reasons for the decision:

The Direct award to Oracle has been recommended based on

2.1 Due to the renewal dates of pre-existing contracts between Havering and other suppliers (non-Oracle) there is a compelling argument to select compliant options that would enable Havering to achieve their targeted Go-Live date in April 2020.

2.2 This would enable cost-avoidance of specific contracts (Capgemini Hosting in June 2020). This financial saving of moving to the Cloud and away from Capgemini has been built into the business case.

2.3 It is possible to procure via Frameworks but they would add:

- Additional costs of minimum 3-8%
- Complicated contracting relationship (examples include limitation on provision of Service Credits on Oracle Cloud)
- The contracts are unlikely to be executed in less than the one month which is needed to meet our April 2020 Go Live date on Fusion
- There is precedence with other local authorities using this procurement route. To-date, all former Capgemini One Oracle customers upgrading from Oracle EBS, to the Oracle Cloud platform have procured the necessary Oracle Cloud Subscription citing: Continuity of service from an existing supplier
- Services and commercial terms not available from any other supplier
- The need for an approach that provided the council with the best value

2.5 Direct Award with or without utilising VEAT is the option that has been used by a number of other councils.

2.6 Alternatives would include:

- G-Cloud 10 Max contracting term of 4 years (resulting in less favourable terms). Additional costs of between 1.5% and 2% Framework. We would need to enable a direct contracting relationship and would need three months & additional costs of between 3 - 8%.

- **Recommendations**

Having evaluated the options available and the time constraints, a direct award to Oracle via a VEAT notice is recommended for the Oracle Software subscription for a period of five years plus an option for another 5 years.

3. The award to Evosys has been recommended based on

3.1 Partner Selection

The considerations customers share with us regarding their choice in Implementation Partners:

- Reference ability – Where have the partner previously delivered the same scope of implementation within a local authority?
- Project approach – Can the Partner offer an accelerated implementation model based on pre-existing IP (“Local Government configuration”)
- Consideration encompassing the above two points: Risk vs Time vs Cost

3.2 Procurement Route

Below is a list of the procurement routes taken by other local authorities when procuring implementation services and details the routes available to the Council:

- **G Cloud 10**
- CCS RM 1042 (Framework now expired)
- **Procured via Health Trust Europe (HTE)**
- CCS RM 1058 (Framework now expired)
- CCS RM 1042 (Framework now expired)
- CCS RM 1058 (Framework now expired)
- CCS RM 1042 (Framework now expired)

Further investigation has identified that the **G Cloud 10** route supports:

1. Competitive process (if needed)
2. A timescale of 1 month
3. Low cost option (between 1.5% and 2%)

- **Recommendations**

Having evaluated the options available and time constraints a direct award to Evosys via G Cloud is recommended for Implementation Services.

Evosys are a platinum partner for Oracle and have achieved successful implementations at other London Boroughs including Lambeth, Camden and Lewisham with good customer feedback. Havering were part of the procurement panel that selected Evosys as the One Oracle Partners preferred Implementation Partner to support the move to Oracle Cloud in 2015/16.

4. Other options considered but discounted:

4.1 The other Procurement Options considered included:

Do nothing

Not viable as it could expose the Council to challenge and unnecessary costs.

Do our own OJEU regulated procurement

Not viable as timeframes do not permit and it is likely to cost more than using existing frameworks.

Use the Bloom framework for engaging with consultants

This is a viable option for the implementation partner however, it does not cover software and licences, timescales do not permit and may be more expensive than other frameworks that are available.

Use Health Trust Europe ICT Framework

This is technically a viable option for both Implementation Partner and licences elements, but this framework is meant for NHS organisations as opposed to Local Authorities so is not necessarily off the shelf and would need “tweaking” to potentially make it viable for Havering. This framework has been discounted as there are more appropriate off the shelf frameworks that can be utilised.

Use the Lambeth Oracle contract

Liaison with Lambeth Council directly has identified that Lambeth Council procured a contract in 2016 through CCS Framework RM1058, on behalf of all One Oracle participating councils, of which oneSource officers actively participated in this procurement and were part of the specification development and tender evaluation panel.

However, following consultation with Legal, this option has been discounted as Havering did not sign the contract at the time of award (2016) and have therefore not announced publicly by way of a notice in Contracts Finder any award in 2016. Lambeth have no contract documentation evidencing Havering as being a party to this contract.

4.2 A cost benefit analysis was carried out based on remaining on the ‘as is’ system and platform. This was assessed and discounted on financial grounds as well as not given us certainty around resilience and customer experience.

4.3 A joint project implementation and upgrade to the Cloud with Newham was considered but discounted due to the need to progress quickly and keep a separate governance approach.

4.4 A replacement for the current systems was considered but discounted on the basis of cost of change i.e. procurement process, hardware and software licences, implementation costs of new software opposed to an upgrade as suggested in this business case.

IMPLICATIONS AND RISKS

5. Financial implications and risks:

5.1 Project investment of £4.5m is required which is the mid range of the modelling that was done for the project, including a mid range approach to change management and a contingency of 10%.

5.2 As this is a cloud based system, the costs cannot be capitalised, however this has been classified a transformation project and as such will be funded from Capital Receipts utilising the “flexible use of capital receipts “ criteria which allows the funding of revenue costs which are transformational in nature and deliver an ongoing saving.

5.3 Project and running costs over 10 years are £11.5m (inclusive of the £4.5m one off investment). The estimated costs of the current arrangements are £16.5m over the 10 years and estimated costs of new contracts on the current platform are £23m over the 10 years. As such over 10 years the project will save between £5m to £11.5m net of the project and running costs. This is in terms of cost avoidance rather than against budget as many of the increased costs in future years are yet to be included within the MTFS. Annual running costs of Oracle Fusion are estimated between £605k to £630k compared with a budget of £820k, thus delivering a budgetary saving of between £190k and £215k per annum which will contribute towards the Medium Term Financial Strategy. Should further modules be implemented the budgetary savings will reduce accordingly.

5.4 The initial investment of £4.5m pays back between 3.1 to 4.1 years based on future budget and cost avoidance savings made by going to the Cloud subscription model.

5.5 A further breakdown of costs and financial summary are included as part of this report as per Appendix B and C respectively.

6. Legal implications and risks:

6.1 The request is for Cabinet to approve the recommendations stated above, namely the implementation of an Oracle Cloud system, Fusion, by 2020 at a cost of £4.5 million and to award the specific contracts off the stated frameworks and delegate authority to the Chief Operating Officer to procure and award contracts for change management and arrange the necessary contractual documents in respect of all the arrangements.

6.2 Service contracts over the value of £181,302 need to comply with the Public Contracts Regulations 2015 ('Regs'). Compliance with the Regs is met by utilising an existing Framework which are accessible to the Council.

6.3 The cost of moving to a new system in its entirety is prohibitive to the Council and as such has opted to award a contract to upgrade to Fusion Cloud. Where the Council considers the award of a contract to Oracle Fusion Cloud without prior publication of a contract notice, to be permitted under the Regulations, the Council can elect to publish in the Official Journal of the European Union a voluntary ex ante transparency (VEAT) notice expressing its intention to enter the contract. The Council must have grounds on which they properly consider that they may do so. VEATs alert other economic operators to the contracting authorities' intention to award the contract without publication and competition, and give them an opportunity to challenge the proposal if they consider it unlawful. If these requirements are complied with and there are no objections to the VEAT within the prescribed time, other economic operators will not be able to seek a declaration of ineffectiveness.

6.4 The Council under the Localism Act 2011 has a general power of competence, as it gives the Council the legal capacity to do anything than an individual can do, that is not specifically prohibited. In addition, the Council has a general power under section 111 of the Local Government Act 1972 to do anything that is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions thus provides the Council with a general power to enter into contracts for the discharge of any of its functions such as those detailed within this report.

6.5 The Council under section 101 of the Local Government Act 1972 may arrange for the discharge of any of its functions to an officer, The Council has to be clear whether the request for delegation is clear, which power is being proposed to be delegated and the scope of the delegation. The Council is aware that any delegation will not prevent the Council from exercising those functions.

6.6 The power to make joint arrangements such as those with London Borough of Lambeth, originates, section 1 of the Local Authorities (Goods and Services) Act 1970 and sections 101, 111,112 and 113 of the Local Government Act 1972. The functions here, relate to technical know how services and related activity and these are matters within the power of the Councils.

6.7 The operation of a the programme may raise personal data issues under the General Data Protection Regulations and the Data Protection Act 2018 and the

Council's Data Protection Officer will be involved in the programme and any Data Protection Impact Assessment duly undertaken.

6.8 The recommendations in this report are in line with the Councils statutory powers, Constitution and Contract Standing Orders to achieve best value in making the most economical advantageous arrangement.

6.9 Contractual arrangements exceeding £150,000 are subject to execution under seal in line with the Councils Constitution.

7. Human Resources implications and risks:

7.1 Resourcing up to support the projects 52 weeks timescale will be a challenge, the project will be resourced from a mixture of contract resource who will backfill and Havering staff who will where possible take the lead on key decision making and be involved in the day to day running of the project. The project team will consist of approximately 20-30 full time individuals at any one time, plus when appropriate resources will be drawn from across the organization to support User Acceptance Testing.

7.2 To minimise the impact of BAU whilst implementing, detailed project planning will need to be undertaken with both the functions that will support the project delivery and the customers impacted. Stakeholder mapping will be a key activity undertaken at the start of the programme to identify key resource requirements, and the detailed project plan will in advance identify key pinch points.

7.3 Change overload on workforce is a key risk and this will be mitigated where possible by appropriate planning and engagement, backfilling to enable the project to be supported from Havering staff and by implementing a detailed communications plan to keep those impacted updated so they too can do resource and prioritisation planning.

8. Equalities implications and risks:

8.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

8.2 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

BACKGROUND PAPERS

None

Appendices:

Appendix A - Full Business case, Appendix B - Project Costs, Appendix C – Financial Summary



Business Case Template including Funding Application

Date: Tuesday, 05 February 2019

Version number: 00001



| | | |
|----------------------------------|-------------------------------|--|
| Project title: | Project Manager: | Senior Responsible Officer: |
| Oracle Upgrade to Fusion | Mark Hobson | Jane West |
| Directorate: | Corporate Theme: | Estimated cost of project: Revenue / Capital / Ongoing |
| Pan Havering BC | Enabling | £11.5m over 10 years including project & running costs |
| Finance Business Partner: | Board/Governance Lead: | Projected cost savings: Incremental Revenue Savings |
| Sam Gable | Mark Hobson | Over 10 year the project will save between £5m to £11.5m net of project and running costs. |

| 1. Project overview | |
|---|---|
| What is the reason for the project? | <p>The project is simply an upgrade from our current Corporate System Oracle platform moving to the next generation platform know as Fusion which is Oracle's name for the Cloud.</p> <ul style="list-style-type: none"> - The current Oracle platform is not being invested in anymore by Oracle - Is not future proofed and will ultimately go out of Oracle support - The current cost will increase significantly from our current IT provider Cap Gem as the partner London Borough's themselves move from the existing T-Gov2 arrangement to the cloud and those remaining receive a high burden of the fixed costs. - Standardisation of processes, resilience in technology, certainty about costs - More integration of systems which will support the efficiency agenda, provide an improved user experience and enhance our internal control environment. |
| What specific problem is the project solving? | <p>Cost avoidance: The fixed costs associated with Havering's backoffice platform provided by Capgemini will increase by 30% in July 2019 (£300k). There is a significant risk that these costs will increase by a further 100% in July 2020 (£723k) as Havering could be left to fund all of the fixed Cap Gem costs £1.45m p.a.</p> <p>This project will avoid the potential for increased costs in July 2020 and provide Havering with lower & much more predictable costs for the foreseeable future.</p> |

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| | <p>Whilst there are clear benefits from lowered operating costs by moving to the target operating model, the bulk of the financial justifications for the project are created by the need to avoid known and increasing costs.</p> <p>The main source of these increasing costs are those of the Capgemini t-Gov2 platform. In addition to the rising Capgemini costs, it appears that Capgemini have little to no interest in delivering innovation or additional flexibility in service consumption or additional capabilities to the platform.</p> <p>The proposed project would be a key part of the wider transformation programme at Havering. The key outcomes from the project scope would be the enablement of modern working practices (e.g. agile and mobile working), provision of improved management information to drive decision making and implement a number of process efficiencies to core back office processes at the council as part of standardising activity.</p> <p>The new platform will deliver improved user experiences and improved self-service capabilities. In addition the introduction of new capabilities relating to the detection and prevention of fraud will lessen the council's risk exposure and assist their annual auditing process.</p> |
| <p>What total investment is required?</p> | <p>The total investment required is £4.5m to fund the implementation of this upgrade.</p> <p>The £4.5m covers a mixture of resource costs, Oracle licencing, implementation costs from a 3rd party organisation, change management capacity and an insurance type fee from Lambeth BC who's business case we have based this one on, there is also an industry standard 10% contingency included within this investment, the program is modelled on a 52 weeks project life cycle.</p> <p>Detailed costings are available, as are a range of sensitivities modelled as part of this work.</p> |
| <p>What options have been considered?</p> | <p>The alternative option that has been considered is one of remaining 'as-is' on the existing platform.</p> <p>No option was considered other than variation of the existing Oracle product that is already well established and embedded in Havering.</p> |
| <p>What are the benefits that will be delivered?</p> | <ul style="list-style-type: none"> • Financial benefits are a payback of between 3.1 years to 4.1 years and in cash terms £5m to £11.5m over the 10 year period. • Modernised back office applications supporting 'Best Practice' working processes • Enablement & support of modern working trends (agile / mobile working, real-time management information) • Consolidated number of applications (Oracle EBS, TalentLink Recruitment Platform and Collaborative Planning applications will all be replaced by a single platform) giving the user a better more joined up experience • More efficient workflows and processes delivered through more functions being supported by a single platform • Benefits of Software as a Service based applications (all maintenance provided by vendor as part of fixed costs, new innovation provided on a quarterly basis) • A future-proofed platform with lower and much more predictable operating costs |
| <p>What are the key business impacts both positive and negative?</p> | <p>Positive</p> <ul style="list-style-type: none"> • Reduced future operating costs • Predictable future operating costs • Simplified workflows and processes & enhanced customer experience |

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|--|---|
| | <ul style="list-style-type: none"> • Lowered staff training costs • Stronger internal control environment • Reduced reliance on traditional workforce facilities (desks, phones etc) • Up-skilling of internal Havering and OneSource staff as a result of project knowledge transfer • Future possibilities for providing council-to-council support to other authorities on similar projects <p>Negative</p> <ul style="list-style-type: none"> • Up-front investment of £4.5m • Disruption to day-to-day operations during project • Significant amounts of backfill resource will need to be recruited to support a successful implementation and to maintain a steady state BAU • Will need the Organisation to make this one of its top priorities to fully implement and embed. • Need to deliver Business Change to support new systems and processes |
|--|---|

| 2. Delivering the Project | |
|---|---|
| How will the project be delivered? | <p>An implementation partner approach with a clearly defined scope that has been successfully delivered by the specific professional services partner at other London Boroughs including Lambeth.</p> <p>Additional, formalised & contracted support services provided by the London Borough of Lambeth, who have provided a lot of the learning in the business case we have constructed.</p> |
| Delivery Confidence RAG Rating | |
| <input type="checkbox"/> Red - Completely new approach, a new pilot and/or process with a new supplier. <input type="checkbox"/> AMBER – Known method/process/supplier but not used before. <input checked="" type="checkbox"/> GREEN – Tried and trusted method/process with known supplier. | |
| What are the top level milestones for the project? | <p>Project Due Diligence, Approvals, Contracting completed by end of February 2019</p> <p>Project start in March – April 2019</p> <p>Each of the following Project Stages has tangible exit / success criteria that must be approved by the council before the project can proceed to the subsequent Stage:</p> <ul style="list-style-type: none"> • Readiness & Planning stage completed within 2-3 weeks • Advisory stage completed within 3-5 weeks • Business Readiness stage completed within 6 weeks • Design stage completed within 12-16 weeks • Orchestrate stage completed within 9-12 weeks • Prepare stage completed within 5-10 weeks • Transition stage completed within 2-3 weeks • Project Go-Live no later than April 2020 |
| Route to approval if known | |
| <input type="checkbox"/> Consultation <input type="checkbox"/> Key Decision <input checked="" type="checkbox"/> Non key Decision <input type="checkbox"/> Cabinet Approval <input checked="" type="checkbox"/> Other (specify) | |
| Date: Date: Date: Date: Date: | |
| What are the top level risks to the project? | <p>RISK: The need to recruit and back-fill roles to support the upgrade from functional leads to UAT resource for both the professional service to the customer. It should be noted, there is no capacity currently within the BAU teams to support this upgrade. This risk has been partly mitigated through:</p> <ul style="list-style-type: none"> • Appropriately budgeting for the required resources • Establishing an early recruitment cycle • Establishing secondment links with London Borough of Lambeth |

RISK: Budget Overspend
This risk has been mitigated through:

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| | <ul style="list-style-type: none"> • Timelines and costs for each Project Stage have been specified with a level of contingency as standard. It is assumed that unforeseen challenges will occur during the project and there is a degree of flexibility to allow for this without impacting project timelines or budget expectations • Council to Council engagement with the London Borough of Lambeth will serve to expedite stages of the project including the use of existing assets and guidance to expedite decision making and conflict resolution where needed. However, the project timelines and cost estimates have NOT been reduced based on this support <p>RISK: Working with existing provider to extract data This risk has been mitigated through:</p> <ul style="list-style-type: none"> • Early engagement and negotiation • Learn from the other Boroughs who have migrated away from the T-Gov2 Cap.G platform <p>RISK: That the due diligence that we undertake finds more issues (data/ processes etc..) than anticipated This risk has been mitigated through:</p> <ul style="list-style-type: none"> • Start the Due diligence early enough and flush out so we can plan and factor into the program • Contingency of £450k is included in the financials and we anticipate this should cover off any issues discovered. <p>RISK: Unforeseen Issues pre & post Go-Live This risk has been mitigated through:</p> <ul style="list-style-type: none"> • Clear and contracted go live criteria before UAT starts and before we can go live. • Proposed project costs include a significant investment in post Go-Live support services (24 weeks) including 16 weeks of on-site resources to support post Go-Live activity |
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| <p>What assumptions have been made?</p> | <p>Assumptions have been made on:</p> <p>This is an upgrade of existing Oracle software from E Business to Oracle Cloud (Fusion), and the assumption is that we can contract with the Fusion implementation partner without significant procurement process as many others have already done without challenge.</p> <p><u>Solution scope</u> The specific solution scope that is proposed has been based on providing, as a minimum, an as-is replacement solution for the existing Oracle e-Business Suite solution. In <u>addition</u>, the proposed solution scope provides replacement solutions to support the Recruitment and Financial Planning functions, which are currently supported by the following applications:</p> <ol style="list-style-type: none"> 1. Lumesse TalentLink (Recruitment Platform) 2. Advanced Business Solutions Collaborative Planning (Financial Planning solution) <p><u>Interfaces</u> It is assumed that the scope of integration requirements are limited to interfacing Oracle Cloud with all existing integration points – a list of all existing integration points has been supplied by OneSource.</p> <p><u>Reporting</u> It is assumed that the scope of reporting capabilities required are limited to</p> |
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| | <p>reporting and provision of management information based on data stored within the Oracle Cloud platform and that there is no need to report on data stored in external applications.</p> <p><u>Timelines</u></p> <p>Havering are able to contract for the required Cloud subscription and implementation services in March 2019</p> <p>Any activities referred to as <i>Due Diligence</i> will be completed before the point of contracting in March 2019</p> <p>An implementation project start date in March or April</p> |
| <p>What is included and excluded from scope?</p> | <p><u>IN SCOPE</u></p> <p>An implementation project that would implement a back-office solution that would support Havering’s Finance, Procurement, Financial Planning, HR, Recruitment and Payroll functions.</p> <p>The back-office platform would be provided through Oracle’s Fusion or Oracle Cloud platform and once implemented would enable Havering to decommission the following applications and their associated infrastructure and services agreements:</p> <ul style="list-style-type: none"> • Oracle e-Business Suite (EBS) (ERP Platform) • Lumesse TalentLink (Recruitment Platform) • Advanced Business Solutions Collaborative Planning (Financial Planning solution) <p>The proposed project scope covers:</p> <ul style="list-style-type: none"> • Performance of all pre-project due diligence • Peer to Peer support throughout the project • Design and validation of the required target solution configuration • Completion of the proposed implementation phases • All required activities related to the extraction, cleansing and migration of data • All required activities related to the education of end-users and the adoption of the new platform • Provision of required post Go-Live support services <p><u>OUT OF SCOPE</u></p> <p>The proposed solution scope is designed to provide, at a minimum, replacement capabilities to support the existing Finance, Procurement, Financial Planning, HR, Payroll and Recruitment functions.</p> <p>There are a number of optional modules that could provide new capabilities & benefits to Havering and these are outlined in the Appendix 3.</p> <p>The costs related to the subscription and implementation of these optional modules are not included within the proposed cost envelope.</p> <p>Due diligence is currently under way to establish if there is a business case to be made for this extra functionality versus implementation/ licencing costs as well as modelling the impact on the base upgrade timelines.</p> <p>There may be a situation which concludes we can implement this functionality, it has no impact on the overall 52 week cycle for the base upgrade and we could fund this from contingency.</p> |

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| | It is proposed that via the formal governance route suggested in this business case the Havering COO be given authority to expand the said scope based on this criteria. |
| What project board will this project report to? | It is proposed that a new project Board is established that the Director of Finance & Transformation at Onesource is the Project sponsor and the Havering COO is the SRO and that the project process would follow the Havering governance process and approach. |
| Who are the identified stakeholders for the project? | As part of the project process a full and complete stakeholder map and engagement plan will need to be constructed. The senior stakeholders identified at this stage will include the Havering SLT, the Havering Leader and Cabinet Member for Resources & Finance, the Directors at Onesource for IT, Transactional Services & HR. For this project to be truly successful a cadre of customers at all levels will also need to support this project as well and be represented on the Project Steering Board. |
| Who or what are impacted by this project (including headcount reduction)? | <p>This is an enabling project, detailed benefit realisation has not been completed at this stage as this is about upgrading to a new platform to avoid costs & being left on out of date technology.</p> <p>All Havering staff are assumed to adopt and utilise all the new updated ways of working that the cloud brings but supported by the project with a complete change program etc...</p> |

| 3. What are the critical success factors for the project | |
|--|--|
| Deliverable | Success measure |
| Go-Live on target platform no later than June 30 th 2020 (planned for the 1/4/20) | Cost avoidance: Avoid need to renew Capgemini subscription in July 2020 |
| Provide a replacement Recruitment software platform | Cost reduction: Enable the retirement of active contracts in support of Talentlink no later than June 30th 2020 |
| Provide a replacement Financial Planning software platform | Cost reduction: Enable the retirement of active contracts in support of Advanced Collaborative Planning and Axium no later than June 30th 2020 |

4. Total Cost and Saving Projections please attach appendices if required

Supporting Narrative: Pls see appendix 1 for Project costs
Pls see appendix 2 for Predicted savings (Current versus ongoing)

| Existing Revenue Budget <small>indicate if HRA, Grant, or General fund applicable, Transformation</small> | Yr1 18/19 | Yr2 19/20 | Yr3 20/21 | Yr4 21/22 | Yr5 22/23 | Total |
|--|--------------|--------------|--------------|--------------|--------------|-------|
| Cost centre 1 | | | | | | |
| Cost centre 2 | | | | | | |
| Total: | | | | | | |
| One off Capital costs <small>e.g. significant building modifications</small> | | | | | | |
| Cost A | | | | | | |
| Cost B | | | | | | |
| Total: | | | | | | |
| One off Revenue costs | | | | | | |
| Cost A | | | | | | |
| Cost B | | | | | | |
| Total: | | | | | | |
| Ongoing Costs <small>e.g. Programme Manager, Legal Advice</small> | | | | | | |
| Cost A | | | | | | |
| Cost B | | | | | | |
| Total: | | | | | | |
| Savings <small>e.g. Existing budget less ongoing costs or income generation</small> | | | | | | |
| Saving A | | | | | | |
| Income generation A | | | | | | |
| Total: | | | | | | |

5. Financing the Project

| | |
|---|--|
| <p>What assurances can you give that costs/benefits identified will be delivered?</p> | <p>The following analysis has been performed to validate the proposed costs offer value for money:</p> <ul style="list-style-type: none"> Project costs (resourcing, implementation, on-going costs) have been based on the completed implementation project (similar scope) at the London Borough of Lambeth Existing costs for the 'as-is' model have been verified with existing suppliers. 10 year expenditure projections for the proposed project and the 'as-is' option have been calculated Evidence and due diligence conducted in 2016 in support of a similar proposed project have been utilised and re evaluated Several scenarios have been modelled and this recommend case is the middle of best and worst. |
| | <p>What methods of value for money have be used? eg Benchmarking, soft market testing, competitive analysis:</p> |

| | |
|---|---|
| <p>What are the key financial risks to the proposed option?</p> | <p>Costs from all but one vendors are confirmed (Oracle, Evosys and Lambeth) There is portion of ambiguity surrounding the specific costs that would be charged by our existing vendor, Capgemini, in order to provide Data Extraction and Data Archiving services. In order to mitigate this risk, projected costs for these services are based on costs bore by other local authorities and a dialogue with Capgemini is underway in order to confirm these costs ASAP.</p> |
|---|---|

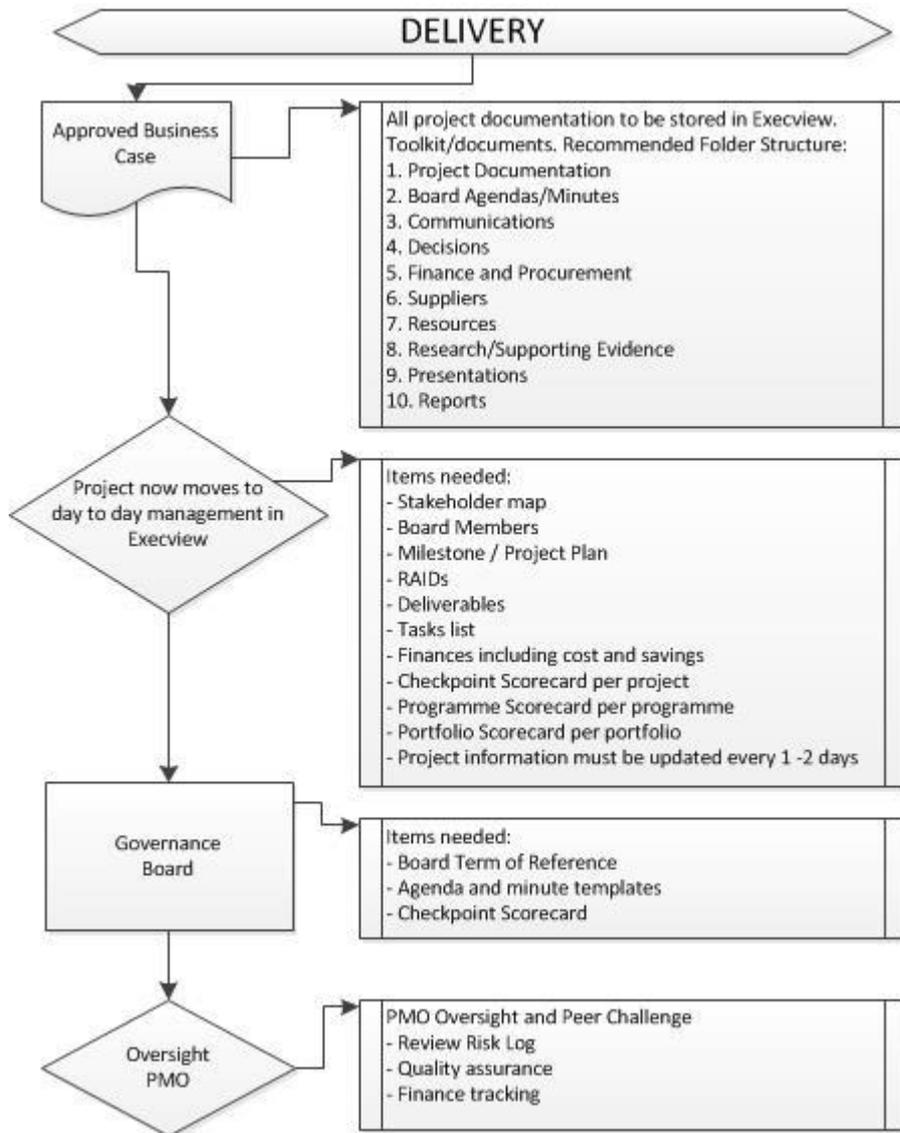
| | <input checked="" type="checkbox"/> RED - Indicative figures that are yet to be ratified, further work required to develop full costings and/or savings. | <input type="checkbox"/> AMBER - Costs and saving identified for part of the project but delivery in some areas is uncertain. | <input type="checkbox"/> GREEN – Costs are known and saving targets are deliverable. |
|---|--|---|--|
| If savings been listed under MTFS or any other savings target please explain? | None | | |
| Can this project be delivered within existing budgets if not why not? | <p>No - This upgrade has not been budgeted for neither has the project resource to support the upgrade. There is no capacity within BAU to support this program.</p> <p>There are choices around how much we spend on change to implement this service, we may also get favourable results on Data Migration and we have a 10% contingency pot of £450k that we are proposing is controlled by the Havering COO.</p> <p>Regular financial monitoring and planning of this program will ensure that the project costs do not slip or overspend.</p> | | |
| What other sources of funding could be considered? | No other source of funding has been considered at this stage. | | |

| 6. Initial Equality & Health Impact Assessment Checklist | | YES | NO | Action |
|---|--|--------------------------|-------------------------------------|---|
| Are you changing, introducing a new, or removing a service, policy, strategy or function? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p>If you answered YES to any of these questions complete full EQHIA</p> <p>If you answered NO Please provide an explanation on why your activity does not require an EQHIA below. <i>This is essential in case the activity is challenged under the Equality Act 2010.</i></p> |
| Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| EQHIA not required: | | | | |
| Further guidance and advice https://intranet.havering.gov.uk/help-with-work/equality-impact-assessment/ | | | | |

| 7. Consultation & Approvals | | | |
|------------------------------|--|-------------------------|--|
| Who has been consulted with? | | Who has approved this? | |
| Risk Management | | Responsible Director | |
| Equality & Diversity | | Chief Financial Officer | |
| HR | | Transformation Board | |
| Legal | | Lead Member | |
| Procurement | | Other Board | |
| | | | |

| Appendix 1 Version History | | |
|----------------------------|-------------|--------------------|
| Revision date | Revision by | Summary of Changes |
| | | |
| | | |
| | | |
| | | |

Delivery



APPENDIX 2 – PROPOSED PROJECT COSTS

| FUNCTION | RESOURCES OR SERVICES | DESCRIPTION | COSTS |
|-------------------------|-------------------------------|--|-----------------------|
| Delivery | Programme Manager | Coordinates multiple projects at once | £ 455,250.00 |
| | Project Manager | Manages the teams responsible for fulfilling a project and achieving its deliverables | |
| | Test Manager | Responsible for the design and delivery of software testing strategies | |
| | Data Migration Lead | Manages the extraction, manipulation and loading of all relevant data | |
| | Data Cleansing Leads (2) | Understanding the existing data model and leading the efforts to validate information | |
| | Cut Over Manager | Designs and executes the Cut Over plan | |
| Change Management | Business Change Manager | Develops and oversees the strategy for managing organisational change and user adoption | £ 342,500.00 |
| | Business Change Lead (2) | Responsible for co-ordinating Change activities in line with Change strategy | |
| | Business Change Agents (2) | Responsible for co-ordinating Change activities in line with Change strategy | |
| Functional | Payroll Lead | Functional lead for Payroll | £ 1,060,200.00 |
| | Payroll Analysts (4) | Performs day-to-day payroll related functions | |
| | HR Lead | Functional lead for HR | |
| | HR Analyst (2) | Performs day-to-day HR related functions | |
| | AP Analyst (2) | Performs day-to-day AP related functions | |
| | AR Analyst (2) | Performs day-to-day AR related functions | |
| | Finance Lead | Functional lead for Finance | |
| | Procurement Lead | Functional lead for Procurement | |
| | Procurement Analyst | Performs day-to-day Procurement related functions | |
| | Finance Analyst (2) | Performs day-to-day Finance related functions | |
| | Learning and Development Lead | Functional lead for Learning and Development | |
| | Project Accounting Lead | Functional lead for Project Accounting | |
| Peer to Peer Support | London Borough of Lambeth | Involvement in project activity lowering risk and supporting decision making process | £ 225,000.00 |
| Implementation Services | Evosys | Cost of all professional services to provide systems implementation and integration | £ 1,070,000.00 |
| Post Go-Live Support | Evosys | Provision of resources on-hand to support the organisation beyond the Go-Live date | £ 420,000.00 |
| Fusion Subscription | Cloud Licences | Costs of all Fusion Services during the first 12 months of the implementation | £ 430,000.00 |
| Report Writing | Cloud Licences | Cost of services or training to enable creation of reports over and over the 40 included | £ 50,000.00 |
| Cappgemini Fees | Cappgemini | Costs from Cappgemini to enable the extraction of data during the project | £ 75,000.00 |
| | | SUB-TOTAL | £ 4,127,950.00 |
| | | TOTALS INCLUDING 10% CONTINGENCY | £ 4,540,745.00 |

Below is a breakdown of our understanding of the resources and services that Havering would need to secure in order deliver the proposed implementation project.

The table above details the proposed costs of £4.5M.

In order to provide an additional level of contingency, **all proposed budgets have been uplifted by 10%** in order to allow for the need to absorb unforeseen issues or complexities that may arise during the project.

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APPENDIX 2 – FINANCIAL SUMMARY

Here we compare the forecasted spend for Havering with both the 'As-Is' situation and the Proposed Project approach.

Both costs are based on expenditure during the 10 year period between the 1st of January 2019 and the 31st of December 2028.

'As-Is' forecasted spend – Scenario 1

| Line Item | Jan 19 - 20 | Jan 20 - 21 | Jan 21 - 22 | Jan 22 - 23 | Jan 23 - 24 | Jan 24 - 25 | Jan 25 - 26 | Jan 26 - 27 | Jan 27 - 28 | Jan 28 - 29 | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
| EBS Support | £ 339,472.56 | £ 339,472.56 | £ 346,262.01 | £ 346,262.01 | £ 346,262.01 | £ 353,187.25 | £ 353,187.25 | £ 353,187.25 | £ 360,251.00 | £ 360,251.00 | |
| Capgemini Hosting | £ 723,000.00 | £ 723,000.00 | £ 737,460.00 | £ 737,460.00 | £ 737,460.00 | £ 752,209.20 | £ 752,209.20 | £ 752,209.20 | £ 767,253.38 | £ 767,253.38 | |
| Shared Application Support | £ 168,000.00 | £ 168,000.00 | £ 171,360.00 | £ 171,360.00 | £ 171,360.00 | £ 174,787.20 | £ 174,787.20 | £ 174,787.20 | £ 178,282.94 | £ 178,282.94 | |
| Financial Planning Support | £ 20,000.00 | £ 20,000.00 | £ 20,400.00 | £ 20,400.00 | £ 20,400.00 | £ 20,808.00 | £ 20,808.00 | £ 20,808.00 | £ 21,224.16 | £ 21,224.16 | |
| Annual Change Costs | £ 15,000.00 | £ 15,000.00 | £ 15,300.00 | £ 15,300.00 | £ 15,300.00 | £ 15,606.00 | £ 15,606.00 | £ 15,606.00 | £ 15,918.12 | £ 15,918.12 | |
| Recruitment Support | £ 100,000.00 | £ 100,000.00 | £ 102,000.00 | £ 102,000.00 | £ 102,000.00 | £ 104,040.00 | £ 104,040.00 | £ 104,040.00 | £ 106,120.80 | £ 106,120.80 | |
| Archiving Costs | £ 30,000.00 | £ 30,000.00 | £ 30,600.00 | £ 30,600.00 | £ 30,600.00 | £ 31,212.00 | £ 31,212.00 | £ 31,212.00 | £ 31,836.24 | £ 31,836.24 | |
| EBS Upgrade Costs | £ - | £ - | £ - | £ - | £ 750,000.00 | £ - | £ - | £ - | £ - | £ 750,000.00 | |
| Recruitment Upgrade Costs | £ 150,000.00 | £ - | £ - | £ - | £ 150,000.00 | £ - | £ - | £ - | £ - | £ 150,000.00 | |
| | | | Indexation of 2% | | | Indexation of 2% | | | Indexation of 2% | | |
| TOTAL | £ 1,545,472.56 | £ 1,395,472.56 | £ 1,423,382.01 | £ 1,423,382.01 | £ 2,323,382.01 | £ 1,451,849.65 | £ 1,451,849.65 | £ 1,451,849.65 | £ 1,480,886.64 | £ 2,380,886.64 | £ 16,328,413.40 |

'As-Is' forecasted spend – Scenario 2

| Line Item | Jan 19 - 20 | Jan 20 - 21 | Jan 21 - 22 | Jan 22 - 23 | Jan 23 - 24 | Jan 24 - 25 | Jan 25 - 26 | Jan 26 - 27 | Jan 27 - 28 | Jan 28 - 29 | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
| EBS Support | £ 339,472.56 | £ 339,472.56 | £ 346,262.01 | £ 346,262.01 | £ 346,262.01 | £ 353,187.25 | £ 353,187.25 | £ 353,187.25 | £ 360,251.00 | £ 360,251.00 | |
| Capgemini Hosting | £ 723,000.00 | £ 1,446,000.00 | £ 1,474,920.00 | £ 1,474,920.00 | £ 1,474,920.00 | £ 1,504,418.40 | £ 1,504,418.40 | £ 1,504,418.40 | £ 1,534,506.77 | £ 1,534,506.77 | |
| Shared Application Support | £ 168,000.00 | £ 168,000.00 | £ 171,360.00 | £ 171,360.00 | £ 171,360.00 | £ 174,787.20 | £ 174,787.20 | £ 174,787.20 | £ 178,282.94 | £ 178,282.94 | |
| Financial Planning Support | £ 20,000.00 | £ 20,000.00 | £ 20,400.00 | £ 20,400.00 | £ 20,400.00 | £ 20,808.00 | £ 20,808.00 | £ 20,808.00 | £ 21,224.16 | £ 21,224.16 | |
| Annual Change Costs | £ 15,000.00 | £ 15,000.00 | £ 15,300.00 | £ 15,300.00 | £ 15,300.00 | £ 15,606.00 | £ 15,606.00 | £ 15,606.00 | £ 15,918.12 | £ 15,918.12 | |
| Recruitment Support | £ 100,000.00 | £ 100,000.00 | £ 102,000.00 | £ 102,000.00 | £ 102,000.00 | £ 104,040.00 | £ 104,040.00 | £ 104,040.00 | £ 106,120.80 | £ 106,120.80 | |
| Archiving Costs | £ 30,000.00 | £ 30,000.00 | £ 30,600.00 | £ 30,600.00 | £ 30,600.00 | £ 31,212.00 | £ 31,212.00 | £ 31,212.00 | £ 31,836.24 | £ 31,836.24 | |
| EBS Upgrade Costs | £ - | £ - | £ - | £ - | £ 750,000.00 | £ - | £ - | £ - | £ - | £ 750,000.00 | |
| Recruitment Upgrade Costs | £ 150,000.00 | £ - | £ - | £ - | £ 150,000.00 | £ - | £ - | £ - | £ - | £ 150,000.00 | |
| | | | Indexation of 2% | | | Indexation of 2% | | | Indexation of 2% | | |
| TOTAL | £ 1,545,472.56 | £ 2,118,472.56 | £ 2,160,842.01 | £ 2,160,842.01 | £ 3,060,842.01 | £ 2,204,058.85 | £ 2,204,058.85 | £ 2,204,058.85 | £ 2,248,140.03 | £ 3,148,140.03 | £ 23,054,927.76 |

Proposed Project forecasted spend

| Line Item | Jan 19 - 20 | Jan 20 - 21 | Jan 21 - 22 | Jan 22 - 23 | Jan 23 - 24 | Jan 24 - 25 | Jan 25 - 26 | Jan 26 - 27 | Jan 27 - 28 | Jan 28 - 29 | |
|----------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
| EBS Support | £ 339,472.56 | £ 24,544.91 | | | | | | | | | |
| Capgemini Hosting | £ 723,000.00 | | | | | | | | | | |
| Shared Application Support | £ 168,000.00 | | | | | | | | | | |
| Financial Planning Support | £ 20,000.00 | | | | | | | | | | |
| Annual Change Costs | £ 15,000.00 | | | | | | | | | | |
| Recruitment Support | £ 100,000.00 | | | | | | | | | | |
| Archiving Costs | £ 30,000.00 | £ 75,000.00 | £ 75,000.00 | £ 75,000.00 | £ 75,000.00 | £ 76,500.00 | £ 76,500.00 | £ 76,500.00 | £ 78,030.00 | £ 78,030.00 | |
| EBS Upgrade Costs | | | | | | | | | | | |
| Recruitment Upgrade Costs | | | | | | | | | | | |
| Implementation Costs | £ 4,540,745.00 | | | | | | | | | | |
| Oracle Cloud Subscription | | £ 430,000.00 | £ 430,000.00 | £ 430,000.00 | £ 430,000.00 | £ 438,600.00 | £ 438,600.00 | £ 438,600.00 | £ 438,600.00 | £ 438,600.00 | |
| Support Services | | £ 100,000.00 | £ 100,000.00 | £ 100,000.00 | £ 100,000.00 | £ 102,000.00 | £ 102,000.00 | £ 102,000.00 | £ 102,000.00 | £ 102,000.00 | |
| | | | | | | Indexation of 2% | | | | | |
| TOTAL | £ 5,936,217.56 | £ 629,544.91 | £ 605,000.00 | £ 605,000.00 | £ 605,000.00 | £ 617,100.00 | £ 617,100.00 | £ 617,100.00 | £ 618,630.00 | £ 618,630.00 | £ 11,469,322.47 |

The 'as-is' forecasted spend will be MIN / MAX:

MIN £16.5M – MAX £23M

The proposed project forecasted spend is:

£11.5M

The proposed project would deliver savings of approximately **£5M and £11.5M between January 2019 and January 2029.**

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CABINET

6 February 2019

Subject Heading:

Capital Strategy and Programme

Cabinet Member:

Councillor Damian White, Leader

SLT Leads:

Jane West
(Chief Finance Officer)

Report Author and contact details:

Mark White
Capital Finance Manager
01708 433624
mark.white@onesource.co.uk

Policy context:

This report presents the Council's Capital Strategy and associated Capital Programme for agreement by Cabinet and recommendation on to Council for consideration and approval.

Financial summary:

The Council is required to approve the Capital Strategy as per the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice. The Council is required to set a balanced budget and the capital strategy and subsequent capital programme form part of this process. The financial implications of this strategy are included as part of the 2019/20 Budget Medium Term Financial Strategy report elsewhere on this agenda.

Is this a Key Decision?

Yes

Is this a Strategic Decision?

Yes

When should this matter be reviewed?

Annually

Reviewing OSC:

Overview and Scrutiny Board

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

| | |
|-------------------------------|-------|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

SUMMARY

The Council is required by statute (the Prudential Code for Capital Finance in Local Authorities, 2017 Edition) to agree the capital programme and associated capital strategy. Local authorities are required to have regard to the current editions of this code by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) Regulations 2003 [SI 3146].

This report sets out the Authority's Capital Strategy and presents the Council's proposed capital budget for 2019/20 and the medium term.

RECOMMENDATIONS

Cabinet is asked to:

1. **Approve** the capital strategy contained within this report noting its impact on both the capital programme and overall contribution to the setting of the revenue budget for 2019/20 and beyond
2. **Recommend to Council for consideration and approval** the 2019/20 and ongoing Capital Programme (subject to business cases for the regeneration schemes being approved in line with the governance process)
3. **Agree** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.
4. **Approve** the use of capital receipts to fund the revenue costs of two eligible proposals – the Oracle and CRM system transformations – under the MHCLG Guidance on the Flexible Use of Capital Receipts.
5. **Agree** that externally funded schemes can be added to the capital programme up to £500k as and when funding is confirmed. Any external funding over £500k will be subject to approval by the Chief Financial Officer.
6. **Agree** that the relevant Cabinet Member, together with the Cabinet Member for Finance and Property be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved programme under the block programme allocations or delegation arrangements set out in this report.

7. **Note** the capital prudential indicators included within the capital strategy when approving the capital programme to ensure affordability.

REPORT DETAIL

1. Capital Strategy

1.1 Overview

- 1.1.1 This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It should be read in conjunction with the following reports, all of which can be found elsewhere on this agenda:

- Treasury Management Strategy Statement (TMSS)
- Medium Term Financial Strategy (MTFS)
- HRA Business Plan and rent setting report
- Investment and Regeneration Business Cases

The capital strategy is underpinned by the strategic aims of the Council as outlined in the Corporate Plan – Cleaner, Safer and Prouder Together, which is seeking formal approval elsewhere on the agenda. The future capital investment will be focused into the delivery of these objectives for the Council.

- 1.1.2 The corporate plan includes the four objectives below;

- Opportunities – Making life better
- Place – Great place to live
- Connections – Making life easier
- Communities – A helping hand

The Council is investing in major developments across the borough as part of the Regeneration schemes and Mercury Land Holdings portfolio, planning to deliver new and replacement affordable homes and enabling self sustaining communities to grow.

- 1.1.3 The capital programme includes an investment in the core infrastructure of carriageways and footways, and the capital programme recognises the commitment to managing the performance, risk and expenditure on its infrastructure assets.
- 1.1.4 The asset management investment focuses on maintaining the core assets including the office estate, schools and other operational buildings against an asset management plan. The Council is currently undertaking an Accommodation Strategy refresh and looking at rationalising its estate and maximising the utilisation of those assets. A paper is being produced for Cabinet setting out the Council's Asset Management Strategy. The Council has brought together its budgets in relation to its operational asset management into a Corporate Landlord function which prioritises repairs and maintenance across the office estate and operational buildings. Ongoing repairs and maintenance budgets, including funding for health and safety work, are built into both the revenue budget and capital programme.

1.2 Governance of capital approvals

- 1.2.1 The capital programme, which is updated for new proposed schemes, revised profiling, slippage and changes in expenditure projections is presented to full Council every year for approval. Council approval of the programme gives an allocation to budget managers in the capital programme. Separate approval is required in line with the financial regulations, delegations and approved budget envelopes. The capital programme reported here covers the current MTFS reporting period of four years, However with the Council's engagement in longer term capital investments the timeframe over which the capital programme and financing costs are monitored extend beyond this period.
- 1.2.2 The process for including new schemes in the 2019/20 capital programme was undertaken as part of corporate budget setting, with a standardised bidding process. Project outlines were considered in terms of delivery of corporate objectives or operational plans, and a shortlist of schemes were approved for the production of outline business cases for consideration by Cabinet.
- 1.2.3 Any bids for capital funding outside the approved capital programme in year would need to include a business case demonstrating either a clear link to corporate objectives or the requirement to meet an operational imperative, establish the funding source to meet the cost and follow approval processes laid down in the Council's standing orders and financial regulations.
- 1.2.4 There is an established methodology for the development of project documentation and business cases, overseen by the corporate Programme Management Office. There is a corporate system which holds the key programme performance and delivery information used to manage and monitor the milestones, risk and outcomes of the programmes.

- 1.2.5 The above investments and processes are taking place against a background of austerity and significant uncertainty in the future sources of funding for local government. It is therefore a key aim of the Council's capital strategy that it delivers a financial return on investment, such as capital receipts or new revenue streams, or delivers key strategic priorities.
- 1.2.5 Value for money (VFM) is a key component of capital projects. As part of the business case development and evaluation process, projects will need to show that all options have been considered and that the option that has been chosen is cost efficient and effective. The monitoring and management of these projects against the business case assumptions ensures that the focus on value for money remains for the life of the project.
- 1.2.6 The Council has chosen not to invest in purely commercial projects. Its capital investment is primarily related to increasing and improving the provision of a rich mix of housing tenures that help to address the acute housing need in the borough. There is a commercial return built into a number of the schemes but this is not the predominant focus for the Council.

2. 2019/20 – 2024/25 General Fund (GF) Capital Programme

2.1 Overview

- 2.1.1 In November 2018, Cabinet considered the new capital bids for inclusion in the 2019/20 – 2024/25 programme. After taking into consideration the existing approved capital programme, new bids and the capital investment plans, the full proposed capital programme has been developed for Members to approve.
- 2.1.2 New requirements under the Prudential Code require the Council to separate out its main Capital Programme from its Capital Investments. These were combined previously. The following sections of this report set out:-
- the existing main programme (section 2.2)
 - the new bids proposed for the main programme (section 2.3)
 - amendments to the Regeneration Programme (section 2.4)
- 2.1.3 The capital budgets submitted for approval of expenditure are presented excluding anticipated slippage from the existing capital programme. Actual slippage will be reported and rolled forward into 2019/20 as part of the closure of the 2018/19 accounts.
- 2.1.4 The 2019/20 GF Capital Programme does not include HRA capital spend which is approved through the HRA Business plan report.

2.2 Existing Capital Programme

2.2.1 Table 1 below splits out the existing already approved capital programme by key themes whilst Appendix 1 sets out the full 2019/20 and beyond existing capital programme, revised to reflect the current position on the existing schemes eg to incorporate slippage and in-year budget virements.

Table 1 - Existing Capital Programme & Funding

| Summary of Existing Approved Capital Programme | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|--|---------------|---------------|--------------|--------------|---------------|
| | £m | £m | £m | £m | £m |
| Adults Services | 0.000 | 2.800 | 0.000 | 0.000 | 2.800 |
| Cemeteries and Crematoriums | 0.998 | 1.500 | 0.000 | 0.000 | 2.498 |
| Childrens Services | 1.950 | 0.000 | 0.000 | 0.000 | 1.950 |
| Corporate Assets | 0.527 | 0.077 | 0.000 | 0.000 | 0.604 |
| Environment | 0.020 | 0.000 | 0.000 | 0.000 | 0.020 |
| Highways | 2.351 | 2.000 | 2.000 | 2.000 | 8.351 |
| IT Infrastructure | 1.000 | 0.620 | 0.620 | 0.620 | 2.860 |
| Leisure | 11.930 | 5.668 | 0.854 | 0.485 | 18.937 |
| Libraries | 0.112 | 0.028 | 0.000 | 0.000 | 0.140 |
| Parks & Open Spaces | 0.134 | 0.000 | 0.000 | 0.000 | 0.134 |
| Economic Regeneration | 8.239 | 3.295 | 0.000 | 0.020 | 11.554 |
| Schools Expansions Programme | 18.887 | 6.254 | 2.000 | 0.000 | 27.141 |
| Schools Maintenance | 1.757 | 0.261 | 0.000 | 0.000 | 2.018 |
| Total Capital Expenditure | 47.905 | 22.503 | 5.474 | 3.125 | 79.007 |
| Funding | | | | | |
| Capital Receipts | 5.140 | 2.947 | 0.000 | 0.000 | 8.087 |
| Revenue and Reserve Contributions | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Grants | 25.355 | 9.771 | 2.000 | 0.020 | 37.146 |
| Section 106/ CIL | 1.339 | 0.000 | 0.000 | 0.000 | 1.339 |
| Borrowing | 16.072 | 9.784 | 3.474 | 3.105 | 32.435 |
| Total Funding | 47.905 | 22.503 | 5.474 | 3.125 | 79.007 |

2.3 New Capital Bids

2.3.1 In addition to the existing capital programme there has also been a review of the future capital requirements undertaken across the business. A shortlist of proposals was initially considered by Cabinet in November 2018. The updated new bids are shown in Table 2 below. Cabinet is asked to recommend these bids to Council for approval as part of the approval of the total Capital Programme.

Table 2 – New Capital Programme for approval

Cabinet 6 February 2019

| Internally Funded Schemes Presented for Approval | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | Total £m |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Highways | | | | | | |
| Highways Infrastructure Investment Programme | 8.800 | 10.000 | 0.000 | 0.000 | 0.000 | 18.800 |
| Parking Investment | 1.200 | 0.000 | 0.000 | 0.000 | 0.000 | 1.200 |
| Environment | | | | | | |
| CCTV Investment | 0.250 | 0.000 | 0.000 | 0.000 | 0.000 | 0.250 |
| Economic Regeneration | | | | | | |
| Bridge Close - School | 0.000 | 8.289 | 4.910 | 2.455 | 0.000 | 15.654 |
| Bridge Close - Medical Facility | 0.000 | 0.000 | 2.278 | 1.639 | 1.229 | 5.146 |
| IT Infrastructure | | | | | | |
| Oracle Cloud Enterprise Resource Planning System | 4.500 | 0.000 | 0.000 | 0.000 | 0.000 | 4.500 |
| Customer Relationship Management System | 1.800 | 0.000 | 0.000 | 0.000 | 0.000 | 1.800 |
| Capital Contingency | | | | | | |
| Capital Contingency | 2.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.000 |
| Total Internally Funded Schemes | 18.550 | 18.289 | 7.188 | 4.094 | 1.229 | 49.350 |
| | | | | | | |
| | | | | | | |
| Externally Funded Schemes Presented for Approval | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | Total £m |
| Schools Expansions & Maintenance | | | | | | |
| Schools Maintenance Programme 19/20 | 2.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.000 |
| Schools Basic Needs 20/21 | 0.000 | 21.953 | 0.000 | 0.000 | 0.000 | 21.953 |
| Additional SEN Grant | 0.598 | 0.000 | 0.000 | 0.000 | 0.000 | 0.598 |
| Environment | | | | | | |
| TFL Local Implementation Plan Grant 2019/20 | 1.918 | 0.000 | 0.000 | 0.000 | 0.000 | 1.918 |
| Housing (GF) | | | | | | |
| Disabled Facilities Grant | 1.680 | 0.000 | 0.000 | 0.000 | 0.000 | 1.680 |
| Total Externally Funded Schemes | 6.196 | 21.953 | 0.000 | 0.000 | 0.000 | 28.150 |
| | | | | | | |
| TOTAL NEW GF CAPITAL PROGRAMME | 24.746 | 40.242 | 7.188 | 4.094 | 1.229 | 77.500 |
| | | | | | | |
| | | | | | | |
| Funding Sources of Schemes Presented for Approval | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | Total £m |
| Capital Receipts | 8.300 | 0.000 | 0.000 | 0.000 | 0.000 | 8.300 |
| Revenue and Reserve Contributions | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Grants | 6.196 | 21.953 | 0.000 | 0.000 | 0.000 | 28.150 |
| Section 106/ CIL | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Borrowing | 10.250 | 18.289 | 7.188 | 4.094 | 1.229 | 41.050 |
| TOTAL FUNDING | 24.746 | 40.242 | 7.188 | 4.094 | 1.229 | 77.500 |

2.3.2 Details of the additional projects being proposed to be added to the capital programme are as follows:-

- An additional £10m per annum in 2019/20 and 2020/21 is to be added into the Highways investment programme funded from the additional traffic and parking income proposed in the Improving Traffic Flows Strategy.
- An additional £250k is to be built in for investment into CCTV. The current CCTV system requires investment. The equipment, including cameras, is over 10 years old and is now less reliable. It therefore critical to upgrade the system to ensure it remains fit for use. The bid will also fund investment in two mobile cameras that can be targeted as required.
- An additional £28.1 million of external funding is to be added to the capital programme over the next 2 years. These include indicative figures for Transport for London (TFL), Schools Basic Needs and the Disabled Facilities Grant.
- It is proposed that £4.541 million in capital receipts is set aside to to implement a new Oracle Cloud Enterprise Resource Planning system to replace the current 1Oracle systems for finance and human resources. The current 1Oracle system is outdated and increasingly expensive to support as, from July 2019, Newham and Havering will be the only two councils of the original seven using the system. The current plan is to move to Oracle Cloud for 1 April 2020. Although Cloud based systems are revenue projects, there is a government scheme to allow the use of capital receipts for specific Transformation projects that deliver an ongoing saving (which Oracle Cloud does). The full business case can be found elsewhere on this agenda.
- Similarly, it is proposed that capital receipts of £1.8m are set aside for a new Customer Relationship Management (CRM) system again asking for funding from capital receipts for specific Transformation projects that deliver an ongoing saving (which CRM does, including cost avoidance). The current CRM is bespoke and very costly to support. It needs to be upgraded by 2020 as the current platform is due to come out of support. The full business case will be considered at Cabinet in the New Year.
- In addition to the above new schemes included in the November Cabinet report on the MTFs there is an additional requirement for a new school and a new medical facility as a result of the Bridge Close project. Whilst alternative funding sources are being investigated, the capital programme will need to include the funding of these projects to enable the scheme to progress. The total costs of these projects are £15.6m for the school and £5.1m for the medical facility.
- The externally funded schemes have no impact on the Council's MTFs or prudential borrowing figures as these are all entirely funded from external funding sources and do not call on the Council's capital resources.

2.3.3 In addition to the schemes outlined above, it is proposed that a corporate capital contingency is established to cover unforeseen circumstances within existing programmes or essential unplanned or emergency capital expenditure. It is proposed that £2m is to be set aside, funded initially from capital receipts to be allocated by the Chief Finance Officer.

2.3.4 As can be seen from the above tables the majority of the internally funded new capital projects are funded from prudential borrowing. This will have the result of additional capital financing costs over the life of the assets. These costs are factored into the MTFs and where possible off set against income generation. The capital financing costs as a result of the additional borrowing for the additional projects are set out below:

| Table 3 | ADDITIONAL REQUIREMENT - MRP & INTEREST | | | | | | |
|---------------------------------|---|---------------|---------------|---------------|---------------|---------------|--------------|
| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Total £m |
| Highways Infrastructure | 0.132 | 0.634 | 0.550 | 0.000 | 0.000 | 0.000 | 1.316 |
| Parking Investment | 0.018 | 0.066 | 0.000 | 0.000 | 0.000 | 0.000 | 0.084 |
| CCTV | 0.004 | 0.054 | 0.000 | 0.000 | 0.000 | 0.000 | 0.058 |
| Bridge Close – School | 0.000 | 0.124 | 0.530 | 0.307 | 0.135 | 0.000 | 1.096 |
| Bridge Close – Medical Facility | 0.000 | 0.000 | 0.034 | 0.150 | 0.109 | 0.067 | 0.360 |
| | 0.154 | 0.878 | 1.114 | 0.457 | 0.244 | 0.067 | 2.914 |

2.3.5 Whilst these costs are factored into the MTFs for prudent financial planning purposes, alternative funding sources will be investigated and used where possible to mitigate these costs, delivering a saving on the revenue budget.

2.4 Regeneration Programme

2.4.1 Included within the capital programme are a number of Regeneration schemes that because of their treatment as capital investments, as part of the new prudential code requirements are reported separately in the authority's capital programme. Each scheme has an individual business case setting out the risks and merits which have either been reviewed or are in the process of being reviewed by Members. The capital strategy brings all these schemes, along with the Council's full capital programme together but Members are asked to review the individual business cases for a full understanding of each of the schemes. These business cases are included as items elsewhere on the agenda for Members consideration.

2.4.2 Table 4 below shows the current spending plans (based on latest business plans) for all of the regeneration schemes being proposed

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| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Total £m |
|---|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Regeneration Programme | | | | | | | |
| Joint Ventures | | | | | | | |
| Rainham & Beam Park Housing Zone | 25.930 | 21.832 | 16.000 | 0.000 | 0.000 | 0.000 | 63.762 |
| Bridge Close | 40.800 | 7.269 | 5.810 | 5.825 | 2.956 | 10.505 | 73.165 |
| Bridge Close - land transfer | 0.000 | 0.000 | 0.000 | 6.535 | 7.783 | 0.000 | 14.318 |
| Provision for Future Regeneration Opportunities (borrowing) | 30.000 | 10.000 | 0.000 | 10.000 | 0.000 | 0.000 | 50.000 |
| Provision for Future Regeneration Opportunities (land) | 0.000 | 30.000 | 30.000 | 30.000 | 0.000 | 0.000 | 90.000 |
| Mercury Land Holdings | | | | | | | |
| Mercury Land Holdings - North Street - loans | 3.153 | 0.218 | 0.000 | 0.000 | 0.000 | 0.000 | 3.371 |
| Mercury Land Holdings - Hornchurch Opportunities - equity (borrowing) | 0.825 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.825 |
| Mercury Land Holdings - Hornchurch Opportunities - equity (land) | 2.250 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.250 |
| Mercury Land Holdings - Hornchurch Opportunities- loans | 2.709 | 4.795 | 0.345 | 0.000 | 0.000 | 0.000 | 7.849 |
| Mercury Land Holdings - Homelessness - equity | 5.590 | 8.323 | 2.571 | 0.000 | 0.000 | 0.000 | 16.484 |
| Mercury Land Holdings - Homelessness - loan | 8.385 | 12.485 | 3.856 | 0.000 | 0.000 | 0.000 | 24.726 |
| Mercury Land Holdings - Rainham Opportunity Site - equity (borrowing) | 0.000 | 1.720 | 1.820 | 0.000 | 0.000 | 0.000 | 3.540 |
| Mercury Land Holdings - Rainham Opportunity Site - equity (land) | 0.000 | 1.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.000 |
| Mercury Land Holdings - Rainham Opportunity Site - loans | 0.000 | 0.000 | 7.877 | 3.529 | 0.195 | 0.000 | 11.601 |
| Mercury Land Holdings - Quarles - Equity | 6.199 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 6.199 |
| Mercury Land Holdings - Quarles Loans | 0.894 | 4.601 | 4.430 | 0.142 | 0.000 | 0.000 | 10.067 |
| Mercury Land Holdings - Reactive Acquisition Fund | 20.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 20.000 |
| TOTAL CAPITAL PROGRAMME | 146.735 | 102.243 | 72.709 | 56.031 | 10.934 | 10.505 | 399.157 |

2.4.3 The proposed funding of these schemes is as follows

| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Total £m |
|-----------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Funding Sources | | | | | | | |
| Capital Receipts | 50.250 | 48.000 | 30.000 | 36.535 | 7.783 | 0.000 | 172.568 |
| Revenue and Reserve Contributions | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Grants | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Section 106/ CIL | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Borrowing | 96.485 | 54.243 | 42.709 | 19.496 | 3.151 | 10.505 | 226.589 |
| TOTAL FUNDING | 146.735 | 102.243 | 72.709 | 56.031 | 10.934 | 10.505 | 399.157 |

2.4.4 Details of the regeneration schemes being requested as part of the capital programme are:

- Rainham & Beam Park Housing Zone

This scheme was originally approved for progression at Cabinet on 13 December 2017 with capital expenditure forecasts based on the original business plan. Since the original approval the project has developed with the capital expenditure above based on latest business plans. Inclusion in the capital programme ensures that the capital expenditure approvals are in place subject to the full business case being approved – item elsewhere on this agenda.

- Bridge Close

This scheme was originally approved for progression at Cabinet on 15 November 2017 and again was based on the original business case for the project. Like with Rainham & Beam Park the scheme has developed and the

latest capital expenditure forecasts are based on the new business plan. Inclusion in the capital programme ensures that the capital expenditure approvals are in place subject to the full business case being approved – item elsewhere on this agenda.

- Mercury Land Holdings

The original business plan was approved at Cabinet on 15 November 2017. Since this approval new schemes and opportunities have been identified and this new capital programme includes a number of new projects. Inclusion in the capital programme ensures that the capital expenditure approvals are in place subject to the full business cases being approved setting out the individual projects and their risks and benefits associated with them – item elsewhere on this agenda.

2.4.5 Like with the new capital projects, if these regeneration schemes are approved and progress then additional prudential borrowing will be required. This borrowing will result in revenue capital financing costs over the profile of the schemes as shown below. Whilst these costs are factored into the MTFs for prudent financial planning purposes, alternative funding sources will be used where possible to mitigate these costs, delivering a saving on the revenue budget.

2.4.6 It is important to acknowledge that once the developments move into the delivery phase, the costs of the programmes become more significant, including for example the costs of borrowing or the costs of maintaining an operational construction site. Therefore any delays in the programme that add time into the development phase plans will bring with it additional material costs over and above these business plan assumptions.

2.4.7 It should also be acknowledged that as these regeneration ventures progress, there are costs incurred in the preparation of the schemes and the establishment of the delivery vehicles that are sunk costs, and have occurred in this or previous years. If any of the schemes at any stage in the future do not progress to final delivery and completion, then these costs could fall to the Council with no mechanism for recovery.

| Table 6 | ADDITIONAL INCREMENTAL PRESSURES - MRP & INTEREST | | | | | | | |
|----------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | Total £m |
| Rainham & Beam Park | 0.119 | 0.588 | 0.314 | 0.000 | 0.000 | 0.000 | 0.000 | 1.021 |
| Bridge Close | 0.162 | 0.811 | 0.560 | 0.465 | 0.423 | 0.350 | 0.683 | 3.454 |
| Provision for Regeneration | 0.450 | 1.200 | 0.350 | 0.150 | 0.350 | 0.000 | 0.000 | 2.500 |
| Mercury Land Holdings | 0.624 | 1.405 | 0.592 | 0.197 | -0.113 | -0.066 | -0.340 | 2.299 |
| | 1.355 | 4.004 | 1.816 | 0.812 | 0.660 | 0.284 | 0.343 | 9.273 |

2.4.8 The primary reason for undertaking these schemes, and therefore including these projects in the capital programme, is regeneration. However, the business cases have identified a number of additional benefits arising alongside the regeneration. One of the benefits is the estimated financial return to the Council that will arise as a result of the delivery of the projects. The return generated from these regeneration projects will offset the budget pressure arising from the capital financing costs of borrowing and provide future funds for reinvestment. There will also be a return to support the Council's MTFs from MLH as a result of the Council making loans to the company. The income streams included in the project business plans are:

| Table 7 | ADDITIONAL INCREMENTAL SAVINGS - INCOME | | | | | | | |
|-----------------------|---|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m | Total £m |
| Rainham & Beam Park | 0 | 0 | 0 | 0 | (8.225) | 2.998 | (1.054) | (6.281) |
| Bridge Close | 0 | 0 | 0 | 0 | (1.500) | (11.877) | 12.312 | (1.065) |
| Mercury Land Holdings | (1.321) | (1.345) | (0.625) | (0.200) | 0.256 | 0.173 | 0.463 | (2.599) |
| Total | (1.321) | (1.345) | (0.625) | (0.200) | (9.469) | (8.706) | 11.721 | (9.945) |

Full details of the additional pressures and savings for the individual schemes are included in the medium term financial strategy

2.4.9 In addition to the income streams shown above, dividends will also be payable from MLH, although at present it is assumed these are reinvested in further regeneration schemes.

2.4.10 The primary existence of these regeneration projects are for regeneration purposes and it's important to acknowledge that these income stream can be more volatile than other investments made solely for treasury purposes (details of which are set out in the TMSS elsewhere in the agenda). Members are reminded that over reliance on these income streams should not be made when setting a balanced budget and that by approving these schemes, Members are happy with the overall balance of income that these projects contribute to the budget setting process.

2.5 2019/20-2024/25 General Fund (GF) Capital Programme

2.5.1 Taking into consideration the existing capital programme, new bids and the regeneration programme (as all set out above) the total GF capital programme and associated funding sources are:

Table 8 – Total Havering GF capital

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| Summary of Capital Programme | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Adults Services | 0.000 | 2.800 | 0.000 | 0.000 | 0.000 | 0.000 | 2.800 |
| Cemeteries and Crematoriums | 0.998 | 1.500 | 0.000 | 0.000 | 0.000 | 0.000 | 2.498 |
| Childrens Services | 1.950 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.950 |
| Corporate Assets | 0.527 | 0.077 | 0.000 | 0.000 | 0.000 | 0.000 | 0.604 |
| Environment | 2.188 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.188 |
| Highways | 12.351 | 12.000 | 2.000 | 2.000 | 0.000 | 0.000 | 28.351 |
| Housing (GF) | 1.680 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.680 |
| IT Infrastructure | 7.300 | 0.620 | 0.620 | 0.620 | 0.000 | 0.000 | 9.160 |
| Leisure | 11.930 | 5.668 | 0.854 | 0.485 | 0.000 | 0.000 | 18.937 |
| Libraries | 0.112 | 0.028 | 0.000 | 0.000 | 0.000 | 0.000 | 0.140 |
| Parks & Open Spaces | 0.134 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.134 |
| Economic Regeneration | 8.239 | 11.584 | 7.188 | 4.114 | 1.229 | 0.000 | 32.354 |
| Schools Expansions Programme | 19.486 | 28.207 | 2.000 | 0.000 | 0.000 | 0.000 | 49.693 |
| Schools Maintenance | 3.757 | 0.261 | 0.000 | 0.000 | 0.000 | 0.000 | 4.018 |
| Capital Contingency | 2.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.000 |
| Regeneration Programme | 146.735 | 102.243 | 72.709 | 56.031 | 10.934 | 10.505 | 399.157 |
| Total Capital Expenditure | 219.386 | 164.988 | 85.371 | 63.250 | 12.163 | 10.505 | 555.664 |
| Funding | | | | | | | |
| Capital Receipts | 63.690 | 50.947 | 30.000 | 36.535 | 7.783 | 0.000 | 188.955 |
| Revenue and Reserve Contribution | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Grants | 31.551 | 31.725 | 2.000 | 0.020 | 0.000 | 0.000 | 65.296 |
| Section 106/ CIL | 1.339 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.339 |
| Borrowing | 122.807 | 82.316 | 53.371 | 26.695 | 4.380 | 10.505 | 300.074 |
| Total Funding | 219.386 | 164.988 | 85.371 | 63.250 | 12.163 | 10.505 | 555.664 |

2.6 Capital Expenditure and Financing - Prudential Indicators

2.6.1 Capital expenditure is incurred where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. Details of the Council's policy on capitalisation can be found in the Council's accounting policies.

2.6.2 In 2019/20, the Council is planning capital expenditure of £283.066m (including HRA) as summarised below:

Table 9: Prudential Indicator: Estimates of Capital Expenditure in £ millions

| | 2017/18 actual £m | 2018/19 budget £m | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Fund services | 51.165 | 71.120 | 72.651 | 62.745 | 12.662 |
| Council housing (HRA) | 33.056 | 67.459 | 63.680 | 80.464 | 53.359 |
| Regeneration Programme | 4.472 | 6.279 | 146.735 | 102.243 | 72.709 |
| TOTAL | 88.693 | 144.858 | 283.066 | 245.452 | 138.730 |

The main General Fund capital projects include highways, schools maintenance and expansions, IT infrastructure and leisure, and these can be seen in the detailed capital programme section of this report.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. The HRA capital programme supports the ongoing capital maintenance of the housing stock, the delivery of decent homes standards alongside a significant investment in the 12 Estates regeneration programme and the acquisition of affordable homes across other regeneration schemes. The HRA business plan (which includes the proposed HRA capital programme) is an item elsewhere on the agenda.

- 2.6.3 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 10: Capital financing in £ millions

| | 2017/18 actual £m | 2018/19 forecast £m | 2019/20 forecast £m | 2020/21 forecast £m | 2021/22 budget £m |
|------------------------|-------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| Capital Receipts | 22.457 | 15.331 | 63.690 | 50.947 | 30.000 |
| Revenue & Reserves | 27.945 | 68.267 | 25.688 | 38.340 | 23.335 |
| Grants & Contributions | 22.744 | 42.416 | 32.890 | 31.725 | 2.000 |
| Borrowing | 15.547 | 18.844 | 160.798 | 124.440 | 83.395 |
| TOTAL | 88.693 | 144.858 | 283.066 | 245.452 | 138.730 |

- 2.6.4 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The Council's full minimum revenue provision statement is available as part of the Treasury Management Strategy Statement.

- 2.6.5 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £151.988m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 11: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

| | 31.3.2018 | 31.3.2019 | 31.3.2020 | 31.3.2021 | 31.3.2022 |
|--|-----------|-----------|-----------|-----------|-----------|
|--|-----------|-----------|-----------|-----------|-----------|

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| | actual | forecast | forecast | forecast | forecast |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| General Fund services | 69.154 | 80.281 | 104.693 | 130.435 | 138.063 |
| Council housing (HRA) | 174.669 | 174.669 | 212.660 | 254.784 | 284.808 |
| Regeneration Prog. | 20.647 | 26.489 | 122.537 | 173.897 | 212.414 |
| TOTAL CFR | 264.470 | 281.439 | 439.890 | 559.116 | 635.285 |

2.6.6 The previous tables cover the overall capacity and control of borrowing but within the prudential framework indicators are required to assess the affordability of the capital investment plans. One such indicator is the estimate of the ratio of financing costs to net revenue stream which can then be split between GF, HRA and Capital Investments. This indicator identifies the trend on the cost of capital against the net revenue stream.

Table 12: Prudential Indicator: Ratio of Financing costs to Net Revenue Stream

| | 2018/19 forecast | 2019/20 forecast | 2020/21 forecast | 2021/22 forecast |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund services | 2.40% | 2.79% | 3.32% | 4.00% |
| Council housing (HRA) | 3.27% | 3.98% | 4.77% | 5.33% |
| Capital investments | 0.77% | 2.04% | 4.89% | 6.61% |
| TOTAL | 6.44% | 8.81% | 12.98% | 15.94% |

3. Disposals

3.1 The Council has pursued a policy of selling surplus sites for many years to finance the capital programme and keep borrowing costs down. As a result of this strategy it has become increasingly difficult to identify new sites for disposal.

4. Investments in the Regeneration Programme

4.1 Overview

4.1.1 With central government financial support for local public services declining, the Council has invested in a number of joint ventures and subsidiaries. Total capital investment in these joint ventures and subsidiaries as at 31st March 2018 is £21.8m (£8.7m of equity investments and Capital loans of £13.1m).

4.1.2 Mercury Land Holdings (MLH) is the Council's wholly owned property development company established to:

- Make use of existing Council capital assets

- To contribute to dealing with the housing supply issue in the Borough
- Ensure a mix of housing in terms of type, size and tenure best matched to the needs of Havering
- To support the Council's regeneration and growth aim
- Generate a financial return to support front line services

The Council's investment in MLH in terms of loans and equity are included in the capital programme. The investment is managed via a shareholder's board arrangement and MLH submit a business plan each year with investment plans for consideration and approval by Cabinet.

4.1.3 In addition the Council is the partner in three other regeneration vehicles. One has been established to regenerate the Council's own housing provision, predominantly within the HRA. The other two are to support regeneration and bring in new affordable housing across Havering.

- 12 Estates programme
- Bridge Close
- Beam Park

4.1.4 With regeneration being the key objective, the Council accepts higher risk on capital investments in the Regeneration Programme than with treasury investments where the emphasis is on Security, Liquidity and Yield (SLY) in that order. The principal risk exposures for each regeneration scheme are set out in the individual business cases but include risks such as fall in capital values, inflation and interest rate risk. These risks are managed through the individual business cases which show detailed modelling of the risk factors and their impact. In order that commercial investments remain proportionate to the size of the authority, whilst there is no overall maximum investment limit, every business case is reviewed with the full impact of the decision assessed before a decision to proceed or abandon the scheme being made.

4.1.5 Further details on the capital expenditure plans and the associated prudential indicators which include the commercial activities can be found in the Treasury Management Strategy Statement. The Council's capital expenditure plans are the key driver of treasury management activity with the output of these plans reflected in the TMSS and prudential indicators. These are designed to assist Member's overview and confirm capital expenditure plans.

4.2 Risk Management and Mitigation

4.2.1 Specific risks for individual schemes are contained within the project business cases. The scale and importance of the project will dictate the level of business case evaluation. Sound business case protocols can mitigate the risk of business

case collapse with appropriate levels of contingency being built into the business case to mitigate risks.

4.2.2 In addition to specific risks associated with projects there are a number of cross cutting risks that apply to all capital investments.

- Interest Rate Risk - This is managed indirectly through the TMSS and through our treasury advisers Link Asset Services
- Inflation Risk – Whilst we are in a period of low inflation, inflation risk should always be a concern as slippage can potentially decrease the purchasing power. This can be mitigated by good project management and clearly identified cash flow projections.
- Legal Risk – Capital schemes need to comply with the latest relevant regulations which can change and lead to an impact on construction costs for example. This is mitigated by awareness of pipeline changes and through contingencies
- Market health and commercial values – when projects are entered, the business case often depends on key assumptions or estimates of future market positions. Should market movements mean that these assumptions are inaccurate then this may lead to a change in the project financials. This risk can be mitigated through performance monitoring and contingencies.
- Supplier financial stability – To mitigate this, the Council considers the financial robustness of all contractors and partners and requests appropriate financial standing assurance.
- Reputational Risk – This is particularly relevant to the public sector and can result in the public losing faith in the organisation. The risk can be mitigated by good project management and communication with clear expectations of all stakeholders being key.
- Financial risk due to programme delay – as the schemes progress into delivery phase the costs of the programmes become more significant, including the costs of any borrowing, of the holding costs of construction sites and the operating costs of the joint venture partners, which will be incurred even during times of delay. This can occur for external reasons – e.g. inclement weather that stops work on site – or reasons internal to the council – e.g. delays from slipped planned phasing or decision making deadlines. Many external causes can be mitigated by insurance cover or contingency sums, and close contract management with partners. The internal process risk can be mitigated by clear planning and timetabling of key decisions and project approval phasing, and monitoring and management of the project plans against those deliverables.

4.3 Knowledge and Skills

4.3.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and

investment decisions. The Council also has a training and development programme to support staff to study towards relevant professional qualifications.

4.3.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

4.3.3 Member training was undertaken as part of the induction programme following the recent election, and training and advice is provided to relevant cabinet portfolio members.

REASONS & OPTIONS

Reasons for the Decision

The Council is required to approve the Capital Strategy as per the 2017 updates to the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice.

Alternative Options Considered

There are no alternative options in so far as approving the capital strategy and setting the capital programme. However, there are options in respect of the various elements of the capital programme.

IMPLICATIONS & RISKS

Financial Implications and Risks

The existing Capital Programme has historically been largely funded from the use of capital receipts however going forward it is acknowledged that the capital ambition of the Council will exceed the potential capital receipts available and will therefore require the Council to plan for the inclusion and cost of prudential borrowing for prioritised schemes.

The Council needs to manage and control its future capital programme and investment very carefully to ensure that it meets its fiduciary responsibilities. It will need to carefully prioritise future capital investment to deliver optimum outcomes as resources become increasingly scarce. A number of new schemes rely upon borrowing which creates a long term budgetary commitment for the Council for which it anticipates that it will receive

financial returns of income in addition to meeting the primary objectives of economic development and regenerations. It is therefore essential that there is robust and proactive management of all capital projects going forward in order to deliver the financial plans set out in each approved business case. In particular, the delivery of income streams due from the series of Regeneration led projects for housing development are crucial and underpin the Council's ability to meet the cost of this capital investment and generate future revenue returns to support the delivery of the MTFS. Failure to deliver to plan, could result in significant financial pressures for the Council and therefore robust programme and project governance will be essential. This framework and the expected returns on investment will be included in the revised Capital Strategy.

In allocating funding to these proposals the principle of financing capital expenditure from prudential borrowing as a last resort, was used. Going forward, the use of external funding sources will be maximised, pulling together the co-ordination of grant funding, s106 and any future CIL payments and the use of capital receipts, revenue and reserves.

Legal Implications and Risks

There are no apparent direct legal implications of this report.

Human Resource Implications and Risks

There appear to be no HR implications or risks arising directly that impact on the Councils workforce.

Equalities and Social Inclusion Implication and Risks

The Equality Act 2010 Public Sector Equality Duty will be applied in any decision making on the use of these funds.

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| Programme | Project Organization Name | Project Name | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget | 2022/23 Budget | Total |
|--|------------------------------------|---|------------------|------------------|----------------|----------------|------------------|
| Adults Services | Adults Services | Adults Learning Disabilities Provision Build | 0 | 2,800,000 | 0 | 0 | 2,800,000 |
| Adults Services Total | | | 0 | 2,800,000 | 0 | 0 | 2,800,000 |
| Cemeteries and Crematoriums | Bereavement Services - Cems & Cems | Cemeteries Improvement Works | 67,724 | 0 | 0 | 0 | 67,724 |
| Cemeteries and Crematoriums | Bereavement Services - Cems & Cems | Cemetery Expansion Phases 2 & 3 | 930,000 | 1,500,000 | 0 | 0 | 2,430,000 |
| Cemeteries and Crematoriums Total | | | 997,724 | 1,500,000 | 0 | 0 | 2,497,724 |
| Childrens Services | Childrens Services | Children with SEND Residential Provision - Build | 1,000,000 | 0 | 0 | 0 | 1,000,000 |
| Childrens Services | Childrens Services | Childrens Residential and Attached Semi Independent Provision Home | 950,000 | 0 | 0 | 0 | 950,000 |
| Childrens Services Total | | | 1,950,000 | 0 | 0 | 0 | 1,950,000 |
| Corporate Assets | Asset Management | Fire Extinguisher Equipmt for Corporate Buildings, H&S Rev Supp: 2009-10 | 2,000 | 6,000 | 0 | 0 | 8,000 |
| Corporate Assets | Asset Management | Corporate Buildings - Legionella (2014/15 core programme) | 34,751 | 0 | 0 | 0 | 34,751 |
| Corporate Assets | Asset Management | Corporate Buildings - Operational Buildings Issues (2014/15 core programme) | 111,876 | 0 | 0 | 0 | 111,876 |
| Corporate Assets | Asset Management | Health & Safety Bids | 73,365 | 0 | 0 | 0 | 73,365 |
| Corporate Assets | Asset Management | Mercury House Safety Bids | 25,000 | 0 | 0 | 0 | 25,000 |
| Corporate Assets | Asset Management | Health & Safety Capital Works 2017/18 | 70,000 | 71,211 | 0 | 0 | 141,211 |
| Corporate Assets | Asset Management | Fire Risk Works 2017/18 | 59,783 | 0 | 0 | 0 | 59,783 |
| Corporate Assets | Asset Management | Health and Safety Works | 150,000 | 0 | 0 | 0 | 150,000 |
| Corporate Assets Total | | | 526,775 | 77,211 | 0 | 0 | 603,986 |

| Programme | Project Organization Name | Project Name | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget | 2022/23 Budget | Total |
|--------------------------------|-----------------------------------|---|-------------------|------------------|------------------|------------------|-------------------|
| Environment | Environment | River & Flood Risk Mgmt Flood Prevention, Streetcare: 2012-13 | 20,000 | 0 | 0 | 0 | 20,000 |
| Environment Total | | | 20,000 | 0 | 0 | 0 | 20,000 |
| Highways | Environment | Five Year Footway Resurfacing Programme | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 4,000,000 |
| Highways | Environment | Highways Structures at Risk | 281,634 | 0 | 0 | 0 | 281,634 |
| Highways | Environment | Former Harold Wood Hospital Bus Gate Enforcement | 68,932 | 0 | 0 | 0 | 68,932 |
| Highways | Environment | Five Year Carriageway Resurfacing Programme | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 4,000,000 |
| Highways Total | | | 2,350,566 | 2,000,000 | 2,000,000 | 2,000,000 | 8,350,566 |
| IT Infrastructure | ICT Services | Infrastructure Improvements and Resilience | 1,000,000 | 620,000 | 620,000 | 620,000 | 2,860,000 |
| IT Infrastructure Total | | | 1,000,000 | 620,000 | 620,000 | 620,000 | 2,860,000 |
| Leisure | Customer & Communications Service | Broxhill Park Redevelopment, Broxhill Park Prgm: 2012-13 | 4,000 | 4,000 | 0 | 0 | 8,000 |
| Leisure | Customer & Communications Service | SLM - Central Park Leisure Centre - Refurbishment | 147,216 | 50,086 | 90,000 | 149,916 | 437,218 |
| Leisure | Customer & Communications Service | SLM - Hornchurch Sports Centre - Redevelopment | 11,438,584 | 5,399,250 | 764,000 | 255,084 | 17,856,918 |
| Leisure | Customer & Communications Service | SLM - Sapphire Ice & Leisure - Fit Out | 116,200 | 210,664 | 0 | 80,000 | 406,864 |
| Leisure | Customer & Communications Service | SLM - Noak Hill Works | 4,000 | 4,000 | 0 | 0 | 8,000 |
| Leisure | Customer & Communications Service | Queens Theatre - Addressing items identified through a condition survey | 220,000 | 0 | 0 | 0 | 220,000 |
| Leisure Total | | | 11,930,000 | 5,668,000 | 854,000 | 485,000 | 18,937,000 |
| Libraries | Customer & Communications Service | Libraries CCTV Replacement | 8,000 | 8,331 | 0 | 0 | 16,331 |
| Libraries | Customer & Communications Service | Libraries Redecoration | 21,368 | 0 | 0 | 0 | 21,368 |
| Libraries | Customer & Communications | Library Wi-Fi | 11,000 | 0 | 0 | 0 | 11,000 |

| | Service | | | | | | |
|--------------------------------------|-----------------------------------|--|------------------|------------------|----------------|----------------|-------------------|
| Programme | Project Organization Name | Project Name | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget | 2022/23 Budget | Total |
| Libraries | Customer & Communications Service | Library Building Works | 18,725 | 0 | 0 | 0 | 18,725 |
| Libraries | Customer & Communications Service | Libraries Banner | 8,342 | 0 | 0 | 0 | 8,342 |
| Libraries | Customer & Communications Service | Libraries Book Fund | 45,000 | 19,547 | 0 | 0 | 64,547 |
| Libraries Total | | | 112,435 | 27,878 | 0 | 0 | 140,313 |
| Parks & Open Spaces | Environment | Upminster Windmill Heritage Site | 20,000 | 0 | 0 | 0 | 20,000 |
| Parks & Open Spaces | Environment | Coronation Gardens Improvements | 47,500 | 0 | 0 | 0 | 47,500 |
| Parks & Open Spaces | Environment | Upminster Windmill Ground Contamination | 66,000 | 0 | 0 | 0 | 66,000 |
| Parks & Open Spaces Total | | | 133,500 | 0 | 0 | 0 | 133,500 |
| Economic Regeneration | Economic Regeneration | Romford Market Physical Works | 578,724 | 0 | 0 | 0 | 578,724 |
| Economic Regeneration | Economic Regeneration | Romford Associated Projects | 35,025 | 35,025 | 0 | 0 | 70,050 |
| Economic Regeneration | Economic Regeneration | Rainham Marshes Nature Reserve, Access and Development, Regen: 2013-14 | 46,623 | 46,623 | 0 | 0 | 93,246 |
| Economic Regeneration | Economic Regeneration | Rainham To Purfleet Path Phs 1, Regen: 2008-09 | 1,000 | 3,132 | 0 | 0 | 4,132 |
| Economic Regeneration | Economic Regeneration | HLS Capital Works at Bedford, Dagnam & Havering Parks: 2013-14 | 26,068 | 0 | 0 | 0 | 26,068 |
| Economic Regeneration | Economic Regeneration | Romford Town Centre | 100,000 | 0 | 0 | 0 | 100,000 |
| Economic Regeneration | Economic Regeneration | Beam Parkway 2017/18 LIP - TFL 17-18 | 7,452,000 | 3,210,000 | 0 | 20,000 | 10,682,000 |
| Economic Regeneration Total | | | 8,239,440 | 3,294,780 | 0 | 20,000 | 11,554,220 |
| Schools Expansions Programme | Asset Management | Phase 4 Expansions Unallocated | 1,500,000 | 2,600,000 | 2,000,000 | 0 | 6,100,000 |
| Schools Expansions Programme | Asset Management | SEN Unallocated Monies | 1,125,000 | 970,334 | 0 | 0 | 2,095,334 |

| Programme | Project Organization Name | Project Name | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget | 2022/23 Budget | Total |
|---|---------------------------|--|-------------------|------------------|------------------|----------------|-------------------|
| Schools Expansions Programme | Asset Management | Crownfield Jr Expansion 3FE to 4FE - Phase 3 | 1,244,635 | 0 | 0 | 0 | 1,244,635 |
| Schools Expansions Programme | Asset Management | Broadford Sch Expansion 2FE to 3FE - Phase 3 | 1,317,607 | 0 | 0 | 0 | 1,317,607 |
| Schools Expansions Programme | Asset Management | Havering Pupil Referral Services Initiative | 1,612,456 | 0 | 0 | 0 | 1,612,456 |
| Schools Expansions Programme | Asset Management | Hylands Prim Expansion 2 to 3 FE Phase 3 | 296,349 | 0 | 0 | 0 | 296,349 |
| Schools Expansions Programme | Asset Management | Rainham Village Sch Expansion 2 to 3 FE Phase 3 | 899,062 | 0 | 0 | 0 | 899,062 |
| Schools Expansions Programme | Asset Management | Brady Primary Expansion - 1 to 2 FE Phase 3 | 1,200,000 | 1,686,411 | 0 | 0 | 2,886,411 |
| Schools Expansions Programme | Asset Management | Whybridge Infant Expansion | 20,880 | 0 | 0 | 0 | 20,880 |
| Schools Expansions Programme | Asset Management | Mead Sch 1FE Expansion Phase 4 | 1,000,000 | 996,854 | 0 | 0 | 1,996,854 |
| Schools Expansions Programme | Asset Management | Emerson Park Sch 7 to 8 FE Phase 4 | 2,000,000 | 0 | 0 | 0 | 2,000,000 |
| Schools Expansions Programme | Asset Management | Marshalls Park Sch 6 to 8 Phase 4 | 4,271,449 | 0 | 0 | 0 | 4,271,449 |
| Schools Expansions Programme | Asset Management | Gidea Park Sch - 2 to 3 Phase 4 | 2,400,000 | 0 | 0 | 0 | 2,400,000 |
| Schools Expansions Programme Total | | | 18,887,438 | 6,253,599 | 2,000,000 | 0 | 27,141,037 |
| Schools Maintenance | Asset Management | James Oglethorpe Sch Roof Covering Replacement 2014/15 | 228,615 | 0 | 0 | 0 | 228,615 |
| Schools Maintenance | Asset Management | Whybridge Infants - Roof Covering Replacement | 38,590 | 0 | 0 | 0 | 38,590 |
| Schools Maintenance | Asset Management | Royal Liberty Sch - Electrical Upgrade phase 2 | 84,559 | 0 | 0 | 0 | 84,559 |
| Schools Maintenance | Asset Management | Emergency Condition Works to Education Buildings | 300,000 | 228,246 | 0 | 0 | 528,246 |
| Schools Maintenance | Asset Management | Asbestos Removal 2017/18 | 150,000 | 0 | 0 | 0 | 150,000 |

| | | | | | | | |
|-----------------------------------|------------------|--|-------------------|-------------------|------------------|------------------|-------------------|
| Schools Maintenance | Asset Management | DDA Works 2017/18 | 50,000 | 32,881 | 0 | 0 | 82,881 |
| Schools Maintenance | Asset Management | Whybridge Junior Expansion | 35,563 | 0 | 0 | 0 | 35,563 |
| Schools Maintenance | Asset Management | Sanders School Replace Pipework and Emitters | 250,000 | 0 | 0 | 0 | 250,000 |
| Schools Maintenance | Asset Management | Ardleigh Green Junior Replace Pipeworks and Emitters | 120,000 | 0 | 0 | 0 | 120,000 |
| Schools Maintenance | Asset Management | Brady School Roof Replacement | 150,000 | 0 | 0 | 0 | 150,000 |
| Schools Maintenance | Asset Management | Brady School - Electrical Services Upgrade | 350,000 | 0 | 0 | 0 | 350,000 |
| Schools Maintenance Total | | | 1,757,327 | 261,127 | 0 | 0 | 2,018,454 |
| Total GF Capital Programme | | | 47,905,205 | 22,502,595 | 5,474,000 | 3,125,000 | 79,006,800 |
| | | | | | | | |

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CABINET

Subject Heading:

2019/20 Budget and 2019-2023 Medium Term Financial Strategy

Cabinet Member:

Councillor Damian White, Leader of the Council

SLT Lead:

Jane West
Chief Financial Officer

Report Author and contact details:

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Finance Strategy Manager, oneSource
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Policy context:

This report sets out the Council's revenue budget requirement for 2019/20 and MTFS for the following three years. It makes proposals regarding the level of Council Tax required to meet the budget requirement. The report also provides an update on the outcome of the 2019/20 local government financial settlement.

Financial summary:

This report includes:

- the approach to setting the Council's 2019/20 budget and MTFS for the following three years
- the outcome of the local government finance settlement
- recommended Council Tax level for 2019/20.

Is this a Key Decision?

Yes

When should this matter be reviewed?

Annually

Reviewing OSC:

Overview and Scrutiny Board

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

| | |
|-------------------------------|-------|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

SUMMARY

The report sets out the Council's current financial situation and its approach to achieving financial balance over the period 2019/20 to 2022/23.

This report consists of the following sections:

- Policy and Strategic Context (Section 1)
- Background to the budget process and details of the local government finance settlement (Section 2)
- In-year financial position, consultation process, savings proposals and recommendations on Council Tax levels (Section 3)
- Update on the Medium Term Financial Strategy (Section 4)
- Impact of proposals on Council Tax levels (Section 5)
- Proposed Fees and Charges (Section 6)
- Contingencies and General Balances (Section 7)
- Update on the Capital Programme (Section 8)
- Budget risks and uncertainties (Section 9)
- Chief Financial Officer statement regarding the robustness of the budget (Section 10)

RECOMMENDATIONS

Cabinet is asked to:

- Agree the Corporate Plan set out in Appendix G.

Cabinet February 2019

- Agree the Council's General Fund Budget Requirement for 2019/20 to be set at £124.813m as set out in paragraph 5.3.2 and Appendix A of the report;
- The Delegated Schools' draft budget set out in section 2.5 of this report;
- Agree a 1.25% increase in Council Tax for 2019/20 as set out in paragraph 5.1;
- Agree an additional 2% Adult Social Care Precept as in paragraph 5.1;
- Note the Medium Term Financial Strategy position as set out in Section 4 and Appendix F
- Agree the fees and charges schedule as set out in Section 6 and Appendix C
- Note the budget and risks as set out in Section 9
- Approve the Council's approach to general balances as set out in paragraph 7.3
- Note the requirements of S106 of the LGA 1992 Act as set out in Section 1
- Agree that if there are any changes to the GLA precept and/or levies, the Chief Financial Officer be authorised to amend the recommended resolutions accordingly and report these to the next Council meeting as required.
- Agree that to facilitate the usage of unringfenced resources, the Chief Financial Officer in consultation with Service Directors will review any such new funds allocated to Havering; make proposals for their use; and obtain approval by the Cabinet Member for Financial Management, ICT (Client) & Transformation.
- Delegate to the Chief Financial Officer in consultation with Service 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 with Cabinet Members as appropriate.

Cabinet is asked to recommend to Council for consideration and approval:

- The Council's General Fund Budget Requirement for 2019/20 to be set at £124.813m as set out in paragraph 5.3.2 and Appendix A of the report;

- The Delegated Schools' draft budget set out in section 2.5 of this report;
- A 1.25% increase in Council Tax for 2019/20 as set out in paragraph 5.1;
- An additional 2% Adult Social Care Precept as in paragraph 5.1;
- That it pass a resolution as set out in section 11 of this report to enable Council Tax discounts to be given at the 2018/19 level.

REPORT DETAIL

1. Policy and Strategic context

- 1.1 This report presents the proposed 2019/20 budget and also an update of the Medium Term Financial Strategy (MTFS) between 2019/20 and 2022/23 that will support the delivery of the Council's objectives and priorities. The report includes a recommendation to increase Council Tax levels by 3.25% in order to meet the new budget requirement whilst maintaining tight financial control and ensuring prudent levels of reserves and balances are maintained.

Councillors are reminded that Section 106 of the Local Government Finance Act 1992 requires any Member who is two months or more in arrears on their Council Tax to declare their position and not to vote on any issue that could affect the calculation of the budget or the Council Tax. Any Member affected by Section 106 who fails to declare could be subject to prosecution.

- 1.2 A new Corporate Plan has been developed that sets out the Council's strategic direction for the next year. The new vision for the Council is Cleaner, Safer, Prouder, Together. The draft Corporate Plan is attached as Appendix G for approval.
- 1.3 The Council's Corporate Plan has four cross-cutting priorities: The Themes and strategic goals are listed below

Communities

Helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives.

- Healthy and active
- Best start to life

- Achievement at school
- Families and communities look after themselves and each other
- Supporting our most vulnerable

Places

Making sure that our neighbourhoods are great places to live by investing in them and keeping them clean, green and safe with access to quality parks and leisure facilities.

- Keeping Havering clean and safe
- Quality Housing
- Delivering excellent leisure facilities
- Award winning parks

Opportunities

Helping people get on in life by creating jobs and skills opportunities and building genuinely affordable homes.

- Helping our businesses grow
- Helping people succeed in life
- Genuinely affordable quality homes
- Delivering value for money

Connections

Making it easy for people to get around and get online by investing in road, transport links, faster internet and free Wi-Fi in town centres.

- Smart Havering
- Improving Havering's roads and pavements
- Making it easier to get around

- 1.4 In summary, the Corporate Plan puts the focus for the next year and beyond on investing in cleaner streets, community safety and improving our roads. In addition it prioritises helping young and old fulfil their ambitions through the £3bn Regeneration Programmes that will improve the borough as a place to live. It sets out the Council's plans to bring thousands of new jobs and genuinely affordable homes to the borough and to create new business opportunities.
- 1.5 The Corporate Plan sets out the Council's ambition to provide maximum value for money by keeping council tax increases as low as possible. It acknowledges that in future years the Council will be smaller but smarter in the way that it delivers services while working more with the whole community as a team to get things done.

2. Background

2.1 Budget progress to date

On 29th November 2018, Cabinet was updated on the latest position on the medium term financial strategy. This showed an initial gap of £14.2m in the 2019/20 budget proposals. The report Cabinet proposed a series of savings measures following an extensive consultation process in the summer months. These proposals were approved and reduced the 2019/20 budget gap to £6.5 million. This report provides proposals to close the remaining budget gap and set a robust balanced budget for 2019/20.

2.2 The Local Government Financial Settlement

On 13th December the provisional local government finance settlement was announced. The figures represented the final year of the four year settlement the Government had set out after the last spending review. As such the figures published were broadly as previously expected in the MTFS.

The settlement confirms the final year of the 4 year settlement with a significant reduction in settlement funding assessment (SFA) of 11.7% for Havering. The table below demonstrates that this scale of reduction was much higher than average, even for other London Boroughs. This is true for 2019/20 but also across the four year settlement period over which Havering’s SFA has reduced by 44.1% since 2015/16.

Table 3 - Change in headline SFA by class of local authority

| Authority group | Services | | | Change in SFA from previous year | | | | Cumulative change since 2015/16 |
|------------------------|------------|------------|------|----------------------------------|---------|---------|---------|---------------------------------|
| | Lower tier | Upper tier | Fire | 2016/17 | 2017/18 | 2018/19 | 2019/20 | |
| Havering | ✓ | ✓ | | -17.1% | -15.2% | -10.0% | -11.7% | -44.1% |
| Unitaries without fire | ✓ | ✓ | | -13.6% | -11.5% | -7.1% | -7.5% | -34.4% |
| Metropolitan Districts | ✓ | ✓ | | -10.9% | -9.0% | -5.6% | -6.4% | -28.4% |
| Inner London Boroughs | ✓ | ✓ | | -9.6% | -7.8% | -4.7% | -5.6% | -25.1% |
| Outer London Boroughs | ✓ | ✓ | | -13.0% | -11.0% | -6.8% | -7.4% | -33.2% |
| Unitaries with fire | ✓ | ✓ | ✓ | -13.6% | -11.8% | -7.4% | -8.4% | -35.4% |
| Counties with fire | | ✓ | ✓ | -16.7% | -15.1% | -9.9% | -8.6% | -41.7% |
| Counties without fire | | ✓ | | -17.0% | -15.0% | -9.9% | -9.9% | -42.7% |
| Shire Districts | ✓ | | | -16.9% | -15.0% | -8.0% | -5.8% | -38.8% |
| Fire Authorities | | | ✓ | -6.8% | -8.9% | -4.1% | -2.4% | -20.6% |
| England | | | | -12.4% | -10.6% | -6.3% | -6.5% | -31.4% |

| | 2018/19 | 2019/20 | Change |
|--|---------------|---------------|---------------|
| Headline Settlement Funding Assessment | 40.089 | 35.379 | -11.7% |
| Adjusted Settlement Funding Assessment for pilots ^a | 40.089 | 35.379 | -11.7% |
| <i>Of which:</i> | | | |
| Revenue Support Grant | 0.000 | 0.000 | |
| Baseline Funding Level | 40.089 | 35.379 | |

2.3 Core Spending Power

The Government uses Core Spending Power as a measure to highlight what it believes is the potential increase in ability to spend for Havering. For 2019/20, the government believes that Havering’s ability to spend will increase by 2.8%. The table below confirms that this includes:

- grant changes (increases to the Improved Better Care Fund (IBCF) for Adult Social Care, and the new £1.7m Social Care Grant for Adults’ and Children’s Social Care, partially offset by a reduction to New Homes Bonus and other grants falling out)
- An assumption that Council Tax income will go up through the annual Council Tax increase, an increased Council Tax Base with new homes coming on stream in the borough and through the Council implementing the Adult Social Care Precept. At an increase of 7.3%, the government is assuming that the Council will increase Council Tax by the full amount of the government imposed cap of 4.99%. However, Council Tax increases are ultimately a local political decision so the real change in Core Spending Power will also be determined locally. In Havering’s case, the Council is not proposing to increase the Council Tax by the full amount allowed under the government’s capping arrangements.

| | 2018/19 | 2019/20 | Change |
|-------------------------------|----------------|----------------|-------------|
| Core Spending Power | 170.808 | 175.573 | 2.8% |
| <i>Of which:</i> | | | |
| Settlement Funding Assessment | 40.089 | 35.379 | -11.7% |
| Assumed Council Tax | 119.125 | 127.786 | 7.3% |
| Other Grants | 11.594 | 12.408 | 7.0% |

2.4 The other main settlement headlines were:

- **Council Tax** – The council tax referendum limit will again be 3% for local authorities (as in 2018/19)
- **New Homes Bonus** – As expected and reported in July to Cabinet, Havering did not reach the threshold to qualify for additional new homes bonus in the 2019/20 settlement. Havering received an additional £10k through building 29 new affordable homes (£350 NHB each).

It should be noted that the MTFs currently projects no further drop off of New Homes Bonus from 2020/21 onwards. To achieve this position will require significant new builds in 2019 and this will be closely monitored over the forthcoming months.

| Havering Cumulative NHB Payments | 2018/19 | 2019/20 |
|--|--------------|--------------|
| | (£M) | (£M) |
| 2015/16 Award | 1.429 | |
| 2016/17 Award | 2.117 | 2.117 |
| 2017/18 Award | 0.817 | 0.817 |
| 2018/19 Award | 0.014 | 0.014 |
| 2019/20 Award | | 0.010 |
| Total Grant | 4.377 | 2.958 |

- **Business Rates Pilots** - The London-wide 75% Business Rate Pool has been confirmed for 2019/20. Havering will benefit from shared growth through being in the pool.
- **Top Up/Tariff Adjustments (Negative RSG)** – As expected, the government has decided to provide an additional £153m in funding to those authorities that were due to pay negative RSG for 2019/20. This does not affect Havering as we are now a tariff authority as a result of being in the London Business Rate Pool
- **£180m additional funding** – There has been an additional £180m of new one off funding announced. This has been provisionally allocated via the 2013/14 Settlement Funding Amount allocations. Havering will receive a one off levy reimbursement amount of £522k

- **Social Care Funding (£650m)** - Announced at Budget 2018, the government has now indicated how this funding will be allocated. This confirms our previously expected position that Havering will receive £1.0m for winter pressures in Adult Social Care and £1.7m for Adults' and Children's social care support grant (Total Allocation £2.7m)

2.5 Dedicated Schools Grant and Schools Funding

2.5.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant that is allocated to local authorities to meet their responsibilities for early years' education, the funding of schools and for provision and support for pupils with special educational needs and disabilities and for pupils requiring alternative provision. The grant is allocated in four "blocks" and the Havering's allocation for financial year 2019-20 is shown in table 1 below.

2.5.2 Schools Funding

With effect from financial year 2018-19 the Government funds local authorities according to a national funding formula for schools. This provides funding based on data collected from schools at an October census date within a published range of formula factors (e.g. pupil numbers and deprivation) for local authorities to distribute to its schools and academies. 2019-20 will be the second of the transitional years in which local authorities can make local adjustments to the national funding formula in its calculation of the funding that it allocates to its schools following consultation with its Schools Forum and schools.

Following agreement with the Schools Funding Forum and consultation with all schools, Havering is able to apply the national funding formula in full with a 0.5% per pupil increase for all mainstream schools and academies with a cap of 2% for schools that would have otherwise have received a higher per pupil increase.

The effect on Havering schools of implementing the NFF in 2019-20 is as follows:

| | No of schools receiving the minimum 0.5% increase per pupil | No of schools receiving an increase between 0.5% and 2% per pupil | No of schools receiving the maximum 2% increase per pupil |
|-----------|---|---|---|
| Infant | 7 | 3 | 2 |
| Junior | 1 | 3 | 8 |
| Primary | 12 | 12 | 13 |
| Secondary | 16 | 2 | 0 |
| Total | 36 | 20 | 23 |
| | 46% | 25% | 29% |

This is the second financial year that schools will receive an increase in their funding following six years of flat cash settlements during which they have been under increasing financial pressure in having to fund national pay awards, incremental progression, increases in employer national insurance and pension contributions and inflationary increases on goods and services. School governors and head teachers are therefore continuing to implement efficiencies in the costs of running of their schools in an attempt to avoid falling into deficit.

The figures in table 1 below show a reduction in the funding received for premises, pupil growth and falling rolls. This element of the funding formula funds local authorities for the costs of national non domestic rates in schools and also for pupil growth. From 2019-20 the pupil growth and falling rolls funding that was previously allocated to local authorities will be redistributed according to a formula. This will reduce the allocation to Havering from £3.3m to £2.5m in 2019-20 with the risk of further reduction in future financial years for a borough that that is projecting an increase in its pupil population.

2.5.3 High Needs Funding

As with schools' funding, from 2018-19 the distribution of funding from central to local government is through a national formula. The formula for High Needs funding includes a number of factors including historic funding, pupil population, deprivation and the number of pupils attending special schools and post 16 provision.

The figure in the table below also includes Havering's allocation from an additional £125m in each of the 2018-19 and 2019-20 financial years announced by the Secretary of State for Education in December 2018. Havering's allocation for each year is £611,278. As with a significant number of other local authorities, Havering will have difficulty in containing its expenditure with the allocation of funding because of an increasing number of pupils and students with Education, Health and Care plans and increasing complexity of need.

Table 1 - Havering's DSG allocation

| Year | Schools Block | | | | High Needs Block | Early Years | Central School Services Block | Total DSG |
|----------------|-------------------|------------------------------|--|-------------------------|------------------|-----------------|-------------------------------|-----------------|
| | GUF per pupil (£) | Pupil number allocation (£m) | Premises, pupil growth, falling rolls (£m) | Total Schools Block (£) | Allocation (£m) | Allocation (£m) | Allocation (£m) | Allocation (£m) |
| 2019-20 | 4,623.49 | 169.06 | 4.66 | 173.72 | 25.29 | 17.63 | 1.57 | 218.21 |
| 2018-19 | 4,586.21 | 166.74 | 5.47 | 172.21 | 23.89 | 17.63 | 1.57 | 215.29 |
| | | | | | | | 0.00 | |

| | | | | | | | | |
|-------------|-------|------|-------|------|------|------|--|------|
| Diff | 37.28 | 2.32 | -0.81 | 1.51 | 1.40 | 0.00 | | 2.92 |
|-------------|-------|------|-------|------|------|------|--|------|

Notes:

1. All of the above figures are before recoupment by the DfE for pupils attending academies, non maintained special schools and post 16 special educational needs provision.
2. The increase in the Schools Block is mainly due to the increase in number of pupils that are to be funded.
3. Funding for premises (business rates) pupil growth and falling rolls has reduced because of the introduction of a formula to allocate pupil growth funding.
4. The Early Years block is indicative and will be recalculated based on the January 2019 and 2020 early years censuses.

2.5.4 Early Years Funding

The national funding formula for early years education commenced in 2017-18. Local authorities receive funding for the provision of the universal free entitlement of 15 hours per week for 3 and 4 year olds, and additional 15 hours for working families and 15 hours per week for disadvantaged 2 year olds.

As in 2018-19, for 2019-20 the pass-through rate to providers is 95% including contingencies and an inclusion fund to support access for children with special educational needs and disabilities. The remaining 5% is for local authorities to carry out their statutory duty to ensure sufficiency of provision, quality assurance, the funding to providers, data management control and business support.

The DfE has announced the rates of funding to local authorities for 2019-20 which have not changed from the 2018-19 rates. For Havering these are: £5.66 for 2 year old provision and £5.28 for 3 and 4 year olds.

Local authorities must then anticipate the number of hours of provision for which they will receive the early years grant based on the January census dates and in consultation with early years providers determine the amount of contingency, special education needs inclusion fund and central fund to be retained. This process also determines the rate at which Havering will fund its providers. This has allowed an increase in the hourly rate paid to providers of 5p from £5.35 to £5.40 for 2 year old provision and of 12p per hour from £4.53 to £4.65 for 3 and 4 year old provision.

Early Years providers have been consulted and agreed on these rates and they were agreed at the Schools Forum at the meeting held on 17th January 2019.

2.5.5 Central School Services Block

The Central School Services Block is to fund some of the statutory education functions of local authorities that in previous years has been funded from the Schools Block and an Education Services Grant. This block also allocates funding for an LA's historic commitments previously funded within the Schools Block. Statutory functions include school admissions, the funding of national copyright licences, servicing the Schools Forum and other statutory duties previously funded from an Education Services Grant.

2.5.6 Education Services Grant (ESG)

The ESG ceased from September 2017 and local authorities now receive funding on a per pupil basis through the Central Schools Services Block of the Dedicated Schools Grant. The reduction in grant leaves a shortfall against the cost of providing LA statutory services in spite of the savings made centrally and a contribution from LA maintained schools to meet the cost of central services relating only to that sector. The table from the December report is repeated below at Table 2.

| Table 2 – Shortfall in funding | £m |
|---|--------------|
| Estimated service costs in 2019/20 | 1.769 |
| DSG Central Services Block for LA central duties (previously ESG grant) | (0.578) |
| Contribution from schools | (0.304) |
| Shortfall | 0.887 |

The intention is to manage the shortfall in funding as part of the ongoing transformational review of the service. The service will come forward with longer-term proposals for implementation aimed at minimising the future funding gap. In the meantime, a contribution from the reserves held to support the investment in education traded services will be used to supplement the funding already earmarked corporately to cover the shortfall shown above.

2.6 Further consultation papers issued by the Government

The government has released two consultation papers as part of the settlement.

- Business Rate Retention Reform

This consultation seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system. The reform of the business rates retention system will sit alongside wider changes to the local government finance system which the government aims to introduce in 2020.

- Review of Local Authorities' relative needs and resources

This consultation seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21.

The consultation:

- proposes to simplify the assessment of local authorities' relative needs
- considers the type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services
- proposes a set of principles that will be used to design potential transitional arrangements and examines how the baseline for the purposes of transition should be established.

2.7 Future Funding beyond 2019/20

2019/20 was the final year of the Governments four year settlement period. The reductions in formula grant announced in December were therefore widely expected and had been built into planning. The future beyond 2019/20 however is far less clear and financial planning will need to be updated as information becomes clearer during 2019. There are a number of key information releases which will allow projections of funding for 2020/21 and beyond. These are listed below.

- **Spending Review 2019**

This is probably the most significant financial announcement for local government in 2019. The Spending Review will determine the overall funding levels for government departments for the spending period. This will therefore set the total amount to be spent on public finance for 2020/2021 and future years.

- **The Adult Social Care Green Paper**

The Adult Social Care Green paper has been delayed through 2018. The paper is expected to set out the pressures facing Adult Social Care up to 2025 and the funding gap that will need to be closed. The paper is expected to set out options to close this funding gap. There is clearly a potential significant pressure on local authorities depending on the path the government chooses to take on funding.

- **The Fair Funding Review**

The Fair Funding review is aiming to review all the distribution formulae and data used for allocating funding to individual authorities. This will include population data, deprivation indices, sparsity and density factors and a whole series of other datasets including area cost adjustments used to distribute funding. The outcome of this review is likely to result in significant distributional changes between local authorities across the country. All London Boroughs and London Councils have lobbied hard to ensure that population growth, cost of living and deprivation factors experienced in London are fully reflected in the new formula.

- **Business Rate Reform**

The settlement has confirmed that Havering will be part of a 75% Londonwide Business Rate Pool in 2019/20 (previously 100% in 2018/19). Havering will benefit from this arrangement through the re-distribution of business rate growth across London. Currently the arrangements for the Londonwide Business Rates Pool have to be signed off annually between the government and the 33 London Boroughs.

- **Rebasing of funding**

One of the features of the four year settlement has been the announcement of grant figures up to and including 2019/20. Whilst this has provided stability up until now it does equally create significant uncertainty from 2020/21 onwards. As an example the Council currently receives S31 grants to compensate for losses to business rates through national initiatives. It is expected that these will be discontinued when the whole finance system is rebased next year.

In 2019/20 Havering will receive £5.6m in Improved Better Care Funding (IBCF) but no announcements have been made for future years. It is expected that updates on IBCF or its replacement will be included in the Adult Social Care future proposals but at the moment there is no clarity to give confidence for future planning

3. In-year financial position, consultation process, savings proposals and recommendations on Council Tax levels

3.1 Current Financial Position 2018/19 Revenue Monitoring

The development of the 2019/20 budget and MTFs has fully taken account of the financial position being reported for 2018/19. The period 8 (30th November) monitoring report reviewed by Overview and Scrutiny Committee reported an overspend across Council service departments of £2.787m for 2018/19. The Senior Leadership Team has continued to focus on measures to contain expenditure within the approved budget in order to ensure financial stability as a basis for the 2019/20 budget and beyond.

The main areas of overspend at period 8 are Children's Services (£1.7m), Neighbourhoods (£0.7m) and oneSource Non Shared (£0.4m). Services are working hard to develop ongoing mitigating actions for these overspends.

The monitoring position will be improved at year end by a projected underspend of £1.881m on capital financing and treasury budgets bringing the overall projected overspend for the Council to £0.906m.

The month 8 reported position for **Children's Directorate** is an overspend of £1.701m. The main areas of pressure continue to be staffing budgets in social care (although this has continued to show an improvement from prior periods) and placement costs primarily for looked after children and children with disabilities, along with increasing pressures in Primary and Special Home to School transport.

The service continues to work hard to develop plans and mitigating actions in order to reduce the overspend.

The period eight year end position for **Neighbourhoods** is forecast to overspend by £0.715m due to a combination of unachieved savings and increased costs across the service. The main areas of overspend are Planning (£0.3m) and Housing (£0.4m).

The oneSource Non-Shared budget is forecasting an overspend of £0.370m. This is primarily through an overspend in exchequer services and a shortfall of income from Romford Market.

Any final underspend from the Corporate Risk Budget and Contingency budget after balancing the overspends on services will be transferred to the business risk reserve as part of 2018/19 accounts closure. This funding will then be utilised to mitigate the risk of delayed delivery of savings and unforeseen overspends for 2019/20.

3.2 The Consultation Process

The 2019/20 budget process has been robust including update reports to Cabinet firstly in July and then in November. The November Cabinet report included a section setting out the comprehensive consultation process that was undertaken over the summer to gather views on Council priorities.

The Consultation process included a Residents' Survey across the borough by Ipsos MORI in March/April 2018. In addition, a budget consultation took place over the summer, with thirteen public meetings, an on-line survey, a paper-based survey and a feature in the 'Living in Havering' magazine. There was also an opportunity for residents to talk to officers about the budget consultation on both days of the Havering Show. Over one thousand responses were received to this consultation.

A number of proposals from July have been revised in line with the feedback from residents. The Improving Traffic Flows proposal has been extended to include a significant investment programme into roads and pavements in the borough. The proposal to turn off or dim the street lighting on some roads in the borough was very unpopular and will now not be put forward for implementation. Finally, the proposal to review discretionary business rate relief for charities will not be undertaken and there will be no change in the current arrangements.

- 3.3 In November Cabinet approved a series of savings proposals (attached at Appendix B) which enabled the following MTFS position to be reached.

Cabinet February 2019

| Position reported to November Cabinet | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|---------------|---------------|--------------|---------------|----------------|
| | £m | £m | £m | £m | £m |
| Gap before savings | 14.231 | 15.111 | 6.637 | 6.812 | 42.791 |
| Efficiencies, Service Reductions and Income Changes | -0.770 | -0.400 | -0.400 | -0.532 | -2.102 |
| Departmental Savings | -3.156 | -1.763 | -1.450 | -1.048 | -7.417 |
| Transformation Savings | -4.776 | -4.040 | -4.414 | -5.315 | -18.545 |
| Revised Gap | 5.529 | 8.908 | 0.373 | -0.083 | 14.727 |
| Revenue Contribution to Roads and Transport Capital Programme (funded from the Improving Traffic Flows savings of £3.658 million) | 1.000 | 1.000 | 0.000 | 0.000 | 2.000 |
| Revised Gap November Cabinet | 6.529 | 9.908 | 0.373 | -0.083 | 16.727 |

3.4 As further information has become available the MTFs assumptions have been updated to give the most accurate estimate for the 2019/20 budget. The table below shows these updates which are proposed to be included in the final budget

| Description | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 4 Year Plan |
|---|--------------|---------------|--------------|----------------|----------------|
| | £m | £m | £m | £m | £m |
| Gap November 29th Cabinet | 6.529 | 9.908 | 0.373 | (0.083) | 16.727 |
| Corporate Adjustments | 0.127 | | | | 0.127 |
| Adjusted Regeneration financing assumptions | 0 | (0.426) | 2.428 | 0.891 | 2.893 |
| Revised Social Care Assumptions | 0 | 0.250 | 0.250 | 0.750 | 1.250 |
| Revision to inflation assumptions | 0.352 | 0.352 | 0.352 | 0.352 | 1.408 |
| Communications and Community Projects | 0.261 | | | | 0.261 |
| Appropriate Member and Governance Support | 0.165 | | | | 0.165 |
| Additional Legal Support | 0.200 | | | | 0.200 |
| Communications team | 0.130 | | | | 0.130 |
| Reduction in HB admin Grant | 0.086 | | | | 0.086 |
| Universal Credit | 0.250 | | | | 0.250 |
| Demand Led Street Cleansing Improvements | 0.400 | | | | 0.400 |
| Business Rates Risk Reserve | 0.400 | | | | 0.400 |
| Planned contributions to reserves* | | 0.500 | 1.500 | | 2.000 |
| Adjustment to Pension Fund contribution | | 0.500 | (1.500) | (1.500) | (2.500) |
| Revised Gap after adjustments | 8.900 | 11.084 | 3.403 | 0.410 | 23.797 |

*An additional contribution to reserves will be made in 2019/20 from the redistribution of £522k as part of the Provisional Local Government Settlement in 2.4.

3.5 Proposals to close the 2019/20 financial gap

3.5.1 Business Rate Pooling

The local government financial settlement confirmed that Havering would be part of a Londonwide pool pilot which will be allowed to retain 75% of Business Rates. Participation in the pool includes a 'no detriment' guarantee to ensure that the pool cannot be worse off than the participating authorities would have been collectively if they had not entered the pilot pool. As a result the London scheme guarantees that no authority will lose out because of participating. Authorities will retain at least as much of their growth as they would have done prior to the pool and stand to gain a share of the aggregated benefits of pooling.

The pool arrangement has significant potential benefit to all London Boroughs with an expected distribution of Londonwide growth across all boroughs. Early projections forecast the benefit of these growth proposals to be at least £1.8m for Havering.

Despite the clear benefits of entering the pool there are still risks attached. The risk of non collection and successful business rate appeals lie with Havering and the GLA. This will be monitored closely through the year

3.5.2 Section 31 Grants

The government pays councils Section 31 grants to fund new responsibilities that have been introduced by the government rather than locally by councils themselves. There are a range of these grants and a recent review of them suggests that the MTFs is under-estimating the value of those likely to be received in 2019/20. An additional £1.5 million has therefore been built back into the budget.

3.5.3 Social Care Grant and precept

In the October budget statement the Chancellor announced a total of £2.7m extra funding for Adults' and Children's social care for Havering. £1m of this is a continuation of the funding originally provided in 2018/19 specifically for winter pressures in Adult Social Care with the remainder a more general recognition of the extreme pressure both Adults' and Children's social care are facing. This financing is announced for 2019/20 only with the future funding of this sector from 2020/21 onwards to be determined by the decisions taken following Spending Review 2019, the Fair Funding Review and the Adult Social Care green paper consultation process.

The 2019/20 funding will help mitigate the current pressures both Adults' and Children's social care are reporting in the revenue monitoring report. The MTFS position also recognises further demographic and inflationary pressures in 2019/20 which will be ongoing as client numbers continue to rise.

In relation to the Adult Social Care pressure, the Council intends to mitigate this pressure by increasing the Council Tax by 2% as a precept to directly support this area. This was put forward as one of the options in the budget consultation paper and was supported in the responses.

3.5.4 General Council Tax Recommendation

In order to close the remaining gap and set a balanced budget it is proposed to increase general Council Tax by 1.25% for 2019/20. (3.25% including the Adult Social Care Precept)

This proposal will balance the 2019/20 budget and provide a realistic outlook for the position over the following three years

| Description | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 4 Year Plan |
|-------------------------------|--------------|---------------|--------------|--------------|---------------|
| | £m | £m | £m | £m | £m |
| Revised Gap | 8.900 | 11.084 | 3.403 | 0.410 | 23.797 |
| Business Rate Growth | (1.800) | | | | (1.800) |
| S31 Additional Grant | (1.500) | | | | (1.500) |
| Adult Social Care Precept 2% | (2.400) | | | | (2.400) |
| Social Care funding (one off) | (1.700) | 1.700 | | | 0.000 |
| Council Tax increase (1.25%) | (1.500) | | | | (1.500) |
| TOTAL | 0.000 | 12.784 | 3.403 | 0.410 | 16.597 |

4. The Medium Term Financial Strategy 2019-2023

The proposals in section 3.4 will balance the 2019/20 budget. There is however still a gap of £16.6m over the remaining 3 years of the medium term financial strategy. Appendix F sets out the main reasons for the gap.

The table below demonstrates that the Council is facing significant pressures in the medium term and delivery of the current savings proposals is essential to mitigate the position.

| Description | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 4 Year Plan |
|-----------------------------------|--------------|---------------|--------------|--------------|-----------------|
| | £m | £m | £m | £m | £m |
| Corporate pressures | 5.998 | 7.315 | 9.459 | 5.305 | 28.077 |
| Demographic Pressures | 6.005 | 4.213 | 3.435 | 3.592 | 17.245 |
| Potential loss of grant | 7.368 | 9.402 | 0.000 | 0.000 | 16.770 |
| Assumed savings | (13.257) | (9.146) | (9.491) | (8.487) | (40.382) |
| Proposals to close 2019/20 budget | (8.900) | | | | (8.900) |
| Growth | 2.786 | 1.000 | | | 3.786 |
| TOTAL | 0.000 | 12.784 | 3.403 | 0.410 | 16.597 |

Closing the Medium Term Financial Gap

At this stage it is prudent to flag the continuing risks for 2020/21 but there is work ongoing which it is expected will close the gap for that year during 2019. This includes:

- Further transformation savings (est £5m-7m in 2020/21)

The initial transformation business cases identified £18.5m of savings over the MTFS period (2019-23). These savings have been thoroughly reviewed and scrutinised and have been incorporated into the proposed 2019/20 budget and the MTFS for future years. There are however several transformation proposals which have yet to have savings figures confirmed. These proposals are being worked on at the moment and are expected to generate additional savings from 2020/21 onwards

- Potential improvement in the funding position following the Spending Review 2019

There is still considerable uncertainty about future external support from 2020/21 onwards so the Council has sensibly adopted a cautious position in its medium

term planning. Currently the MTFs provides for further central grant reductions (£1.3m) and the discontinuation of Improved Better Care Fund (IBCF) and the new Social Care Grant (totalling £7.3m). Other councils are assuming elements such as the Improved Better Care Funding continue beyond 2019/20, but this cannot be guaranteed.

The Adult Social Care Green Paper is expected in 2019 and will hopefully provide some clarity on the options the Government are considering to fund this sector. It is anticipated that the future proposals will confirm the continuation of external funding to support Adult Social Care but it is prudent not to change the MTFs assumptions until this is clarified.

5.0 Total Council Tax Impact

- 5.1 Havering is proposing to increase Council Tax by 1.25%. It is proposed in addition to increase the Council Tax by a further 2% via the Adult Social Care Precept.
- 5.2 As set out in the section below the Mayor is proposing to increase the GLA precept by 8.9%. This gives a total net increase in Council Tax of 4.26% as shown in the table below

| | 2018/19 | 2019/20 | 2019/20 | 2019/20 |
|---------------|-----------------|--------------------|--------------------|--------------------|
| | HAVERING | HAVERING | GLA | TOTAL |
| | | (3.25% INC) | (8.93% INC) | (4.26% INC) |
| Band A | £909.22 | £938.77 | £213.67 | £1,152.44 |
| Band B | £1,060.76 | £1,095.22 | £249.29 | £1,344.51 |
| Band C | £1,212.29 | £1,251.69 | £284.90 | £1,536.59 |
| Band D | £1,363.83 | £1,408.15 | £320.51 | £1,728.66 |
| Band E | £1,666.90 | £1,721.08 | £391.73 | £2,112.81 |
| Band F | £1,969.98 | £2,033.99 | £462.96 | £2,496.95 |
| Band G | £2,273.05 | £2,346.92 | £534.18 | £2,881.10 |
| Band H | £2,727.66 | £2,809.22 | £641.02 | £3,450.24 |

GLA Council Tax Proposals

The Mayor is proposing to provide the Metropolitan Police with additional resources in 2019/20. In order to fund this, the Mayor is proposing to increase his share of Council Tax by an average of 50p a week - the maximum amount allowed by the government. In total, the Mayor proposes to commit an additional

£95m next year to policing and tackling crime. This money will be raised from Council Tax and business rates. The Mayor's proposal would see his share of Council Tax increase overall by nearly 9 per cent or £26.28 a year in cash terms for an average Band D council tax payer.

This will generate an additional £84.8m to invest in the Metropolitan Police, which will be split between a number of crime fighting measures. This includes funding new officers, specialist investigators to disrupt gang violence and cutting-edge equipment for officers on the frontline, such as digital fingerprinting, rapid drug testing, technology to help with digital investigations, and advanced techniques to combat child sexual exploitation online. The Mayor aims to make the Violent Crime Taskforce more effective and visible on the streets and help tackle the crimes that impact most on the safety of Londoners.

The Mayor also intends to direct £6.8m from Council Tax and business rates to invest in a new Violence Reduction Unit. The Mayor announced the Violence Reduction Unit in September to expand his work on a public health approach to tackling all forms of violence. Using data to form a strong evidence base, the unit will use this money to identify where and how to make early interventions in a young person's life as part of a long-term strategy to prevent the spread of violence.

This new investment – which is on top of an initial £500,000 the Mayor invested towards initial set-up costs, will be directed towards local services and programmes to provide greater capacity to deliver early interventions to help prevent the spread of violence, and supporting projects that will help tackle the complex root causes.

A further £3.5m will be spent on other anti-violence initiatives, for example making permanent the successful 'Information Sharing to Tackle Violence' pilot that aims to develop more effective data sharing between Community Safety Partnerships, health services and other violence reduction partners. It uses a new approach to collect and analyse data from hospital emergency departments to help develop strategies to tackling violence.

The Mayor also intends to increase his non-policing precept by 2.99%, again the maximum permitted by the Government. This is the equivalent of £2.28 a year or just over 4p a week. The proceeds of this increase will be allocated directly to the London Fire Brigade.

Overall, this means that the Mayor's overall precept for an average Band D taxpayer will increase from £294.23 to £320.51. However, these are only proposals and this may change when the GLA meeting to approve the Council Tax takes place on 25 February. The final figure will be confirmed at the Full Council meeting on 27 February.

5.3 Budget Requirement, Council Tax resolution and Taxbase

The budget requirement, taxbase and Council Tax Resolution is set out in full at Appendix A.

5.3.1 Taxbase:

The 2019/20 Council Tax Base is calculated as;

89,803 Band D equivalentents
98.70% Assumed Collection Rate
88,636 Total Council Tax Base

5.3.2 Budget Requirement

That the following amounts be now calculated by the Council for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

| | | |
|-----|---------------|--|
| (a) | 508,023,773 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act. |
| (b) | (383,210,990) | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. |
| (c) | 124,812,783 | being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. |
| (d) | £1,408.15 | being the amount at 5(c) above divided by the taxbase, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. |

5.4 The new Council Budget for 2019/20 is set out in Appendix E

6 Fees and Charges

6.1 The Council annually reviews its fees and charges to customers. Appendix C sets out the proposed fees and charges for 2019/20. In setting the fees and charges the Council takes account of:

- Full cost recovery where appropriate

- Statutory fees
- Inflation
- Benchmarking and other market comparators
- Delivery costs for social care providers

7 Contingency, Reserves and Balances

7.1 The Council maintains a £1m central contingency budget as a sensible and prudent measure to mitigate unforeseen in-year events. When departments show an in-year overspend position the expectation is that they will develop an action plan to mitigate the pressure. The medium term financial strategy recognises demographic and inflationary pressures so the central contingency is maintained purely for unforeseen events.

7.2 Earmarked Reserves

Earmarked Reserves are time limited reserves for specific purposes. Some reserves such as the Insurance Fund will need to be replenished each year in line with projected future claims whilst others will be expected to be spent over the next four years. The Council makes decisions to set up reserves where funding is required in future years as projects are identified.

It should be noted that the Council will always seek to contain costs and minimise the need to draw on the planned reserves where possible. The Council reviews reserves through the year and particularly at year end in order to ensure appropriate funds are set aside for future year projects and requirements and funds are released where they are no longer required.

7.3 General Balances

The Council's currently holds £11.7m in general balances. This figure is assessed annually at year end based on the inherent risks facing the authority and is reviewed as part of the external audit process. With the uncertainty of the current Brexit situation and also more generally the continuing impact of 10 years of austerity the MTFS makes provision to increase balances from 2020/21 onwards.

It is recommended that the Council consider increasing its level of general reserves. The historic rule of thumb from the now defunct Audit Commission was that 5% of net budget should be held as a General Reserve that should be untouchable except in major emergencies. The Council holds slightly more than this at 7% of net budget. However, the volume and complexity of the issues facing local government and the level of public expectation of councils from their residents suggests this is no longer sufficient. Many London Boroughs hold 14% and some significantly more. The events at Grenfell have made all councils reconsider the reserves they hold. It is recommended that a number of additions are made to the Council's reserves over the next four years to build them up towards £20 million or 14% by 2023/24.

8 The Capital Programme

The Capital Strategy and four year programme are subject of a separate report elsewhere on this Cabinet agenda. The revenue funding (MRP and Interest on borrowing) of the proposed programme has been fully incorporated into the Council's MTFS.

The Capital Programme includes a number of ambitious regeneration opportunities which provide critically needed new housing and also rejuvenate parts of the borough. These proposals provide income flows to the Council from the joint ventures which again have been built into Medium Term Financial Strategy where appropriate. The cost of borrowing and repayment of debt have also been provided for in the MTFS.

It should be noted that the nature of these regeneration schemes results in investment in early years which only generate full yield at the maturity of the project. All the regeneration proposals are the subject of full business cases which confirm viability and set out associated risk. These are set out elsewhere on this Cabinet agenda.

In 2019/20, the Council is planning capital expenditure of £266.6m (including HRA) as summarised below:

| | 2017/18 actual £m | 2018/19 budget £m | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m |
|------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund services | 51.165 | 71.120 | 72.651 | 62.745 | 12.662 |
| Council housing (HRA) | 33.056 | 67.459 | 47.310 | 80.719 | 54.186 |
| Regeneration Programme | 4.472 | 6.279 | 146.735 | 132.243 | 72.709 |
| TOTAL | 88.693 | 144.858 | 266.696 | 275.707 | 139.557 |

The

main General Fund capital projects include highways, schools maintenance and expansions, IT infrastructure and leisure, and these can be seen in the February 2019 detailed capital strategy report.

9. Budget Risks and Uncertainties

- 9.1 There are a number of risks and uncertainties which could potentially impact on the 2019/20 budget and also medium term forecasting. This section summarises those risks. **Appendix D sets out these risks in more detail.**

- **Spending Review 2019:**

The Government will announce a Spending Review in 2019. The spending review is likely to set the overall financial envelope for local government from 2020/21 onwards, although at this stage it is not clear how many years it will cover.

- **Review of Adult Social Care:**

The Adult Social Care Green Paper is expected to set out the national funding gap for adult social care. The paper will also need to set out options in order to close this gap. It is unclear at present the extent to which local government and indeed local taxation will be expected to foot this bill.

- **Fair Funding Review**

The Fair Funding Review outcomes will be built into the 2020/21 budget. The review is expected to be wide ranging and will cover all cost drivers for local authorities. It is unclear at present how the government will choose to weight the various formulae and datasets available. There is therefore a direct risk to Havering's funding if the demographic pressures the borough is facing are not fully reflected in the revised formula.

- **Potential implications from the change in the relationship between the UK and the EU**

The potential implications of the UK leaving the EU remain unclear. There is the potential for changes to the strength of the pound, interest rates and inflation in terms of goods, services and staffing. There may be additional short term costs.

- **Loss / Reduction in Business Rates**

In 2019/20 Havering will be part of the 75% Londonwide business rate pool. This is widely expected to be beneficial to the borough due to continued growth in central London. The risk of non collection and successful business rate appeals lie with Havering and the GLA. This risk needs close monitoring through the year

- **New Legislation/Burdens**

The Government periodically reviews national service provision and can transfer new burdens onto local government. When this happens there is always a risk that either the amount or the funding mechanism results in a new pressure for authorities.

- **Changes to Interest Rates/ Inflation**

The national economic situation is uncertain. As a result changes to interest rates and inflation levels are possible. An increase in inflation will potentially result in pressures on both pay and price locally and nationally.

- **Demographic pressures**

Increased population has resulted in demographic pressures over a number of years. Demographic pressures continue to be a significant risk both through government underfunding and accelerated population growth in the borough.

- **Pension Fund Performance**

The medium term financial strategy takes account of the latest triennial actuarial review of the pension fund. Provision has been made to make contributions to the fund up to and including 2019/20 in accordance with that review. There will be a further review in 2019 and there is a risk of increased general fund and HRA contributions if the deficit has increased on the fund.

- **In-year pressures and overspends**

The 2019/20 budget is a robust balanced budget that takes account of all known pressures facing services. There remains a risk however that increased demand over forecasts will result in service overspend next year.

- **Future waste disposal arrangements**

The current contractual arrangements with Renewi expire in 2027. ELWA are planning significant investment to secure future arrangements after that date. Future potential costs are therefore volatile and subject to those negotiations.

- **Risks associated with the delivery of the regeneration programme**

The Council has an ambitious and far reaching regeneration programme which will rejuvenate key areas of the borough. There are however associated risks with the programme which are set out in detail in the business cases of the various schemes. The risks include:

- Cost of delays: Delays to the programme result in some work needing to be repeated and updated and the cost of finance being incurred before it is required
- Additional cost of re-design and changing plans. If the plans are changed significantly this causes both delay costs as described above and potentially abortive costs on the original plans.
- Impact of a downturn in housing prices: The schemes assume sales valuations in order to achieve returns on investment. Clearly a downturn in the Housing market, eg due to delays in Crossrail, will affect these assumptions.
- Impact of inflation: The models assume costs over the medium term. If inflation increased significantly this would have a direct impact on these costs.
- Changing build costs / Variations. As the schemes progress it is possible that variations to the original specifications or additionality is required to deliver the required outcomes
- Changes in legislation; All assumptions are based on current regulations. Should any national legislation change regarding building works then this could affect the overall costs
- Issues with land eg contamination: There are currently no expected issues with any of the land involved in the various regeneration schemes. It is possible albeit unlikely that an issue may emerge as the projects progress.
- Overall financial risk: The Council will invest significantly in the early years of these schemes with a return on investment in some cases maturing

only in the medium term. Adverse movement in the assumptions caused by any of the above reasons will affect the financial modelling set out in the business cases and is therefore a material risk to the Council.

In mitigation, the Regeneration Joint Ventures include a number of mechanisms for the partners to exit from arrangements where schemes become unviable.

10. Chief Finance Officer (S151 Officer) statement regarding the robustness of the budget and MTFS

10.1 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of council tax. Authorities are required to consider their Chief Financial Officer's report when setting the level of council tax.

10.2 Robustness of Reserves and Balances

The budget has been prepared using a four year Financial Strategy agreed by Cabinet in July 2018 as its starting point. This Strategy has been developed through:

- The forecast position as set out in the Cabinet reports in July and November 2018
- The outcome and forecast impact on the Council of the Provisional Local Government Financial settlement as presented in this report;
- The Chancellor's Autumn Budget Statement 2018.

As the development of the budget for 2019/20 has progressed, the position has been the subject to review and challenge with Heads of Service, the Senior Leadership Team, the Leader of the Council and Cabinet Members. Due consideration has been given to the the delivery of corporate priorities in this challenge process and this is reflected in the detailed budget proposals.

Budget proposals have been developed within the context of current and future service plans. The Council has reviewed its pressures using the latest demographic and inflationary trends. In respect of savings, the proposals have been risk assessed and will be monitored closely during the year. A review of legislation takes place on an ongoing basis as part of the budget development process to assess possible implications.

At a more detailed level, budgets have been built having due regard to:

- Staffing changes incorporating proposed restructures;
- Inflation;
- Contractual commitments;
- Existing budgets;
- The proposals for budget adjustments and savings;

- The impact of changes to specific grants.

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.

A review of the 2018/19 significant budget variances has taken place to assess any impact on the 2019/20 budget outside of the proposals in order to:

- Ensure action plans are in place where a possible adverse variance could occur;
- Ensure use of any possible additional favourable variance is considered in the context of the overall strategy;
- Inform the risk assessment of contingency and reserves.

10.3 The Adequacy of Estimates Reserves and Balances

Local authorities are required to maintain adequate balances to deal with unforeseen demands upon financial resources. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although a view can be sought from the external auditors it is not their responsibility to prescribe or recommend 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.

The General Fund Balance stood at £11.766m at 31 March 2018. An annual review of the balance has taken place as part of the budget setting process. It is recommended that the Council consider increasing its level of reserves. The historic rule of thumb from the now defunct Audit Commission was that 5% of net budget should be held as a General Reserve that should be untouchable except in major emergencies. The Council holds slightly more than this at 7% of net budget. However, the volume and complexity of the issues facing local government and the level of public expectation of councils from their residents suggests this is no longer sufficient. Many London Boroughs hold 14% and some significantly more. The events at Grenfell have made all councils reconsider the reserves they hold. It is recommended that a number of additions are made to the Council's reserves over the next four years to build them up towards £20 million or 14% by 2023/24. This includes an additional £522k received as part of the Provisional Local Government Settlement for 2019/20, an additional £500k added into the base budget in 2020/21 and then a further £1.5 million built into the base in 2021/22.

Members will be aware that the working balances provide protection against unforeseen events that could impact on the authority. Reserves must be used carefully and can be used only once. As reflected in the revenue budget strategy,

the Council will not utilise General Fund Balances to subsidise its budget or suppress council tax increases. Further it will not use any specified or earmarked reserves to subsidise its budget or to suppress council tax increases on an on-going basis as this is neither financially sustainable nor prudent.

It may, in exceptional circumstances, utilise appropriate specified or earmarked reserves to bridge short term forecast budget shortfalls to facilitate delivery and implementation of projects and service initiatives that will generate additional income or reduce on-going expenditure to achieve a balanced budget. Approval of decisions to utilise reserves in this manner will require the appropriate approval of a robust business case including implementation plan.

The Council maintains a number of earmarked funds for specific purposes and their use is planned and approved for these purposes. Often they are used to comply with accounting policies, manage arrangements across financial years, or to fund known future commitments.

The sums established within earmarked reserves were agreed by the Senior Leadership Team as at 1st April 2018 and were fully allocated to projects or liabilities. Other reserves continue to be expended/ planned in accordance with their specific approved purpose. A review is planned to take place as part of the accounts closure process over the next few months. The working balances of the HRA are also subject to a risk assessment; this is included in a report on the HRA budget for 2019/20 elsewhere on this Cabinet agenda.

10.4 Opportunity Cost of Reserves

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 due to low interest rates, these are in fact broadly neutral. However, a cost of around 4% will be incurred in respect of a requirement make revenue provision to repay debt.

On this basis, for every £1m of cash held, the purely financial benefit could be deemed to be £0.040m per annum or approximately £0.400m 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, £1.2m equates very approximately to 1% on the level of Band D Council Tax.

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 and would be assessed via a business case. 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.

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 potentially foregone by holding general reserves. However this is only relevant to the extent that such proposals align to Council's priorities and Medium Term Financial Strategy.

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 to address ongoing expenditure requirements.

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 given that the Council's ability to generate funds to replenish reserves through Council Tax is severely restricted by the Council Tax capping regime. Hence the level of reserves held overall requires a balance to be struck between the opportunity cost of holding balances against the unknown risks facing the Council and the need to safeguard the provision of local services if such risk were to crystalize.

10.5 Review of Reserves and Contingency

The assessment of the sums required for reserves and contingency purposes is reviewed regularly, taking 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 include 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.

The Corporate Risk Register is kept under review by the Senior Leadership Team, so any changes are then reflected when the reserves and contingency assessment is updated.

10.6 Summary of Robustness of the Budget and MTFS

The 2019/20 budget and 2019/23 MTFS has been prepared taking into account the following:

- The estimated impact of inflationary pressures and pay awards. Allowance has been made for cost increases over and above the general rate of inflation where these are known;
- The estimated impact of demographic change and the effect of increasing demands on services where these are unavoidable;
- Provision for legislative change and changes to the Council's statutory responsibilities;
- The estimated impact of underlying cost pressures, evidenced by financial monitoring reports in the current year;
- The estimated impact of Capital financing charges for the Capital programme including regeneration and highways schemes
- Provision for the impact of government grant reductions in 2019/20 and the continued risk of further tightening of finances in future years.

Furthermore, taking into account the budget risks and uncertainties, and assuming that the recommendations set out above are agreed, the Council's contingencies and balances are considered prudent. The S151 Officer is therefore of the view that the budget is robust. However, Members' attention is drawn to the need for close monitoring of the budget and, in particular, the achievement of the targets for savings. It will be essential for firm financial management to be exercised throughout the year to ensure that expenditure is contained within budget and targets for service improvements are met.

11 Discount for Council Tax Payers Paying in Full

11.1 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%. Cabinet should note that a similar discount is not permitted under business rate regulations.

11.2 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 March 2020, 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 April 2019, 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”.

11.3 Resolution for Council Tax

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

REASONS AND OPTIONS

Reasons for the decision:

The Council is required to set a balanced budget in advance of the beginning of each financial year. This report sets out the process to reach a balanced budget for 2019/20 and sets out the Council’s future plans for balancing the budget in the medium term from 2020/21 to 2022/23.

Other options considered:

The report outlines all the options identified for balancing the 2019/20 budget. Officers will continue to seek further options for balancing the budgets for 2020/21 to 2022/23.

IMPLICATIONS AND RISKS

Financial Implications and Risks

The financial implications of the Council’s MTFs are the subject of this report and are therefore set out in the body of this report.

Legal Implications and Risks

The Council is required under Chapter 3 of the Local Government and Finance Act 1992 to set a council tax for the forthcoming year along with its budget estimates. The decision must be made by 11 March of the preceding year (i.e. by midnight on 10 March). Each Member has a positive duty to ensure that the Council complies with its legal obligations, which requires agreeing a lawfully balanced budget. The Council’s prospective income from all sources must be equal to its proposed expenditure.

Chapter 1 of Part 5 of the Localism Act 2011 requires the Council to calculate its “council tax requirement”. This is reflected in the recommendations and report.

The approval of the budget and setting of the Council Tax is a decision reserved to Full Council under the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended).

Under these regulations, the Cabinet makes recommendations as to the setting of the council tax and budget to Full Council, which are set out in this report.

If Full Council seeks to reject or vary the budget in any material respect (in a way which is contrary to the Cabinet's recommended budget or is not agreed by the Cabinet by altering the original recommendations at the meeting), then the statutory process set out in Part 4 of the Constitution must be followed.

This requires that any decision other than one to agree the Cabinet's budget recommendations must be referred back to the Cabinet for reconsideration and will not be implemented. They will be an "in principle" decision only.

A second Council meeting will need to be held to consider the Cabinet's response to the first Council decision and / or to present revised proposals for the budget. The final budget will be agreed at the second Council meeting but any decision to set the budget in any way other than to approve the Cabinet's budget recommendations will require a majority of 2/3rds of those present and voting. All other votes are approved by a simple majority.

Once the budget is agreed by Full Council, the Cabinet has the sole power to implement the budget in 2018/19 without further reference to Full Council provided it remains within the budget framework. Further, Full Council cannot amend the Cabinet's budget proposals to direct the Cabinet to spend money allocated in the budget in a specific way. The Council's role is to set the overall budget and the Council tax only and to go further would be unlawful interference by the Full Council in the proper role of the Leader and Cabinet (*R v (Buck) v Doncaster (2013)* where Full Council's attempt to direct the Executive's decision with regard to library closures was held to be unlawful by the Court of Appeal).

The decisions in this report, as stated, agree the estimated budget required by the Council in the next financial year. The report also contains proposals for savings and efficiencies to be implemented in year to ensure the Council stays within budget. These proposals in this report do not constitute final decisions to make savings etc, as these are matters that are reserved for the Cabinet to decide under the Local Government Act 2000 in year. Therefore, as the proposals are at a formative stage, there is no obligation to have consulted on those proposals or had full and final due regard to the Council's equalities duties in respect of those decisions and / or any other legal obligation imposed on the Council before a final decision can be made. These decisions will be made by the Cabinet in the forthcoming year.

The 2011 Act provides for a referendum to be held on a council tax increase, where an increase exceeds a prescribed figure (and has been amended to take account of the permitted increase to contribute to Adult Social Care precept). The proposed increases in this report do not activate the requirement to hold a referendum.

Under the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended) any decision to set the Council tax or budget for the authority will be

undertaken by recorded vote and the Minutes of the meeting will record the names of all Councillors present at the vote and how each Councillor voted (for or against) or the fact that they abstained from voting.

Further Advice

Further advice from the Monitoring Officer on Members' responsibilities when considering the budget report and council tax setting is set out in **Appendix H**.

Human Resource Implications and Risks

The Council continues to work closely with its staff and with Trades Unions to ensure that the effects on staff of the savings required have been managed in an efficient and compassionate manner. All savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy and associated guidance.

Equalities and Social Inclusion Implications and Risks

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to the need to:

- (i) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

'Protected characteristics' under the 2010 Act are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity, and gender reassignment.

In meeting its equalities duties, the Cabinet and Council as the decision maker should have regard to the equalities assessment and information before it. The discharge of the duty cannot be delegated to officers.

Due regard means giving proper and focussed consideration of the impact of the decision on meeting its equalities duties. The focus should be on any adverse equalities implications that will arise from a decision and how they can be avoided and / or how they are mitigated in the decisions. The amount of focus on the duties will vary with each decision and how far they adversely impact on protected characteristics.

Adverse impact is likely to be indirect, e.g. a decision that has universal application but a disproportionate adverse impact in practice on one or more groups or persons with protected characteristics. Positive impact is relevant but the consideration must be frank and open minded about assessing the adverse impact. For example, a decision may mean that provision to those with protected characteristics may improve in the long term

but there is a short term adverse impact, e.g. greater travel times making accessibility more difficult.

Due regard does not mean that the equality outcomes have to be achieved. It will often be the case that difficult decisions need to be made that have an adverse equality impact but other relevant factors, such as finite budgets, can and will outweigh the Council's equality duty. This is permissible provided a conscientious balancing exercise of relevant factors takes place based on the evidence. In such situations, regard can be had to what mitigating steps are being taken.

Depending on the circumstances, regard should be had to the following:

- the need to remove or minimise disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic;
- the need to take steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. For example, meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities;
- the need to encourage persons who share a protected characteristic to participate in public life (or in any other activity in which participation by such persons is disproportionately low); and
- the need to tackle prejudice and promote understanding.

The duty to have due regard must be carried out before a relevant decision is taken. The duty is also a continuing duty and so considerations may evolve during a decision making process, e.g. before and after a consultation or engagement process.

Although compliance is often demonstrated with the aid of an equalities assessment, this is not a legal duty so long as there is sufficient information to make a lawful assessment, as described, on the evidence. What is required is a conscientious consideration of the equalities impact.

Finally, whilst consideration of equalities impact must be rigorous, decision makers are not expected to explore every last possible differential impact of a proposed decision. If there has been proper consideration of the equality duties, the weight given to different factors in a decision will be for Cabinet to decide.

None

Council Tax Resolution and Tax base

Council Tax Resolution

That the following amounts be now calculated by the Council for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

| | | |
|-----|---------------|---|
| (a) | 508,023,773 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act. |
| (b) | (383,210,990) | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. |
| (c) | 124,812,783 | being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act). |
| (d) | £1,408.15 | being the amount at 5(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. |

That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts shown in the table below as the amounts of Council Tax for 2019/20 for each of the categories of dwellings.

| Valuation Bands London Borough of Havering | | | |
|---|-----------------|--------------------------|--------------|
| | Havering | Adult Social Care | Total |
| | £ p | £ p | £ p |
| A | 869.87 | 68.90 | 938.77 |
| B | 1,014.84 | 80.38 | 1,095.22 |
| C | 1,159.82 | 91.87 | 1,251.69 |
| D | 1,304.80 | 103.35 | 1,408.15 |
| E | 1,594.76 | 126.32 | 1,721.08 |
| F | 1,884.71 | 149.28 | 2,033.99 |
| G | 2,174.67 | 172.25 | 2,346.92 |
| H | 2,609.60 | 206.70 | 2,816.30 |

That it be noted for the year 2019/20 the major precepting authority (the GLA) has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below as proposed by the Mayor.

| Valuation Bands Greater London Authority | |
|--|------------|
| | £ p |
| A | 213.67 |
| B | 249.29 |
| C | 284.90 |
| D | 320.51 |
| E | 391.73 |
| F | 462.96 |
| G | 534.18 |
| H | 641.02 |

That, having calculated the aggregate in each case of the amounts at 6 and 7 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2019/20 for each of the categories of dwellings shown below:

| Valuation Bands | £ p |
|-----------------|------------|
| A | 1,152.44 |
| B | 1,344.51 |
| C | 1,526.59 |
| D | 1,728.66 |
| E | 2,112.81 |
| F | 2,496.95 |
| G | 2,881.10 |
| H | 3,457.32 |

The effect of adopting this resolution would be to set the Council Tax for a Band D property at £1,728.66

That Council having considered the principles approved under the Local Government Finance Act 1992 by the Secretary of State for Communities and Local Government concludes that the Council's basic relevant amount of Council Tax for 2018/19 is not excessive.

Calculation of the Tax Base - 'The Band D Equivalent'

The Council Tax regime covers eight bands of property. Each band has an arithmetic relationship with the other - and all bands are related to Band D for charge purposes as follows:

| Band | Proportion of Band D Charge | |
|------|-----------------------------|--------------|
| A | $\frac{6}{9}$ | of Band D |
| B | $\frac{7}{9}$ | of Band D |
| C | $\frac{8}{9}$ | of Band D |
| D | $\frac{9}{9}$ | of Band D |
| E | $\frac{11}{9}$ | times Band D |
| F | $\frac{13}{9}$ | times Band D |
| G | $\frac{15}{9}$ | times Band D |
| H | $\frac{18}{9}$ | times Band D |

It is therefore, possible to work out a tax base by multiplying the number of properties in each of the bands by the relevant proportion (see Annexe A). Known single person

discount properties and student properties are also taken into account in arriving at this figure.

Certain other factors also have to be taken into account. These are:

- Number of properties that are yet to be listed in the appropriate band for all or part of the coming year.
- Properties Eligible for the Long Term Empty Premium
- A reduction for the number of properties that attract disabled relief, which for Bands B-H receive a charge relating to one band lower than the band allocated to the property. Properties in Band A are also entitled to disabled relief, thereby reducing the charge to 5/9ths of a Band D property charge.
- A reduction for the estimated number of successful appeals against the banding allocated for individual properties.
- A reduction for the estimated number of properties becoming subject to single person discount, and student discount during the year.
- A reduction for the estimated number of properties eligible for Council Tax Support (CTS)
- At Cabinet on 25 July 2018, eight options to change the Council Tax Support (CTS) Scheme were considered that proposed changes to the Council Tax Scheme (CTS) Scheme expenditure to varying degrees. Members recommended the option set in the table below.

The net effect of these adjustments is incorporated in a single figure called the Band D equivalent figure. Thereafter, the estimated effect of possible non collection also has to be considered, the effect of which is to reduce the equated number of properties taken into account in setting the Council Tax and this final figure is the “Council Tax Base”.

1. Assessed Level of Non Collection

The estimated non collection level for 2018/19 was 1.25%. As at period 8, the council tax forecast is on budget and on track for delivery. Due to the changes to Council Tax Support (CTS), a small increase in bad debt provision is required. The non-collection rate for 2019/20 is recommended to increase to 1.30% for 2019/20.

2. Detail of the Calculation of the Council Tax Base

Section 33 of the Local Government Finance Act 1992 has been expanded via an amendment to the Act to accommodate the changes to the taxbase in calculating the final taxbase figure - item T.

The manner of calculation of the Council Tax base is set out in the local Authorities (Calculation of Council Tax Base) (England) Regulations 2012

‘T’ is determined by the formula:

$$A \times B$$

Where: -

A is the total of the relevant amounts for that year for each of the valuation

bands which is shown or is likely to be shown for any day in that year in the Council's valuation list as applicable to one of more dwellings situated in its area (i.e. the Band D equivalent).

B is the Council's estimate of its collection rate for that year.

The regulations lay down a formula for the calculation of A and these are attached at Annexe A.

The calculations are as follows: -

| | | |
|---|---|--------|
| A | = | 89,803 |
| B | = | 98.70% |
| T | = | 88,636 |

**COUNCIL TAX BASE CALCULATION 2019/20
THE BAND D EQUIVALENT**

Item A is found by applying the formula $((H+Q+J+E)+Z)F/G$ to each of the Council Tax bands and totalling the amounts calculated

| | A1* | A | B | C | D | E | F | G | H | Total |
|--|-----|--------|--------|--------|--------|--------|-------|-------|-----|---------------|
| Where | | | | | | | | | | |
| H is the number of properties in the valuation list - Regulation 4(2) as at 30th November | 0 | 5,477 | 10,952 | 27,846 | 35,916 | 15,270 | 6,412 | 3,045 | 326 | 105,244 |
| Less | | | | | | | | | | |
| the number of properties exempt from a charge - Regulation 4(2) | 0 | -127 | -194 | -294 | -409 | -188 | -70 | -24 | 0 | -1,306 |
| Property Base - Item H | 0 | 5,350 | 10,758 | 27,552 | 35,507 | 15,082 | 6,342 | 3,021 | 326 | 103,938 |
| Q Is the factor to take account of discounts | -2 | -749 | -1,450 | -2,345 | -2,238 | -824 | -272 | -112 | -10 | -8,002 |
| J is the expected change to the property tax base during the year Regulations 4(6) to 4(8) | | | | | | | | | | |
| Additions | 9 | 82 | 147 | 382 | 350 | 161 | 74 | 30 | 2 | 1,237 |
| Reductions | 0 | -67 | -102 | -169 | -248 | -124 | -69 | -51 | -16 | -846 |
| Z Is the estimate reduction in relation to claimants receiving Council Tax Support | -2 | -1,328 | -2,181 | -2,993 | -2,092 | -528 | -105 | -29 | -1 | -9,259 |
| Total tax base adjustment | 7 | -1,313 | -2,136 | -2,780 | -1,990 | -491 | -100 | -50 | -15 | -8,868 |
| Total projection per band | 5 | 3,288 | 7,172 | 22,427 | 31,279 | 13,767 | 5,970 | 2,859 | 301 | 87,068 |
| F Is the proportion of each band in relation to band D | 5 | 6 | 7 | 8 | 9 | 11 | 13 | 15 | 18 | |
| G Is the proportion specified for band D | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | |
| $((H+Q+J) + Z) \times F/G =$ | 3 | 2,192 | 5,578 | 19,935 | 31,279 | 16,826 | 8,623 | 4,765 | 602 | 89,803 |
| The Band D equivalent item A is therefore | | | | | | | | | | 89,803 |

**LONDON BOROUGH OF HAVERING
PROVISIONAL COUNCIL TAX STATEMENT – 2019/20 BUDGET**

| 2018/19 £ | Havering's Expenditure | Estimate 2019/20 £ | |
|---------------------|--|-----------------------|-------------|
| 154,310,024 | Service Expenditure | 154,109,218 | |
| 1,000,000 | General Contingency | 1,000,000 | |
| 155,310,024 | Havering's Own Expenditure | 155,109,218 | a |
| | Levies | | |
| 15,887,000 | East London Waste Authority | 17,049,000 | Provisional |
| 184,161 | Environment Agency (Thames) | 187,511 | Provisional |
| 20,971 | Environment Agency (Anglia) | 21,470 | Provisional |
| 211,211 | Lee Valley Regional Park Authority | 221,772 | Estimate |
| 305,752 | London Pensions Fund Authority (LPFA) | 321,040 | Estimate |
| 16,609,095 | Sub Total – Levies | 17,800,793 | b |
| (11,990,898) | Unringfenced Grant | (13,516,393) | c |
| 159,928,221 | Sub Total – Total Expenditure | 159,393,618 | d=a+b-c |
| | External Finance | | |
| 10,363,832 | Business Rates Top-up | 3,369,857 | Final |
| (51,623,259) | National Non Domestic Rate | (38,074,634) | Final |
| (41,259,427) | Sub Total – External Finance | (34,704,777) | e |
| (181,000) | Council Tax Deficit/(Surplus) | (461,196) | Final |
| 637,301 | Business Rates Deficit/(Surplus) | 585,138 | Final |
| 119,125,095 | Havering's Precept on the Collection Fund | 124,812,783 | h=d+e+f+g |

| 2018/19 | | <u>The Collection Fund</u> Expenditure | | Estimate 2019/20 | |
|------------------------|-----------------|--|--|------------------|-------|
| £ | £ p | Precepts | £ | £ p | |
| 112,479,812 | 1,287.75 | London Borough of Havering | 115,652,253 | 1,304.80 | |
| 6,645,283 | 76.08 | Adult Social Care | 9,160,530 | 103.35 | |
| 119,125,095 | 1,363.83 | Total London Borough of Havering | 124,812,783 | 1,408.15 | h |
| 25,699,814 | 294.23 | Greater London Authority (Provisional) | 28,408,724 | 320.51 | |
| 51,623,259 | 591.02 | London Borough of Havering Retained Business Rates | 38,074,634 | 429.56 | |
| 29,038,083 | 332.45 | Greater London Authority - Retained Business Rates | 20,855,692 | 235.30 | |
| 0 | 0.00 | Central Government - Retained Business Rates | 0 | 0.00 | |
| 272,140 | 3.12 | Cost of NNDR collection | 271,673 | 3.07 | |
| 225,758,390 | 2,584.64 | Total Expenditure | 212,423,506 | 2,396.58 | i |
| | | Total Income | | | |
| (80,933,482) | (926.58) | National Non-Domestic Rate | | | |
| 144,824,908 | 1,658.06 | NNDR receivable | (59,201,999) | (667.92) | j |
| 87,346 | | COUNCIL TAX per Band D property | 153,221,507 | 1,728.66 | k=i-j |
| | | Council Tax Base | 88,636 | | |
| | | | Council Tax percentage change 4.26% | | |
| | | Council Taxes Per Property Band | | | |
| Valuation as at 1/4/91 | £ p | | £ p | Change | |
| Under £40,000 | 1,105.37 | Band A | 1,152.44 | 47.07 | |
| £40,000 - £52,000 | 1,289.60 | Band B | 1,344.51 | 54.91 | |
| £52,001 - £68,000 | 1,473.84 | Band C | 1,536.59 | 62.75 | |
| £68,001 - £88,000 | 1,658.06 | Band D | 1,728.66 | 70.60 | |
| £88,001 - £120,000 | 2,026.52 | Band E | 2,112.81 | 86.29 | |
| £120,001 - £160,000 | 2,394.97 | Band F | 2,496.95 | 101.98 | |
| £160,001 - £320,000 | 2,763.43 | Band G | 2,881.10 | 117.67 | |
| Over £320,000 | 3,316.12 | Band H | 3,457.32 | 141.20 | |

| Full Year effects of decisions agreed Feb 18 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|---------------|---------------|---------------|---------------|----------------|
| | £m | £m | £m | £m | £m |
| Total Full Year effect savings | -4.554 | -2.943 | -3.227 | -1.592 | -12.317 |

| Efficiencies, service cuts and income changes | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m |
| Increase Business Rates income - Actions of the Opportunities service plan | | -0.300 | -0.300 | -0.432 | -1.032 |
| Changes to Council Tax Support scheme | -0.600 | | | | -0.600 |
| Shared Emergency Planning | -0.020 | | | | -0.020 |
| Commercial Property Income | -0.100 | -0.100 | -0.100 | -0.100 | -0.400 |
| Insurance Contractual Saving | -0.050 | | | | -0.050 |
| Total Efficiency savings | -0.770 | -0.400 | -0.400 | -0.532 | -2.102 |

| Departmental proposals | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m |
| Adults | -0.823 | -1.000 | -1.000 | -1.000 | -3.823 |
| Chief Operating Officer | -0.851 | 0 | 0 | 0 | -0.851 |
| Neighbourhoods | -0.502 | -0.115 | 0 | 0 | -0.617 |
| One Source | -0.410 | -0.475 | -0.450 | -0.048 | -1.383 |
| Children's | -0.570 | 0 | 0 | 0 | -0.570 |
| Public Health | 0.000 | -0.173 | 0 | 0 | -0.173 |
| Total | -3.156 | -1.763 | -1.450 | -1.048 | -7.417 |
| Cumulative Total | -3.156 | -4.919 | -6.369 | -7.417 | -7.417 |

| Transformation - Communities | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m |
| Localities Gateways and Integration | -0.060 | -1.477 | -1.477 | -1.134 | -4.148 |
| Review of Transport | -0.100 | -0.045 | -0.030 | -0.005 | -0.180 |
| Revision of Charging Policy | -0.043 | 0.000 | 0.000 | 0.000 | -0.043 |
| Total Savings | -0.203 | -1.522 | -1.507 | -1.139 | -4.371 |

| Transformation - Places | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|-------------------------|---------|---------|---------|---------|------------|
| | £m | £m | £m | £m | £m |
| Asset Optimisation | TBC | TBC | TBC | TBC | TBC |

| | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Bretons | 0.000 | 0.000 | 0.000 | -0.500 | -0.500 |
| Registration and Bereavement Services | -0.095 | -0.117 | -0.114 | -0.143 | -0.469 |
| Review of Front Doors | 0.000 | -0.093 | -0.050 | -0.050 | -0.193 |
| Total Savings | -0.095 | -0.210 | -0.164 | -0.693 | -1.162 |

| Transformation - Opportunities | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m |
| Contracts Review | -0.300 | -0.640 | -1.090 | -1.580 | -3.610 |
| Digital Platform Replacement | -0.038 | -0.077 | -0.116 | 0.000 | -0.231 |
| Full Cost Recovery | -0.250 | -0.150 | -0.150 | -0.150 | -0.700 |
| Income Debt Management and Enforcement | -0.067 | -0.044 | -0.027 | -0.044 | -0.182 |
| Process Automation and Robotics | 0.000 | -0.050 | -0.100 | -0.150 | -0.300 |
| Service Redesign | -0.151 | -0.583 | -1.154 | -1.559 | -3.447 |
| Transformation of Post and Print | -0.050 | 0.000 | 0.000 | 0.000 | -0.050 |
| Total Savings | -0.856 | -1.544 | -2.637 | -3.483 | -8.520 |

| Transformation - Connections | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|-------------------------------------|---------------|---------------|---------------|--------------|---------------|
| | £m | £m | £m | £m | £m |
| Business Intelligence and Analytics | -0.622 | -0.106 | -0.106 | 0.000 | -0.834 |
| Managing Traffic Flows | -3.000 | -0.658 | 0.000 | 0.000 | -3.658 |
| Total Savings | -3.622 | -0.764 | -0.106 | 0.000 | -4.492 |

| Transformation - Summary | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| | £m | £m | £m | £m | £m |
| Communities | -0.203 | -1.522 | -1.507 | -1.139 | -4.371 |
| Places | -0.095 | -0.210 | -0.164 | -0.693 | -1.162 |
| Opportunities | -0.856 | -1.544 | -2.637 | -3.483 | -8.520 |
| Connections | -3.622 | -0.764 | -0.106 | 0.000 | -4.492 |
| Total Savings | -4.776 | -4.040 | -4.414 | -5.315 | -18.545 |

| | | | | | |
|----------------------|----------------|---------------|---------------|---------------|----------------|
| TOTAL SAVINGS | -13.256 | -9.146 | -9.491 | -8.487 | -40.381 |
|----------------------|----------------|---------------|---------------|---------------|----------------|

**Schedule
of
Fees and Charges**

Adults Adult Services

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| 1 Respite Care Weekly charges* Age over Pension Credit age Age 25 up to Pension Credit age Age 18 to 24 Annual increase subject to DWP minimum income allowance Net of personal expense allowance set by DOH * These charges will change in Jan/Feb 2019 when the new benefit, pension, and personal expense allowance rates are announced. | 125.65 81.75 66.55 | TBC TBC TBC | 09/02/18 09/02/18 09/02/18 | L L L |

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Adults Adult Services

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| 2 Court of Protection | | | | |
| Annual charges - Fixed Costs as directed by Court of Protection* Work up to and including the date upon which the court makes an order appointing a deputy for property and affairs | 745.00 | 745.00 | 01/04/17 | Court Direction |
| Annual management fee where the court appoints a local authority deputy for property and affairs, payable on the anniversary of the court order | | | | |
| (a) for the first year: | 775.00 | 775.00 | 01/04/17 | Court Direction |
| (b) for the second and subsequent years: | 650.00 | 650.00 | 01/04/17 | Court Direction |
| Where the net assets are below £16,000, an annual management fee not exceeding 3.5% of net assets on the anniversary of the court order appointing the local authority as deputy | | | | |
| Annual property management fee to include work involved in preparing property for sale, instructing agents, conveyancers, etc or the ongoing maintenance of property including management and letting of a rental property | 300.00 | 300.00 | 01/04/17 | Court Direction |
| Preparation of Annual Report for the Public Guardian | 216.00 | 216.00 | 01/04/17 | Court Direction |
| Preparing basic HMRC tax return | 70.00 | 70.00 | 01/04/17 | Court Direction |
| Preparing complex HMRC tax return | 140.00 | 140.00 | 01/04/17 | Court Direction |
| Travel time £40 per hour in units of £10/15 mins | 40/hour | 40/hour | 01/04/17 | Court Direction |
| Recoup of Application fee paid from HMRC Account | 400.00 | 385.00 | 24/07/18 | Court Direction |
| Increase subject to Court of Protection/Direction and the 2017 Rate is the 1st increase since 2011 | | | | |

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Adults Adult Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| 1. Personal care and Support Provision of homecare delivery to Service Users Homecare rate - hourly charge; per minute of actual care <i>The individual contribution is subject to the individual means test assessment</i> Homecare rates are currently subject to review and may change following the publishing of these fees and charges | 16.92 | 16.92 | 01/04/17 | C/L |
| 2. Care home Provision of care home delivery to Service Users Care home rate based on authority's 'usual costs' -weekly charge Residential Frail Residential Dementia Nursing Frail Nursing Dementia Nursing Higher Rate | 516.00 579.00 528.00 565.00 565.00 | TBC TBC TBC TBC TBC | 01/04/18 01/04/18 01/04/18 01/04/18 01/04/18 | L L L L L |
| 3. Day Centre Day care delivery to Service Users Day Centre daily rate Transport to Day Centre (inclusive of return journey) | 40.00 10.00 | 40.00 10.00 | 07/04/14 07/04/14 | L L |

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Adults Adult Services

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|-----------------------------------|--|--|--|---|
| 4. Extra Care Housing | | | | |
| Dreywood Court - hourly rate | 15.00 | 15.28 | 01/04/18 | L |
| St Ethelburga Court - hourly rate | 15.00 | 15.28 | 01/04/18 | L |
| Paines Brook Court - hourly rate | 15.00 | 15.28 | 01/04/18 | L |
| 5. Deferred Payment Admin fees | | | | |
| Initial set-up fee | 658.00 | 658.00 | 11/04/16 | L |
| Annual review charge | 89.00 | 89.00 | 11/04/16 | L |

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**Chief Operating Officer
Culture and Customer Access**

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*VAT inclusive

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|--|--|--|---|--|
| LIBRARY SERVICES: | | | | |
| Fines (per item, per day) | | | | |
| Adults | 0.38 | 0.39 | 01/04/19 | I/N/P |
| Children | no charge | no charge | 01/04/14 | D/L |
| Spoken Words | 0.38 | 0.39 | 01/04/19 | I/N/P |
| Lost Tickets | 4.20 | 4.30 | 01/04/19 | I/N/P |
| Lost Items - Replacement Cost (Minimum charge £10 + fines) | Cost + fines | Cost + fines | 01/04/14 | D/P |
| Pre Overdue by email | Cost + fines | Cost + fines | 01/04/14 | D/P |
| Overdue notifications | | | | |
| 1st Overdue (E-Mail) | No Charge | No Charge | 01/04/14 | D/P |
| 1st Overdue (Text/Telephone) | 0.21 | 0.22 | 01/04/19 | I/N/P |
| Reservations | | | | |
| Adult (E-mail) | 1.26 | 1.30 | 01/04/19 | I/N/P |
| Adult (Text/Telephone) | 1.46 | 1.50 | 01/04/19 | I/N/P |
| Adult (Post) | 1.89 | 1.95 | 01/04/19 | I/N/P |
| Children | No Charge | No Charge | 01/04/14 | D/P |

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|--|--|--|---|--|
| Items not held within borough | | | | |
| Adult | 2.85 | 2.94 | 01/04/19 | I/N/P |
| British Library Loans (plus postage) | 13.20 | 13.60 | 01/04/19 | I/N/P |
| Children | No Charge | No Charge | 01/04/14 | D/P |
| CDs | | | | |
| Per week: | | | | |
| Singles | 1.35 | 1.40 | 01/04/19 | I/N/P |
| Sets | 2.35 | 2.40 | 01/04/19 | I/N/P |
| Per 3 weeks: | | | | |
| Spoken Word (registered blind exempt) | 1.26 | 1.30 | 01/04/19 | I/N/P |
| DVDs (per week) | 3.25 | 3.35 | 01/04/19 | I/N/P |
| Music Scores (3 Months) | | | | |
| Cost to be agreed with customer before progressing order | Quoted | Quoted | 01/04/15 | D/P |
| Computer Use | | | | |
| IT Hub - reservation fee per computer, per hour | No Charge | No Charge | 01/04/15 | D/P |

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*VAT inclusive

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|--|--|--|--|---|
| Photo Copies | | | | |
| B/W A4 | 0.34 | 0.35 | 01/04/19 | I/N/P |
| B/W A3 | 0.39 | 0.40 | 01/04/19 | I/N/P |
| Colour A3 | 2.16 | 2.20 | 01/04/19 | I/N/P |
| Colour A4 | 1.50 | 1.55 | 01/04/19 | I/N/P |
| Photocopying single sided | 0.34 | 0.35 | 01/04/19 | I/N/P |
| Photocopying double sided | 0.52 | 0.54 | 01/04/19 | I/N/P |
| People's Network - Printing | | | | |
| B/W A4 (Printout per page) | 0.34 | 0.35 | 01/04/19 | I/N/P |
| Colour A4 (Printout per page) | 1.50 | 1.55 | 01/04/19 | I/N/P |
| Library Space | | | | |
| 2 hours for sole & guaranteed use of specific space, to include use of a desk/table & chair(s) to organisations for activities that benefit their members or participants, or where "drop in" services are being offered | 10.30 | 11.00 | 01/04/19 | I/N/P |
| Office Space in libraries | 10.30 | 11.00 | 01/04/19 | I/N/P |

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|---|--|--|---|--|
| Community Group Room Hire | 20% discount | 20% discount | 01/04/17 | D/P |
| Elm Park Library Elm Park Meeting Room per hour (Equiv. Hornchurch CR2) | 16.00 | 17.00 | 01/04/19 | I/N/P |
| Harold Hill Library Harold Hill Meeting Room per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Harold Hill Office Space per hour | 15.50 | 16.00 | 01/04/19 | I/N/P |
| Hornchurch Library Hornchurch Large meeting room - First Hour | 26.25 | 27.00 | 01/04/19 | I/N/P |
| Hornchurch Large meeting room - Additional Hours | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Hornchurch - After 10pm £26.25 locking up fees | 26.25 | 27.00 | 01/04/19 | I/N/P |
| Hornchurch Class Room One, per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Hornchurch Class Room Two, per hour | 16.00 | 17.00 | 01/04/19 | I/N/P |
| Hornchurch Office Space per hour | 10.30 | 11.00 | 01/04/19 | I/N/P |
| Upminster Library Upminster Meeting Room per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Upminster - After closing time £26.25 locking up fees | 26.25 | 27.00 | 01/04/19 | I/N/P |

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|--|--|--|---|--|
| Rainham Library | | | | |
| Rainham Library Meeting Room 1 (large room) First Hour | 26.25 | 27.00 | 01/04/19 | I/N/P |
| Rainham Library Meeting Room 1 (large room) Additional Hours | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Rainham Library Meeting Room 2 per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Rainham Library Meeting Room 3 per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Rainham Library Meeting Room 4 per hour | 16.00 | 16.50 | 01/04/19 | I/N/P |
| Rainham Library Meeting Room 5 per hour | 16.00 | 16.50 | 01/04/19 | I/N/P |
| Rainham - After closing time £26.25 locking up fees | 26.25 | 27.00 | 01/04/19 | I/N/P |
| Nursery Room | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Romford Library | | | | |
| Romford Large meeting room - First Hour | 26.25 | 27.00 | 01/04/19 | I/N/P |
| Romford Large meeting room - Additional Hours | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Romford second meeting room per hour | 21.10 | 22.00 | 01/04/19 | I/N/P |
| Romford - After closing time £26.25 locking up fees | 26.25 | 27.00 | 01/04/19 | I/N/P |
| South Hornchurch Library | | | | |
| South Hornchurch Library Room 1 per hour | 10.30 | 11.00 | 01/04/19 | I/N/P |
| South Hornchurch Library Room 2 per hour | 10.30 | 11.00 | 01/04/19 | I/N/P |
| South Hornchurch Library Room 3 per hour | 16.00 | 16.50 | 01/04/19 | I/N/P |
| Harold Wood Library | | | | |
| Harold Wood Library Meeting Room per hour | 16.00 | 16.50 | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Room Hire Cancellation Notice of cancellation of room hire under 24 hours Notice of cancellation of room hire 1-3 days Notice of cancellation of room hire 3-7 days | 75% of room hire fee 50% of room hire fee 25% of room hire fee | 75% of room hire fee 50% of room hire fee 25% of room hire fee | 01/04/14 01/04/15 01/04/15 | D/P D/P D/P |

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|--|--|--|---|--|
| Exhibitions (per week) | | | | |
| Upminster at exhibitors liability for one week | No Charge | No Charge | 01/04/12 | D/P |
| Hornchurch at exhibitors liability for one week | No Charge | No Charge | 01/04/12 | D/P |
| Cost of Recovery | | | | |
| Accounts owing up to £99.00 | 10.30 | 10.61 | 01/04/19 | I/N/P |
| Accounts owing £100.00 plus | 20.60 | 21.22 | 01/04/19 | I/N/P |
| Cost of Digital images | | | | |
| Image on disc (including disc) | 3.75 | 3.85 | 01/04/18 | I/N/P |
| Image on USB (excluding USB) | 3.75 | 3.85 | 01/04/18 | I/N/P |
| Image on Paper price on application plus postage | Quoted | Quoted | 01/04/14 | D/P |
| Commercial Reproduction price on application | Quoted | Quoted | 01/04/14 | D/P |

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|--|--|--|---|--|
| FAIRKYTES | | | | |
| Off Peak: Mon-Fri** up to 6pm*** (per hour unless otherwise stated) | | | | |
| Main Room | 18.50 | 19.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 40.50 | 42.00 | 01/04/19 | I/N/P |
| Room 12 | 15.00 | 15.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 32.00 | 33.00 | 01/04/19 | I/N/P |
| Room 13 | 11.50 | 12.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 25.00 | 26.00 | 01/04/19 | I/N/P |
| Room 9 | 11.50 | 12.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 25.00 | 26.00 | 01/04/19 | I/N/P |
| Art Room | 14.00 | 15.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 29.50 | 31.00 | 01/04/19 | I/N/P |
| Sculpture (includes access to Kiln Room when available) | 11.50 | 12.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 24.00 | 25.00 | 01/04/19 | I/N/P |
| Studio 1 | 27.00 | 28.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 58.00 | 60.00 | 01/04/19 | I/N/P |
| Studio 2 | 18.00 | 18.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 40.00 | 41.00 | 01/04/19 | I/N/P |

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- P - The Corporate Charging Policy
- L - A local charging policy that deviates from the Corporate Charging Policy

**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|---|--|
| Off Peak: Mon-Fri** up to 6pm*** (continued) (per hour unless otherwise stated) | | | | |
| Studio 3 | 11.50 | 12.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 24.00 | 25.00 | 01/04/19 | I/N/P |
| Billet Studio 1 | 18.00 | 18.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Billet Studio 2 | 12.00 | 13.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 25.00 | 26.50 | 01/04/19 | I/N/P |
| Gallery Studio | 15.50 | 16.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 35.00 | 36.00 | 01/04/19 | I/N/P |
| Peak rate: Mon-Fri 6pm*** to close, all day Sat,Sun,public holidays (per hour unless otherwise stated) | | | | |
| Main Room | 22.00 | 23.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 48.00 | 49.50 | 01/04/19 | I/N/P |
| Room 12 | 18.50 | 19.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Room 13 | 15.00 | 15.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 32.00 | 33.00 | 01/04/19 | I/N/P |
| Room 9 | 14.00 | 15.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 29.50 | 31.00 | 01/04/19 | I/N/P |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|---|--|
| Peak rate: Mon-Fri 6pm*** to close, all day Sat,Sun,public holidays (per hour unless otherwise stated) | | | | |
| Art Room | 18.50 | 19.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Sculpture (includes access to Kiln Room when available) | 12.50 | 13.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 26.00 | 27.00 | 01/04/19 | I/N/P |
| Studio 1 **** | 36.00 | 37.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 75.50 | 78.00 | 01/04/19 | I/N/P |
| Studio 2 | 21.00 | 21.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 45.50 | 47.00 | 01/04/19 | I/N/P |
| Studio 3 | 13.50 | 14.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 29.00 | 30.00 | 01/04/19 | I/N/P |
| Billet Studio 1 | 21.00 | 21.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 45.50 | 47.00 | 01/04/19 | I/N/P |
| Billet Studio 2 | 14.50 | 15.50 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 30.50 | 32.00 | 01/04/19 | I/N/P |
| Gallery Studio | 19.50 | 20.00 | 01/04/19 | I/N/P |
| <i>Three hour hire discounted rate</i> | 43.50 | 45.00 | 01/04/19 | I/N/P |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Peak rate: Mon-Fri 6pm*** to close, all day Sat,Sun,public holidays (per hour unless otherwise stated) | | | | |
| Private Studio/Workshop/Office (flat rate per calendar month) | 195.00 | 201.00 | 01/04/19 | I/N/P |
| Private/Commercial Function Rates in Studio 1 (Main Hall)**** | | | | |
| (The below charged at a flat rate per hire including staffing charge) | | | | |
| Saturday 6.00pm - 11pm † | 280.00 | 290.00 | 01/04/19 | I/N/P |
| Sunday & Public Holidays 6.00pm - 10.30pm † | 250.00 | 260.00 | 01/04/19 | I/N/P |
| Friday 6.00-10.30pm † | 195.00 | 201.00 | 01/04/19 | I/N/P |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|---|--|
| HORNCHURCH STADIUM | | | | |
| Weekday Use by Athletics Clubs (excluding training session)* | | | | |
| Half Day* | 84.50 | 87.00 | 01/04/19 | I/N/P |
| Full Day* | 159.00 | 164.00 | 01/04/19 | I/N/P |
| Saturday Use by Athletics Clubs (excluding training session)* | | | | |
| Half Day* | 105.60 | 109.00 | 01/04/19 | I/N/P |
| Full Day* | 196.00 | 202.00 | 01/04/19 | I/N/P |
| Sunday Use by Athletics Clubs (excluding training session)* | | | | |
| Half Day* | 139.00 | 143.00 | 01/04/19 | I/N/P |
| Full Day* | 266.00 | 274.00 | 01/04/19 | I/N/P |
| Use by Schools (excluding training session)** | | | | |
| Half Day** | 101.00 | 104.00 | 01/04/19 | I/N/P |
| Full Day** | 208.00 | 214.00 | 01/04/19 | I/N/P |
| Schools Training Sessions (per hour Inc. equipment)** | 38.10 | 39.00 | 01/04/19 | I/N/P |
| Occasional use - Football - without lights Seniors (3 hours)** | 196.00 | 202.00 | 01/04/19 | I/N/P |
| Occasional use - Football - without lights Juniors (2.5 hours)** | 108.10 | 111.00 | 01/04/19 | I/N/P |
| Occasional use - Football - with lights Seniors (3 hours)** | 307.00 | 316.00 | 01/04/19 | I/N/P |
| Occasional use - Football - with lights Juniors (2.5 hours)** | 136.00 | 140.00 | 01/04/19 | I/N/P |
| * VATable unless block (10 or more) booking | | | | |
| ** VATable unless block (10 or more) booking or Havering schools | | | | |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Marketing Advertising in Fairkytes and other culture publications | | | | |
| Full page (A4) | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Full page (A5) or Half page (A4) | 125.00 | 129.00 | 01/04/19 | I/N/P |
| Half page (A5) or Quarter page (A4) | 65.00 | 67.00 | 01/04/19 | I/N/P |
| Quarter page (A5) or Eighth page (A4) | 35.00 | 36.00 | 01/04/19 | I/N/P |
| Online ticket sales 10% of ticket price to be added to the charge for Culture Events when sold on-line | 10% of ticket price | 10% of ticket price | 01/04/16 | D/L |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| MUSIC SCHOOL: | | | | |
| Associate Ensemble Membership Associate Member (Adult) | 49.45 | 51.00 | 01/04/19 | I/N/P |
| Hire of Instruments (Annual Charge) | 35.00 | 40.00 | 01/04/19 | S/L |

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**Chief Operating Officer
Culture and Customer Access**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| <p>Scholarships Secondary - Individual Lesson (30 minutes) (Direct Debit fees now Please note: Scholarships are no longer offered to primary age children. <i>Those that are still running are all 30mn lessons and the charge is based on the Gold 3rd Instrument rate.</i></p> <p>Administration fees Examination entries Assisted Instrument Purchase Scheme Timetable changes (new charge 2019)</p> <p>Exam fees Including any required piano accompaniment are collected on a cost recovery basis (accompaniment required for most instruments except piano/ guitar/ percussion).</p> | Deleted | Deleted | 01/04/17 | |
| | Withdrawn | Withdrawn | 01/04/18 | |
| | 2.00 | 2.00 | 01/04/17 | D/L |
| | 5.50 | 6.00 | 01/04/19 | C/L |
| | | 20.00 | 01/04/19 | P |
| | Cost Recovery | Cost Recovery | 01/04/17 | D/L |

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Childrens Services Learning and Achievement

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| 1 Non Attendance and Holiday Fines | | | | |
| 1a Penalty Notices | | | | |
| Penalty Notice paid within 21 days | 60.00 | 60.00 | 01.09.12 | |
| Penalty Notice paid after 21 days | 120.00 | 120.00 | 01.09.12 | |
| Charges are per child, per parent | | | | |
| Fines must be paid within 28 days to avoid prosecution | | | | |

Basis of Increase:

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- S - An increase above inflation in line with a corporate saving plan
- D - Increase recommended by Head of Service

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Childrens Learning & Achievement

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--------------------------|--|--|--|---|
| 1 Schools Meals | | | | |
| 1a Primary School Meal | 2.20 | 2.20 | 01.09.16 | C/L |
| 1b Secondary School Meal | 2.50 | 2.50 | 01.09.16 | C/L |
| 1c Special Infant | 2.20 | 2.20 | 01.09.16 | C/L |
| Special Junior | 2.20 | 2.20 | 01.09.16 | C/L |
| Adult | 3.35 | 3.35 | 01.09.16 | C/L |

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Childrens Childrens Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| MY PLACE: (All charges are for 1hr unless stated otherwise) | | | | |
| Off Peak (Mon - Fri 9am - 6pm) | | | | |
| Performance Hall | 23.00 | 23.00 | 01/04/17 | D/L |
| Performance Hall with sound and lighting: | 28.50 | 29.50 | 01/04/17 | I/N |
| Performance Hall with staging 4 hrs (if stage erected by myplace staff) | 137.00 * | 141.00 * | 01/04/19 | I/N |
| Music Studio 1 hr | 11.00 * | 11.50 * | 01/04/19 | I/N |
| Technician | 23.75 * | 23.75 * | 01/04/18 | D/L |
| Games Room | 18.00 | 18.00 | 01/04/17 | D/L |
| Art Room | 9.90 | 10.00 | 01/04/19 | I/N |
| Health Room | 8.30 | 8.50 | 01/04/19 | I/N |
| IAG Room | 7.80 | 8.00 | 01/04/19 | I/N |
| Counselling Room | 7.80 | 8.00 | 01/04/19 | I/N |
| Large Meeting Room | 14.60 | 15.00 | 01/04/19 | I/N |
| <p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer pays in advance and commits to a long term hire, with such discounts to be agreed by the Head of Service.</p> | | | | |

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Childrens Childrens Services

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|---|--|--|--|---|
| Off Peak (Mon - Fri 9am - 6pm) | | | | |
| Small Meeting Room | 10.00 | 10.50 | 01/04/19 | I/N |
| Bike Workshop | 13.20 | 13.50 | 01/04/19 | I/N |
| IT Hub - reservation fee per computer | No charge | No charge | 01/04/13 | D/L |
| Peak (Mon - Fri after 6pm) | | | | |
| Performance Hall | 28.00 | 28.00 | 01/04/17 | D/L |
| Performance Hall with sound and lighting: | 40.00 | 41.00 | 01/04/18 | I/N |
| Performance Hall with staging 4 hrs (if stage erected by myplace staff) | 191.50 * | 197.00 * | 01/04/19 | I/N |
| Music Studio 1 hr | 14.00 * | 14.50 * | 01/04/19 | I/N |
| Technician | 23.75 * | 23.75 * | 01/04/18 | D/L |
| Games Room | 24.00 | 24.50 | 01/04/19 | I/N |
| Art Room | 13.10 | 13.50 | 01/04/19 | I/N |
| Health Room | 11.00 | 11.50 | 01/04/19 | I/N |
| IAG Room | 10.50 | 11.00 | 01/04/19 | I/N |
| N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer pays in advance and commits to a long term hire, with such discounts to be agreed by the Head of Service. | | | | |

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Childrens Childrens Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Peak (Mon - Fri after 6pm) | | | | |
| Counselling Room | 10.40 | 11.00 | 01/04/19 | D/L |
| Large Meeting Room | 18.00 | 18.50 | 01/04/19 | I/N |
| Small Meeting Room | 12.50 | 13.00 | 01/04/19 | I/N |
| Bike Workshop | 16.50 | 17.00 | 01/04/19 | I/N |
| IT Hub - reservation fee per computer | No charge | No charge | 01/04/13 | D/L |
| <p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer pays in advance and commits to a long term hire, with such discounts to be agreed by the Head of Service.</p> | | | | |

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Childrens Childrens Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Saturday and Sunday | | | | |
| Performance Hall | 72.50 | 74.50 | 01/04/19 | I/N |
| Performance Hall with sound and lighting: | 94.40 | 97.00 | 01/04/19 | I/N |
| Performance Hall with staging 4 hrs (if stage erected by myplace staff) | 424.00 * | 437.00 * | 01/04/19 | I/N |
| Music Studio 1 hr | 46.95 * | 48.50 * | 01/04/19 | I/N |
| Technician | 29.00 * | 29.00 * | 01/04/15 | D/L |
| Games Room | 71.40 | 73.50 | 01/04/19 | I/N |
| Art Room | 52.40 | 54.00 | 01/04/19 | I/N |
| Health Room | 49.00 | 50.50 | 01/04/19 | I/N |
| IAG Room | 47.60 | 49.00 | 01/04/19 | I/N |
| Counselling Room | 49.00 | 50.50 | 01/04/19 | I/N |
| Large Meeting Room | 60.20 | 62.00 | 01/04/19 | I/N |
| Small Meeting Room | 51.00 | 52.50 | 01/04/19 | I/N |
| Bike Workshop | 57.70 | 59.50 | 01/04/19 | I/N |
| IT Hub - reservation fee per computer | No charge | No charge | 01/04/13 | D/L |
| <p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer pays in advance and commits to a long term hire, with such discounts to be agreed by the Head of Service.</p> | | | | |

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Childrens Childrens Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Weekly Charges Storage Charge for Hirers (per week) | No Charge | 5.00 | 01/04/19 | D |
| <p>N.B The above room hire charges are maximum charges that are to be applied. Managers will have the discretion to negotiate lower charges per hour/session if a hirer pays in advance and commits to a long term hire, with such discounts to be agreed by the Head of Service.</p> | | | | |

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Neighbourhoods Bereavement Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| BEREAVEMENT SERVICES: | | | | |
| Interments | | | | |
| Cemeteries (fees doubled for non-residents of LBH) | | | | |
| Over 16 years | 1,320.00 | 1,360.00 | 01/04/19 | I/N/P |
| 2 simultaneous full body interments aged over 16 years | 1,980.00 | 2,040.00 | 01/04/19 | I/N/P |
| Cremated remains | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Surcharge for cremated remains in full coffin | 224.00 | 230.00 | 01/04/19 | I/N/P |
| Extra depth (each interment over two) or casket/walled grave per depth | 238.00 | 245.00 | 01/04/19 | I/N/P |
| Resident child not over 16 Years | No Charge | No Charge | 01/04/19 | |
| Non resident stillborn to 1 month in child's grave or public grave | 238.00 | 245.00 | 01/04/19 | I/N/P |
| 2 simultaneous non resident stillborn/to 1 month in child's or public grave | 357.00 | 368.00 | 01/04/19 | I/N/P |
| Non resident child not over 10 years in child's grave or public grave | 367.00 | 378.00 | 01/04/19 | I/N/P |
| Non resident child not over 16 years in child's grave | 2,492.00 | 2,567.00 | 01/04/19 | I/N/P |
| Use of chapel including organist at Upminster cemetery (subject to availability) | 92.00 | 95.00 | 01/04/19 | I/N/P |
| Hospital Contract NVB burials | 240.00 | 248.00 | 01/04/19 | I/N/P |
| Exclusive Right of Burial (50 years with option of further 10 years) | | | | |
| Lawn Section grave | 2,070.00 | 2,132.00 | 01/04/19 | I/N/P |
| Traditional Grave | 3,210.00 | 3,306.00 | 01/04/19 | I/N/P |
| Children's section (under 10) | 428.00 | 440.00 | 01/04/19 | I/N/P |
| Children's section (under 16) | 855.00 | 880.00 | 01/04/19 | I/N/P |

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Neighbourhoods Bereavement Services

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Surcharges | | | | |
| Saturday full burial surcharge | 660.00 | 680.00 | 01/04/19 | I/N/P |
| Sunday full burial surcharge | 1,320.00 | 1,360.00 | 01/04/19 | I/N/P |
| Weekend cremated remains surcharge | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Funeral After Published Time or 48 hours of booking | 310.00 | 320.00 | 01/04/19 | I/N/P |
| Booking cancelled after 48 hours of booking | 310.00 | 320.00 | 01/04/19 | I/N/P |
| Booking cancelled within 48 hours of burial | 310.00 | 320.00 | 01/04/19 | I/N/P |
| Extension of Right of Burial for 10 years | | | | |
| Lawn Section Grave | 510.00 | 526.00 | 01/04/19 | I/N/P |
| Traditional Grave | 640.00 | 660.00 | 01/04/19 | I/N/P |
| Children's Section (under 10) | 112.00 | 115.00 | 01/04/19 | I/N/P |
| Children's Section (under 16) | 230.00 | 237.00 | 01/04/19 | I/N/P |
| Walled graves | 1,224.00 | 1,260.00 | 01/04/19 | I/N/P |
| Other Charges | | | | |
| Transfer of Exclusive Rights by Will, Letters of Administration or Assignment | 50.00 | 52.00 | 01/04/19 | I/N/P |
| Transfer of Exclusive Rights by Statutory Declaration or combination of methods | 92.00 | 95.00 | 01/04/19 | I/N/P |
| Certified extract from Burial Register | 60.00 | 62.00 | 01/04/19 | I/N/P |

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Neighbourhoods Bereavement Services

(B) Charges determined by Committee

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|---|--|--|--|---|
| Other Charges (continued) | | | | |
| Staff attendance to select a new grave by appointment | 48.00 | 49.00 | 01/04/19 | I/N/P |
| Exhumation of cremated remains resident | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Exhumation of cremated remains non-resident | 500.00 | 516.00 | 01/04/19 | I/N/P |
| Permit Charge | | | | |
| Clean and Renovate/ NAMM fixing | No Charge | No Charge | 01/04/19 | |
| Lawn (Standard) Headstone & kerb/Additional Memorial | 128.00 | 131.00 | 01/04/19 | I/N/P |
| Additional Inscription on headstone or permit for a vase only/ Lawn kerb | 86.00 | 88.00 | 01/04/19 | I/N/P |
| Full kerb Traditional Grave | 328.00 | 337.00 | 01/04/19 | I/N/P |
| Grave Maintenance Fees | | | | |
| Bi annual Spring and Summer planting Service | 261.00 * | 268.00 * | 01/04/19 | I/N/P |
| Annual maintenance clean and tidy Service | 162.00 * | 167.00 * | 01/04/19 | I/N/P |
| Turfing (Winter months only after grave has settled) | 105.00 | 108.00 | 01/04/19 | I/N/P |
| Cremated Remains Burial Plots | | | | |
| Purchase of exclusive rights (25 year term) | 602.00 | 620.00 | 01/04/19 | I/N/P |
| Extension of exclusive rights of burial for 10 years flat stone cremated remains plot | 355.00 | 366.00 | 01/04/19 | I/N/P |
| Tablet with First inscription | 459.00 | 473.00 | 01/04/19 | I/N/P |

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Neighbourhoods Bereavement Services

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| Cremated Remains Burial Plots (continued) | | | | |
| Additional / subsequent inscriptions | 148.00 | 152.00 | 01/04/19 | I/N/P |
| Blank stone | 347.00 | 357.00 | 01/04/19 | I/N/P |
| Photograph fixed to memorial | 305.00 | 315.00 | 01/04/19 | I/N/P |
| Granite memorial vases for use with cremated remains tablets (includes 45 letters) | 350.00 | 360.00 | 01/04/19 | I/N/P |
| Regilding or additional letter on granite vase | 3.50 | 3.60 | 01/04/19 | I/N/P |
| South Essex Crematorium | | | | |
| Cremation includes organ/organist/polytainer or biodegradable casket: | | | | |
| Over 16 years | 875.00 | 905.00 | 01/04/19 | D/I/P |
| Resident child not exceeding 16 years | No Charge | No Charge | 01/04/19 | |
| Non resident to 6 years but not exceeding 16 yrs | 210.00 | 216.00 | 01/04/19 | I/N/P |
| Non resident up to 6 years | 106.00 | 110.00 | 01/04/19 | I/N/P |
| Hospital Contract Non-viable foetus cremation | 75.00 | 78.00 | 01/04/19 | I/N/P |
| Saturday Cremation (subject to availability) | 1,312.00 | 1,358.00 | 01/04/19 | D/L |
| Sunday Cremation (subject to availability) | 1,750.00 | 1,810.00 | 01/04/19 | D/L |
| Unattended Cremation (adult) | 499.00 | 550.00 | 01/04/19 | D/L |
| Early Adult Cremation 15 minute service | 700.00 | 725.00 | 01/04/19 | D/L |

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Neighbourhoods Bereavement Services

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|--|--|--|--|---|
| Additional Services and Surcharges | | | | |
| Bookings cancelled after 10am one working day before reserved time | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Surcharge for services over-running | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Surcharge for Cremation after 4pm | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Surcharge for unattended cremation and use of chapel at a different time - NEW | | 100.00 | 01/04/19 | L |
| Use of chapel for private memorial service or extra time | 258.00 | 266.00 | 01/04/19 | I/N/P |
| CD recording of service | 84.00 * | 87.00 * | 01/04/19 | I/N/P |
| CD discs 2-10 | 24.00 * | 25.00 * | 01/04/19 | I/N/P |
| DVD recording of service | 103.00 * | 106.00 * | 01/04/19 | I/N/P |
| DVD discs 2-10 | 31.00 * | 32.00 * | 01/04/19 | I/N/P |
| Webcast of service | 108.00 * | 112.00 * | 01/04/19 | I/N/P |
| Visual Tributes 10 photographs | 46.00 * | 48.00 * | 01/04/19 | I/N/P |
| Visual Tributes per additional 5 photographs | 17.00 * | 18.00 * | 01/04/19 | I/N/P |
| Per minute of video used plus set up cost | 13.00 * | 14.00 * | 01/04/19 | I/N/P |
| Tributes embedded into DVD recording of the service | 116.00 * | 120.00 * | 01/04/19 | I/N/P |
| DVD or USB of Visual Tribute only (first disc) - NEW | * | 62.00 * | 01/04/19 | L |
| DVD or USB of Visual Tribute only (disc 2 -10) - NEW | * | 42.00 * | 01/04/19 | L |
| Strewing (burial) of cremated remains from elsewhere | 110.00 | 113.00 | 01/04/19 | I/N/P |
| Witness Committal | 52.00 | 54.00 | 01/04/19 | I/N/P |
| Weekend Witness committal | 104.00 | 108.00 | 01/04/19 | I/N/P |

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Neighbourhoods Bereavement Services

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|---|--|--|--|---|
| Additional Services and Surcharges (continued) | | | | |
| Storage of cremated remains after one month per quarter | 54.00 * | 56.00 * | 01/04/19 | I/N/P |
| Storage of cremated remains after one month per year | 125.00 * | 130.00 * | 01/04/19 | I/N/P |
| Genealogy Searches per search not through Deceased Online | 26.00 * | 27.00 * | 01/04/19 | I/N/P |
| Containers | | | | |
| Bronzed metal urns | 71.00 * | 73.00 * | 01/04/19 | I/N/P |
| Standard wooden or metal casket | 88.00 * | 90.00 * | 01/04/19 | I/N/P |
| Juvenile caskets | 34.00 * | 35.00 * | 01/04/19 | I/N/P |
| Various Decorative urns/caskets (new charge) | RRP * | RRP * | 01/04/19 | |
| Dedicated Hymn Book | 82.00 * | 85.00 * | 01/04/19 | I/N/P |
| Various keepsake memorials made from or to contain cremated remains including diamonds, paperweights, jewellery | RRP * | RRP * | 01/04/19 | |
| Memorials | | | | |
| Kerb Plaques | | | | |
| Perspex Plaque only | 120.00 * | 124.00 * | 01/04/19 | I/N/P |
| Bronze Plaque only | 242.00 * | 249.00 * | 01/04/19 | I/N/P |
| Rights to second dedication (plus cost of plaque) | 115.00 | 118.00 | 01/04/19 | I/N/P |
| Kerb plaque Rights or Renewal | 240.00 | 247.00 | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Memorials (continued) | | | | |
| Bronze Wall Plaque | | | | |
| Bronze wall plaque only | 242.00 * | 249.00 * | 01/04/19 | I/N/P |
| Bronze wall plaque renewal | 240.00 | 247.00 | 01/04/19 | I/N/P |
| Large Wall Plaques | | | | |
| Single Slate or Large Bronze Wall Plaques | | | | |
| Single plaque only (slate or bronze tablet) | 324.00 * | 333.00 * | 01/04/19 | I/N/P |
| Single plaque - Rights or Renewal fee for 10 years | 240.00 | 247.00 | 01/04/19 | I/N/P |
| Double Slate Wall Plaque single inscription | 487.00 * | 500.00 * | 01/04/19 | I/N/P |
| Double Slate Wall Plaque double inscription | 783.00 * | 806.00 * | 01/04/19 | I/N/P |
| Double Slate Wall Plaque second inscription within 1 year of original dedication | 174.00 * | 179.00 * | 01/04/19 | I/N/P |
| Double Plaque - Rights or Renewal 10 year renewal | 480.00 | 495.00 | 01/04/19 | I/N/P |
| Wall Niche for 10 years | | | | |
| Renewal or Pre-purchase for Single Niche for 10 years | 850.00 | 876.00 | 01/04/19 | I/N/P |
| Renewal for Single Niche for 5 years | 520.00 | 535.00 | 01/04/19 | I/N/P |
| Replacement single plaque | 572.00 * | 589.00 * | 01/04/19 | I/N/P |
| Renewal Rights or Pre-purchase for Double Niche for 10 years | 1,721.00 | 1,772.00 | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Wall Niche for 10 years (continued) | | | | |
| Renewal for Double Niche for 5 years | 952.00 | 980.00 | 01/04/19 | I/N/P |
| Replacement double plaque | 883.00 * | 910.00 * | 01/04/19 | I/N/P |
| Wall Niche rights for second inscription | 145.00 | 150.00 | 01/04/19 | I/N/P |
| Wall Niche Additional Items: | | | | |
| Motif (optional) | 90.00 | 93.00 | 01/04/19 | I/N/P |
| Additional Bud Vase | 31.00 | 32.00 | 01/04/19 | I/N/P |
| Additional Inscription | 265.00 | 272.00 | 01/04/19 | I/N/P |
| Casket including nameplate | 92.00 | 95.00 | 01/04/19 | I/N/P |
| Photograph | 305.00 | 315.00 | 01/04/19 | I/N/P |
| Sanctum ii Vaults for 10 years | | | | |
| Second Interment | 160.00 | 165.00 | 01/04/19 | I/N/P |
| Sanctum Second inscription | 540.00 * | 556.00 * | 01/04/19 | I/N/P |
| Sanctum Plaque | 431.00 * | 444.00 * | 01/04/19 | I/N/P |
| 10 Year Rights or Renewal | 1,095.00 | 1,128.00 | 01/04/19 | I/N/P |
| 5 Year Renewal | 638.00 | 657.00 | 01/04/19 | I/N/P |
| Regilding (Inc. postage) | 117.00 * | 120.00 * | 01/04/19 | I/N/P |
| Replacement vase | 18.00 * | 19.00 * | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Vase Blocks and Tablets (includes Scented Garden Memorials) | | | | |
| Vaseblock tablet | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Vaseblock Rights or Renewal for 10 years | 562.00 | 579.00 | 01/04/19 | I/N/P |
| Memorials | | | | |
| Summer House Memorial | | | | |
| Floris plaque only | 160.00 * | 165.00 * | 01/04/19 | I/N/P |
| Floris plaque Renewal Rights for 10 years | 240.00 | 247.00 | 01/04/19 | I/N/P |
| Posy Holder rights or Renewal for 10 years | 150.00 | 154.00 | 01/04/19 | I/N/P |
| Posy Holder Memorial | 19.00 * | 20.00 * | 01/04/19 | I/N/P |
| Shrub, Rose or Tree with 10 Year dedication | | | | |
| Shrub or Rose (including Bronze Stem Plaque) | 242.00 * | 250.00 * | 01/04/19 | I/N/P |
| Shrub 10 Year Rights or Renewal (also applies to vase block with rose) | 644.00 | 663.00 | 01/04/19 | I/N/P |
| Shrub 5 Year Renewal Rights (also applies to vase block with rose) | 415.00 | 427.00 | 01/04/19 | I/N/P |
| Tree (including bronze Stem or Strap plaque) | 242.00 * | 249.00 * | 01/04/19 | I/N/P |
| Tree 10 Year Rights or Renewal | 776.00 | 800.00 | 01/04/19 | I/N/P |
| Tree 5 Year Renewal Rights | 480.00 | 495.00 | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Benches and Chairs - 10 Year dedications | | | | |
| Bench / Replacement Bench | 1,200.00 * | 1,236.00 * | 01/04/19 | I/N/P |
| Chair / Replacement Chair | 700.00 * | 721.00 * | 01/04/19 | I/N/P |
| Bench 10 Year Rights or Renewal | 1,094.00 | 1,127.00 | 01/04/19 | I/N/P |
| Chair 10 Year Rights or Renewal | 966.00 | 995.00 | 01/04/19 | I/N/P |
| Regular maintenance (per 2 years of remaining lease if not purchased or renewed since 1/1/2001) | 47.00 * | 49.00 * | 01/04/19 | I/N/P |
| Renovation of Bench | 210.00 * | 216.00 * | 01/04/19 | I/N/P |
| Renovation of Chair | 134.00 * | 138.00 * | 01/04/19 | I/N/P |
| Replacement Summerhouse Chair | 690.00 * | 710.00 * | 01/04/19 | I/N/P |
| Summerhouse Chair Renewal Rights | 460.00 | 474.00 | 01/04/19 | I/N/P |
| Bench, Tree & Shrub Additional dedications | | | | |
| Rights to second dedication within 1 year of original (plus cost of plaque) | 115.00 | 118.00 | 01/04/19 | I/N/P |
| Rights to second dedication after 1 year of original or renewal per remaining year of lease (plus cost of plaque) | 21.00 | 22.00 | 01/04/19 | I/N/P |
| Rights to 2nd Dedication Life time of item (plus cost of plaque) | 459.00 | 475.00 | 01/04/19 | I/N/P |
| Replacement bronze plaque | 242.00 * | 249.00 * | 01/04/19 | I/N/P |
| Replacement Perspex plaque | 120.00 * | 124.00 * | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Miscellaneous Memorials | | | | |
| Mallard Bridge | 326.00 * | 336.00 * | 01/04/19 | I/N/P |
| Admin Fee for private purchase of plaque (plus cost of plaque) | 26.00 * | 27.00 * | 01/04/19 | I/N/P |
| Replacement metal vase | 18.00 * | 19.00 * | 01/04/19 | I/N/P |
| Floral arrangements stand - plus cost of flowers | 31.00 * | 32.00 * | 01/04/19 | I/N/P |
| Hanging baskets (per year) | 130.00 * | 134.00 * | 01/04/19 | I/N/P |
| Sculpture Garden Memorial | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Sculpture Garden Rights | 562.00 | 579.00 | 01/04/19 | I/N/P |
| Birdbath Rights | 562.00 | 579.00 | 01/04/19 | I/N/P |
| Books of Remembrance | | | | |
| 2 line entry | 107.00 * | 110.00 * | 01/04/19 | I/N/P |
| 3 - 5 lines | 154.00 * | 158.00 * | 01/04/19 | I/N/P |
| 6 - 8 lines | 222.00 * | 228.00 * | 01/04/19 | I/N/P |
| Cards of Remembrance & Additional Entries in existing miniature books | | | | |
| 2 line entry | 38.00 * | 39.00 * | 01/04/19 | I/N/P |
| 3 - 5 lines | 66.00 * | 68.00 * | 01/04/19 | I/N/P |
| 6 - 8 lines | 103.00 * | 106.00 * | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Miniature Triptych of Remembrance/Book of Remembrance | | | | |
| 2 line entry | 76.00 * | 78.00 * | 01/04/19 | I/N/P |
| 3 - 5 lines | 107.00 * | 110.00 * | 01/04/19 | I/N/P |
| 6 - 8 lines | 140.00 * | 144.00 * | 01/04/19 | I/N/P |
| Book of Remembrance Sundries | | | | |
| Motif | 80.00 * | 82.00 * | 01/04/19 | I/N/P |
| Triptych photograph | 80.00 * | 82.00 * | 01/04/19 | I/N/P |
| Mini Headstone Cremated Remains Burial Plots | | | | |
| Purchase of exclusive rights (25 year term) | 1,050.00 | 1,080.00 | 01/04/19 | I/N/P |
| Extension of exclusive rights of burial for 10 years mini headstone cremated remains plot | 445.00 | 458.00 | 01/04/19 | I/N/P |
| Memorial and installation with first 60 characters | 1,125.00 | 1,158.00 | 01/04/19 | I/N/P |
| Additional inscription rate per letter | 3.50 | 3.60 | 01/04/19 | I/N/P |
| Blank headstone only | 280.00 | 288.00 | 01/04/19 | I/N/P |
| Photograph fixed to memorial | 305.00 | 315.00 | 01/04/19 | I/N/P |
| Replacement Granite memorial vase only for Mini Headstone Only | 72.00 | 74.00 | 01/04/19 | I/N/P |
| Inscription first 60 characters on a pre purchased memorial | 249.00 | 256.00 | 01/04/19 | I/N/P |
| Blank memorial headstone only | 820.00 | 844.00 | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Mini Headstone Cremated Remains Burial Plots (continued) | | | | |
| Stone chippings per bag | 56.00 | 58.00 | 01/04/19 | I/N/P |
| Flower Holder | 19.00 | 20.00 | 01/04/19 | I/N/P |
| Book of Remembrance Memorial Tree | | | | |
| Memorial Tree leaf 10 Year Rights or Renewal | 232.00 | 239.00 | 01/04/19 | I/N/P |
| Memorial Tree leaf plaque | 150.00 * | 154.00 * | 01/04/19 | I/N/P |
| Rights for 2nd inscription - Rights remain the same (plus cost of plaque) | 112.00 | 115.00 | 01/04/19 | I/N/P |
| Advertising fees - pre funeral brochure | | | | |
| Display Advertisement Quarter A4 page | 620.00 * | 639.00 * | 01/04/19 | I/N/P |
| Display and Directory Entry Quarter A4 page and directory entry | 775.00 * | 798.00 * | 01/04/19 | I/N/P |
| Display Advertisement half A4 page | 825.00 * | 850.00 * | 01/04/19 | I/N/P |
| Display and Directory Entry half A4 page and directory entry | 980.00 * | 1,009.00 * | 01/04/19 | I/N/P |
| Display Advertisement Full A4 page | 1,010.00 * | 1,040.00 * | 01/04/19 | I/N/P |
| Display and Directory Entry Full A4 page and directory entry | 1,160.00 * | 1,195.00 * | 01/04/19 | I/N/P |
| Display Advertisement Full inside back A4 page | 1,240.00 * | 1,277.00 * | 01/04/19 | I/N/P |
| Display and Directory Entry Full inside back A4 page and directory entry | 1,390.00 * | 1,432.00 * | 01/04/19 | I/N/P |
| Copy design simple half page | 50.00 * | 52.00 * | 01/04/19 | I/N/P |
| Copy design complex full page | 75.00 * | 77.00 * | 01/04/19 | I/N/P |
| All fees discounted by 10% for repeat customers | | | | |

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Table 1:
Charges for New Dwellings <150m²
New Houses and Blocks of Flats on the same site
constructed at the sametime

| Number of Dwellings | Total |
|---|-----------|
| 1 | £1,012.00 |
| 2 | £1,350.00 |
| 3 | £1,574.00 |
| 4 | £1,911.00 |
| 5 | £2,136.00 |
| 6 | £2,472.00 |
| More than 6 - Please contact Building Control for individually assessed charges | |

Table 2:
Charges for: Extensions, Garage
Conversions and Loft Conversions

Separate Extensions constructed at the same time may be aggregated together

| Type of work | Total |
|--|-----------|
| 1. Detached non-habitable building having a floor area not exceeding 40m ² in total | £524.00 |
| 2. Garage Conversions where the total floor area does not exceed 30m ² , including means of access and work in connection with that extension. | £524.00 |
| 3. Any extension or Loft Conversion where the total floor area of which does not exceed 30m ² , including means of access and work in connection with that extension. | £670.00 |
| 4. Any extension or Loft Conversion where the total floor are of which exceeds 30m ² but does not exceed 60m ² , including means of access and work in connection with that extension. | £922.00 |
| 5. Any extension or Loft Conversion where the total floor area of which exceeds 60m ² but does not exceed 100m ² , including means of access and work in connection with that extension. | £1,096.00 |
| 6. Extension etc >100m ² - Please refer to Table 3 otherwise contact Building Control for Individually assessed charges | |

Table 3:
Charges for other work
For all other work not covered in Tables 1
or 2

| Estimated Cost of Work | Total |
|--|-----------|
| £0-2,000 | £242.00 |
| £2,000-5,000 | £361.00 |
| £5,000-10,000 | £524.00 |
| £10,000-20,000 | £685.00 |
| £20,000-30,000 | £833.00 |
| £30,000-40,000 | £956.00 |
| £40,000-50,000 | £1,079.00 |
| £50,000-60,000 | £1,169.00 |
| £60,000-70,000 | £1,259.00 |
| £70,000-80,000 | £1,349.00 |
| £80,000-90,000 | £1,451.00 |
| £90,000-100,000 | £1,551.00 |
| £100,000-120,000 | £1,658.00 |
| £120,000-140,000 | £1,793.00 |
| £140,000-170,000 | £1,900.00 |
| £170,000-200,000 | £2,119.00 |
| Over £200,000 - Please contact Building Control for individually assessed charges. | |

The Building Regulation charges are the same for corresponding building work for a: Full Plans Application; Building Notice; Regularisation Application; and, Reversion Application (refer to note 7 for Partnership Applications). All charges are shown with VAT at 20%. Only a charge for a Regularisation Certificate and a Reversion Certificate are exempt VAT however it is subject to a 20% uplift therefore the total fee is equivalent to all other Building Control Charges for corresponding building work.



Explanatory Notes

1. Before you build, extend or convert, you or your Agent must advise your Local Authority either by submitting Full Plans or a Building Notice. The Charge payable depends on the type of work, the number of dwellings in a building and/or the total floor area. The following tables (which are an integral part of this Schedule) may be used in conjunction with the current Charge Scheme to calculate the Charges. If you have any difficulties calculating the Charges please consult building control.

2. **Table 1:** Charges for new dwellings e.g. certain houses and flats - applicable where the total internal floor area of each dwelling, does not exceed 150m² and the building has no more than three storeys. Excluding dwellings with a basement level for basements and any other case, Table 3 applies.

3. **Table 2:** Loft conversion – For the purpose of calculating charges a reference to an extension includes a room or rooms in the roof space (including access) of an existing building not exceeding three storeys in height. Where work comprises more than one extension which is to be constructed at the same time (including rooms in roofs and associated access in buildings of three storeys or less) the total internal floor areas of all storeys of all the extensions shown on the application may be added together to determine the relevant Charge. If the extension(s) exceed 100m² or three storeys in height then Table 3 applies. All work contained within the footprint of an extensions or loft conversion is included in the fee but does not include work outside the footprint of the extension or loft conversion. For additional internal or external alterations Table 3 should be used. For multiple work that is to be carried out at the same time and falls into Table 3 as well as Table 2 the Table 3 fee may be discounted by 25%.

4. **Table 3:** Applicable to all other building work not covered by Tables 1 or 2. Total estimated cost means an estimate accepted by the local authority of a reasonable cost that would be charged by a person in business to carry out the work shown or described in the application, excluding VAT, and any professional fees paid to an architect, engineer or surveyor etc, and also exc

5. **Disabled Persons:** Building works to provide access and/or facilities for disabled people to existing dwellings and buildings to which the public have access may be exempt from Charges.

6. **Supplementary Charges:** The Building (Local Authority Charges) Regulations 2010 allow a local authority to make supplementary charges if additional costs arise as a result of confirming compliance with the Building Regulations. Such supplementary charges may be considered if costs result from: consultant costs; inaccurate/incomplete plans; revised schemes; work not being ready for inspection or additional site inspection; and, non compliant work etc.

7. **Partnership Applications:** Proposed building work outside the boundaries of the London Borough of Havering will be subject to a plan fee equating to 25% of the full plans application charge. Partnership Applications for building work checked by a Partnering Authority will be subject to an inspection fee equating to 75% of the full plans application charge.

8. **Making a Payment:** Payment can be made by credit/debit card by telephoning 01708 432700 (please note there is a 1.5% surcharge for credit card payments) or by cheque, made payable to - The London Borough of Havering.

Building Control may be contacted by telephone: 01708 432700 or by e-mail at: buildingcontrol@havering.gov.uk

Further information on submitting a Building Control application is available on our website at:

www.havering.gov.uk/buildingcontrol

Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Borough Roads: | | | | |
| Note: Unlicensed Skips/Materials will be on the spot fined & removed @ £620 | 600.00 | 620.00 | 01/04/19 | I/N/P |
| Each Skip / Builders materials on public highway | | | | |
| Up to first 14 days | 70.00 | 75.00 | 01/04/19 | I/N/P |
| Each additional period of up to 7 days | 60.00 | 65.00 | 01/04/19 | I/N/P |
| Structures / Hoardings / Scaffolds | | | | |
| Bond | | | | |
| £105 per linear metre - Minimum 6 Metres | 600.00 | 630.00 | 01/04/19 | L |
| Licence | | | | |
| Each additional period of up to 28 days/occasion | | | | |
| £78.00 per linear metre - minimum 6 metres up to 28 days | 450.00 | 468.00 | 01/04/19 | L |
| £195 for 3 x NRSWA inspections @ £65 each inspection | 195.00 | 195.00 | 01/04/19 | D/L |
| Minimum charge length 6 mtrs & combined inspection = Total £663.00 min | 645.00 | 663.00 | | |
| (ii) Vehicle Crossovers (per square metre) | | | | |
| Non refundable charge for assessing applications | 140.00 | 145.00 | 01/04/19 | I/N/P |
| Waste disposal surcharge | 50.00 | 100.00 | 01/04/19 | D/L |
| | 10.00 per sq.m | 18.50 per sq.m | 01/04/19 | D/L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| (iii) Road Closures (per road) | 2,050.00 | 2,150.00 | 01/04/19 | I/N/P |
| (iv) Clearance of Blocked Drains (Vatable unless working under Statutory power) | 122.50 | 126.00 | 01/04/19 | I/N/P |
| (v) Parking Bay suspensions | | | | |
| price per parking space per day (1 - 14 days) | 35.00 | 35.00 | 01/04/18 | L |
| price per parking space per day (15th and subsequent days) | 40.00 | 40.00 | 01/04/18 | L |
| (vi) Crane license (charges based on TMA 2004 permitted charges) | | | | |
| Minimum | 300.00 | 315.00 | 01/04/19 | D/L |
| Maximum | 550.00 | 570.00 | 01/04/19 | I/N/P |
| (vii) Section 50 Licence (private individual to place/maintain apparatus in highway) | 745.00 | 775.00 | 01/04/19 | D/L |
| (£195 for 3 x NRSWA inspections @ £65 each inspection) | 150.00 | 195.00 | 01/04/19 | D/L |
| Total of Section 50 licence and inspections | 895.00 | 970.00 | | |

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(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Refuse Collection: | | | | |
| (i) Bulky Household Refuse | | | | |
| 1 to 3 items | 40.00 | 42.00 | 01/04/19 | I/N/P |
| Each additional item | 10.00 | 11.00 | 01/04/19 | I/N/P |
| (ii) Compostable garden refuse sacks (Year's supply of 5 rolls of 10 sacks per roll) | | | | |
| Standard | 55.00 | 55.00 | 01/04/18 | L |
| Top up roll (10 sacks) | 11.00 | 11.00 | 01/04/18 | L |
| Top up roll delivery | 4.50 | 5.00 | 01/04/19 | I/N/P |
| (iii) Green Waste Collection Service (per annum) (Wheeled bin hire included) | | | | |
| Full year | 55.00 | 55.00 | 01/04/18 | L |
| Late payment charge | 5.00 | 5.00 | 01/04/16 | L |
| Late payment charge after bin collection | 11.00 | 11.00 | 01/04/18 | L |
| Replacement bin charge | 28.00 | 28.00 | 01/04/18 | L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| (iv) Trade Refuse Collection Service From 1st April 2015 this service has been independently operated by Serco. These charges will only apply if a business within the borough exercises its legal right to require the Council to undertake the collection. | | | | |
| Trade refuse sacks (pack of 26) | 152.44 | 157.00 | 01/04/19 | I/N/P |
| Trade refuse sacks (pack of 26) for Charity shops | 118.97 | 123.00 | 01/04/19 | I/N/P |
| Cardboard Collection | 5.00 | 6.00 | 01/04/19 | I/N/P |
| Container emptying and disposal: | | | | |
| 1100 / Palladin / 660 litre bin -1st bin per visit | 33.00 | 34.00 | 01/04/19 | I/N/P |
| 2nd & subsequent bins | 32.00 | 33.00 | 01/04/19 | I/N/P |
| 360 litre wheeled bin | 27.00 | 28.00 | 01/04/19 | I/N/P |
| Charity shops | 27.00 | 28.00 | 01/04/19 | I/N/P |
| LBH Schools | 27.00 | 28.00 | 01/04/19 | I/N/P |
| 2nd collection from residential blocks per bin | 9.00 | 10.00 | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| (iv) Trade Refuse Collection Service (continued) | | | | |
| Container hire (per annum): | | | | |
| Eurobins: | | | | |
| 1100 litres | 226.50 | 234.00 | 01/04/19 | I/N/P |
| 660 litres | 168.50 | 174.00 | 01/04/19 | I/N/P |
| Chamberlains: | | | | |
| 940 litres | 168.50 | 174.00 | 01/04/19 | I/N/P |
| Palladin: | | | | |
| 940 litres | 152.50 | 174.00 | 01/04/19 | I/N/P |
| Container Sale | | | | |
| 360 litres recycling | 80.00 | 83.00 | 01/04/19 | I/N/P |
| (v) Collection & disposal of trade clinical waste (per bag / box) | 13.00 | 14.00 | 01/04/19 | I/N/P |
| (vi) Special clearances of rubbish: | | | | |
| Up to 30 minutes on site | 105.06 | 109.00 | 01/04/19 | I/N/P |
| Up to 1 hour on site | 210.12 | 217.00 | 01/04/19 | I/N/P |
| Each 15 minute thereafter | 53.00 | 55.00 | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| FOOTBALL AT PARKS WITH CRICKET (28 WEEKS) | | | | |
| Pavilion with washing facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 1,660.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 838.00 | 863.00 | 01/04/19 | I/N/P |
| Additional Matches during Season | 60.00 * | Withdrawn * | 01/04/19 | L |
| Junior (under 18) | | | | |
| Each Saturday or Sunday during Season** | 814.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 312.00 | 321.00 | 01/04/19 | I/N/P |
| Additional Matches during Season | 30.00 * | Withdrawn * | 01/04/19 | L |
| Pavilion without washing facilities Each Saturday or Sunday during Season | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 1,376.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 675.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season | 48.00 * | Withdrawn * | 01/04/19 | L |
| **Bookings of less than 10, will attract a VAT charge. | | | | |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| FOOTBALL AT PARKS WITH CRICKET (28 WEEKS) (continued) | | | | |
| Junior (under 18) Each Saturday or Sunday during Season** | 623.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 312.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season No Pavilion Facilities | 23.00 * | Withdrawn * | 01/04/19 | L |
| No Pavilion Facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 999.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 505.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season | 37.00 * | Withdrawn * | 01/04/19 | L |
| Junior (under 18) | | | | |
| Each Saturday or Sunday during Season** | 464.00 | 478.00 | 01/04/19 | I/N/P |
| Each alternate Saturday or Sunday during Season** | 231.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season | 16.00 * | Withdrawn * | 01/04/19 | L |
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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| FOOTBALL AT PARKS WITH CRICKET (32 WEEKS) | | | | |
| Pavilion with washing facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 1,928.00 | 1,986.00 | 01/04/19 | I/N/P |
| Each alternate Saturday or Sunday during Season** | 965.00 | 994.00 | 01/04/19 | I/N/P |
| Additional Matches during Season | 61.00 * | Withdrawn * | 01/04/19 | L |
| Junior (under 18) | | | | |
| Each Saturday or Sunday during Season** | 876.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 438.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season | 27.00 * | Withdrawn * | 01/04/19 | L |
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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| FOOTBALL AT PARKS WITH NO CRICKET (32 WEEKS) | | | | |
| Pavilion without washing facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 1,527.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 763.00 | Withdrawn | 01/04/19 | L |
| Additional matches during Season | 48.00 * | Withdrawn * | 01/04/19 | L |
| Junior (under 18) | | | | |
| Each Saturday or Sunday during Season** | 705.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 353.00 | Withdrawn | 01/04/19 | L |
| Additional Matches during Season | 23.00 * | Withdrawn * | 01/04/19 | L |
| No Pavilion Facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 1,152.00 | Withdrawn | 01/04/19 | L |
| Each alternate Saturday or Sunday during Season** | 576.00 | Withdrawn | 01/04/19 | L |

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|---|--|--|--|---|
| No Pavilion Facilities (continued) | | | | |
| Junior (under 18) | | | | |
| Each Saturday or Sunday during Season** | 528.00 | 544.00 | 01/04/19 | I/N/P |
| Each alternate Saturday or Sunday during Season** | 264.00 | Withdrawn | 01/04/19 | L |
| FOOTBALL AT WESTLANDS FIELD | | | | |
| Pavilion with washing facilities | | | | |
| Adult | | | | |
| Each Saturday or Sunday during Season** | 2018.00 | 2,079.00 | 01/04/19 | I/N/P |
| Each alternate Saturday or Sunday during Season** | 1055.00 | 1,087.00 | 01/04/19 | I/N/P |
| Additional Matches during Season | 151.00 * | Withdrawn * | 01/04/19 | L |
| MINI SOCCER | | | | |
| 1 Hour Slots (during season) | | | | |
| Each Saturday or Sunday** | 354.00 | 365.00 | 01/04/19 | I/N/P |
| Alternate Saturday or Sunday** | 176.00 | 181.00 | 01/04/19 | I/N/P |
| RUGBY (per game)** | | | | |
| | 12.00 | Withdrawn | 01/04/19 | L |

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|---|--|--|--|---|
| CRICKET | | | | |
| No Pavilion Facilities | | | | |
| Adults Each Saturday or Sunday during Season** | 1,527.00 | 1,573.00 | 01/04/19 | I/N/P |
| Colts (under 18) Teams Each Saturday or Sunday during Season** | 763.00 | Withdrawn | 01/04/19 | L |
| Occasional Matches Adults | 85.00 * | Withdrawn * | 01/04/19 | L |
| Occasional Matches Colts Team | 43.00 * | Withdrawn * | 01/04/19 | L |
| Pitches with Pavilions | | | | |
| Adults Each Saturday or Sunday during Season** | 2,742.00 | 2,824.00 | 01/04/19 | I/N/P |
| Adults Additional Bank Holiday Mondays 3 per season** | 914.00 | Withdrawn | 01/04/19 | L |
| Adults Alternate Saturday or Sunday** | 1,372.00 | Withdrawn | 01/04/19 | L |
| Colts (under 18) Teams Each Saturday or Sunday during Season** | 1,372.00 | Withdrawn | 01/04/19 | L |
| Colts (under 18) Teams Additional Bank Holiday Mondays (per game)** | 457.00 | Withdrawn | 01/04/19 | L |
| Colts (under 18) Teams Alternate Saturday or Sunday** | 686.00 | Withdrawn | 01/04/19 | L |
| Occasional Matches Adults | 152.00 * | Withdrawn * | 01/04/19 | L |
| Occasional Matches Colts (under 18) Team | 76.00 * | Withdrawn * | 01/04/19 | L |
| **Bookings of less than 10, will attract a VAT charge. | | | | |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| BOOT CAMPS & PERSONAL TRAINING (annual licence) | | | | |
| 1-5 clients 1- 3 sessions per week | 560.00 | 576.00 | 01/04/19 | I/N/P |
| 1-5 clients 4 - 7 sessions per week | 1,540.00 | 1586.00 | 01/04/19 | I/N/P |
| 6-20 clients 1-3 sessions per week | 1,040.00 | 1071.00 | 01/04/19 | I/N/P |
| 6-20 clients 4-7 sessions per week | 2,860.00 | 2946.00 | 01/04/19 | I/N/P |
| <i>charges based on previous year's fee x median no. sessions x 40(weeks)</i> | | | | |
| ALLOTMENTS | | | | |
| Land charge per acre | 195.00 | 201.00 | 01/04/19 | I/N/P |
| Plot Rent (This fee is set by the Allotment Society and therefore is not published in the Councils fees and charges) | | | | |
| WEDDING PHOTOGRAPHY | | | | |
| Exclusive use of area of a park for wedding photography | 53.00 | 55.00 | 01/04/19 | I/N/P |
| FUNFAIRS & CIRCUSES (Circuses were charged a flat rate in 2014/15) | | | | |
| Ground rent per day of operation - self standing | 1,200.00 | Withdrawn | 01/04/19 | L |
| part of larger event | 1,500.00 | Withdrawn | 01/04/19 | L |
| Ground rent per day of operation (up to 7 rides / 500 seating capacity) | New Charge | 500.00 | 01/04/19 | L |
| Ground rent per day of operation (more than 7 rides /500 seating capacity) | New Charge | 1000.00 | 01/04/19 | L |

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|--|---|---|--|---|
| FUNFAIRS & CIRCUSES (continued) | | | | |
| Returnable deposit per visit. | Negotiated according to the size of the event | Negotiated according to the size of the event | 01/04/19 | D/L |
| Additional ground rent for extra non-operational days spent on site | 360.00 | 371.00 | 01/04/19 | D/L |
| TENNIS | | | | |
| Licence fee per court per day for Coach/Club** **Bookings of less than 10, will attract a VAT charge. | 6.00 | Withdrawn | 01/04/19 | L |
| PARKS (all events and activities are subject to appropriate licence fees at a separate charge) | | | | |
| Minimum charge for the hire of park & open space <i>Charges to be negotiated with organiser based on details of event provided on the application . Factors to be considered are the type of organisation/individual, park and area being used, is it exclusive use of the space, time of usage, and scale of the event</i> | 88.00 | 91.00 | 01/04/19 | I/N/P |
| Inflatables (per item) | By Negotiation 75.00 | By Negotiation Withdrawn | 01/04/19 | I/N/P |
| Mobile catering unit (per month) | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Raphael Park Meeting Room (charge per hour) | 16.00 | 16.00 | 01/04/19 | I/N/P |
| Westlands Pavilion hire (charge per hour) | 20.00 | 21.00 | 01/04/19 | I/N/P |

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(B) Charges determined by Committee

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|---|--|--|--|---|
| CHARGES FOR NON SCHEDULED WORKS | | | | |
| Week day rates | | | | |
| 18 tonne grab lorry and driver per hour | 158.00 * | 163.00 * | 01/04/19 | I/N/P |
| 2 staff & a van (includes tools & machinery) per hour | 76.00 * | 79.00 * | 01/04/19 | I/N/P |
| 1 staff & a van (includes tools & machinery) per hour | 44.00 * | 46.00 * | 01/04/19 | I/N/P |
| Tractor & implement, or trailer with operator per hour | 48.00 * | 50.00 * | 01/04/19 | I/N/P |
| Ride on mower & operator per hour | 44.00 * | 46.00 * | 01/04/19 | I/N/P |
| Member of staff per hour (standard hours) | 32.00 * | 33.00 * | 01/04/19 | I/N/P |
| Charge hand per hour (standard hours) | 40.00 * | 42.00 * | 01/04/19 | I/N/P |
| Supply & plant memorial tree (up to 2metre football Inc. stakes & ties) | 304.00 * | 314.00 * | 01/04/19 | I/N/P |
| Initial mark - rugby pitch per pitch per occasion | 125.00 * | 129.00 * | 01/04/19 | I/N/P |
| Re-mark - rugby pitch per pitch per occasion | 44.00 * | 46.00 * | 01/04/19 | I/N/P |
| Initial mark – football pitch per pitch per occasion | 113.00 * | 117.00 * | 01/04/19 | I/N/P |
| Re-mark football pitch per pitch per occasion | 38.00 * | 40.00 * | 01/04/19 | I/N/P |
| Initial mark six lane 400 metre running track per occasion | 496.00 * | 511.00 * | 01/04/19 | I/N/P |
| Re-mark six lane 400 metre running track per occasion | 113.00 * | 117.00 * | 01/04/19 | I/N/P |
| Initial mark hockey pitch per occasion | 76.00 * | 79.00 * | 01/04/19 | I/N/P |
| Re-mark hockey pitch per occasion | 26.00 * | 27.00 * | 01/04/19 | I/N/P |
| Remove or install goal post socket each (excludes socket) | 76.00 * | 79.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| Week day rates (continued) | | | | |
| Preparation of new or renovation of shrub beds per m2 | 52.00 * | 54.00 * | 01/04/19 | I/N/P |
| Shrub bed planting (five 3 litre container grown shrubs) per m2 | 46.30 * | 48.00 * | 01/04/19 | I/N/P |
| Shrub bed mulching (using composted whole tree mulch) per m2 | 3.00 * | 4.00 * | 01/04/19 | P |
| Hedge cutting per linear metre | 8.00 * | 9.00 * | 01/04/19 | P |
| Prepare ground, supply & lay turf per m2 | 8.00 * | 9.00 * | 01/04/19 | P |
| Prepare ground, supply and sow grass seed per m2 | 5.00 * | 6.00 * | 01/04/19 | P |
| Saturday rates | | | | |
| 1 staff & a van (includes tools & machinery) per hour | 60.00 * | 62.00 * | 01/04/19 | I/N/P |
| 2 staff & a van (includes tools & machinery) per hour | 108.00 * | 112.00 * | 01/04/19 | I/N/P |
| Member of staff per hour (standard hours) | 48.00 * | 50.00 * | 01/04/19 | I/N/P |
| Charge hand per hour (standard hours) | 59.00 * | 61.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

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|--|--|--|--|---|
| ENVIRONMENTAL HEALTH: | | | | |
| Defra | | | | |
| Stray Dog Service - Environmental Protection (Stray Dogs) Regulation 1992 | | | | |
| Impounding fee per dog | 25.00 | 25.00 | 01/04/92 | P |
| Gambling Act 2005 | | | | |
| Bingo club - Gambling Act 2005 Dept. of Culture and Media and Sport | | | | |
| Copy licence | 25.00 | 25.00 | 01/10/06 | P |
| Notification of change | 50.00 | 50.00 | 01/10/06 | P |
| Betting shop - Dept. of Culture and Media and Sport | | | | |
| Copy licence | 25.00 | 25.00 | 01/10/06 | P |
| Notification of change | 50.00 | 50.00 | 01/10/06 | P |
| Betting premises tracks - Dept. of Culture and Media and Sport | | | | |
| Copy licence | 25.00 | 25.00 | 01/10/06 | P |
| Notification of change | 50.00 | 50.00 | 01/10/06 | P |

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|--|--|--|--|---|
| Family entertainment centres - Dept. of Culture and Media and Sport | | | | |
| Application to vary | 1,000.00 | 1,000.00 | 01/10/06 | P |
| Copy licence | 25.00 | 25.00 | 01/10/06 | P |
| Notification of change | 50.00 | 50.00 | 01/10/06 | P |
| Adult gaming centres - Dept. of Culture and Media and Sport | | | | |
| Application to vary | 1,000.00 | 1,000.00 | 01/10/06 | P |
| Copy licence | 25.00 | 25.00 | 01/10/06 | P |
| Notification of change | 50.00 | 50.00 | 01/10/06 | P |
| Lottery - Dept. of Culture and Media and Sport | | | | |
| New registration | 40.00 | 40.00 | 01/10/06 | P |
| Annual re registration | 20.00 | 20.00 | 01/10/06 | P |
| Permit fees - Dept. of Culture and Media and Sport | | | | |
| Notification of right of licensed premises to have 2 gaming machines | 50.00 | 50.00 | 01/10/06 | P |
| Family entertainment centre - Dept. of Culture and Media and Sport | | | | |
| New application | 300.00 | 300.00 | 01/10/06 | P |
| Change of name | 25.00 | 25.00 | 01/10/06 | P |
| Copy of permit | 15.00 | 15.00 | 01/10/06 | P |

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|---|--|--|--|---|
| Prize Gaming permit (S 16) Dept. of Culture and Media and Sport | | | | |
| New application | 300.00 | 300.00 | 31/03/05 | P |
| Change of name | 25.00 | 25.00 | 31/03/05 | P |
| Copy of permit | 15.00 | 15.00 | 31/03/05 | P |
| Licensed premises gaming machine permit - Dept. of Culture Media and Sport | | | | |
| New application (new operator) | 150.00 | 150.00 | 31/03/05 | P |
| New application (existing operator) | 100.00 | 100.00 | 31/03/05 | P |
| Vary a permit | 100.00 | 100.00 | 31/03/05 | P |
| Transfer application | 25.00 | 25.00 | 31/03/05 | P |
| Annual fee (1st fee payable within 30 days of issue) | 50.00 | 50.00 | 31/03/05 | P |
| Change of name | 25.00 | 25.00 | 31/03/05 | P |
| Copy of permit | 15.00 | 15.00 | 31/03/05 | P |

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|--|--|--|--|---|
| Club gaming machine permit - Dept. of Culture and Media and Sport | | | | |
| New application | 200.00 | 200.00 | 31/03/05 | P |
| Renewal | 100.00 | 100.00 | 31/03/05 | P |
| New application (existing operator) | 100.00 | 100.00 | 31/03/05 | P |
| Vary a permit | 100.00 | 100.00 | 31/03/05 | P |
| Copy of permit | 15.00 | 15.00 | 31/03/05 | P |
| Annual fee (1st fee payable within 30 days of issue) | 50.00 | 50.00 | 31/03/05 | P |
| Environment Protection Act (Defra) | | | | |
| Application Fee | | | | |
| Standard Process | 1,650.00 | 1,650.00 | 01/04/18 | P |
| Additional fee for operating without a permit | 1,188.00 | 1,188.00 | 01/04/18 | P |
| Reduced fee activities (except VRs) | New Charge | 155.00 | 01/04/19 | P |
| Service stations PVR I/dry cleaner/ waste oil burner <0.4MW | 257.00 | Withdrawn | 01/04/18 | P |
| Vehicle refinisher | 362.00 | 362.00 | 01/04/18 | P |
| Reduced fee activities: Additional fee for operating without a permit. | New Charge | 99.00 | 01/04/19 | P |

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|--|--|--|--|---|
| Environment Protection Act (Defra) (continued) | | | | |
| Service station PVR I& II combined | 257.00 | 257.00 | 01/04/18 | P |
| Additional fee for operating without a permit | 71.00 | Withdrawn | 01/04/19 | P |
| Mobile screening and crushing plant | 1,650.00 | 1,650.00 | 01/04/18 | P |
| For the third to seventh applications | 985.00 | 985.00 | 01/04/18 | P |
| For the eight and subsequent applications | 498.00 | 498.00 | 01/04/18 | P |
| Note: Where an application for any of the above is for a combined Part B and | No Charge | No Charge | 01/04/18 | P |
| Annual subsistence charge | | | | |
| Standard process Low (+£103*) | 772.00 | 772.00 | 01/04/18 | P |
| Standard process Medium (+£156.00*) | 1,161.00 | 1,161.00 | 01/04/18 | P |
| Standard process High (+£207*) | 1,747.00 | 1,747.00 | 01/04/18 | P |
| <i>(+) to be added when the above standard process is for combined part B and waste site</i> | | | | |
| Service stations PVR I/dry cleaner/ waste oil burner <0.4MW | | | | |
| Low | 79.00 | 79.00 | 01/04/18 | P |
| Medium | 158.00 | 158.00 | 01/04/18 | P |
| High | 237.00 | 237.00 | 01/04/18 | P |

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| Environment Protection Act (Defra) (continued) | | | | |
| Vehicle refinisher | | | | |
| Low | 228.00 | 228.00 | 01/04/18 | P |
| Medium | 365.00 | 365.00 | 01/04/18 | P |
| High | 548.00 | 548.00 | 01/04/18 | P |
| Service station PVRI and II combined | | | | |
| Low | 113.00 | 113.00 | 01/04/18 | P |
| Medium | 226.00 | 226.00 | 01/04/18 | P |
| High | 341.00 | 341.00 | 01/04/18 | P |
| Odourising of natural gas | | | | |
| Low | New Charge | 79.00 | 01/04/19 | P |
| Medium | New Charge | 158.00 | 01/04/19 | P |
| High | New Charge | 237.00 | 01/04/19 | P |
| Mobile screening and crushing plant For the first and second plants | | | | |
| Low | 626.00 | 646.00 | 01/04/19 | P |
| Medium | 1,034.00 | 1,034.00 | 01/04/18 | P |
| High | 1,551.00 | 1,506.00 | 01/04/19 | P |

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| Environment Protection Act (Defra) (continued) | | | | |
| For the third to seventh applications | | | | |
| Low | 385.00 | 385.00 | 01/04/18 | P |
| Medium | 617.00 | 617.00 | 01/04/18 | P |
| High | 924.00 | 924.00 | 01/04/18 | P |
| Subsistence Charge under Reg 33 for Part B solvent waste & solvents | | | | |
| Low | 104.00 | Withdrawn | 01/04/19 | P |
| Medium | 156.00 | Withdrawn | 01/04/19 | P |
| High | 207.00 | Withdrawn | 01/04/19 | P |
| For the eighth and subsequent applications | | | | |
| Low | 198.00 | 198.00 | 01/04/18 | P |
| Medium | 314.00 | 316.00 | 01/04/19 | P |
| High | 473.00 | 473.00 | 01/04/18 | P |
| Where a part B is subject to E-PRTR Regulations reporting, add £104 to above | 104.00 | Withdrawn | 01/04/19 | P |
| Late payment fee | 52.00 | Withdrawn | 01/04/19 | P |
| Transfer and Surrender of a permit | | | | |
| Standard process transfer | 169.00 | 169.00 | 01/04/18 | P |
| Standard process partial transfer | 497.00 | 497.00 | 01/04/18 | P |
| New operator at low risk reduced fee activity | 78.00 | 78.00 | 01/04/18 | P |

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|---|--|--|--|---|
| Transfer and Surrender of a permit (continued) | | | | |
| Surrender: all Part B activities | No Charge | No Charge | 01/05/12 | P |
| Transfer : Service Stations and Waste Oil burners <0.4MW | No Charge | No Charge | 01/05/12 | P |
| Reduced fee activities: Transfer | No Charge | No Charge | 01/05/12 | P |
| Reduced fee activities: partial transfer | 47.00 | 47.00 | 01/04/18 | P |
| Temporary | | | | |
| First transfer | New Charge | 53.00 | 01/04/19 | P |
| Transfer for mobiles | | | | |
| Repeat transfer | New Charge | 11.00 | 01/04/19 | P |
| Repeat following enforcement or warning | New Charge | 53.00 | 01/04/19 | P |
| Substantial changes to s10 and s11 | | | | |
| One off annual payment | | | | |
| Standard process | 1,050.00 | 1,050.00 | 01/04/18 | P |
| Standard process where the substantial change results in a new PPC activity | 1,650.00 | 1,650.00 | 01/04/18 | P |
| Reduced fee activities | 102.00 | 102.00 | 01/04/18 | P |
| Note: Reduced fee activities are; Service Stations, Vehicle Refinishers, Dry Cleaners and Small Waste Oil burners under 0.4MW | | | | |

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|--|--|--|--|---|
| Environmental Protection Act (DEFRA): LAPP mobile plant charges | | | | |
| Number of Permits | | | | |
| 1 Low | New Charge | 646.00 | 01/04/19 | P |
| 1 Medium | New Charge | 1,034.00 | 01/04/19 | P |
| 1 High | New Charge | 1,506.00 | 01/04/19 | P |
| 2 Low | New Charge | 646.00 | 01/04/19 | P |
| 2 Medium | New Charge | 1,034.00 | 01/04/19 | P |
| 2 High | New Charge | 1,506.00 | 01/04/19 | P |
| 3 Low | New Charge | 385.00 | 01/04/19 | P |
| 3 Medium | New Charge | 617.00 | 01/04/19 | P |
| 3 High | New Charge | 924.00 | 01/04/19 | P |
| 4 Low | New Charge | 385.00 | 01/04/19 | P |
| 4 Medium | New Charge | 617.00 | 01/04/19 | P |
| 4 High | New Charge | 924.00 | 01/04/19 | P |
| 5 Low | New Charge | 385.00 | 01/04/19 | P |
| 5 Medium | New Charge | 617.00 | 01/04/19 | P |
| 5 High | New Charge | 924.00 | 01/04/19 | P |
| 6 Low | New Charge | 385.00 | 01/04/19 | P |
| 6 Medium | New Charge | 617.00 | 01/04/19 | P |
| 6 High | New Charge | 924.00 | 01/04/19 | P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Environmental Protection Act (DEFRA): LAPPC mobile plant charges (continued) | | | | |
| 7 Low | New Charge | 385.00 | 01/04/19 | P |
| 7 Medium | New Charge | 617.00 | 01/04/19 | P |
| 7 High | New Charge | 924.00 | 01/04/19 | P |
| 8 and over Low | New Charge | 198.00 | 01/04/19 | P |
| 8 and over Medium | New Charge | 316.00 | 01/04/19 | P |
| 8 and over High | New Charge | 473.00 | 01/04/19 | P |
| <p>Note: Subsistence charges can be paid in four equal quarterly instalments paid on 1st april, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36.</p> | | | | |
| Payment in 4 equal instalments (1st April, 1st July, 1st October, 1st January) | | | | |
| Standard process | 1,088.00 | Withdrawn | 01/04/19 | P |
| Standard process where the substantial change results in a new PPC activity | 1,688.00 | Withdrawn | 01/04/19 | P |
| Service stations/Dry cleaners /waste oil burner <0.4MW/ vehicle re-sprayers | 140.00 | Withdrawn | 01/04/19 | P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Licensing Act 2003 fees set by Home Office | | | | |
| Application for the grant or renewal of a personal licence | 37.00 | 37.00 | 01/11/05 | P |
| Temporary event notice | 21.00 | 21.00 | 01/11/05 | P |
| Theft, loss, etc. of premises licence or summary | 21.00 | 21.00 | 01/11/05 | P |
| Application for a provisional statement where premises being built etc. | 10.50 | 10.50 | 01/11/05 | P |
| Notification of change of name or address | 10.50 | 10.50 | 01/11/05 | P |
| Application to vary licence to specify individual as premises supervisor | 23.00 | 23.00 | 01/11/05 | P |
| Application for transfer of premises licence | 23.00 | 23.00 | 01/11/05 | P |
| Interim authority notice following death etc. of licence holder | 10.50 | 10.50 | 01/11/05 | P |
| Theft, loss etc. of certificate or summary | 23.00 | 23.00 | 01/11/05 | P |
| Notification of change of name or alteration of rules of club | 23.00 | 23.00 | 01/11/05 | P |
| Change of relevant registered address of club | 23.00 | 23.00 | 01/11/05 | P |
| Theft, loss etc. of temporary event notice | 10.50 | 10.50 | 01/11/05 | P |
| Theft, loss etc. of personal licence | 10.50 | 10.50 | 01/11/05 | P |
| Duty to notify change of name or address | 10.50 | 10.50 | 01/11/05 | P |
| Right of freeholder etc. to be notified of licensing matters | 10.50 | 10.50 | 01/11/05 | P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

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|---|--|--|--|---|
| Main Fee Levels | | | | |
| Based on non domestic rateable value: | | | | |
| Band A | £0 | - £4,300 | | |
| Band B | £4,301 | - £33,000 | | |
| Band C | £33,001 | - £87,000 | | |
| Band D | £87,001 | - £125,000 | | |
| Band E | £125,001 | and over | | |
| Premises Licences | | | | |
| New Applications and variation | | | | |
| Band A | | 100.00 | 01/11/05 | P |
| Band B | | 190.00 | 01/11/05 | P |
| Band C | | 315.00 | 01/11/05 | P |
| Band D | | 450.00 | 01/11/05 | P |
| Band E | | 635.00 | 01/11/05 | P |
| Multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (bands D & E only) | | | | |
| Band D x 2 | | 900.00 | 01/11/05 | P |
| Band E x 3 | | 1,905.00 | 01/11/05 | P |

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*VAT inclusive

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|--|--|--|--|---|
| Premises Licences (continued) | | | | |
| Annual maintenance fee to keep premises licence current. | | | | |
| Band A | 70.00 | 70.00 | 01/11/05 | P |
| Band B | 180.00 | 180.00 | 01/11/05 | P |
| Band C | 295.00 | 295.00 | 01/11/05 | P |
| Band D | 320.00 | 320.00 | 01/11/05 | P |
| Band E | 350.00 | 350.00 | 01/11/05 | P |
| Annual charge multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (bands D & E only) | | | | |
| Band D x 2 | 640.00 | 640.00 | 01/11/05 | P |
| Band E x 3 | 1,050.00 | 1,050.00 | 01/11/05 | P |
| Additional Fees | | | | |
| There are additional fees for premises licence applications, and the annual fee for exceptionally large scale events (5000+), unless certain conditions apply. Please read Regulation 4(4) and 4(5) of the licensing Act (Fees) Regulations 2005. | | | | |

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|--|--|--|--|---|
| Additional Premises licence fee | | | | |
| Numbers in attendance at any one time | | | | |
| 5,000 - 9,999 | 1,000.00 | 1,000.00 | 01/11/05 | P |
| 10,000 - 14,999 | 2,000.00 | 2,000.00 | 01/11/05 | P |
| 15,000 - 19,999 | 4,000.00 | 4,000.00 | 01/11/05 | P |
| 20,000 - 29,999 | 8,000.00 | 8,000.00 | 01/11/05 | P |
| 30,000 - 39,999 | 16,000.00 | 16,000.00 | 01/11/05 | P |
| 40,000 - 49,999 | 24,000.00 | 24,000.00 | 01/11/05 | P |
| 50,000 - 59,999 | 32,000.00 | 32,000.00 | 01/11/05 | P |
| 60,000 - 69,999 | 40,000.00 | 40,000.00 | 01/11/05 | P |
| 70,000 - 79,999 | 48,000.00 | 48,000.00 | 01/11/05 | P |
| 80,000 - 89,999 | 56,000.00 | 56,000.00 | 01/11/05 | P |
| 90,000 and over | 64,000.00 | 64,000.00 | 01/11/05 | P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

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|--|--|--|--|---|
| Additional annual maintenance fee payable (if applicable) | | | | |
| Numbers in attendance at any one time | | | | |
| 5,000 - 9,999 | 500.00 | 500.00 | 01/11/05 | P |
| 10,000 - 14,999 | 1,000.00 | 1,000.00 | 01/11/05 | P |
| 15,000 - 19,999 | 2,000.00 | 2,000.00 | 01/11/05 | P |
| 20,000 - 29,999 | 4,000.00 | 4,000.00 | 01/11/05 | P |
| 30,000 - 39,999 | 8,000.00 | 8,000.00 | 01/11/05 | P |
| 40,000 - 49,999 | 12,000.00 | 12,000.00 | 01/11/05 | P |
| 50,000 - 59,999 | 16,000.00 | 16,000.00 | 01/11/05 | P |
| 60,000 - 69,999 | 20,000.00 | 20,000.00 | 01/11/05 | P |
| 70,000 - 79,999 | 24,000.00 | 24,000.00 | 01/11/05 | P |
| 80,000 - 89,999 | 28,000.00 | 28,000.00 | 01/11/05 | P |
| 90,000 and over | 32,000.00 | 32,000.00 | 01/11/05 | P |

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|---|--|--|--|---|
| Club premises certificates | | | | |
| New application variation | | | | |
| Band A | 100.00 | 100.00 | 01/11/05 | P |
| Band B | 190.00 | 190.00 | 01/11/05 | P |
| Band C | 315.00 | 315.00 | 01/11/05 | P |
| Band D | 450.00 | 450.00 | 01/11/05 | P |
| Band E | 635.00 | 635.00 | 01/11/05 | P |
| Annual maintenance fee | | | | |
| Band A | 70.00 | 70.00 | 01/11/05 | P |
| Band B | 180.00 | 180.00 | 01/11/05 | P |
| Band C | 295.00 | 295.00 | 01/11/05 | P |
| Band D | 320.00 | 320.00 | 01/11/05 | P |
| Band E | 350.00 | 350.00 | 01/11/05 | P |
| Fireworks Explosives Regulations 2014 (set by HSE) | | | | |
| Registration (Unlimited) initial application | 500.00 | 500.00 | 01/04/17 | P |
| Renewal | 552.00 | 552.00 | 01/04/17 | P |
| Licence (limited) to store explosives (fireworks) | | | | |
| New Application 1 year | 109.00 | 109.00 | 01/04/17 | P |
| Renewal 1 year | 52.00 | 52.00 | 06/04/16 | P |
| Renewal 3 year | 120.00 | 120.00 | 01/04/17 | P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

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|---|--|--|--|---|
| Fireworks Explosives Regulations 2014 (set by HSE) - Continued | | | | |
| Licence to store explosives where a minimum separation distance is prescribed | | | | |
| New application 1 year | 185.00 | 185.00 | 06/04/16 | P |
| Renewal 1 year | 86.00 | 86.00 | 06/04/16 | P |
| Renewal 3 years | 206.00 | 206.00 | 06/04/16 | P |
| Varying a licence | | | | |
| Varying the name of licensee or address of site | 36.00 | 36.00 | 06/04/16 | P |
| Transfer of licence | 36.00 | 36.00 | 06/04/16 | P |
| Replacement of licence if lost | 36.00 | 36.00 | 06/04/16 | P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| ENVIRONMENTAL HEALTH: | | | | |
| Annual Licences | | | | |
| Animal boarding establishments (Animal Boarding Establishments Act 1963) | | | | |
| New application | 0.00 | Withdrawn | 01/04/19 | L |
| Renewal | 0.00 | Withdrawn | 01/04/19 | L |
| New application Part A | 270.00 | Withdrawn | 01/04/19 | L |
| New application Part B | 100.00 | Withdrawn | 01/04/19 | L |
| Renewal Part A | 150.00 | Withdrawn | 01/04/19 | L |
| Renewal Part B | 150.00 | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |
| Breeding establishments for dogs (Breeding of dogs act 1973 and 1991) | | | | |
| New application | 0.00 | Withdrawn | 01/04/19 | L |
| Renewal | 0.00 | Withdrawn | 01/04/19 | L |
| New application Part A (Plus vet fees if applicable) | 270.00 | Withdrawn | 01/04/19 | L |
| New application Part B (Plus vet fees if applicable) | 100.00 | Withdrawn | 01/04/19 | L |

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|---|--|--|--|---|
| Annual Licences (continued) | | | | |
| Breeding establishments for dogs (Breeding of dogs act 1973 and 1991) | | | | |
| Renewal Part A | 150.00 | Withdrawn | 01/04/19 | L |
| Renewal Part B | 150.00 | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |
| Keeping of dangerous wild animals (Dangerous Wild Animals Act 1976) | | | | |
| New application | 0.00 | Withdrawn | 01/04/19 | L |
| Renewal (no change) | 0.00 | Withdrawn | 01/04/19 | L |
| New application Part A | 330.00 | 340.00 | 01/04/19 | I/N/P |
| New application Part B | 100.00 | 103.00 | 01/04/19 | I/P |
| Note: total fee for new application £443 | | | | |
| Renewal Part A | 330.00 | 340.00 | 01/04/19 | I/N/P |
| Renewal Part B | 100.00 | 103.00 | 01/04/19 | I/P |
| Note: total fee for renewal £443 | | | | |
| Duplicate | 25.00 | 45.00 | 01/04/19 | D/L |

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|--|--|--|--|---|
| ENVIRONMENTAL HEALTH: | | | | |
| Animal Welfare Licences (The Animal Welfare (Licensing of Activities Involving Animals) England) Regulations 2018 | | | | |
| Providing and arranging boarding for cat/dog kennels, home boarding for dogs | | | | |
| New Application Part B (Issue Fee) | New Charge | 570.00 | 01/04/19 | L |
| Renewal Part A (Application Fee) | New Charge | 180.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for new application £750 | | | | |
| Note: total fee for renewal application £430 | | | | |
| Dog Daycare | | | | |
| Dog Daycare Part A (Application Fee) | New Charge | 570.00 | 01/04/19 | L |
| Dog Daycare Part 3 (Issue Fee) | New Charge | 180.00 | 01/04/19 | L |
| Renewal Part A (Application Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for new application £750 | | | | |
| Note: total fee for renewal application £430 | | | | |

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(B) Charges determined by Committee

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|---|--|--|--|---|
| Animal Welfare Licences (continued) | | | | |
| Dog Breeding | | | | |
| Dog Breeding Part A (Application Fee) (inc vet visit fee) | New Charge | 600.00 | 01/04/19 | L |
| Dog Breeding Part B (Issue Fee) | New Charge | 180.00 | 01/04/19 | L |
| Note: total fee for new application £780 | | | | |
| Renewal Part A (Application Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for renewal application £430 | | | | |
| Pet Shop Operation | | | | |
| Pet Shop Operation Part A (Application Fee) | New Charge | 570.00 | 01/04/19 | L |
| Pet Shop Operation Part B (Issue Fee) | New Charge | 180.00 | 01/04/19 | L |
| Note: total fee for Pet Shop Operation £750 | | | | |
| Renewal Part A (Application Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for renewal application £430 | | | | |

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|--|--|--|--|---|
| Animal Welfare Licences (continued) | | | | |
| Hiring of Horses | | | | |
| Hiring of Horses (riding and/or instruction) Part A (Application Fee) (inc vet visit fee) | New Charge | 600.00 | 01/04/19 | L |
| Hiring of Horses (riding and/or instruction) Part B (Issue Fee) | New Charge | 180.00 | 01/04/19 | L |
| Note: total fee for Hiring of Horses £780 | | | | |
| Renewal Part A (Application Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for renewal application £430 | | | | |
| Keeping or Training of Animals for Exhibitions | | | | |
| Keeping or training of animals for exhibition Part A (Application Fee) | New Charge | 570.00 | 01/04/19 | L |
| Keeping or training of animals for exhibition Part B (Issue Fee) | New Charge | 180.00 | 01/04/19 | L |
| Note: total fee for Keeping or training of animals for exhibition £750 | | | | |
| Renewal Part A (Application Fee) | New Charge | 330.00 | 01/04/19 | L |
| Renewal Part B (Issue Fee) | New Charge | 100.00 | 01/04/19 | L |
| Note: total fee for renewal application £430 | | | | |
| Variation of Licence | New Charge | 570.00 | 01/04/19 | L |
| Re-rating of Premises | New Charge | 270.00 | 01/04/19 | L |
| Replacement Licence for a lost or defaced Licence | New Charge | 45.00 | 01/04/19 | L |

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(B) Charges determined by Committee

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|--|--|--|--|---|
| Special treatment establishments (London Local Authority Act 1991) | | | | |
| Single treatment | 0.00 | Withdrawn | 01/04/19 | L |
| Multiple treatment | 0.00 | Withdrawn | 01/04/19 | L |
| If paid before the licence expiry date plus 10 working days fee reduced to | | | | |
| Single treatment | 0.00 | Withdrawn | 01/04/19 | L |
| Multiple treatment | 0.00 | Withdrawn | 01/04/19 | L |
| Variation of licence | | | | |
| High risk single treatment New | 510.00 | 525.00 | 01/04/19 | I/N/P |
| High risk single treatment New | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for new application £680 | | | | |
| High risk Multiple treatment New | 630.00 | 649.00 | 01/04/19 | I/N/P |
| High risk Multiple treatment New | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for new application £804 | | | | |
| High risk renewal single treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| High risk renewal single treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for renewal £310 | | | | |
| High risk Renewal multiple treatment | 210.00 | 216.00 | 01/04/19 | I/N/P |
| High risk Renewal multiple treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for renewal £371 | | | | |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Annual Licences (continued) | | | | |
| Variation (additional treatment High risk) | 300.00 | 309.00 | 01/04/19 | I/P |
| Variation (additional treatment High risk) | 0.00 | Withdrawn | 01/04/19 | L |
| Change of details | 100.00 | Withdrawn | 01/04/19 | L |
| Late renewal surcharge** | 40.00 | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |
| **surcharge to be paid for renewal applications that are received within 30 days from the date the licence lapsed. Any renewal applications received after that period will not be accepted and a new application and associated fee will be required. | | | | |
| low risk single treatment New | 330.00 | 340.00 | 01/04/19 | I/N/P |
| low risk single treatment New | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for new application £495 | | | | |
| low risk multiple treatment New | 450.00 | 464.00 | 01/04/19 | I/N/P |
| low risk multiple treatment New | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for new application £619 | | | | |

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|---|--|--|--|---|
| Annual Licences (continued) | | | | |
| Low risk renewal single treatment | 100.00 | 103.00 | 01/04/19 | I/N/P |
| Low risk renewal single treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for renewal £258 | | | | |
| Low risk renewal multiple treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Low risk renewal multiple treatment | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Note: total fee for renewal £310 | | | | |
| Variation (additional treatment low risk)* | 150.00 | 155.00 | 01/04/19 | I/N/P |
| Change of details | 25.00 | 103.00 | 01/04/19 | I/N/P |
| Late renewal surcharge** | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Duplicate | 25.00 | 45.00 | 01/04/19 | D/L |
| * if the additional treatment is high risk the higher fee must be paid. | | | | |

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|--|--|--|--|---|
| Annual Licences (continued) | | | | |
| Performing Animals | | | | |
| Performing Animals (Regulations) Act 1925 | | | | |
| Registration | 0.00 | Withdrawn | 01/04/19 | L |
| Certificate | 29.00 | Withdrawn | 01/04/19 | L |
| New application Part A | 270.00 | Withdrawn | 01/04/19 | L |
| New application Part B | 50.00 | Withdrawn | 01/04/19 | L |
| Renewal Part A | 90.00 | Withdrawn | 01/04/19 | L |
| Renewal Part B | No Charge | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |
| Pet Animals | | | | |
| Pet Animals Act 1951 | | | | |
| Pet Shops new application (plus vet fees if applicable) | 0.00 | Withdrawn | 01/04/19 | L |
| Renewal (no change) | 0.00 | Withdrawn | 01/04/19 | L |
| Pet Shops New application Part A (plus vet fees if applicable) | 315.00 | Withdrawn | 01/04/19 | L |
| Pet Shops New application Part B | 100.00 | Withdrawn | 01/04/19 | L |
| Renewal Part A | 120.00 | Withdrawn | 01/04/19 | L+K403 |
| Renewal Part B | 150.00 | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| Riding Establishments (Riding Establishments Acts 1964-1970) | | | | |
| New application (plus vet fees if applicable) | 0.00 | Withdrawn | 01/04/19 | L |
| New application Part A (plus vet fees if applicable) | 315.00 | Withdrawn | 01/04/19 | L |
| New application Part B | 50.00 | Withdrawn | 01/04/19 | L |
| Renewal Part A plus vet inspection fee | 90.00 | Withdrawn | 01/04/19 | L |
| Renewal Part B | 50.00 | Withdrawn | 01/04/19 | L |
| Duplicate | 25.00 | Withdrawn | 01/04/19 | L |
| Zoo Licensing (Zoo Licensing Act 1981) | | | | |
| New application (plus vet fees if applicable) | 0.00 | Withdrawn | 01/04/19 | L |
| Application to change (plus vet fees if applicable) | 0.00 | Withdrawn | 01/04/19 | L |
| New Application Part A (Part B no charge) (inc vet visit fee) | 630.00 | 649.00 | 01/04/19 | I/N/P |
| New application Part B fee | No Charge | Withdrawn | 01/04/19 | L |
| Note: total fee for application £649 | | | | |
| Renewal (no change) Part A fee plus vet inspection fee | 450.00 | 464.00 | 01/04/19 | I/N/P |
| Renewal Part B fee | No Charge | Withdrawn | 01/04/19 | L |
| Alteration Part A plus vet inspection fee | 550.00 | 567.00 | 01/04/19 | I/N/P |
| Alteration Part B plus vet inspection fee | No Charge | Withdrawn | 01/04/19 | L |

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(B) Charges determined by Committee

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|--|--|--|--|---|
| Sex Establishment Licensing (Local Govt. Miscellaneous Provisions Act 1982) | 0.00 | Withdrawn | 01/04/19 | L |
| Application to change licence | Withdrawn | Withdrawn | 01/04/19 | L |
| New application Part A (Part B no charge) | 2,040.00 | 2,101.00 | 01/04/19 | I/N/P |
| New application Part B fee | No Charge | Withdrawn | 01/04/19 | L |
| Renewal Part A fee | 300.00 | 309.00 | 01/04/19 | I/P |
| Renewal Part B fee | 100.00 | 103.00 | 01/04/19 | I/P |
| Note: total fee for renewal £412 | | | | |
| Hypnotism consent (Hypnotism Act 1952) | | | | |
| New application Part A | 300.00 | 309.00 | 01/04/19 | I/P |
| New application Part B | No Charge | Withdrawn | 01/04/19 | L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Street Trading Licences (London Local Authorities Act 1990) | | | | |
| Subject to review and a separate consultation for proposed street trading protocol | | | | |
| Trading between 05:00 - 20:00 | | | | |
| Seven days per week | 2,102.00 | 2,165.00 | 01/04/19 | I/N/P |
| Six days per week | 1,802.00 | 1,856.00 | 01/04/19 | I/N/P |
| Five days per week | 1,507.00 | 1,552.00 | 01/04/19 | I/N/P |
| Four days per week | 1,202.00 | 1,238.00 | 01/04/19 | I/N/P |
| Three days per week | 904.00 | 931.00 | 01/04/19 | I/N/P |
| Two days per week | 601.00 | 619.00 | 01/04/19 | I/N/P |
| One day per week | 302.00 | 311.00 | 01/04/19 | I/N/P |
| Trading between 20:00 - 02:00 | | | | |
| Seven days per week | 2,602.00 | 2,680.00 | 01/04/19 | I/N/P |
| Six days per week | 2,231.00 | 2,298.00 | 01/04/19 | I/N/P |
| Five days per week | 1,859.00 | 1,915.00 | 01/04/19 | I/N/P |
| Four days per week | 1,488.00 | 1,533.00 | 01/04/19 | I/N/P |
| Three days per week | 1,115.00 | 1,148.00 | 01/04/19 | I/N/P |
| Two days per week | 738.00 | 760.00 | 01/04/19 | I/N/P |
| One day per week | 370.00 | 381.00 | 01/04/19 | I/N/P |
| These can be paid annually in advance | | | | |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Temporary Street Trading Licences (up to 6 months) | | | | |
| Trading between 05.00 and 20.00 | | | | |
| Seven days per week | 1,052.00 | 1,084.00 | 01/04/19 | I/N/P |
| Six days per week | 903.00 | 930.00 | 01/04/19 | I/N/P |
| Five days per week | 740.00 | 762.00 | 01/04/19 | I/N/P |
| Four days per week | 601.00 | 619.00 | 01/04/19 | I/N/P |
| Three days per week | 452.00 | 466.00 | 01/04/19 | I/N/P |
| Two days per week | 301.00 | 310.00 | 01/04/19 | I/N/P |
| One day per week | 152.00 | 157.00 | 01/04/19 | I/N/P |
| Temporary Street Trading Licences (up to 6 months) (continued) | | | | |
| Trading between 20.00 and 02.00 | | | | |
| Seven days per week | 1,302.00 | 1,341.00 | 01/04/19 | I/N/P |
| Six days per week | 1,118.00 | 1,152.00 | 01/04/19 | I/N/P |
| Five days per week | 931.00 | 959.00 | 01/04/19 | I/N/P |
| Four days per week | 744.00 | 766.00 | 01/04/19 | I/N/P |
| Three days per week | 558.00 | 575.00 | 01/04/19 | I/N/P |
| Two days per week | 373.00 | 384.00 | 01/04/19 | I/N/P |
| One day per week | 194.00 | 200.00 | 01/04/19 | I/N/P |

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Neighbourhoods Environment

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|--|--|--|--|---|
| Daily Temporary Licence for special events | 44.00 | 45.00 | 01/04/19 | I/N/P |
| Duplicate Licence | 47.00 | 48.00 | 01/04/19 | I/N/P |
| Variations to existing Licences | 99.00 | 102.00 | 01/04/19 | I/N/P |
| Advertisement A Boards | | | | |
| Removal cost | 116.00 | 119.00 | 01/04/19 | I/N/P |
| Storage cost per week | 11.00 | 11.00 | 01/04/19 | L |
| Disposal cost | 32.00 | 33.00 | 01/04/19 | I/N/P |
| Return cost (collection only) | 58.00 | 60.00 | 01/04/19 | I/N/P |
| Total cost if not collected within 14 days | 211.00 | 217.00 | 01/04/19 | I/N/P |
| Abandoned Shopping Trolleys | | | | |
| Collection fee | 31.00 | 32.00 | 01/04/19 | I/N/P |
| Storage fee per week/part week | 21.00 | 22.00 | 01/04/19 | I/N/P |
| Administration fee | 26.00 | 27.00 | 01/04/19 | I/N/P |
| Disposal of unwanted trolleys | 26.00 | 27.00 | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Stray Dog Service | | | | |
| Administration Fee | 11.00 | 11.00 | 01/04/19 | L |
| Weekdays 09:00 - 16:59 | 52.00 | 54.00 | 01/04/19 | I/N/P |
| Weekdays 17:00 - 21:59 | 67.00 | 69.00 | 01/04/19 | I/N/P |
| Weekdays 22:00 - 08:59 | 73.00 | 75.00 | 01/04/19 | I/N/P |
| Weekends 09:00 - 16:59 | 73.00 | 75.00 | 01/04/19 | I/N/P |
| Weekends 17:00 - 08:59 | 73.00 | 75.00 | 01/04/19 | I/N/P |
| Bank Holidays | 73.00 | 75.00 | 01/04/19 | I/N/P |
| Charge per day per dog/part day | 15.00 | 15.00 | 01/04/19 | L |
| Land Quality Reports | | | | |
| Written report that takes less than 2 hours to complete: | | | | |
| a) 5 working day response (where available and on request) | 526.00 * | 542.00 * | 01/04/19 | I/N/P |
| b) 20 working day response | 290.00 * | 299.00 * | 01/04/19 | I/N/P |
| For every hour over 2 hours | 85.00 * | 88.00 * | 01/04/19 | I/N/P |
| To respond to specific questions on land quality hourly rate | 85.00 * | 88.00 * | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| 5 – Year Licence | | | | |
| Mandatory HMO Licensing (Housing Act 2004) | | | | |
| New licences: | | | | |
| Up to 5 lettings | 1,115.00 | Withdrawn | 01/04/19 | L |
| 6 - 9 lettings | 1,284.00 | Withdrawn | 01/04/19 | L |
| 10 - 14 lettings | 1,473.00 | Withdrawn | 01/04/19 | L |
| 15 - 19 lettings | 1,630.00 | Withdrawn | 01/04/19 | L |
| 20 lettings and above | 1,788.00 | Withdrawn | 01/04/19 | L |
| Additional HMO Licence | 900.00 | Withdrawn | 01/04/19 | L |
| Miscellaneous housing-related fees | | | | |
| Fee for each type of Statutory Notice served under the Housing Act 2004 with the ability to add the cost of any report required from external experts such as Gas, Electricity or Structural surveyors | 510.00 | Withdrawn | 01/04/19 | L |
| Fee per visit for Housing Inspection and Assessments for Immigration | 133.00 | Withdrawn | 01/04/19 | L |

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|---|--|--|--|---|
| Housing Act 2004: Mandatory Housing of Multiple Occupation (HMO) Licensing | | | | |
| New Licence Application up to 5 rooms/units Part A | New Charge | 650.00 | 01/04/19 | L |
| New Licence Application up to 5 rooms/units Part B | New Charge | 500.00 | 01/04/19 | L |
| Note: Total fee for new application is £1,150 | | | | |
| New Licence Application for each room above 5 Part A | New Charge | 50.00 | 01/04/19 | L |
| New Licence Application for all rooms above 5 Part B | New Charge | 50.00 | 01/04/19 | L |
| Additional Licensing for Housing of Multiple Occupation (HMO) Licensing | | | | |
| New Licence Application Part A | New Charge | 566.00 | 01/04/19 | L |
| New Licence Application Part B | New Charge | 361.00 | 01/04/19 | L |
| Note: Total Fee for new application is £927 | | | | |
| Note: If Landlord is accredited by a recognised body there is a discount of £35 off the Part B fee. Additional HMO Licence for all rooms above 5 Part B | | | | |
| New Charge | New Charge | 36.00 | 01/04/19 | L |
| Caravan site licence (Caravan Sites and Control of Development Act 1960) | 378.00 | 389.00 | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Gambling Act 2005 Bingo Club premises | | | | |
| Fees set by LA (subject to maxima set by Govt.) | | | | |
| New premises application | 3,347.00 | 3,447.00 | 01/04/19 | I/N/P |
| Annual fee | 675.00 | 695.00 | 01/04/19 | I/N/P |
| Application to vary | 1,121.00 | 1,155.00 | 01/04/19 | I/N/P |
| Application to transfer | 567.00 | 584.00 | 01/04/19 | I/N/P |
| Gambling Act 2005 Bingo Club premises (continued) | | | | |
| Fees set by LA (subject to maxima set by Govt.) | | | | |
| Application for reinstatement | 879.00 | 905.00 | 01/04/19 | I/N/P |
| Application for a provisional statement | 1,173.00 | 1,208.00 | 01/04/19 | I/N/P |
| License application (provisional statement holders) | 879.00 | 905.00 | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Betting shop | | | | |
| New premises application | 1,150.00 | 1,185.00 | 01/04/19 | I/N/P |
| Annual fee | 600.00 | 618.00 | 01/04/19 | P |
| Application to vary | 861.00 | 887.00 | 01/04/19 | I/N/P |
| Application to transfer | 567.00 | 584.00 | 01/04/19 | I/N/P |
| Application for reinstatement | 880.00 | 906.00 | 01/04/19 | I/N/P |
| Application for a provisional statement | 1,174.00 | 1,209.00 | 01/04/19 | I/N/P |
| License application (provisional statement holders) | 880.00 | 906.00 | 01/04/19 | I/N/P |
| Betting premises tracks | | | | |
| New premises application | 2,578.00 | 2,655.00 | 01/04/19 | I/N/P |
| Annual fee | 888.00 | 915.00 | 01/04/19 | I/N/P |
| Application to vary | 1,133.00 | 1,167.00 | 01/04/19 | I/N/P |
| Application to transfer | 567.00 | 584.00 | 01/04/19 | I/N/P |
| Application for reinstatement | 850.00 | 876.00 | 01/04/19 | I/N/P |
| Application for a provisional statement | 2,578.00 | 2,655.00 | 01/04/19 | I/N/P |
| License application (provisional statement holders) | 850.00 | 876.00 | 01/04/19 | I/N/P |

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(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Family Entertainment centres | | | | |
| New premises application | 1,541.00 | 1,587.00 | 01/04/19 | I/N/P |
| Annual fee | 676.00 | 696.00 | 01/04/19 | I/N/P |
| Application to vary | 1,000.00 | 1,030.00 | 01/04/19 | I/P |
| Application to transfer | 567.00 | 584.00 | 01/04/19 | I/N/P |
| Application for reinstatement | 850.00 | 876.00 | 01/04/19 | I/N/P |
| Application for a provisional statement | 1,575.00 | 1,622.00 | 01/04/19 | I/N/P |
| License application (provisional statement holders) | 884.00 | 911.00 | 01/04/19 | I/N/P |
| Adult gaming centres | | | | |
| New premises application | 1,563.00 | 1,610.00 | 01/04/19 | I/N/P |
| Annual fee | 676.00 | 696.00 | 01/04/19 | I/N/P |
| Application to vary | 1,031.00 | 1,062.00 | 01/04/19 | I/N/P |
| Application to transfer | 567.00 | 584.00 | 01/04/19 | I/N/P |
| Application for reinstatement | 850.00 | 876.00 | 01/04/19 | I/N/P |
| Application for a provisional statement | 1,560.00 | 1,607.00 | 01/04/19 | I/N/P |
| License application (provisional statement holders) | 850.00 | 876.00 | 01/04/19 | I/N/P |

Basis of Increase:

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- G - An increase below inflation in line with a corporate growth plan
- I - Based on relevant inflationary change
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- S - An increase above inflation in line with a corporate saving plan
- D - Increase recommended by Head of Service

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Scrap Metal Dealers Act 2013 | | | | |
| Application for a new scrap metal site licence | 856.00 | 882.00 | 01/04/19 | I/N/P |
| Application for a new scrap metal collectors licence | 276.00 | 284.00 | 01/04/19 | I/N/P |
| Application for a variation of an existing licence | 139.00 | 143.00 | 01/04/19 | I/N/P |
| Site licence to a collectors licence | | | | |
| Application for a variation of an existing licence | 722.00 | 744.00 | 01/04/19 | I/N/P |
| Scrap Metal Dealers Act 2013 (continued) | | | | |
| Collectors licence to a site licence | | | | |
| Application for a variation of an existing licence not listed above | 191.00 | 197.00 | 01/04/19 | I/N/P |
| Renewal application for a site licence under Scrap Metal Dealers Act 2013 | 856.00 | 882.00 | 01/04/19 | I/N/P |
| Renewal application for a collectors licence under Scrap Metal Dealers Act 2013 | 258.00 | 266.00 | 01/04/19 | I/N/P |
| Lost licence replacement | 25.00 | 26.00 | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Marriage Act 1949 | | | | |
| Wedding Registration | | | | |
| New application Part A fee | 675.00 | 695.00 | 01/04/19 | I/N/P |
| New Application Part B fee | 180.00 | 185.00 | 01/04/19 | I/N/P |
| Note: Total fee parts A and B £880 | | | | |
| Renewal of Premises Licensing | | | | |
| Renewal Part A fee | 195.00 | 201.00 | 01/04/19 | I/N/P |
| Renewal Part B fee | 180.00 | 185.00 | 01/04/19 | I/N/P |
| Note: Total fee parts A and B £386 | | | | |
| Primary Authority | | | | |
| Annual Fee, pays for 20 hours work (Enterprise and Regulatory Reform Act) | 1,236.00 | 1,273.00 | 01/04/19 | I/N/P |
| Hourly rate, agreed in advance for work beyond 20 hours. | 62.00 | 64.00 | 01/04/19 | I/N/P |
| Food | | | | |
| Health Export Certificates | | | | |
| (these are issued on request to food businesses who wish to export foodstuff outside the EU. They are provided to assist local exporters in meeting the food safety requirements. Only the local authority can provide them). Food Hygiene Rating Requested re-rating inspection, | 52.00 | 54.00 | 01/04/19 | I/N/P |
| New charge for 2017. Can only be supplied by the local authority by the Enterprise Act. No Vat applicable | 202.00 | 208.00 | 01/04/19 | I/N/P |

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Neighbourhoods Planning

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| LOCAL LAND CHARGES: | | | | |
| Certain fees are laid down in regulations made under the Local Land Charges Act 1975. | | | | |
| Fees for Official Local Land Charge Certificates | | | | |
| Registration of a charge in Part II of the registers | 88.00 | 91.00 | 01/04/19 | I/N/P |
| Official search (including issue of official certificate of search) | | | | |
| a) in only part of the register (one parcel) | 8.50 | 9.00 | 01/04/19 | I/N/P |
| b) in only part of register (each additional parcel thereafter), | 2.25 | 2.50 | 01/04/19 | I/N/P |
| c) in the whole of the register - post or fax (one parcel) | 21.00 | 21.50 | 01/04/19 | I/N/P |
| d) in the whole of the register - post or fax (each additional parcel thereafter) | 5.25 | 5.50 | 01/04/19 | I/N/P |
| e) in the whole of the register - where the requisition is made by electronic means in accordance with rule 16 (one parcel) | 21.00 | 21.50 | 01/04/19 | I/N/P |
| f) in the whole of the register - where the requisition is made by electronic means in accordance with rule 16 (each additional parcel thereafter) | 5.25 | 5.50 | 01/04/19 | I/N/P |
| Office copy of any entry in the register (not including a copy or extract of any plan or document filed pursuant to these rules) | 1.75 | 1.80 | 01/04/19 | I/N/P |

Basis of Increase:

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Neighbourhoods Planning

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Office copy of any plan or other document filed pursuant to these rules: | | | | |
| Personal Searches in whole or part of the Register | No Charge | No Charge | 01/07/10 | L |
| Extract of register in place of personal search | | | | |
| First Page | 2.25 | 2.30 | 01/04/19 | I/N/P |
| Subsequent pages | 0.25 | 0.30 | 01/04/19 | I/N/P |
| CON29(R) Enquiries | | | | |
| One parcel of land | 106.00 * | 109.00 * | 01/04/19 | I/N/P |
| Several parcels of land | | | | |
| Each additional (fees that exceed 100 to be fixed by arrangement) | 45.50 * | 47.00 * | 01/04/19 | I/N/P |
| Update Search Fee | 75.25 * | 77.50 * | 01/04/19 | I/N/P |
| Part 2 Enquiries | | | | |
| Each printed enquiry | 21.75 * | 22.50 * | 01/04/19 | I/N/P |
| With exception to Question 4 | 33.50 * | 34.50 * | 01/04/19 | I/N/P |
| With exception of surrounding area enquiries | 37.25 * | 38.50 * | 01/04/19 | I/N/P |
| | | | | |
| Provision of access data to external body to answer CON29(R) and (O) questions Data for CON 29(R) questions | No charge | No charge | 01/07/10 | L |

Basis of Increase:

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Neighbourhoods Planning

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Copying Charges - Legal Documents | | | | |
| Certified Copy of Land Search - Paper Copy | 15.50 | 16.00 | 01/04/19 | I/N/P |
| First Page | 2.25 | 2.50 | 01/04/19 | I/N/P |
| Subsequent pages | 0.25 | 0.30 | 01/04/19 | I/N/P |
| Certified copy of extract of Highways Register (letter and extract) | 31.00 | 32.00 | 01/04/19 | I/N/P |
| Certified copy of extract of Highways Register (extract only and collection only) | 15.50 | 16.00 | 01/04/19 | I/N/P |
| New Residential Addresses - (building names included) in an existing road | | | | |
| 1 dwelling | 62.00 | 64.00 | 01/04/19 | I/N/P |
| 2 - 5 dwellings | 82.50 | 85.00 | 01/04/19 | I/N/P |
| 6 - 25 dwellings | 98.00 | 101.00 | 01/04/19 | I/N/P |
| 26 - 45 dwellings | 201.00 | 207.00 | 01/04/19 | I/N/P |
| 46 - 100 dwellings | 428.00 | 441.00 | 01/04/19 | I/N/P |
| 100+ plots (plus an extra fee of £95 for each additional 10 dwellings (or part thereof)) | 721.00 | 743.00 | 01/04/19 | I/N/P |
| | 98.00 | 101.00 | 01/04/19 | I/N/P |

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Neighbourhoods Planning

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| New Residential Addresses (building names included) plus single road name | | | | |
| 1 - 5 dwellings | 139.00 | 144.00 | 01/04/19 | I/N/P |
| 6 - 25 dwellings | 160.00 | 165.00 | 01/04/19 | I/N/P |
| 26 - 45 dwellings | 257.50 | 265.00 | 01/04/19 | I/N/P |
| 46 - 100 dwellings | 484.50 | 499.00 | 01/04/19 | I/N/P |
| 100+ plots (plus an extra fee of £155 for each additional 10 dwellings (or part thereof) | 777.50 | 801.00 | 01/04/19 | I/N/P |
| | 160.00 | 165.00 | 01/04/19 | I/N/P |
| For each additional road name | 67.00 | 69.00 | 01/04/19 | I/N/P |
| New Commercial/Industrial Addresses (building name included) in an existing road | | | | |
| 1 unit | 62.00 | 64.00 | 01/04/19 | I/N/P |
| 2 - 5 units | 82.50 | 85.00 | 01/04/19 | I/N/P |
| 6 - 10 units | 98.00 | 101.00 | 01/04/19 | I/N/P |
| 11 units plus | 139.00 | 143.00 | 01/04/19 | I/N/P |

Basis of Increase:

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- I - Based on relevant inflationary change
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Neighbourhoods Planning

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| New Commercial/Industrial Addresses (building name included) plus a single road name | | | | |
| 1 unit | 82.50 | 85.00 | 01/04/19 | I/N/P |
| 2 - 5 units | 98.00 | 101.00 | 01/04/19 | I/N/P |
| 6 - 10 units | 118.50 | 122.00 | 01/04/19 | I/N/P |
| 11 units plus | 160.00 | 165.00 | 01/04/19 | I/N/P |
| For each additional road name | 67.00 | 69.00 | 01/04/19 | I/N/P |
| New street name without any new dwellings or units | 67.00 | 69.00 | 01/04/19 | I/N/P |
| Naming of land parcel | 67.00 | 69.00 | 01/04/19 | I/N/P |
| Renaming of existing road or building (residential, commercial or industrial) | 67.00 | 69.00 | 01/04/19 | I/N/P |
| (plus an extra fee of £21.50 for each additional dwelling or building affected) | 20.75 | 21.50 | 01/04/19 | I/N/P |
| Research time: flat fee for research into possible street names Non-refundable in the event that the suggested name(s) are not selected. One set of research to be undertaken. | 41.25 | 42.50 | 01/04/19 | I/N/P |

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Neighbourhoods Registrars (A) - Statutory

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Registrar of Births, Deaths and Marriages and Civil Partnerships: | | | | |
| Places of Worship Registration Act 1855 Section 5 Certification of place of meeting for religious worship | 29.00 | 29.00 | 01/09/14 | P |
| Marriage Act 1949: | | | | |
| Section 27 (6) Entering a notice of marriage in a marriage notice book | | | | |
| (A) Where both parties to the proposed marriage are exempt persons within the meaning of section 49 Immigration act 2014 | 35.00 | 35.00 | 01/04/12 | P |
| (B) In any other cases from 2nd March 2014 | 47.00 | 47.00 | 02/03/15 | P |
| Section 41 (6) Registration of building for solemnization of marriages | 123.00 | 123.00 | 01/09/14 | P |
| Section 51 Fee of registrar for attending marriage/civil partnership: | | | | |
| (i) At a register office | 46.00 | 46.00 | 01/04/12 | P |
| (ii) At a registered building or at a place where the house hold or detained person usually resides | 86.00 | 86.00 | 01/09/14 | P |
| (iii) Fee of Superintendent Registrar for attending marriage/civil partnership at the place where: | | | | |
| a) Housebound or | 84.00 | 84.00 | 01/09/14 | P |
| b) Detained person usually resides | 94.00 | 94.00 | 01/09/14 | P |

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Neighbourhoods Registrars (A) - Statutory

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Immigration Act 2016 : | | | | |
| Consideration by a Superintendent Registrar of a divorce/civil partnership dissolution obtained outside of the British Isles (from 01/11/17) | 50.00 | 50.00 | 01/04/18 | P |
| Consideration by the Registrar General of a divorce/civil partnership dissolution obtained outside of the British Isles (from 01/11/17) | 75.00 | 75.00 | 01/04/18 | P |
| Consideration of a reduction in the 28 day notice to marry or form a civil partnership (from 01/11/17) | 60.00 | 60.00 | 01/04/18 | P |
| Marriage Act 1949 (continued): | | | | |
| Section 64(1) | | | | |
| Certified copy of entry issued under the subsection: | | | | |
| (i) When application is made at the time of registering | 4.00 | 11.00 | 16/02/19 | P |
| (ii) After the time of registration | 7.00 | 11.00 | 16/02/19 | P |
| Certified copy of entry for Civil Partnerships: | | | | |
| (i) At the time of registration | 4.00 | 11.00 | 16/02/19 | P |
| (ii) After the time of registration | 10.00 | 11.00 | 16/02/19 | P |

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Neighbourhoods Registrars (A) - Statutory

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Marriage Act 1949 (continued): | | | | |
| Section 64(2) General search of indexes of register of books kept by superintendent registrars | 18.00 | 18.00 | 01/04/04 | P |
| Certified copy of entry issued under that sub-section | 10.00 | 11.00 | 16/02/19 | P |
| Section 65(2) Certified copy of entry ,following search of indexes kept at General Register Office | 10.00 | 11.00 | 16/02/19 | P |
| Births, Deaths Registration Act 1953: | | | | |
| At the time of registration | New Charge | 11.00 | 16/02/19 | P |
| After the time of registration | New Charge | 11.00 | 16/02/19 | P |
| Section 30(2) certified copy of entry following search of indexes kept at General Register Office | 10.00 | 11.00 | 16/02/19 | P |

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Neighbourhoods Registrars (A) - Statutory

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Immigration Act 2016 : | | | | |
| Fees for corrections to Initial Registration | | | | |
| Forename added within 12 months of birth registration | 40.00 | 40.00 | 01/11/17 | P |
| Consideration by Registrar/Superintendent Registrar of a correction application (from 01/11/17) | 75.00 | 75.00 | 01/11/17 | P |
| Consideration by Registrar General of a correction application | 90.00 | 90.00 | 01/11/17 | P |
| Priority Certificate Fee 24 hr service | New Charge | 35.00 | 16/02/19 | P |
| Fees for conversion of a Civil Partnership into Marriage | | | | |
| Conversion of a civil partnership into marriage At the Register Office | 45.00 | 45.00 | 01/11/17 | P |
| Two stage procedure on other premises | | | | |
| Completing the declaration | 27.00 | 27.00 | 01/11/17 | P |
| Signing the declaration in a religious building registered for the marriage of same sex couples | 91.00 | 91.00 | 01/11/17 | P |

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Neighbourhoods Registrars - Non Statutory

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| REGISTRAR OF BIRTHS, DEATHS, MARRIAGES AND CIVIL PARTNERSHIPS: | | | | |
| Off site attendance to officiate at an approved premise wedding/civil partnership: | | | | |
| Monday to Friday | 585.00 | 605.00 | 01/04/19 | I/N/P |
| Saturday | 700.00 | 720.00 | 01/04/19 | I/N/P |
| Sunday/ Bank Holiday | 715.00 | 735.00 | 01/04/19 | I/N/P |
| On site attendance to officiate at a wedding/civil partnership held in Langtons Hall: | | | | |
| Monday to Thursday | 530.00 | 545.00 | 01/04/19 | I/N/P |
| Friday (Inc. red carpet) | 640.00 | 660.00 | 01/04/19 | I/N/P |
| Saturday (Inc. red carpet) | 880.00 | 905.00 | 01/04/19 | I/N/P |
| Sunday/ Bank Holiday (Inc. red carpet) | 815.00 | 840.00 | 01/04/19 | I/N/P |
| On site attendance to officiate at a wedding/civil partnership at Langtons House/Orangery | | | | |
| Monday to Thursday | 290.00 | 300.00 | 01/04/19 | I/N/P |
| Friday | 470.00 | 485.00 | 01/04/19 | I/N/P |
| Saturday | 585.00 | 600.00 | 01/04/19 | I/N/P |
| Sunday/ Bank Holiday | 715.00 | 735.00 | 01/04/19 | I/N/P |

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Neighbourhoods Registrars - Non Statutory

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Other Civil Ceremonies | | | | |
| Welcoming Ceremonies / Re-affirmation of vows (* prices include VAT) Held in Langtons Wedding Rooms | | | | |
| Monday to Thursday | 290.00 * | 300.00 * | 01/04/19 | I/N/P |
| Friday | 470.00 * | 485.00 * | 01/04/19 | I/N/P |
| Saturday | 585.00 * | 600.00 * | 01/04/19 | I/N/P |
| Sunday | 715.00 * | 735.00 * | 01/04/19 | I/N/P |
| Welcoming Ceremonies / Re-affirmation of vows (* prices include VAT) Held in Langtons Hall | | | | |
| Monday to Thursday | 530.00 * | 545.00 * | 01/04/19 | I/N/P |
| Friday | 640.00 * | 660.00 * | 01/04/19 | I/N/P |
| Saturday | 880.00 * | 905.00 * | 01/04/19 | I/N/P |
| Sunday | 815.00 * | 840.00 * | 01/04/19 | I/N/P |
| (An additional amount is charged if any ceremony falls on the following three days: Valentine's Day, Christmas Eve or New Year's Eve) | 115.00 | 118.00 | 01/04/19 | I/N/P |

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Basis for setting charge increase above complies with either:

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- L - A local charging policy that deviates from the Corporate Charging Policy

Neighbourhoods Registrars - Non Statutory

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Welcoming Ceremonies / Re-affirmation of vows (* prices include VAT) Held in Langtons Hall (continued) | | | | |
| Individual Citizenship Ceremony | 175.00 | 180.00 | 01/04/19 | I/N/P |
| Wedding Rehearsal fee (per half hour) | 55.00 | 57.00 | 01/04/19 | I/N/P |
| Wedding Packages | | | | |
| Silver Wedding Package/Civil Partnership Package (Friday) | 2,000.00 | 2,000.00 | 01/04/17 | L |
| Gold Wedding Package/Civil Partnership Package (Sunday) | 3,000.00 | 3,000.00 | 01/04/17 | L |
| Saturday Winter Wedding Package | 4,000.00 | Withdrawn | 01/04/19 | L |
| Surcharge for evening weddings at 5pm & 6pm on Thursdays & Fridays (includes Langton's House and Approved Premises) | 200.00 | 205.00 | 01/04/19 | I/N/P |
| Surcharge for candlelit weddings between October-March in addition to an evening wedding option | 200.00 | 205.00 | 01/04/19 | I/N/P |
| Payment in advance of a non-refundable booking fee for Register Office Weddings only | 50.00 | 57.00 | 01/04/19 | |
| Change of ceremony appointment fee | 55.00 | 57.00 | 01/04/19 | I/N/P |

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Neighbourhoods Registrars - Non Statutory

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Premium Appointment Service (additional casual registrars used to cover up to one hour) | 46.00 | 47.00 | 01/04/19 | I/N/P |
| Non-Refundable booking fee for Notice of Marriage (applies to non-attendees only - in line with statutory fee for notice of marriage) | 35.00 | 35.00 | 01/04/19 | L |
| Langtons Hall Hire (Hourly) | | | | |
| Monday - Friday 9.00-17.00 | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Monday - Thursday 17.00-24.00 | 50.00 | 52.00 | 01/04/19 | I/N/P |
| Friday Evening, Saturday and Sunday (A discount of 20% applies for bookings of more than 6 hours for Friday evening and the weekend) | 95.00 | 95.00 | 01/04/17 | L |
| Damage deposit for Langton's Hall function bookings | 250.00 | 250.00 | 01/04/16 | L |
| Langtons Room Hire (Hourly Minimum 2 hours) | | | | |
| Room Hire Monday - Sunday 09.00 - 21.00 | 40.00 | 41.00 | 01/04/19 | I/N/P |
| Charity Room Hire Monday - Thursday 09.00 - 21.00 (A discount of 40% applies for Charity/Community groups by application) | 24.00 | 24.60 | 01/04/19 | I/N/P |

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Neighbourhoods Registrars - Non Statutory

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Sponsorship for Langtons Ceremony Brochure | | | | |
| Whole A5 page - Portrait | 750.00 * | 770.00 * | 01/04/19 | I/N/P |
| Half A5 Page - Landscape | 420.00 * | 432.00 * | 01/04/19 | I/N/P |
| Quarter A5 Page - Portrait | 260.00 * | 267.00 * | 01/04/19 | I/N/P |
| Back Cover - Whole A5 Page - Portrait | 1,468.00 * | 1,200.00 * | 01/04/19 | L |
| Inside Front and Back Cover - Whole A5 Page - Portrait | 1,101.00 * | 1,134.00 * | 01/04/19 | P |
| Nationality Document Return Service | | | | |
| Per person | 45.00 * | Withdrawn * | 01/04/19 | L |
| Passport Checking Service | | | | |
| Per Person | 15.00 * | Withdrawn * | 01/04/19 | L |
| Copy Certificate fast-track service | | | | |
| Within 24 hours+ | 25.00 | Withdrawn | 01/04/19 | L |
| While you wait+ | 45.00 | Withdrawn | 01/04/19 | L |
| +(above charges are in addition to statutory fee for actual certificate) | | | | |
| Postage Costs: | | | | |
| Marriage Authorities to other Districts by 1st class recorded delivery | 6.00 | Withdrawn | 01/04/19 | L |
| Copy certificates by 1st class recorded delivery | 5.00 | 5.00 | 01/04/16 | L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| TRADING STANDARDS: | | | | |
| Trading Standards NE London Metrology Partnership Income Income is credited to the joint trading account | | | | |
| Section 11 (4) of the Weights and Measures Act 1985 | | | | |
| Measuring Instruments: | | | | |
| (a) Linear (with or without divisions/sub divisions) | | | | |
| First Tape | 12.80 * | 13.00 * | 01/04/19 | I/N/P |
| (b) Capacity (without divisions, not exceeding 1 litre) - each measure | | | | |
| (c) Cubic ballast | | | | |
| Other than brim (each measure) | 211.80 * | 218.00 * | 01/04/19 | I/N/P |
| Brim/bucket type (each measure) | 93.50 * | 96.00 * | 01/04/19 | I/N/P |
| 1. Liquid capacity measures for making and checking average quantity purchases each measure | 33.20 * | 34.00 * | 01/04/19 | I/N/P |

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(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Measuring Instruments (continued): | | | | |
| 2. Templates (per scale) | 58.10 * | 60.00 * | 01/04/19 | I/N/P |
| First item | 23.65 * | 24.00 * | 01/04/19 | I/N/P |
| Second and subsequent items | | | | |
| (d) Liquid fuel, Lubricants etc. (each instrument) | | | | |
| 1. Container type (not sub-divided) | 108.25 * | 112.00 * | 01/04/19 | I/N/P |
| 2. Other types (multi-outlets) | | | | |
| 1 meter tested | 140.80 * | 145.00 * | 01/04/19 | I/N/P |
| Each additional meter tested | 86.67 * | 89.00 * | 01/04/19 | I/N/P |
| 3. Test of peripheral equipment on separate visit | 108.25 * | 112.00 * | 01/04/19 | I/N/P |
| 4. Test of credit card acceptor | 108.25 * | 112.00 * | 01/04/19 | I/N/P |
| 5. MID verification | | | | |
| 1 meter tested | 176.85 * | 182.00 * | 01/04/19 | I/N/P |
| Each additional meter | 108.25 * | 112.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Measuring Instruments (continued): | | | | |
| (e) Intoxicating liquor (each instrument) | | | | |
| Not exceeding 150ml (individual submissions) | 21.00 * | 22.00 * | 01/04/19 | I/N/P |
| Other | 25.25 * | 26.00 * | 01/04/19 | I/N/P |
| (g) Each weight (stamping) | | | | |
| 1. Weights exceeding 5kg or not exceeding 500mg, 2cm | 11.60 * | 12.00 * | 01/04/19 | I/N/P |
| 2. Other weights | 8.90 * | 9.00 * | 01/04/19 | I/N/P |
| 3. Other weights (more than one submitted) | 7.45 * | 8.00 * | 01/04/19 | I/N/P |
| 4. Adjusting weights (per hour) | 110.00 * | 113.00 * | 01/04/19 | I/N/P |
| (h) Verification - Weighing Machines / Weighing Equipment | | | | |
| 1. Calibrated to weigh only metric: | | | | |
| Not exceeding 15kg | 36.00 * | 37.00 * | 01/04/19 | I/N/P |
| Exceeding 15kg to 100kg | 51.50 * | 53.00 * | 01/04/19 | I/N/P |
| Exceeding 100kg to 250kg | 85.20 * | 88.00 * | 01/04/19 | I/N/P |
| Exceeding 250kg to 1 tonne | 120.00 * | 127.00 * | 01/04/19 | I/N/P |
| Exceeding 1 tonne to 10 tonne | 197.60 * | 204.00 * | 01/04/19 | I/N/P |
| Exceeding 10 tonnes to 30 tonnes | 415.00 * | 427.00 * | 01/04/19 | I/N/P |
| Exceeding 30 tonnes to 60 tonnes | 618.30 * | 637.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

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|--|--|--|--|---|
| Measuring Instruments (continued): | | | | |
| 2. When testing instruments incorporate peripherals such as remote display or printing facilities, and where completion of the test requires a second person or a second series of tests by the same person, an additional fee may be charged at the standard hourly rate: | 110.30 * | 114.00 * | 01/04/19 | I/N/P |
| 3. Medical weighing scales | | | | |
| Not exceeding 15kg | 35.75 * | 37.00 * | 01/04/19 | I/N/P |
| Exceeding 15kg to 100kg | 51.75 * | 53.00 * | 01/04/19 | I/N/P |
| Exceeding 100kg to 250kg | 85.20 * | 88.00 * | 01/04/19 | I/N/P |
| Exceeding 250kg to 1 tonne | 123.60 * | 127.00 * | 01/04/19 | I/N/P |
| Certificate of errors | | | | |
| For supplying a certificate containing results of errors found on testing (certificate supplied upon request of the submitter, fee applies when no other fee is payable) | 48.12 * | 50.00 * | 01/04/19 | I/N/P |
| Measuring Instrument Directive | | | | |
| Measuring Instruments for liquid fuel and lubricants (initial verification not re-verification) (surcharge over fee listed above) | 10% Surcharge * | 10% Surcharge * | 01/04/17 | L |

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Neighbourhoods Environment

(B) Charges determined by Committee

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|--|--|--|--|---|
| Measuring Instruments (continued): | | | | |
| Other Weighing or Measuring Equipment | | | | |
| Brake tester/spring balance type | 58.15 * | 60.00 * | 01/04/19 | I/N/P |
| For equipment other than the categories specifically described above, or equipment submitted for testing by means of statistical sampling techniques, or in pursuance of a Community obligation other than EEC. Initial or partial verification per man hour spent at place of submission of equipment etc. (pro rata for one quarter hour periods) | 110.30 * | 114.00 * | 01/04/19 | I/N/P |
| Standards Services provided to Other Local Authorities | | | | |
| Testing and Associated Services (per hour) | 92.10 | 95.00 | 01/04/19 | I/N/P |
| Collection Delivery charge (price shown is per mile) return trip + congestion charge where applicable | 0.74 | 0.76 | 01/04/19 | I/N/P |
| Inspections during standard office hours, including travelling time | 92.10 | 95.00 | 01/04/19 | I/N/P |
| Block Booked and Pre-paid Inspections totalling more than £5,000 (per hour) | 63.15 | 65.00 | 01/04/19 | I/N/P |

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Neighbourhoods Environment

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|--|--|--|--|---|
| Section 76 of the 1985 Act | | | | |
| For other services or facilities provided, or for authorisation, certificates or other documents issued in pursuance of a community obligation | | | | |
| Per man hour spent at place of providing the service, facility etc. (pro rata of one quarter hour periods) | 92.00 | 95.00 | 01/04/19 | I/N/P |
| UKAS Laboratory | | | | |
| Charge for calibration to M1 level 25kg - 1mg (Incl. cert where total order over £100) | | | | |
| One weight submitted | 20.00 * | 21.00 * | 01/04/19 | I/N/P |
| Certificate where total order is less than 100 | 31.70 * | 33.00 * | 01/04/19 | I/N/P |
| Charge for calibration to F2 level 20kg - 1mg (Incl. cert where total order over £100) | | | | |
| One weight submitted | 48.95 * | 50.00 * | 01/04/19 | I/N/P |
| Certificate where total order is less than £100 (Where multiple weights are submitted of the same nomination a 10% reduction may apply) | 31.65 * | 33.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| GLC (General Powers) Act 1985 Competitive Bidding - Licence Registration fee | 354.85 | 366.00 | 01/04/19 | I/N/P |
| Financial Investigation by Accredited Financial Investigator (LA) Where no individual agreement exists, per hour spent by AFI | 68.30 | 70.00 | 01/04/19 | I/N/P |
| 'PASS' Alcohol awareness retailer training fee (per delegate - Inc. VAT) | 66.45 * | 68.00 * | 01/04/19 | I/N/P |

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Neighbourhoods Environment

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| TRAFFIC & PARKING CONTROL: | | | | |
| Parking Facilities | | | | |
| Penalty Charge Notices | | | | |
| (Levels set by London Councils and agreed by the Mayor of London and endorsed by the Secretary of State) | | | | |
| Less Serious Contravention Band A | 80.00 | 80.00 | 01/04/11 | P |
| Less Serious Contravention Band A if paid within 14 days | 40.00 | 40.00 | 01/04/11 | P |
| Serious Contravention Band A | 130.00 | 130.00 | 15/04/11 | P |
| Serious Contravention Band A paid within 14 days | 65.00 | 65.00 | 15/04/11 | P |
| Less Serious Band B | 60.00 | 60.00 | 01/04/11 | P |
| Less Serious paid within 14 days | 30.00 | 30.00 | 01/04/11 | P |
| Serious Band B | 110.00 | 110.00 | 15/04/11 | P |
| Serious Band B if paid within 14 days | 55.00 | 55.00 | 15/04/11 | P |
| Vehicle Clamping and Removal | | | | |
| Vehicle Immobilisation release fee | 70.00 | 70.00 | 01/04/11 | P |
| Vehicle Pound release fee (if clamped) | 200.00 | 200.00 | 01/04/11 | P |
| Disposal Fee | 70.00 | 70.00 | 01/04/11 | P |
| Vehicle Pound storage fee (per day) | 40.00 | 40.00 | 01/04/11 | P |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| TRAFFIC & PARKING CONTROL: | | | | |
| PARKING FACILITIES | | | | |
| Romford Area Car Parks - Mixed Tariff | | | | |
| Monday to Friday (Period Hours) | | | | |
| 0 - 1 | 0.60 * | Withdrawn * | 01/04/19 | L |
| 1 - 2 | 1.20 * | Withdrawn * | 01/04/19 | L |
| 2 - 3 | 2.40 * | Withdrawn * | 01/04/19 | L |
| 3 - 4 | 3.00 * | Withdrawn * | 01/04/19 | L |
| 4 - 5 | 6.00 * | Withdrawn * | 01/04/19 | L |
| 5 - 6 | 7.00 * | Withdrawn * | 01/04/19 | L |
| 6 - 7 | 8.00 * | Withdrawn * | 01/04/19 | L |
| 7 - 8 | 9.00 * | Withdrawn * | 01/04/19 | L |
| over 8 | 10.00 * | Withdrawn * | 01/04/19 | L |
| Lost Ticket | 10.00 * | Withdrawn * | 01/04/19 | L |
| Solo Motorcycle | No Charge * | Withdrawn * | 01/04/19 | L |
| Saturday (Period Hours) | | | | |
| 0 - 1 | 1.20 * | Withdrawn * | 01/04/19 | L |
| 1 - 2 | 2.40 * | Withdrawn * | 01/04/19 | L |

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|--|--|--|--|---|
| Romford Area Car Parks - Mixed Tariff (continued) | | | | |
| Saturday (Period Hours) | | | | |
| 2 - 3 | 2.60 * | Withdrawn * | 01/04/19 | L |
| 3 - 4 | 3.00 * | Withdrawn * | 01/04/19 | L |
| 4 - 5 | 6.00 * | Withdrawn * | 01/04/19 | L |
| 5 - 6 | 7.00 * | Withdrawn * | 01/04/19 | L |
| 6 - 7 | 8.00 * | Withdrawn * | 01/04/19 | L |
| 7 - 8 | 9.00 * | Withdrawn * | 01/04/19 | L |
| over 8 | 10.00 * | Withdrawn * | 01/04/19 | L |
| Lost Ticket | 10.00 * | Withdrawn * | 01/04/19 | L |
| Solo Motorcycle | No Charge * | Withdrawn * | 01/04/19 | L |
| Romford Area Car Parks - Mixed Tariff | | | | |
| Monday to Saturday (Period Hours) | | | | |
| 0 - 1 | New Charge * | 1.50 * | 01/04/19 | C/L |
| 1 - 2 | New Charge * | 2.50 * | 01/04/19 | C/L |
| 2 - 3 | New Charge * | 3.50 * | 01/04/19 | C/L |
| 3 - 4 | New Charge * | 4.50 * | 01/04/19 | C/L |
| 4 - 5 | New Charge * | 5.50 * | 01/04/19 | C/L |
| 5 - 6 | New Charge * | 6.50 * | 01/04/19 | C/L |
| 6 - 7 | New Charge * | 10.50 * | 01/04/19 | C/L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Romford Area Car Parks - Mixed Tariff (continued) | | | | |
| Monday to Saturday (Period Hours) | | | | |
| 7 - 8 | New Charge * | 11.50 * | 01/04/19 | C/L |
| over 8 | New Charge * | 12.50 * | 01/04/19 | C/L |
| Lost Ticket | New Charge * | 12.50 * | 01/04/19 | C/L |
| Solo Motorcycle | No Charge * | No Charge * | 01/04/19 | C/L |
| Sunday (Flat Fee) | New Charge * | 1.50 * | 01/04/19 | C/L |
| Overnight (Period Hours) | New Charge * | 1.50 * | 01/04/19 | C/L |

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Neighbourhoods Environment

(B) Charges determined by Committee

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|--|--|--|--|---|
| Market Place (Non-market days) | | | | |
| 0 - 1 | 0.60 * | 1.50 * | 01/04/19 | L |
| 1 - 2 | 1.20 * | 2.50 * | 01/04/19 | L |
| Sunday (Flat Fee) | New Charge * | 1.50 * | 01/04/19 | C/L |
| Overnight (Non-market days & Period Hours) | New Charge * | 1.50 * | 01/04/19 | C/L |
| ¹ Pay by Phone Convenience Fee for transactions £1.00 and under £0.05 | 0.00 * | 0.00 * | 01/04/17 | L |
| ¹ Pay by Phone Convenience Fee for transactions over £1.00 £0.10 | 0.00 * | 0.00 * | 01/04/17 | L |
| ¹ Pay by Phone Text Messages £0.10 | 0.00 * | 0.00 * | 01/04/11 | L |
| <p>Pay by Phone Convenience Fee is currently £0.05 for tariff less than £1.00 and £0.10 for tariff above £1.00</p> <p>¹This charge is levied by an external supplier and is not received by the the Council. It is an independent service fee included here for transparency.</p> | | | | |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Car Parks excluding Romford Area Car Parks - Mixed Tariff | | | | |
| Monday to Friday (Period Hours) | | | | |
| 0 - 30 minutes | No Charge * | Withdrawn * | 01/04/19 | L |
| 0 - 2 | 1.50 * | Withdrawn * | 01/04/19 | L |
| 2 - 3 | 2.00 * | Withdrawn * | 01/04/19 | L |
| 3 - 4 | 3.00 * | Withdrawn * | 01/04/19 | L |
| 4 - 5 | 4.00 * | Withdrawn * | 01/04/19 | L |
| 5 - 6 | 5.00 * | Withdrawn * | 01/04/19 | L |
| 6 - 7 | 6.00 * | Withdrawn * | 01/04/19 | L |
| 7 - 8 | 7.00 * | Withdrawn * | 01/04/19 | L |
| 8 - 12 | 8.00 * | Withdrawn * | 01/04/19 | L |
| Solo Motorcycles | No Charge | Withdrawn | 01/04/19 | L |
| 6pm to 7am | No Charge | Withdrawn | 01/04/19 | L |

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(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| Hornchurch & Upminster Area Car Parks | | | | |
| Monday to Saturday (Period Hours) | | | | |
| 0 - 1 | New Charge * | 1.50 * | 01/04/19 | C/L |
| 0 - 2 | New Charge * | 2.50 * | 01/04/19 | C/L |
| 2 - 3 | New Charge * | 3.50 * | 01/04/19 | C/L |
| 3 - 4 | New Charge * | 4.50 * | 01/04/19 | C/L |
| 4 - 5 | New Charge * | 5.50 * | 01/04/19 | C/L |
| 5 - 6 | New Charge * | 6.50 * | 01/04/19 | C/L |
| 6 - 7 | New Charge * | 10.50 * | 01/04/19 | C/L |
| 7 - 8 | New Charge * | 11.50 * | 01/04/19 | C/L |
| 8 - 12 | New Charge * | 12.50 * | 01/04/19 | C/L |
| Solo Motorcycles | No Charge * | No Charge * | 01/04/19 | C/L |
| Sunday (Flat Fee) | New Charge * | 1.50 * | 01/04/19 | C/L |
| Overnight (Period Hours) | New Charge * | 1.50 * | 01/04/19 | C/L |

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*VAT inclusive

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|---|--|--|--|---|
| Collier Row, Elm Park, Gidea Park & Rainham Area Car Parks | | | | |
| Monday to Saturday (Period Hours) | | | | |
| 0 - 30 mins | No Charge * | No Charge * | 01/04/19 | C/L |
| 0 - 1 | New Charge * | 1.50 * | 01/04/19 | C/L |
| 1 - 2 | New Charge * | 2.50 * | 01/04/19 | C/L |
| 2 - 3 | New Charge * | 3.50 * | 01/04/19 | C/L |
| 3 - 4 | New Charge * | 4.50 * | 01/04/19 | C/L |
| 4 - 5 | New Charge * | 5.50 * | 01/04/19 | C/L |
| 5 - 6 | New Charge * | 6.50 * | 01/04/19 | C/L |
| 6 - 7 | New Charge * | 10.50 * | 01/04/19 | C/L |
| 7 - 8 | New Charge * | 11.50 * | 01/04/19 | C/L |
| 8 - 12 | New Charge * | 12.50 * | 01/04/19 | C/L |
| Solo Motorcycles | No Charge * | No Charge * | 01/04/19 | C/L |
| Sunday | | | | |
| 0 - 30 mins | No Charge * | No Charge * | 01/04/19 | C/L |
| Over 30 Mins | New Charge * | 1.50 * | 01/04/19 | C/L |
| Overnight (Period Hours) | New Charge * | 1.50 * | 01/04/19 | C/L |

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(B) Charges determined by Committee

*VAT inclusive

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|-------------------------------------|--|--|--|---|
| Season Tickets | | | | |
| Romford Central Area | | | | |
| All car parks: | | | | |
| Per quarter | 200.00 * | 210.00 * | 01/04/19 | I/N/P |
| Per month | 70.00 * | 75.00 * | 01/04/19 | I/N/P |
| Outside Romford Central Area | | | | |
| 5 Day season – Balgores Square: | | | | |
| per quarter | 200.00 * | 210.00 * | 01/04/19 | I/N/P |
| per month | 70.00 * | 75.00 * | 01/04/19 | I/N/P |
| All other car parks: | | | | |
| per quarter | 160.00 * | 170.00 * | 01/04/19 | I/N/P |
| per month | 60.00 * | 65.00 * | 01/04/19 | I/N/P |

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(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| On Street Pay and Display | | | | |
| Romford Town Centre (Maximum Stay 2 hours) | | | | |
| 0 - 12 mins | 0.20 | Withdrawn | 01/04/19 | L |
| 12 mins - 30 mins | 0.60 | Withdrawn | 01/04/19 | L |
| 30 mins - 1 hour | 1.00 | Withdrawn | 01/04/19 | L |
| 1 hour - 1 hour 30 mins | 1.60 | Withdrawn | 01/04/19 | L |
| 1 hour 30 mins - 2 hours | 2.00 | Withdrawn | 01/04/19 | L |
| Outside Romford Town Centre (Maximum Stay 3 hours) | | | | |
| 0 - 30 mins | No Charge | Withdrawn | 01/04/19 | L |
| 0 - 2 hours | 1.50 | Withdrawn | 01/04/19 | L |
| 2 - 3 hours | 2.00 | Withdrawn | 01/04/19 | L |
| Upminster Road South Monday to Saturday (Maximum Stay 1 hour) | | | | |
| 0 - 30 mins | No Charge | No Charge | 06/04/15 | L |
| 0 - 1 hour | 1.50 | 1.50 | 01/04/19 | L |
| Sunday | | | | |
| 0 - 30 mins | No Charge | No Charge | 01/04/19 | C/L |
| Over 30 mins | New Charge | 1.50 | | |
| Overnight (Period Hours) | | | | |
| | No Charge | No Charge | 01/04/19 | C/L |

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Neighbourhoods Environment

(B) Charges determined by Committee

*VAT inclusive

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|--|--|--|--|---|
| On Street Pay and Display (continued) | | | | |
| Romford, Hornchurch & Upminster Town Centres. Monday to Saturday (Maximum Stay 3 hours) | | | | |
| 0 - 1 | New Charge | 1.50 | 01/04/19 | C/L |
| 1 - 2 | New Charge | 2.50 | 01/04/19 | C/L |
| 2 - 3 | New Charge | 3.50 | 01/04/19 | C/L |
| Sunday (Flat Fee) | New Charge | 1.50 | 01/04/19 | C/L |
| Overnight (Period Hours) | No Charge | No Charge | 01/04/19 | C/L |
| Collier Row, Elm Park, Gidea Park, Harold Hill, Harold Wood & Rainham Monday to Saturday (Maximum Stay 3 hours) | | | | |
| 0 - 30 mins | No Charge | No Charge | 01/04/19 | C/L |
| 0 - 1 hour | New Charge | 1.50 | 01/04/19 | C/L |
| 1 - 2 hours | New Charge | 2.50 | 01/04/19 | C/L |
| 2 - 3 hours | New Charge | 3.50 | 01/04/19 | C/L |
| Sunday | | | | |
| 0 - 30 mins | No Charge | No Charge | 01/04/19 | C/L |
| Over 30 mins | New Charge | 1.50 | 01/04/19 | C/L |
| Overnight (Period Hours) | No Charge | No Charge | 01/04/19 | C/L |

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(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Controlled Parking Zones | | | | |
| Resident's parking permit (per annum) | | | | |
| 1st Permit per household | 35.00 | 35.00 | 03/04/17 | L |
| 2nd Permit per household | 60.00 | 60.00 | 03/04/17 | L |
| 3rd Permit per household | 85.00 | 85.00 | 03/04/17 | L |
| Resident's visitor permits (book of 10) | 13.00 | 13.00 | 01/04/18 | L |
| Resident's All Day visitor permits (book of 10) | 39.00 | 39.00 | 01/02/18 | L |
| Resident's Hourly visitor permits (book of 10) | 10.00 | 10.00 | 01/04/18 | L |
| Business parking permits (per annum) | 200.00 | 200.00 | 01/04/16 | L |
| Commuter Bays (per annum) | 500.00 | 500.00 | 01/04/16 | L |
| Domestic Carer Permit (per annum) | 40.00 | 40.00 | 01/04/16 | L |
| Amendment to existing permit | 25.50 | 25.50 | 01/04/16 | L |
| Cancellation of permit | 15.00 | 15.00 | 07/02/11 | L |
| Other Miscellaneous Charges | | | | |
| Waiver | 20.00 | 20.00 | 06/04/15 | L |
| Health and Homecare Permit (per annum) | | | | |
| Amendment to existing permit | 60.00 | 60.00 | 01/04/16 | L |
| Cancellation of permit | 22.50 | 22.50 | 06/04/15 | L |
| | 15.00 | 15.00 | 07/02/11 | L |
| License Holder Car Parks (per annum) | 90.00 * | 200.00 * | 01/04/19 | D/L |

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(B) Charges determined by Committee

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|--|--|--|--|---|
| Disabled Blue Badge (per 3 years) | 10.00 | 10.00 | 01/01/12 | L |
| Car Parking in Parks and Open Spaces Effective 01/04/2015 Maximum Stay 5 hours | | | | |
| Mon - Friday 8.00am to 6.30pm. | | | | |
| 0 - 3 hours | 0.20 * | Withdrawn * | 01/04/19 | L |
| 3 - 5 hours | 0.50 * | Withdrawn * | 01/04/19 | L |
| Mon - Saturday 8.00am to 6.30pm. | | | | |
| 0 - 1 | New Charge | 1.50 | 01/04/19 | C/L |
| 1 - 2 | New Charge | 2.50 | 01/04/19 | C/L |
| 2 - 3 | New Charge | 3.50 | 01/04/19 | C/L |
| 3 - 4 | New Charge | 4.50 | 01/04/19 | C/L |
| 4 - 5 | New Charge | 5.50 | 01/04/19 | C/L |
| Sundays | No Charge | 1.50 | 01/04/19 | C/L |
| Blue Badge holders (for up to 5 hours) | No Charge | No Charge | 01/04/19 | C/L |
| VEHICLE PARKING - WITHIN PARKS AND OPEN SPACES ONLY | | | | |
| Release of vehicles that have been locked in a car park | 80.00 | 80.00 | 01/04/18 | L |
| Fee for vehicle left in car park overnight | 107.00 | 107.00 | 01/04/18 | L |

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|---|--|--|--|---|
| Events Charging For Traffic Management and Parking | | | | |
| 0 - 50 attendees | 100.00 * | 103.00 * | 01/04/19 | I/N/P |
| 51 - 100 attendees | 200.00 * | 206.00 * | 01/04/19 | I/N/P |
| 101 - 1000 attendees | 500.00 * | 515.00 * | 01/04/19 | I/N/P |
| 1001+ attendees | 1,000.00 * | 1,030.00 * | 01/04/19 | I/N/P |
| plus hourly rate of £67 per hour | 65.00 * | 67.00 * | 01/04/19 | I/N/P |
| NRSW (Mayrise) fees and charges apply | | | | |
| Road closure per road | 2,050.00 * | 2,150.00 * | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| PLANNING AND BUILDING CONTROL: | | | | |
| Photocopying per A4 and A3 sheet (minimum charge £1) | 0.25 * | 0.30 * | 01/04/19 | I/N/P |
| Photocopying of plans (per sheet) | 19.75 * | 20.25 * | 01/04/19 | I/N/P |
| Other Planning requests - per hour (minimum 1/2 hour) | 74.75 | 77.00 | 01/04/19 | I/N/P |
| Other Building Control requests - per hour | 74.75 | 77.00 | 01/04/19 | I/N/P |
| [The Building (Local Authority Charges) Regulations 2010] Committee reports (available from website for free) | | | | |
| Section 106 Monitoring - A percentage of the total tariff payment required under the Council's Planning Obligations Supplementary Planning Document. For further details please contact the Planning service. | | | | |
| Demolition Notices (Per Site) (larger sites will be assessed separately, customers are invited to contact Building control for a bespoke price) | 235.00 | 242.00 | 01/04/19 | I/N/P |
| Building Control - Dangerous Structure charge | | | | |
| 8am - 5pm - per hour | 77.50 | 80.00 | 01/04/19 | I/N/P |
| 5pm - 8am - per hour | 77.50 | 80.00 | 01/04/19 | I/N/P |
| (Travelling costs will also be charged as appropriate as well as Dangerous Structures Consortium Contractors Costs) | | | | |

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|---|--|--|--|---|
| Pre-Application advice | | | | |
| Pre-Application advice | | | | |
| Householder/Small Business - Face to Face | 53.25 * | 55.00 * | 01/04/19 | I/N/P |
| Householder/Small Business - Written Response | 85.50 * | 88.00 * | 01/04/19 | I/N/P |
| Change of Business Premises up to 99 sq.m | 159.25 * | 164.00 * | 01/04/19 | I/N/P |
| Pre-Application advice - Residential units/Commercial or Industrial Floor space | | | | |
| 1 residential unit | 159.25 * | 164.00 * | 01/04/19 | I/N/P |
| 1 residential unit - Follow up advice | 32.00 * | 33.00 * | 01/04/19 | I/N/P |
| 2-3 residential/100-499sq m floor space | 318.25 * | 328.00 * | 01/04/19 | I/N/P |
| 2-3 residential/100-499sq m floor space - Follow up advice | 63.50 * | 65.50 * | 01/04/19 | I/N/P |
| 4-9 residential/500-999 sq. m floor space | 848.75 * | 874.25 * | 01/04/19 | I/N/P |
| 4-9 residential/500-999 sq. m floor space - Follow up advice | 210.25 * | 216.50 * | 01/04/19 | I/N/P |
| 10-24 residential/1000-1999 sq.m floor spc/telecoms | 1,592.00 * | 1,640.00 * | 01/04/19 | I/N/P |
| 10-24 residential/1000-1999 sq.m floor spc/telecoms - Follow up advice | 315.25 * | 325.00 * | 01/04/19 | I/N/P |
| 25-49 residential/2000-4999 sq. m floor space | 1,857.25 * | Withdrawn * | 01/04/19 | L |
| 25-49 residential/2000-4999 sq. m floor space - Follow up advice | 367.75 * | Withdrawn * | 01/04/19 | L |
| 50-99 residential/5000-9999 sq. m floor space | 2,122.50 * | Withdrawn * | 01/04/19 | L |
| 50-99 residential/5000-9999 sq. m floor space - Follow up advice | 420.25 * | Withdrawn * | 01/04/19 | L |
| 100+ residential/10000+ sq. m floor space | 2,652.75 * | Withdrawn * | 01/04/19 | L |
| 100+ residential/10000+ sq. m floor space | 525.50 * | Withdrawn * | 01/04/19 | L |

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|---|--|--|--|---|
| Planning Performance Agreements (PPA) | | | | |
| Initiation Fee | New Charge | 5,000.00 | 01/04/19 | L |
| Residential 25-49 Dwellings, Non-residential Up to 3000 sq m | New Charge | 20,000.00 | 01/04/19 | L |
| Residential 50-100 dwellings, Non-residential Up to 3001 - 5000 sq m, Mineral extraction up to 10 hectares | New Charge | 30,000.00 | 01/04/19 | L |
| Residential 101-150 dwellings, Non-residential 5001-10000 sq m, Mineral extraction 10.1- 20 hectares | New Charge | 40,000.00 | 01/04/19 | L |
| Residential 151-300 dwellings, Non-residential Up to 20,000 sq m, Mineral extraction 20.1 – 30 hectares | New Charge | 50,000.00 | 01/04/19 | L |
| Residential 301-600 dwellings, Mineral extraction more than 30 hectares | New Charge | 70,000.00 | 01/04/19 | L |
| Residential 601-900 dwellings | New Charge | 90,000.00 | 01/04/19 | L |
| Residential 901+ dwellings | New Charge | 100,000.00 | 01/04/19 | L |
| Research, retrieval and copy of one document for domestic properties | 41.25 | 42.50 | 01/04/19 | I/N/P |
| Research, retrieval and copy of one document for non-domestic properties | 62.00 | 64.00 | 01/04/19 | I/N/P |
| For each additional document | 19.75 | 20.50 | 01/04/19 | I/N/P |
| Planning Condition History Search (30 minutes) | 37.25 | 38.50 | 01/04/19 | I/N/P |
| Additional research time (per 15 minutes) | 18.75 | 19.25 | 01/04/19 | I/N/P |

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|---|--|--|--|---|
| Supply of letter detailing inspections (where no completion certificate exists) per hour | 116.25 | 120.00 | 01/04/19 | I/N/P |
| Request for written confirmation that Enforcement Notice complied with or of no effect | 144.25 | 148.50 | 01/04/19 | I/N/P |
| Request to withdraw Enforcement Notice where no longer of effect | 824.00 | 848.72 | 01/04/19 | I/N/P |
| High Hedge Complaint | 500.00 | 515.00 | 01/04/19 | I/N/P |

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- L - A local charging policy that deviates from the Corporate Charging Policy

**oneSource
Asset Management**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Licenced Trader Market Charges | | | | |
| Monthly Charges (Includes Weds, Fri & Sat Markets) | | | | |
| Market - All Locations | | | | |
| Ground space/6ft frontage | 171.00 | 171.00 | 01/04/15 | L |
| Electricity Charge per Ground Space/6ft frontage <i>(Electricity Charges will be applied to all licences other than to</i> | 11.70 | 11.70 | 01/04/15 | L |
| <i>Extra Land (Daily Charge)</i> | 5.35 | 5.35 | 01/04/15 | L |
| Other one-off charges | | | | |
| Nomination of Licence | 255.00 | 255.00 | 01/04/15 | L |
| Nomintation of Licence to member of Family | 185.00 | 185.00 | 01/04/15 | L |
| Other alterations to Licences | 42.50 | 42.50 | 01/04/15 | L |
| Casual Trader Market Charges | | | | |
| Daily Charges | | | | |
| Saturday Market – Ground Space/6ft frontage including electricity | 27.00 | 27.00 | 01/04/15 | L |
| Wed or Friday Market – Ground Space/6ft frontage including electricity | 19.00 | 19.00 | 01/04/15 | L |
| Extra Land (Daily Charge) | 5.35 | 5.35 | 01/04/15 | L |

Basis of Increase:

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**oneSource
Asset Management**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Extra Market Days – At Christmas/Sundays/Banks Holidays | | | | |
| Daily Charges | | | | |
| Market - All Locations | | | | |
| Licenced Traders - Ground space/6ft frontage including electricity (Must have held a Licence for at least 2 mths to qualify for this rate) | 18.00 | 18.00 | 01/04/15 | L |
| Casual Traders - Ground space/6ft frontage including electricity | 24.00 | 24.00 | 01/04/15 | L |
| Extra Land (Daily Charge) | 5.35 | 5.35 | 01/04/15 | L |

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oneSource
Exchequer and Transactional Services

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Legal Fees | | | | |
| Recovery of Rates/Community Charge/Council tax | | | | |
| Summons Council Tax (inc £3 paid to the court) | 105.00 | 105.00 | 01/04/11 | P |
| Liability Order | 10.00 | 10.00 | 01/04/10 | P |
| Summons NNDR (inc £3 paid to the court) | 180.00 | 180.00 | 01/04/11 | P |
| Liability Order NNDR | 47.00 | 47.00 | 01/04/11 | P |
| Means Enquiry Summonses Council Tax (£245.00 paid to the court) | 305.00 | 305.00 | 22/04/14 | P |
| Arrest Warrants with Bail Council Tax (inc. £75 paid to the court) | 145.00 | 145.00 | 22/04/14 | P |
| Arrest Warrants without Bail Council Tax (inc. £75 paid to the court) | 130.00 | 130.00 | 22/04/14 | P |

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- L - A local charging policy that deviates from the Corporate Charging Policy

**oneSource
Legal & Governance**

(A) Statutory and Nationally Agreed Charges -

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|------------------------------------|--|--|--|---|
| Electoral Registration | | | | |
| Sale of Electoral Registers | | | | |
| Data format | 20.00 | 20.00 | 01/02/01 | P |
| Additional charge per 1000 entries | 1.50 | 1.50 | 01/02/01 | P |
| Paper format | 10.00 | 10.00 | 01/02/01 | P |
| Additional charge per 1000 entries | 5.00 | 5.00 | 01/02/01 | P |

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**oneSource
Legal & Governance**

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Electoral Registration | | | | |
| Registration Certificate | 17.90 | 0.00 | 01/04/19 | P |
| Charge for each additional year checked | 0.00 | 0.00 | 01/04/18 | P |
| Ward Map | 3.85 | 4.10 | 01/04/19 | I/N/P |
| Photocopying: | | | | |
| First page | 2.20 | 2.35 | 01/04/19 | I/N/P |
| Cost per additional page | 0.30 | 0.35 | 01/04/19 | I/N/P |

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Legal & Governance

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Legal & Democratic Services | | | | |
| Licences to Assign (Seal) | 750.00 | 773.00 | 01/04/19 | I/N/P |
| Licence to Alter | 750.00 | 773.00 | 01/04/19 | I/N/P |
| Sale of Council Houses - Mortgage Fees | 139.00 | 143.00 | 01/04/19 | I/N/P |
| Mortgage Redemption Fees: | | | | |
| Early redemption | 126.00 | 130.00 | 01/04/19 | I/N/P |
| Complete term | 66.00 | 68.00 | 01/04/19 | I/N/P |
| Deeds of release for pre-emption discount repayment | 147.00 | 151.00 | 01/04/19 | I/N/P |
| Release from Mortgage Covenant | 95.00 | 98.00 | 01/04/19 | I/N/P |
| Second Charge Questionnaire | 99.00 | 102.00 | 01/04/19 | I/N/P |
| Enquiries re: Discount repayment from Commercial sources | 71.00 | 73.00 | 01/04/19 | I/N/P |
| Administration fee re:enquiries from commercial sources on 2nd charges | 52.00 | 54.00 | 01/04/19 | I/N/P |

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- S - An increase above inflation in line with a corporate saving plan
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oneSource
Legal & Governance

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|---|--|--|--|---|
| Reserve/Access Licences: | | | | |
| Single payment | 56.00 | 58.00 | 01/04/19 | I/N/P |
| Annual payment | 21.00 | 21.00 | 01/04/14 | P |
| Lease of shops/offices: | | | | |
| Town centre | 750.00 | 1,500.00 | 01/04/19 | C/P |
| Other | 505.00 | 1,000.00 | 01/04/19 | C/P |
| Complex Commercial Leases | | | | |
| (fees dependent on complexity, urgency and time) | | | | |
| Sale of surplus land/property | | | | |
| N.B. All other conveyancing costs where Council can charge when terms so provide are by agreement in terms of solicitors Remuneration Order 1972. | | | | |

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- S - An increase above inflation in line with a corporate saving plan
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oneSource
Legal & Governance

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Planning Agreements (Section 106 Town & Country Planning act 1990) | £140 - £230 ph | £144 - £237 ph | 01/04/19 | I/N/P |
| Unilateral Undertaking | £140 - £230 ph | £144 - £237 ph | 01/04/19 | I/N/P |
| Legal Charges | | | | |
| S38 Highways Act 1980 Supervision | £140 - £230 ph | £144 - £237 ph | 01/04/19 | I/N/P |
| Section 278 Highways Act 1980 | £140 - £230 ph | £144 - £237 ph | 01/04/19 | I/N/P |
| Highway Agreements (Minimum Fee) | 530.00 | 546.00 | 01/04/19 | I/N/P |

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Legal & Governance

(B) Charges determined by Committee

*VAT inclusive

| Income Source | Charges 2018/19 (from April 2018) £ | Charges 2019/20 (from April 2019) £ | Operative Date of Latest Notified Charge | Basis of Increase and Charging Policy |
|--|--|--|--|---|
| Use of Council Chamber and Committee Rooms – Town Hall | | | | |
| Council Chamber | | | | |
| Monday to Friday - per whole day | 357.00 | 368.00 | 01/04/19 | I/N/P |
| Monday to Friday - per half day | 179.00 | 184.00 | 01/04/19 | I/N/P |
| Weekends - per whole day | 494.00 | 509.00 | 01/04/19 | I/N/P |
| Weekends - per half day | 249.00 | 256.00 | 01/04/19 | I/N/P |
| Evenings - after 6pm (Fridays and weekends only) | 216.00 | 222.00 | 01/04/19 | I/N/P |
| Committee Room 3 | | | | |
| Monday to Friday - per whole day | 222.00 | 229.00 | 01/04/19 | I/N/P |
| Monday to Friday - per half day | 111.00 | 114.00 | 01/04/19 | I/N/P |
| Monday to Friday - per 2 hour session | 84.00 | 87.00 | 01/04/19 | I/N/P |
| Evening - after 6pm (Fridays and weekends only) | 111.00 | 114.00 | 01/04/19 | I/N/P |
| Other Committee Rooms - per hour (daytime & evening) | | | | |
| Room 1 | 34.00 | 35.00 | 01/04/19 | I/N/P |
| Room 2 | 34.00 | 35.00 | 01/04/19 | I/N/P |
| Room 4 | 34.00 | 35.00 | 01/04/19 | I/N/P |
| Lettings to Charities and Voluntary Organisations | | | | |
| Lettings to charities and voluntary organisations will usually attract a | | | | |

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Legal & Governance**

(B) Charges determined by Committee

*VAT inclusive

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|---|--|--|--|---|
| Land and Property Services Various charges for services to private sector | | | | |
| Democratic Services Copies of the Constitution | 30.00 | 31.00 | 01/04/19 | I/N/P |
| All Departments Local Government (Access to Information) Act 1985 Inspection of papers in background paper list | | | | |
| Copying | | | | |
| Supply of photocopies of background papers | | | | |
| First page | 2.00 | 2.00 | 01/04/15 | L |
| Cost per additional page | 0.20 | 0.20 | 01/04/15 | L |

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*VAT inclusive

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|--|--|--|--|---|
| Admission appeals | | | | |
| Per appeal withdrawn before processing | No charge | No charge | 01/04/14 | |
| Per processed appeal withdrawn less than three weeks before hearing | 155.00 | 160.00 | 01/04/19 | I/N/P |
| Per appeal withdrawn once papers for hearing have been distributed | 188.00 | 194.00 | 01/04/19 | I/N/P |
| Per appeal heard | 250.00 | 258.00 | 01/04/19 | I/N/P |
| Per appeal referred to the Secretary of State alleging maladministration | Charge to be agreed on basis | Charge to be agreed on basis | 01/04/19 | I/N/P |
| Per appeal subject to judicial review proceedings | | | 01/04/19 | I/N/P |
| Fixed Term Contract(min 2 yrs) | | 210 per appeal | 01/04/19 | C/P |
| Exclusion reviews | | | | |
| Per review withdrawn before processing | No charge | No charge | | |
| Per processed review withdrawn less than three weeks before hearing | 151.00 | 156.00 | 01/04/19 | I/N/P |
| Per review withdrawn once papers for hearing have been distributed | 179.00 | 185.00 | 01/04/19 | I/N/P |

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*VAT inclusive

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|--|--|--|--|---|
| Education Appeals: | | | | |
| Per review heard | | | | |
| For first hour of hearing and up to four hours of the clerk's time after the | 296.00 | 305.00 | 01/04/19 | I/N/P |
| For each subsequent hour or part of an hour of hearing; plus | 67.00 | 69.00 | 01/04/19 | I/N/P |
| For each subsequent hour or part of an hour of clerk's time | 47.00 | 48.00 | 01/04/19 | I/N/P |
| Per review referred to the Secretary of State alleging maladministration | Charge to be | Charge to be | 01/04/19 | I/N/P |
| Per review subject to judicial review proceedings | agreed on basis | agreed on basis | 01/04/19 | I/N/P |
| | of work required | of work required | | |
| Applications to correct the Registers of Common Land and Town and | | | | |
| Declaration of entitlement to exercise a right of common | 34.00 | 35.00 | 01/04/19 | I/N/P |
| Creation of a right of common resulting in the registration of new common | No charge | No charge | | |
| Creation of a right of common over existing common land | 133.00 | 137.00 | 01/04/19 | I/N/P |
| Variation of a right of a common | 133.00 | 137.00 | 01/04/19 | I/N/P |
| Apportionment of a right of common | 133.00 | 137.00 | 01/04/19 | I/N/P |
| Attachment of a right of common | No Fee | No Fee | | |
| Re-allocation of attached rights | 133.00 | 137.00 | 01/04/19 | I/N/P |
| Transfer of a right in gross | 54.00 | 56.00 | 01/04/19 | I/N/P |

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|--|--|--|--|---|
| Surrender or extinguishment of a right of common Statutory disposition pursuant to section 14 of the 2006 Act (including the exchange of land for land subject to a statutory disposition) | 100.00 199.00 | 100.00 205.00 | 15/12/14 01/04/19 | I/N/P |
| Registration of a new town or village green other than by owner | No charge | No charge | 15/12/14 | |
| Registration of a new town or village green by the owner | No charge | No charge | 15/12/14 | |

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FINANCE RISK REGISTER

APPENDIX D

| Reference | Title | Description | Category | Value | Likelihood | Impact | Rating | Mitigating Action | Risk Owner |
|-----------|--|---|----------|--|------------|--------|--------|--|-------------|
| C1 | Spending Review 2019 | The Spending Review will determine the control totals Local Government have available over the next few years. With global financial uncertainty and the effects of Brexit there is a significant risk that the spending review will result in further austerity | | Unclear - Last spending round reduced funding by approx £5m per year | 3 | 3 | 9 | Lobby the Government at every available opportunity. Joint work with London Councils and other boroughs to demonstrate the impact of austerity on front line services | Corporate |
| C2 | Change to NHB Rules | The 2018 Technical consultation indicated a possible change to the rules regarding award of NHB. The new methodology will revolve around a Housing Delivery test the details of which have yet to be confirmed. Havering currently assumes no new NHB for 2019/20 but significant new NHB thereafter | | Up to £2.7m | 3 | 2 | 6 | Lobby the Government that they need to support new house building and the financial support must not be top sliced from other funding for local government. | Housing |
| C3 | Impact of Brexit | There is uncertainty regarding the UK's relationship with the EU moving forward. The potential implications are wide ranging on local authorities including interest rates, the value of the pound and the costs of products, services and staffing. There may be an impact on the 2019 Spending Review. | | Unclear | 3 | 1 | 3 | Review all national announcements. Make preparations for all eventualities where possible | Corporate |
| C4 | Loss/reduction in Business Rates | One impact of austerity is failure of local businesses. Business rates are in part locally retained meaning that significant downturn in yield will have a direct impact. The Londonwide pool will smooth this effect but could also result in a far more significant impact if some larger businesses in central London closed. | | Unclear | 2 | 2 | 4 | Support local businesses - Attract new business to the borough through regeneration | Corporate |
| C5 | Change in National Government | We currently have a minority Government and so there will always be the possibility of a snap election. A change of national leadership could introduce different views and policies which could affect local government | | Unclear | 2 | 2 | 4 | No Mitigating Action - Watching Brief | Corporate |
| C6 | New Legislation | The Government could at anytime introduce new legislation or transfer new burdens to local government. History has shown that frequently new legislation is not accompanied by enough associated funding | | Unlikely to be significant | 2 | 1 | 2 | Lobby the Government that any new burdens must have a fair level of funding provided. Regularly review Government announcements to ensure any legislation changes are picked up at an early stage to enable forward planning | Corporate |
| C7 | The impact of delays, changes, and market fluctuations to the Regeneration Programme | The regeneration models contained in the business cases make assumptions regarding inflation, interest rates and the property market. Changes to these factors could affect the expected yields. There is also a significant cost associated with delays to the programme either caused by changes to proposals or any other reason | | Could be significant | 2 | 3 | 6 | Ensure all business cases are robust and financially recognise the potential impact of any delays or changes to market conditions+110 | Corporate |
| C8 | Interest Rate change | An increase in interest rates will have a direct impact on the Council's treasury strategy. Potential increases in borrowing will directly impact on the Councils MTFP and affordability decisions on major future Capital plans | | xxxx per 1% | 2 | 1 | 2 | Review likelihood and adjust MTFS at a prudent time | Treasury |
| C9 | Higher than expected inflation | If there was a significant increase in inflation this would result in cost of services increasing and potential pay awards all of which would be a direct pressure on the MTFS. | | xxxx per 1% | 2 | 2 | 4 | Review likelihood and adjust MTFS at a prudent time | Corporate |
| C10 | Higher than expected population growth/ demographics | The Council's plans recognise the effect of population growth and the demographic pressures that brings particularly to Social Care. If either the population increased at a higher rate or factors such as poverty and deprivation resulted in increased demand above current planned amounts then this would have a direct impact on the MTFS | | Unclear | 1 | 2 | 2 | Continually review assumptions based on the latest figures and periodically update the MTFS | Social Care |
| C11 | IBCF and other Grants | The Government has announced grant funding up until 2019/20 as part of the 4 year settlement. Funding after this point is far less clear and whilst this is taken into account in the MTFS a loss of smaller grants will impact on planning. | | Unlikely to be significant | 2 | 1 | 2 | Act promptly following Government announcements. Adjust the MTFS where necessary | Corporate |
| C12 | Pension Fund Performance/Actuarial Review | A downturn in the performance of the pension fund could result in increased contributions being required at the next triennial review. This will have a direct impact on the MTFS assumptions | | Unlikely to be significant | 1 | 2 | 2 | Ensure a continued prudent position in the MTFS - Update when the outcome of the triennial review is apparent | Treasury |
| C13 | Budget Failure/ Overspends | The MTFS allows for any recognised ongoing budget pressures. Unbudgeted overspends will depleted general and earmarked reserves. This could lead to future year budget pressures either through planned contributions to reserves or through continued overspends. | | Unlikely to be significant | 1 | 2 | 2 | Ensure Services develop action plans to contain overspends. Monitor the current year closely and accurately. Update the MTFS where it becomes apparent an overspend is unavoidable and ongoing | Corporate |
| C14 | IT System Failure | Significant IT failure could result in loss of service provision, potential loss of data and additional repair or replacement costs | | Unclear | 1 | 3 | 3 | Ensure all systems are fully supported Ensure reserves are adequate to mitigate this risk | Corporate |
| C15 | Future Waste disposal arrangements | There are already significant sums built into both the ELWA budget and the Councils MTFP to cover the preparations for the end of the waste contract in 2027. These costs however could easily increase as 2027 gets nearer. | | Unlikely to be significant | 1 | 2 | 2 | Support and help ELWA develop the work needed in the lead up to 2027. Ensure the MTFP reflects the agreed levy position | Corporate |
| C16 | Adverse Weather/Cold winter | A cold or wet winter can result in increased environmental costs through gritting or possibly flood alleviation. Freezing weather also can break up road surfaces resulting in emergency repairs | | £1m? | 2 | 1 | 2 | Watching Brief. Ensure general reserves are sufficient to mitigate this risk | Environment |
| C17 | Fraud | The Council has measures in place to minimise the risk of fraud. If a major financial fraud were discovered this could have a reputational risk and result in additional costs both to improve systems and to mitigate any uninsured losses. | | Unclear | 1 | 2 | 2 | Ensure all systems and controls are in place with appropriate governance and internal audit regularly review procedures. | Corporate |

| | | | | | | | | | |
|-----|------------------------------------|---|--|----------------------------|---|---|---|--|--------------|
| C18 | JV Failure | The JV's all have business cases with returns on investments at various points to the Council. Failure of a JV could be for a number of reasons but will result in both additional costs and loss of income to the Council | | Significant - several £m | 1 | 3 | 3 | Continued Council close monitoring and support for JV's | Regeneration |
| C19 | Affordability of Capital Programme | The Capital programme will be based on a funding strategy. Significant overspends or enhancements to projects will result in a revenue pressure through increased contributions on higher borrowing and MRP costs | | Unlikely to be significant | 1 | 1 | 1 | Ensure tight monitoring and controls are in place for all capital schemes. Ensure any significant variances are identified and are reported to enable appropriate governance of the new spend position | Corporate |
| C20 | Collection Rates | Council Tax is set on assumed collection rates. Failure to achieve those rates will have an impact on the collection fund and the level of bad debt provision required. Both of these items will impact on future planning. | | Unlikely to be significant | 1 | 1 | 1 | Ensure debt collection process is efficient and up to date. Promote digital initiatives to minimise debt and other initiatives such as increase use of DD's for Business Rates and Council Tax | Corporate |
| C21 | Public Health Joint Funding | The Public Health Grant has reduced over the last two years and is quite likely to continue to be squeezed. This could potentially impact on the future funding of Council Services | | Unclear | 1 | 1 | 1 | Review Government announcements | Health |
| C22 | | | | | | | | | |
| | | | | | | | | | |

| LIKELIHOOD | |
|------------------------|---|
| Total Remote Risk | 1 |
| Total Possible Risk | 2 |
| Total Very Likely Risk | 3 |

| FINANCIAL IMPACT | | |
|------------------|--|---|
| LOW | | 1 |
| MEDIUM | | 2 |
| HIGH | | 3 |

| GENERAL FUND BUDGET | 2019/ 2020 | 2018/2019 |
|---|-----------------|-----------------|
| | Net | Net |
| | Exp | Exp |
| | £000 | £000 |
| Planning & Economic Development | (2,060) | (534) |
| Roads, Pavements & Car Parking | 746 | 1,901 |
| Education | 41,119 | 42,568 |
| Rubbish, Waste Collection & Street Cleaning | 6,152 | 6,730 |
| Environmental Health & Trading Standards | 2,385 | 2,789 |
| Housing (General Fund Only) | 4,129 | 3,534 |
| Culture and Leisure | 5,039 | 5,773 |
| Social Services | 58,110 | 54,363 |
| Public Health | (1,651) | (1,651) |
| Other Services | 40,142 | 38,837 |
| Total - all services | 154,111 | 154,310 |
| Contingency and Provisions | 1,000 | 1,000 |
| HAVERING'S NET EXPENDITURE | 155,111 | 155,310 |
| Levies | | |
| East London Waste Authority | 17,049 | 15,887 |
| Environment Agency - Thames Region | 187 | 184 |
| Environment Agency - Anglian Region | 22 | 21 |
| Lee Valley Regional Park Authority | 222 | 211 |
| London Pension Fund Authority | 320 | 306 |
| Unringfenced Grants | (13,516) | (11,991) |
| TOTAL EXPENDITURE | 159,393 | 159,928 |

Change in Council's Expenditure

| | |
|---|--------------|
| | £m |
| 2019/20 Budget | 159.4 |
| 2018/19 Budget | 160.0 |
| Net Total Change | (0.6) |
| | |
| Budget Pressures | 13.0 |
| Inflation | 1.9 |
| Increase in Levies | 1.2 |
| Provisions & Other Issues (including Grant & Funding Changes) | (3.5) |
| Sub Total | 12.6 |
| | |
| Efficiencies/Savings | (13.2) |
| Net Total | (0.6) |

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| Description | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 4 Year Plan |
|-----------------------------------|--------------|---------------|--------------|--------------|-----------------|
| | £m | £m | £m | £m | £m |
| Corporate pressures | 5.998 | 7.315 | 9.459 | 5.305 | 28.077 |
| Demographic Pressures | 6.005 | 4.213 | 3.435 | 3.592 | 17.245 |
| Potential loss of grant | 7.368 | 9.402 | 0.000 | 0.000 | 16.770 |
| Assumed savings | (13.257) | (9.146) | (9.491) | (8.487) | (40.382) |
| Proposals to close 2019/20 budget | (8.900) | | | | (8.900) |
| Growth | 2.786 | 1.000 | | | 3.786 |
| TOTAL | 0.000 | 12.784 | 3.403 | 0.410 | 16.597 |

Corporate Pressures are made up of:

- Forecast Increases in the ELWA Levy

The cost of waste disposal is annually agreed with ELWA (East London Waste Authority). The main cost increase relates to inflationary increases in the 25 year contract agreed in 2002 with Renewi (formerly Shanks). Havering along with the other 3 boroughs (Redbridge, Newham and Barking and Dagenham) have also begun to set money aside for the transition period leading up to the end of the contract.

- Capital financing and interest assumptions

The Council has an ambitious and far reaching regeneration programme which will rejuvenate key areas of the borough. The Council will invest significantly in the early years of these schemes with a return on investment in some cases maturing only in the medium term. Full business cases for the Joint Ventures are provided elsewhere on this Cabinet agenda.

- Review of reserves balances, risk requirements and provisions

As set out later in this report, the Council is planning to increase general balances to reflect both the level of savings made over the last 10 years and also the current significant national financial uncertainty.

- Future cost of concessionary travel

The cost of concessionary travel is largely based on usage (ie journeys undertaken by pass holders). The Londonwide overall cost is subject to an

annual settlement with Transport for London (TFL) and the other train and bus operators. Havering could face increases in costs either through the inflationary increases in this settlement or increase usage by residents of the borough.

- Future Pension Fund costs

The Council's pension fund is subject to a triannual valuation by appointed actuaries. This process reviews the overall health of the fund and makes recommendations on contributions the Council should make to the Fund.

Demographic Pressures are made of:

- Adult Social Care demographics
- Children's Social Care demographics
- Pay and contractual Inflation

The Council has a growing population with increasingly complex needs. Provision is made in the MTFs for projected increase in client numbers in both Adults' and Children's. The services continually work to contain costs whilst continuing to deliver the best outcomes their clients. The transformation programme will review all the social care processes in order to maximise efficiency and produce the best solution for clients.

Pay awards are controlled nationally and the MTFs makes provision for anticipated future increases. The Council aims to contain all other inflationary costs but recognises the need to provide for contractual uplifts and market uplifts in areas such as Social Care.

Potential Loss of Grant (20/21 grant loss assumptions in brackets)

- Improved Better Care Fund or IBCF (£5.6m)
- Social Care Grant (£1.7m)
- Public Health Grant (£0.7m)
- New Homes Bonus (£0m)
- Revenue Support Grant (£1.4m)

The grant announcements relating to IBCF and the Social Care Grant are silent after 2019/20. The MTFs currently assumes they will be discontinued after 2019/20. This is a pessimistic but prudent position to take until further clarity is published following the outcome of the forthcoming consultation on Adult Social Care Green Paper.

The Public Health Grant pressure recognises reductions to that grant over the last two years.

The New Homes Bonus assumption however assumes that there will be no further reductions to the remaining £2.9m grant after 2019/20. To achieve this position will require significant additions to the number of homes in the borough over the next three years. This will be closely monitored each quarter.

The MTFS assumes a cut of £1.4m revenue support grant in 2020/21 but no further general grant reductions after that as by then Havering's RSG will zero. However, this is uncertain and may change following the Fairer Funding Review and Spending Review in 2019.

Savings Assumptions

The Council has already agreed a challenging programme of savings over the next four years. Implementation of these savings is essential to balance the budget but it is recognised that a pro-active approach will be needed to achieve the desired outcome.

The Council has built in £13.3m of savings proposals into its balanced budget for 2019/20. These proposals follow on from year on year savings of over £70m in the last five years. Clearly the compound effect of these proposals increases the risk of non-delivery. The proposals put forward for 2019/20 have been fully scrutinised and validated but it is recognised that there is an increased risk of non-delivery. The Council's policy on reserves recognise this risk.

The MTFS assumes a further £27m of ongoing savings and increased income over the next three years from 2020/23. Most of these savings are transformational and will be reviewed at regular intervals. As stated earlier in this report the transformation programme has a number of additional strands which are also expected to help close the 2020/21 gap. These will add to the savings figures in the MTFS table above.

Sensitivity Analysis

The assumptions used to formulate the MTFS are robust and are the best available at this time. These assumptions however are subject to fluctuations and will change over time. The sensitivity analysis below shows the impact of changes to the current assumptions in the MTFS.

| Notional Impact on Council Tax of Risks | Budget Impact | Council Tax Impact |
|--|---------------|--------------------|
| | £m | % |
| 1% increase in pay | 0.9 | 0.74% |
| 1% increase in contract inflation | 0.7 | 0.54% |
| 1% increase in Adult client numbers / demographics | 1.0 | 0.83% |
| 1% increase in borrowing rates | 0.6 | 0.50% |
| Failure to achieve New NHB in 2020/21 | 2.1 | 1.74% |
| 10% Non Delivery of 2019/20 savings proposals | 1.4 | 1.16% |

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Cleaner, Safer, Prouder *Together*

Havering Council's plan for 2019/20

I hope you will agree with me that Havering is a fantastic place to live.

We have great parks and open spaces, great schools, bustling town centres and relatively low crime.

As your Council Leader, my job is to protect what we love about living here while making the borough an even better place to live, work and do business.

Over the next year and beyond our focus will be on investing in cleaner streets, parks, community safety and improving our roads.

At the same time we will help young and old fulfil their ambitions through the delivery of a £3bn investment programme that will improve the borough as a place to live. It will bring thousands of new jobs and genuinely affordable homes while helping to create new business opportunities.

We will do this while providing you with maximum value for money by keeping council tax increases as low as possible. In future years your council will be smaller and smarter in the way that we deliver services while working more with our community as a team to get things done.

Havering has a fantastic future. It is both a huge privilege and responsibility to serve as your Council Leader.

Cllr Damian White
Leader of Havering Council



COMMUNITIES

A helping hand

Helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives.

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PLACE

Great place to live

Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe with access to quality parks and leisure facilities.



OPPORTUNITIES

Making life better

Helping people get on in life by creating jobs and skills opportunities and building genuinely affordable homes.

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CONNECTIONS

Making life easier

Making it easier for people to get around and online by investing in road, transport links, faster internet and free Wi-Fi in town centres.

OPPORTUNITIES

Making life better

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|--|---|--|---|
| <p>Delivering value for money</p> <p>Page 269</p> | <p>Ensuring that our residents receive the best possible services at the lowest possible cost</p> | <ul style="list-style-type: none"> • An annual savings programme to reduce the cost of delivering services • Review of contracts to be carried out to identify long-term savings opportunities • Maximise income from Council Tax and Business Rates collection | <ul style="list-style-type: none"> • Deliver £13 million of savings • Reduce contract costs by £300,000 • Collect a minimum of 97% of council tax and 98.7% business rates • Only increase council tax to fund improvements to services |

OPPORTUNITIES

Making life better

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|--|
| <p>Helping people to succeed in life</p> <p>Page 270</p> | <p>Supporting people to gain a well-paid job by developing new skills and growing Havering's economy</p> <p>Brokering sustainable employment opportunities</p> <p>Upskilling people in future growth sectors</p> <p>Ensuring that the Council's regeneration and investment plans go beyond bricks and mortar by improving lives through job opportunities</p> | <ul style="list-style-type: none"> • A jobs brokerage service which matches people with local employment opportunities • New training opportunities for residents by working with Havering College and the Mayor's Construction Academy • 'Social Value' projects linked to the borough's regeneration and investment programme | <ul style="list-style-type: none"> • Number of opportunities generated • Social value statements agreed and delivered • For Havering to be higher than the national average when it comes to supporting care leavers into employment, training or education |

OPPORTUNITIES

Making life better

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|---|
| <p>Helping our businesses grow</p> <p>Page 271</p> | <p>Attracting new investment that local business can benefit from</p> <p>Supporting existing and new businesses</p> <p>Supporting the growth of key employment sectors, including engineering, construction, manufacturing and creative industries</p> <p>Growing Rainham Employment Strategic Industrial Location (SIL)</p> | <ul style="list-style-type: none"> • Maximised contributions from developers to Community Infrastructure Levy • Investment in town centres • Enable the development of high quality commercial space to support inward investment • Bid to become a supply hub for the expansion of Heathrow • Develop a Digital Innovation Hub in Rainham • Secure new investment for Rainham SIL | <ul style="list-style-type: none"> • CIL and S106 agreed for investment in Havering • Funding attracted through external funding streams to support growth • Major commercial investments attracted to the borough |

COMMUNITIES

Giving a helping hand

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|---|
| <p>Giving children the best start in life and helping them achieve at school</p> | <p>Expanding school places to meet demand</p> <p>Delivering a new free school for children with special educational needs and disabilities.</p> <p>Deliver our Ofsted improvement programme for Children's Social Care</p> | <ul style="list-style-type: none"> • School places expansion programme • Confirm site and build timeframe for the new special free school • Ofsted improvement programme milestones for 2019/20 | <ul style="list-style-type: none"> • Percentage of Havering parents receiving an offer of their first preference school • Children's Services rated as Good with Outstanding Features by 2022 |

COMMUNITIES

Giving a helping hand

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|---|
| <p>The needs of our most vulnerable residents are identified and met</p> | <p>Identifying and targeting support to people who need it the most</p> <p>Providing a Local Offer to young people who are leaving our care</p> <p>Stimulating the provider market to secure better services for vulnerable people, including those with autism</p> <p>Ensuring a zero tolerance against rogue landlords</p> | <ul style="list-style-type: none"> • Develop predictive approaches in key areas that allow us to target support more precisely • Deliver the Care Leaver Local Offer. • Further develop the market to expand the availability of Personal Assistants. • Implement the Additional Licensing Scheme for Housing of Multiple Occupation (HMO) | <ul style="list-style-type: none"> • Impact of predictive approaches • Percentage of care leavers in education, work or training • Percentage of adult social care service users receiving direct payments • Number of new HMO licenses issued • Number of HMOs enforced against |

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COMMUNITIES

Giving a helping hand

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|--|
| <p>Havering residents are healthy and active</p> <p>Page 274</p> | <p>Adopting a council-wide approach to health and develop a Joint Health and Wellbeing Strategy for 2018-21</p> <p>Integrating health visiting, school nursing and Early Help services including children's centres</p> <p>Working with schools and early year provision to improve health education</p> | <ul style="list-style-type: none"> • Joint Health and Wellbeing Strategy agreed by Health and Wellbeing Board in July 2019 • Engage the public and partners in the redesign of health visiting and school nursing services • Deliver 'Healthy Early Years London' (HEYL) project and support schools to deliver a new health curriculum from 2020 | <ul style="list-style-type: none"> • Percentage of physically inactive adults • Percentage of children achieving a good level of development • Number of settings registered with HEYL and Healthy Schools London |

COMMUNITIES

Giving a helping hand

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|---|---|---|
| <p>Families and communities look after themselves and each other</p> | <p>Supporting people to remain independent and live in their own homes while reducing the risk of homelessness</p> <p>Piloting the next generation of assistive technology</p> <p>Increasing community resilience to help people to look after themselves</p> <p>Reviewing our Housing Allocations Policy</p> | <ul style="list-style-type: none"> • Further Integration of adult care and community health services to improve the delivery of those services • Identify opportunities to develop assistive technology • Work with communities to help design community hubs • Advice and support to ensure residents receive appropriate housing according to their circumstances | <ul style="list-style-type: none"> • Delayed transfers of care (per 100,000 population) • Number of residents using assistive technology • Number of people using community hubs • Percentage of homelessness preventions and reliefs |

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PLACES

Great place to live

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|---|--|--|
| <p>Havering is kept clean and safe</p> <p>Page 276</p> | <p>Delivering a new approach to safeguarding young people against risks including youth violence, exploitation and radicalisation</p> <p>Reducing incidents of violence in the borough</p> <p>Increasing the frequency of street cleaning in residential streets and providing a best value service for cleaning, waste and recycling.</p> <p>Improving air quality</p> | <ul style="list-style-type: none"> • Design and deliver an adolescent safeguarding hub to be implemented from September 2019 • Hold a Violent Crime Summit to drive action across partnership groups • Deliver a waste minimisation campaign • Deliver the borough's Air Quality Action Plan by the end of March 2020. | <ul style="list-style-type: none"> • Number of young people who are engaged in the preventative education programme • Reducing the rate of violence with injury • Level of waste per head of population • Level of Nitrogen Dioxide recorded at selected sites |

PLACES

Great place to live

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|---|--|---|
| <p>Havering has excellent leisure facilities and award winning parks</p> | <p>Millions of pounds invested in excellent leisure and sporting facilities</p> <p>Keeping Havering green with parks and open spaces amongst the best in London</p> | <ul style="list-style-type: none"> • Work underway on the new Hornchurch Leisure Centre • New Green Flag awards achieved | <ul style="list-style-type: none"> • Increasing the number of people who use our leisure centres • Number of parks with Green Flag status |

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PLACES

Great place to live

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|--|---|--|---|
| <p>Provide quality and genuinely affordable homes</p> | <p>Deliver 500 Affordable Rented homes, 175 Low Cost Home Ownership properties and 200 units made up of other forms of affordable housing.</p> <p>Bring forward the North West Romford Small Sites programmes</p> | <ul style="list-style-type: none"> • Submission of planning applications for Solar, Serena and Sunrise Courts, Waterloo Estate and Bridge Close • Demolish Napier and New Plymouth Houses and Solar, Serena and Sunrise Courts | <ul style="list-style-type: none"> • Number of new homes proposed in planning applications • Feasibility of NW Romford scheme confirmed and Small Sites Delivery Strategy adopted |

PLACES

Great place to live

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|--|--|---|---|
| <p>Strengthening the attractiveness of our town centres</p> <p>Page 279</p> | <p>Delivering the Romford town centre Masterplan, based on the agreed vision for the next 10-15 years</p> <p>Developing renewal and investment plans for each district town centre</p> <p>Working with local businesses to create a safe, diverse and vibrant evening experience</p> | <ul style="list-style-type: none"> • Cabinet approval for the Romford masterplan for March 2020 • Work to start on the Rainham masterplan • Assess the feasibility for a potential new Business Improvement District (BID) in Hornchurch | <ul style="list-style-type: none"> • Romford Masterplan developed by December 2019 • Submission of external funding bids for district town centre renewal • BID feasibility study completed for Hornchurch |

PLACES

Great place to live

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|---|--|
| <p>Improving our housing estates</p> <p>Page 280</p> | <p>Investing £10 million into a housing estate improvement programme</p> | <ul style="list-style-type: none"> We will start the process of commissioning an estate improvement programme to enhance the quality of the communal surroundings and estates, which will include external deep cleaning, replacing dilapidated fencing, upgrading lighting and environmental improvements | <ul style="list-style-type: none"> Programme delivered on time and to budget Increased tenant and leaseholder satisfaction |

CONNECTIONS

Making life easier

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|--|--|--|---|
| <p>Making it easy to get around</p> <p>Page 281</p> | <p>Investing in transport routes and connections that make it easier to get into London, get around the borough and travel across Essex</p> <p>Delivering a consistent and sustainable approach to parking to meet the needs of residents, businesses and visitors</p> | <ul style="list-style-type: none"> • Explore the feasibility of a Havering North to South Tram Link • Enable the comprehensive delivery of the Beam Parkway development, including a new station and transport links • Implement the new Parking and Highways Strategy for Havering | <ul style="list-style-type: none"> • Potential routes and costings for North to South connection to be completed by the end of September 2019 • Beam Parkway A1306 works to start by the end of August 2019 • Work programme and schemes approved by end June 2019 |

CONNECTIONS

Making life easier

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|---|--|---|
| <p>Improving roads and pavements</p> <p>Page 282</p> | <p>£40 million invested over four years to resurface roads and pavements and fix potholes</p> | <ul style="list-style-type: none"> • Delivery of a comprehensive roads and pavement improvement programme | <ul style="list-style-type: none"> • Annual programme delivered to time and budget • Number of potholes repaired with a permanent fix |

CONNECTIONS

Making life easier

| Outcome | We are doing it by... | What we will deliver | Measures of success |
|---|--|--|--|
| <p>Using technology to improve the way we live</p> <p>Page 283</p> | <p>Rolling out super-fast broadband and free Wi-Fi across our town centres</p> <p>Delivering digital improvements to enhance the customer experience and enable self-service</p> <p>Ensuring that good customer experience is at the heart of our Digital Service design and the wider delivery of public services</p> | <ul style="list-style-type: none"> • Roll out broadband and Wi-Fi to all town centres • Digital Strategy developed and approved by mid-2019 • Promote digital awareness and digital skills development within the community | <ul style="list-style-type: none"> • Percentage of the borough with fast and affordable broadband access • Percentage of council services that are accessible digitally • Proportion of publicly accessible Council facilities offering residents assistance to access digital services |



Our enablers

What will help us get there

COMMUNITY

Working as a team with our community to tackle local challenges and improve life in our neighbourhoods.

TECHNOLOGY

Making better use of technology to make life easier for our residents and to reduce the cost of public services.

BETTER USE OF ASSETS

Optimising the use of council assets to improve the customer experience, increase income and reduce cost.

COMMERCIALISATION

Developing a more commercial approach to the way that we deliver public services by understanding the true cost of delivering services which will lead to more efficient procurement and contract control.



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Appendix H

Monitoring Officer Advice on the Budget Setting Report

Introduction

This advice supplements the legal implications that specifically relates to the decisions to be made on the budget. This appendix sets out in some detail members' responsibilities to set a legal budget and how members should approach the task. It also reminds members about the rules concerning disclosable pecuniary interests. There is significant level of detail but this is because the budget is the most significant decision the Council will make each year and the setting of the Council Tax has implications for all residents.

Members' Fiduciary Duties

The Council must set a balanced budget in each year. The obligation to make a lawful budget each year is shared equally by each individual member. In discharging this obligation, members owe a fiduciary duty to the council tax payer. This means the Council's resources must be used to their best advantage including:

- Expenditure must be on items within the Council's powers
- Expenditure on lawful items must be prudent and any forecasts or assumptions such as rates of interest or inflation must themselves be rational
- The budget setting powers must be used in good faith and for the purposes conferred, i.e. the delivery of the duties and powers of the Council for the benefit of the residents of Newham.
- Members must have regard to the level of Council Tax necessary to sustain it
- Members must have regard to the advice of the Chief Finance Officer and Monitoring Officer.

Within this overall framework, there is considerable scope for discretion. Members will bear in mind that in making the budget, commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments, however, impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes.

Party loyalty and party policy are capable of being relevant considerations for the individual member when setting the budget provided the member does not blindly follow the party line without considering the relevant factors and professional advice and without properly exercising any real discretion.

Members should take into account the advice of the Chief Finance Officer (the Chief Operating Officer) and the Monitoring Officer (Deputy Director of Governance and Law).

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CABINET

13 February 2019

Subject Heading:

HRA Budget for 2019/2020 and HRA Major Works Capital Programme 2019/20 – 2023/24

Cabinet Member

Councillor Joshua Chapman – Lead Member for Housing

SLT Lead:

Gerri Scott, Interim Director of Housing

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Policy context:

This report presents the HRA Budget recommendations for agreement by Cabinet and recommendation on to Council for consideration and approval.

Financial summary:

The Council is required to set an annual HRA Revenue Budget 2019/20. This report includes recommendations to agree the HRA revenue spend budget, the rents and other charges as detailed in Appendix 1, the HRA Major Works Capital programme, detailed in Appendix 2a and the Business Plan projections as outlined in Appendix 3a and 3b.

Is this a Key Decision?

Yes

Is this a Strategic Decision?

Yes

When should this matter be reviewed?

September 2019

Reviewing OSC

Towns and Communities

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

| | |
|-------------------------------|-----|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works Programme. An update to the HRA Business Plan is also provided.

Cabinet should note that there is an ongoing programme of transformation of Housing Services which will result in the reconfiguration of how the department is structured. It is proposed that the department will become a new directorate reporting directly to the Chief Executive of the Council, led by a newly created Director of Housing and newly appointed senior management team. The business case for the restructure of housing services is currently being developed, but it is anticipated that the new structure will be fully implemented by September 2019.

Subject to consultation, it is proposed that there will be changes to staffing and teams which will result in some savings to the HRA and Housing General Fund. At the time of writing, it is too early to quantify the exact level of savings that will be achieved.

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, maintain the existing stock to the Decent Homes standard and provide funding for a significant new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2019/20.

In the HRA rent setting report for last year, it was identified that the former rent setting rules limiting increases to CPI + 1% had been changed and that Local Authorities and Housing Associations are being required to reduced general rents by 1% for the four years from 2016/17. This budget reduction was part of the Government's measures to reduce welfare benefit expenditure by £1.45bn. The Department of Housing, Communities and Local Government has issued further policy statements on rent policy which members should be aware of and note. The current policy of a 1% reduction is applicable to general needs and supported housing in the financial year of 2019/20. For the fiscal year 2020/21, a new rent policy will be in place and is outlined later in the report.

The 2018/19 1% reduction, was applied to all rent levels in general needs and supported housing. A similar reduction is to be applied for 2019/20.

Cabinet should note that 2019/20 is a leap year which means that instead of 52 weeks, 2019/20 has 53 weeks. This will deliver an additional week to the overall rent roll.

In order to change any HRA rent liability, the Local Authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the Local Authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet adopt the recommendation's, a notification must be sent out to tenants in the first week of March 2019, in order to make the new charge effective from the first week of April 2019.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the Housing Revenue Account Budget as detailed in **Appendix 1**.
2. **Agree** that the average rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be decreased by 1% from the week commencing 2nd April 2019 in line with the indicative figures contained in paragraph 2.1.4 of this report.
3. **Agree** that the average rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, be reduced by 1% from the week commencing 2nd April 2019 in line with the indicative figures contained in paragraph 2.1.4 of this report.
4. **Agree** the four rent-free weeks for 2019/20 as being: week commencing 19th August 2019, the two weeks commencing 16th and 23rd December 2019, and the week commencing 30th March 2020.
5. **Agree** that service charges and heating and hot water charges for 2019/20 are as detailed in paragraph 2.2.2 of this report.
6. **Agree** that the service charges for homeless households accommodated in the Council's hostels in 2019/20 are as detailed in paragraph 2.2.3 of this report.
7. **Agree** that charges for garages should be increased by 3.4% in 2019/20 as detailed in paragraph 2.3.1 of this report
8. **Agree** that the service charge for the provision of intensive housing management support in sheltered housing for 2019/20 shall be as detailed in paragraph 2.4.1 of this report.
9. **Agree** that the Careline support charge should be increased by 3.4% for 2019/20 as detailed in paragraph 2.5.1 of this report.
10. **Agree** that the Telecare support charges should be increased by 3.4% for 2019/20 as detailed in paragraph 2.5.1 of this report.
11. **Approve** the HRA Major Works Capital Programme, detailed in **Appendix 2a** of this report and **refer it to full Council** for final ratification.
12. **Approve** the HRA Capital expenditure and financing for the 12 Sites Joint Venture and Bridge Close detailed in paragraphs 3.5.1 to 3.5.17 and **Appendix 2a** of this report and **refer it to full Council** for final ratification.
13. **Approve** the £10m Estate Improvement Programme detailed in paragraph 4.4 and **Appendix 2a** of this report and **refer it to full Council** for final ratification.

REPORT DETAIL

1. BACKGROUND

- 1.1 As reported previously to Cabinet, the Localism Act 2011 changed the financial system for the management of council housing. The new system has provided freedom and independence for the local management of council housing finance by comparison to the previous national subsidy system.
- 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. The Council 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 the use of capital receipts and rent setting - as highlighted by the mandated 1% reduction in rent.
- 1.3 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2019/20.
- 1.4 The central driving aims of the Council are to maintain the Decent Homes Standard for its existing stock, improve the quality of the housing service and maximise the number of new affordable homes built for local residents, thus replacing some of the properties lost through Right to Buy and helping to reduce homelessness pressures in the General Fund.
- 1.5 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first time buyers, and has set out its ambition to meet these needs by using resources generated through the Council's Housing Revenue Account Business Plan.
- 1.6 However, there are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by Government policy and legislation.

The lines in the business plan that have a direct impact on the income into the HRA BP include:

- Any capping of Local Housing Allowance (LHA) levels.
- Rent policy regarding supported housing rents.
- Service charge recovery.

The lines in the business plan which impact on the levels of expenditure in the HRA BP include:

- Planned maintenance to existing stock.
- Responsive repairs costs to existing stock.
- Delivery of new build homes.

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- Staffing costs.
- Financing costs of the borrowing in the HRA.
- Losses from bad debts, voids etc.

1.7 The tragic events at Grenfell Tower have led to the holding of a public enquiry as to the circumstances which led to the loss of so many lives. The early discussions have centred on the potential for a detailed and comprehensive review of the current building regulations. The implication's for landlords and building owners is that fire safety must rightly be a primary consideration. It is unlikely that there will be clear recommendations from Government, at least in the short-term, regarding what measures landlords must put in place to maintain the ongoing integrity and safety of residential accommodation. What is clear however is that landlords must anticipate the need to ensure that any potential breaches in fire safety are identified, monitored and risks mitigated. This will include ensuring that all residential buildings are fully compartmentalised, and that all building components are fully compliant. Property Services must ensure that there is adequate funding within the HRA to carry out the ongoing and timely review of fire risk assessments, fire door and dry riser compliance, and the formal consideration of sprinklers including potential retrofitting where this is deemed to be necessary. In addition, adequate funding must be in place to enact any recommendations published by Government in a timely fashion. This is a key risk for the HRA BP, but as implications become clearer, this will be reported back to Cabinet.

2. INCOME

2.1 Rents

2.1.1 The previous Government required Councils to reduce rents by 1% against July 2015 levels for four years. This reduces the rental income available to the HRA over the four years of the reduction by just below £8m. This significantly reduces the income in the business plan model by £68m over 10 years. Three 1% annual reductions have been applied to tenants' rents so far. This is the final year and from 2020/21 it has been announced that the HRA will revert back to the original rent setting formula of CPI +1% for 5 years. This provides certainty for rents in council housing up to 2025.

2.1.2 The capping of new rents at LHA levels is now effective. In Havering, the LHA levels for each bedroom size is above the levels of the 2018/19 rents and so there is no impact on the HRA BP. However, the LHA levels have been frozen for 4 years. This also has no additional financial impact on the HRA BP over and above the impact of the 1% reduction. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report.

2.1.3 The 2018/19 average weekly rent, including all rented units in Havering is £96.22. Applying the 1% reduction to all General Needs properties and to Sheltered Housing with effect from April 2019 gives an average decrease of £0.63 per week. Therefore the average rent for 2019/20 will be £95.59 per week. This will mean that average rents are as set out in the table below:

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| | Rents 2018/19 weekly (£) | Rents 2019/20 weekly (£) | Decrease (£) | Decrease (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Bedsit | 77.11 | 76.27 | 0.84 | 1% |
| 1 Bed | 83.61 | 82.87 | 0.74 | 1% |
| 2 Bed | 93.99 | 93.47 | 0.52 | 1% |
| 3 Bed | 112.30 | 111.23 | 1.07 | 1% |
| 4 Bed | 130.35 | 129.14 | 1.21 | 1% |
| 5 Bed | 145.99 | 144.53 | 1.46 | 1% |
| Average Rent | 96.22 | 95.59 | 0.63 | 1% |

2.1.4 This can be further broken down to show the impact on rents within general needs housing and sheltered housing accommodation as follows:

General Needs Housing 1% reduction:

| | Rents 2018/19 weekly (£) | Rents 2019/20 weekly (£) | Decrease (£) | Decrease (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Bedsit | 75.95 | 75.19 | 0.76 | 1% |
| 1 Bed | 83.67 | 82.99 | 0.68 | 1% |
| 2 Bed | 93.99 | 93.47 | 0.52 | 1% |
| 3 Bed | 112.30 | 111.23 | 1.07 | 1% |
| 4 Bed | 130.35 | 129.14 | 1.21 | 1% |
| 5 Bed | 145.99 | 144.53 | 1.46 | 1% |
| Average Rent | 97.35 | 96.70 | 0.65 | 1% |

Sheltered Housing Accommodation 1% reduction:

| | Rents 2018/19 weekly (£) | Rents 2019/20 weekly (£) | Decrease (£) | Decrease (%) |
|-------------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Bedsit | 79.57 | 78.72 | 0.85 | 1% |
| 1 Bed | 83.41 | 82.44 | 0.97 | 1% |
| 2 Bed | 94.55 | 93.65 | 0.90 | 1% |
| Average Rent | 83.04 | 82.08 | 0.96 | 1% |

2.1.5 The above tables show the average rent levels. Within those averages, there are wide bands within the maximum and minimum rent levels. This is because the rent calculation takes into account the value and floor areas of the property.

2.1.6 The rent charged to hostel residents will also reduce by 1%.

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, but to ensure the services they receive are value for money. Work has been done to improve the value-for-money of services, either by reviewing the staffing and costs of the service, or by the renegotiation of contracts with some service providers. There will continue to be a regular programme of reviews of services, in order to ensure that the Council remains aware of the views of tenants on the levels of services they wish to pay for.

2.2.2 The basis for calculation of service charges is to ensure full recovery of the cost of the service. This is accepted practice where landlords are able to fully justify the cost base and calculation method. In order to cap any increases and mitigate the potential financial impact on residents, a limit of 25% has been applied to the increase on each service charge line. On that basis the service charges and heating and hot water charges for 2019/20 are detailed in the following table:

| Service Charges | 2018/19 Weekly charge (£) | 2019/20 Weekly charge (£) |
|-------------------------|--|--|
| Caretaking (para 2.2.4) | 5.06 | 4.86 |
| Internal Block Cleaning | 2.44 | 2.85 |
| Bulk Refuse Collection | 0.52 | 0.60 |
| CCTV - Mobile Service | 0.70 | 0.76 |
| CCTV - Static Service | 1.47 | 1.70 |
| Community Wardens | 1.10 | 1.12 |
| Door Entry | 0.32 | 0.35 |
| Ground Maintenance | 3.98 | 4.38 |
| Sheltered Cleaning | 5.60 | 7.00 |
| TV access | 1.83 | 1.88 |
| Heating (para 2.2.5) | 6.44 | 6.39 |
| Heating and Hot Water | 9.82 | 9.89 |

2.2.3 It is proposed that service charges for hostel residents will increase to £27.58 per week (£26.68 in 2018/19). Service charges in hostels cover the maintenance of the hostel communal areas, as well as 24 hour staffing. The basis for this calculation is also to ensure full cost recovery.

2.2.4 The Caretaking Service Charge has reduced, as a result of the caretaker's time being apportioned differently, due to demand changes.

2.2.5 The Heating Service Charge has reduced slightly, due to the cost base being lower.

2.3 Garages

2.3.1 It is proposed to increase the level of charges for garages in 2019/20 by 3.4%. There are currently a range of charges for garages within the high, medium and low demand bands. However, over one third of our garages have low rates of occupancy at the present time. This is due to a combination of poor condition and

low marketability. There is a significant investment programme needed to bring the buildings and sites up to a good standard that will enable better utilisation of these assets and increase revenue whilst at the same time improving the amenities for residents. The increased charges will enable revenue to be raised to carry out a number of much needed improvements and support a review of the garages and parking arrangements. This issue is one of our tenants' key priorities. The increase means that the average charge for a high-demand garage will be £14.94 per week (£14.45 in 2018/19), £13.92 per week (£13.46 in 2018/19) for a medium demand garage and £10.83 per week (£10.47 in 2018/19) for a low-demand garage.

2.3.2 These charges compare favourably with charges in the private market which range from £31.25 per week to £15.63 per week depending on location, size and condition.

2.4 Sheltered Intensive Housing Management Charge

2.4.1 The sheltered housing service directly engages with residents in schemes and in their homes. This was formerly funded by a Supporting People grant, which met the charges for elderly residents. The Housing Service has previously implemented a service funded through a mix of HRA funding and service charges that tenants opted for following consultation. When the new service was being designed, the funding was to be derived from an equal contribution from rent and service charges. Good practice, as adopted for general service charges, is that support costs are de-pooled from rent costs. The Council is therefore embarking on a programme to ensure this service is paid for via service charges. Over the next couple of years, several sheltered schemes will close and three will be redeveloped. In addition, the remaining sites will have improved scheme manager resources so that they can become community hubs for residents not living in the schemes to help tackle social isolation. The move to cost recovery via service charges will be linked to the modernisation of this service and will be completed over three years. The rent for sheltered housing will be reduced by 1% and the service charge for 2019/20 will increase by CPI plus 1% instead of increasing to the 25% cap level. This is pending the outcome of a further review into the actual costs of the future service in recognition of the fact that a number of schemes are due to close or change. The service charge for 2019/20 will be £8.83 per week (£8.54 in 2018/19).

2.5 Service charges – Careline and Telecare support

2.5.1 It is proposed that the Careline and Telecare service charges will be increased by 3.4% for 2019/20 as detailed below:

| Service | 2018/19 Weekly charge (£) | 2019/20 Weekly charge (£) |
|------------------------------|------------------------------|------------------------------|
| Careline – sheltered tenants | 4.71 | 4.87 |
| Careline – community users | 5.03 | 5.20 |

| Service | 2018/19 Weekly charge (£) | 2019/20 Weekly charge (£) |
|---------------------------------------|------------------------------|------------------------------|
| Telecare – base unit plus two sensors | 7.31 | 7.56 |
| Additional Telecare sensor | 1.21 | 1.25 |

3. THE HRA BUDGET 2019/20

- 3.1 The major expenditure from the HRA BP is the investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). The proposed budget continues the AMS principle for investment in existing stock of “just in time” as reported to Cabinet in October 2016 and February 2017.
- 3.2 As detailed in the AMS, this level of expenditure allows the decent homes levels to be maintained and all health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems remain at previous levels.
- 3.3 As the main level of income to the HRA BP comes from rents, it is imperative that the number of rental properties is maximised. The current HRA BP expects to lose 80 properties per year through RTB. This reduces rental income by around £0.205m per year, assuming a full year loss of income per property.

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3.4 The table below shows the 2018/19 revised budget position, followed by the individual budget movements required to establish the 2019/20.

| | (£) |
|---|---------------------|
| Revised Expenditure Budget 2018/19 | 49,059,270 |
| Pay award (para 3.4.1) | 208,600 |
| Reduction in direct charges for services (para 3.4.2) | (511,880) |
| Contract Inflation (para 3.4.3) | 290,360 |
| Increase in SERCOP Recharges (Support Charges) (para 3.4.4) | 331,170 |
| Business Rates (para 3.4.5) | 28,880 |
| Block Security (para 3.4.8) | 5,390 |
| Contract re-provisioning. (para 3.4.9) | 5,400 |
| Block Refurbishments. (para 3.4.10) | 160,000 |
| Out of Scope works. (para 3.4. 11) | 70,000 |
| Storage Facilities. (para 3.4. 12) | 10,000 |
| Specialist Equipment & Adaptations (para 3.4.13) | 20,000 |
| Door Entry Maintenance (para 3.4.14) | 10,000 |
| Technical Support (para 3.4.15) | 28,000 |
| Specialist Advice (para 3.4.16) | 250,000 |
| Pension Fund Contribution (para 3.4.17) | 868,040 |
| Interest payments on the additional borrowing (para 3.4.19) | 408,790 |
| | |
| 2019/20 Original Expenditure Budget | 51,242,020 |
| | |
| | |
| Revised Income Budget 2018/19 | (55,158,510) |
| Rent decrease | 1,254,110 |
| Increase in Service Charges | (54,640) |
| Increase in Right to Buy income. (para 3.4.7) | (101,650) |
| 2019/20 Original Income Budget | (54,060,690) |
| | |
| Net Budget | (2,818,670) |
| Increase in Capital funded by revenue (para 3.4.18) | 2,418,680 |
| Net Budget after Capital Adjustment | (399,990) |
| | |

Reasons for variation – growth and additional cost items

- 3.4.1 A provision has been made for a 2% pay award, at a cost of £0.209m. This is a standard level of award across Havering Council.
- 3.4.2 A review of the methodology for recharging the HRA for support services provided, has delivered a budget reduction of £0.512m. This is linked to 3.4.4.
- 3.4.3 Contract inflation has been allowed for to the sum of £0.290m.

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- 3.4.4 Central Services recharges have increased by £0.331m. This is the result of an increase in central costs due to the methodology review referred to in 3.4.2.
- 3.4.5 The business rates budgets have been increased by £0.029m, to reflect the costs of those HRA properties incurring a charge.
- 3.4.6 Budget provision for Property Services has been reviewed in light of the current expenditure in 2018/19 and in anticipation of new demands for service delivery. For the most part, these are minor uplifts to the budget provision based on the activity in the current year.
- 3.4.7 Right to Buy income has been increased by £0.102m. This is a prudent projection based on the current level of sales, which have been maintained at consistent levels. Officers have reviewed the projections for 2019/20 and the fact that there have been no change to the discount levels for those seeking to purchase under Right to Buy. It is not considered that there will be a significant dip in sales and income to the HRA.
- 3.4.8 For voids, there has been a slight increase in the budget requirement of £0.005m which anticipates the need for adequate security provision for blocks being vacated to accommodate the regeneration programme. Security provision is needed to ensure that there is no trespass or illegal occupation of blocks pending demolition.
- 3.4.9 The responsive repairs contract budget has been increased by £0.005m, to ensure that there is adequate provision to support the re-procurement of the current responsive repairs and void contracts that will need to be in place by 2020.
- 3.4.10 Officers have made additional provision for an ongoing planned maintenance Programme to ensure that blocks are properly maintained. This includes an additional budget requirement of £0.160m for cyclical decorations to internal communal areas, which are now due for refurbishment, and to ensure that there is funding for a future rolling programme.
- 3.4.11 The current responsive repairs contract does not allow for works which are 'out of scope'. Although this will be addressed in the new contract specification, an additional £0.070m is required to ensure that the current contractor is funded appropriately, to deliver on all day to day maintenance of Council housing stock to fulfil the Council obligations as a landlord.
- 3.4.12 An ongoing need has also been identified for adequate storage for the increased use of specialist equipment, such as electric scooters. An additional £0.010m has been included in the budget to fund this requirement, primarily at sheltered schemes throughout the borough.
- 3.4.13 Additional provision has also been made for the repairs and maintenance of specialist disabled equipment and adaptations, with an increase in the budget of £0.020m.

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- 3.4.14 There is also a provision for an uplift in the door entry maintenance contract, for the service and repair of door entry systems that have been installed since the contract for door entry maintenance was let. This additional funding of £0.010m will provide the necessary increase to vary the scope of the existing contract.
- 3.4.15 Technical services are provided by a central team who recharge their time based on the services provided. A review has indicated that a budget increase of £0.028m is required to continue with the existing level of support, based on historic and forecasted spend.
- 3.4.16 A provision of £0.250m has been added for specialist advice in relation to the Regeneration projects.
- 3.4.17 Following a review of the methodology used for attributing contributions to the Pension Fund, an additional £0.868m is required from the HRA.
- 3.4.18 Capital funded by revenue, has increase from £2.6m to £5.0m, in line with the Business Plan requirements.
- 3.4.19 £0.409m is the anticipate interest payment for the borrowing required to fund the additional capital investment, including the Estate Improvement Programme. (see paragraph 4.4).

3.5 12 Sites Joint Venture Funding

- 3.5.1 The remaining provisions for expenditure below relate to the 12 sites Joint Venture proposal agreed at Cabinet on the 17th January 2018. A report on the revised Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2019/2020, is presented elsewhere on this Cabinet agenda. One of the recommendations on this report is:

That Cabinet agree

Agree and Endorse the inclusion of a budget of £117.9m equity for the scheme together with a budget of £59.9m for potential land acquisition/CPO costs within the proposed HRA capital programme that will be considered by Cabinet in February 2019 in the annual rent setting and Capital Strategy and Programme report and this is recommended to Council for final approval in February 2019

- 3.5.2 The update of the HWR JVLLP business plan has significant financial implications for the Housing Revenue Account and Capital Programme.
- 3.5.3 The following summarises the potential key changes that have been incorporated into the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments.

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3.5.4 New sites

It is proposed that HWR JVLLP formally adopt the Chippenham Road site, with a gross equity requirement of £2.8m and vacant possession costs of £5.0m to deliver 140 units of affordable housing at a cost of £24.0m.

3.5.5 Forward Funding

Napier & New Plymouth House (NNP) would require the Council to forward fund the negative value of the site £12.3m. This would be in the form of a grant from the Council (HRA) to HWR JVLLP.

3.5.6 Wholesale redevelopment,

An increase of 350 affordable rent units has been targeted on the red line sites (£60.2m). In addition the average cost per unit in work packages 2, 3 and 4 has risen from £0.172m to £0.191m (costing £12.9m). The total impact of the change is £73.1m.

3.5.7 Funding Review

It will be necessary to recycle capital funding between phases / stages and it will be necessary for both partners to increase the level of the gross equity by way of the cash provided. It is estimated that the Council would need to provide additional equity of £51.9 million (gross), over the approved allocation £63.3 million

Provision will also need to be made for the Chippenham Road site £2.7m bringing the total gross equity requirement up to £117.9m.

3.5.8 Capital Programme

The current proposals for the 12 Sites require £117.9m to meet the Council contribution to the HWR JVLLP. Part of the equity would be in the form of HRA land, the net value of which is currently estimated at £24.8m (all 12 sites + Chippenham Road), with the remaining £93.1m as cash funding. An allocation of £63.3m was approved by Cabinet in January 2018, therefore an uplift of £54.6m is required.

3.5.9 It should be noted that the Council is committed to achieving vacant possession for all 12 sites. An allocation of £50.5 million was set aside by Cabinet in January 2018, from which £9.7 million has been spent to the end of March 2018. Therefore a further uplift of £19.1 million is required.

3.5.10 As outlined above, an allocation of £235.5m should be set aside for the cost of acquiring the affordable housing developed by the HWR JVLLP (1,251 rented units). An allocation of £138.4m was set aside by Cabinet in January 2018, therefore an uplift of £97.1m is required.

3.5.11 The Council has secured £30.3m of grant funding for phase 1 (the first four sites) and a further allocation of £11.4m to fund the development of Chippenham Road. Grant funding has not been assumed for work package 2, 3 and 4 sites [red line] sites due to the GLA requirement for a successful tenant ballot on regeneration sites.

3.5.12 Grant is assumed for the blue line sites at the rates specified in the recent GLA Building Council Homes for Londoners funding prospectus.

3.5.13 The HWR JVLLP will develop 347 shared ownership units, with an assumption of buyers taking a 40% interest. The Council as freeholder will take the residual interest (60%) at no direct cost. In effect this value has been deducted from the valuation of the sites, when granting the build licence/lease to the HWR JVLLP.

3.5.14 It is intended that the HRA will purchase the shared ownership and social rent properties built by the HWR JVLLP. This will require a payment to the HWR JVLLP from the HRA of £235.5m which can be met within the HRA Revenue Budget, Capital Programme and associated business plan.

3.5.15 Bridge Close Joint Venture – Acquisition of Affordable Dwellings

3.5.16 It is intended that the HRA will purchase the shared ownership and social rent properties built by the Joint Venture. This will be subject to review of the HRA Business Plan and any necessary approvals by Cabinet and/or Council of the revised Housing Capital Programme. The units will be purchased on completion. This will require a payment to the Joint Venture from the HRA of £94.7m which can be met within the HRA business plan, along with estimated SDLT costs of £4.7m. This contribution will be reflected in the updated HRA Business Plan, subject to progression of this scheme.

3.5.17 Regulations applying to RTB receipts allow the use of One for One receipts to fund the provision of affordable rented units – these will be used to help meet the HRA's acquisition costs in respect of this project, £6.7m. The One for One agreement with the Secretary of State allows the HRA to fund up to 30% of the costs of acquisition of social units from these receipts. In the regulations "social" means that the units are for rental at a discount to the market rent. One for One receipts cannot be used in conjunction with GLA grant. So any units purchased with the help of One for One receipts cannot have had GLA grant used to part fund their build.

4. MAJOR WORKS BUDGET – HRA 2019/20 – 2023/24 major works resources and proposed spend

4.1 There has been considerable work carried out in the Property & Land Service to ensure that the current budget provision is sufficient to maintain the stock on an ongoing, timely basis and fulfil the Council's landlord obligations, particularly around health and safety. In previous years, the Council was constrained by the funding restrictions of the HRA borrowing cap. The lifting of the cap has provided flexibility in how the Council can deliver its obligations, as well as providing much-needed additional funding for the building of new council homes and regeneration of the existing housing stock.

4.2 In light of the cap removal, a review has been carried out of the current Housing capital programme to ensure that there is adequate funding provision. This has resulted in funding being made available for additional maintenance programmes which are not currently budgeted for within the HRA. In previous years, it has not been possible to prioritise enhancing the quality of surroundings for residents, and

maintain the housing stock. In the 2019/20 budget, we have set aside new funding to improve the quality of the communal surroundings and estates, enhancing the quality of the overall housing environment and to make long term maintenance more affordable and less substantial. This includes building in provision to clean the externals of blocks, including window panels and replacing dilapidated fencing.

- 4.3 Previously, the Council's planned maintenance programme has been predicated on a 'just in time' principle and validated through site survey's. This has ensured that the Council is able to meet the Government's Decent Homes standard which is concerned with maintaining the fabric of buildings, primarily windows, roofs, kitchens and bathrooms. For this year's budget setting, we have reviewed the asset management data and historic information that we hold for the Council's stock and have re-profiled spend in a number of areas. This has enabled the Council to speed up the phasing and delivery of new kitchens, bathrooms, and attend to roofs, and replace boilers and windows before they are at risk of failure. For 2019/20, this results in an additional budget requirement of £4.138m.
- 4.4 An additional £10m has been allocated for ongoing estate improvements. This funding will be directed towards improving the external look and feel of estates, to include the refurbishment of the externals of blocks and the surrounding environment. This is a substantial allocation and as such the property services team will be required to gear up to deliver this new programme of works. This may include procuring new contracts and ensuring that there are adequate administration arrangements in place to support increased major works to Council housing and estates. It will also be necessary to prioritise the funding to ensure that those estates and blocks most in need of improvement are first in line. Officers will therefore bring forward detailed proposals to Cabinet in May 2019, setting out an ongoing programme of works for approval.
- 4.5 The planned maintenance programme has also taken account of the need for additional investment in the Council's plant to ensure that replacements are programmed well in advance of components such as lifts and communal boilers reaching the end of their useful life. Overall these separate elements of the planned maintenance programme include £4.138m for the re-profiled existing programme, and £2.608m for new elements of work.
- 4.6 There is a new budget provision to ensure that void properties identified through the regeneration programme are utilised for short-life accommodation and are refurbished to a reasonable standard. This investment not only increases the quality of the accommodation for residents needing to be housed temporarily, but also helps to control expenditure on more costly temporary accommodation, thus reducing the pressure on the Housing General Fund.
- 4.7 The switchover from analogue to digital careline equipment has also been budgeted for to fund replacement equipment in 400 homes. There is also additional investment allocated to upgrade the Council's remaining sheltered schemes to meet the needs of an ageing and frail community. Officers have also identified the opportunity to maximise the increase in residents' parking, through removal of existing under-used garages to improve the affected areas by resurfacing and marking.

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- 4.8 Property and Land Services are also responsible for the direct delivery of new Council housing where the Council oversees the development and building of new council homes on land owned by the HRA. Two schemes are programmed for delivery and require budget provision from the HRA. The scheme at New Zealand Way, Rainham will deliver 30 new houses comprising, 10 Affordable, 10 Low Cost Home Ownership and 10 London Living Rent properties. HRA funding of £6.64m is required, over a 3 years period. The scheme has received outline planning permission and is programmed to commence on site in 2019/20. Also included in the current direct delivery programme is the scheme at Whitchurch Road, Harold Hill, which will deliver 100% affordable housing comprising 5 new houses. This scheme requires HRA funding of £0.9m over the next 2 years. This scheme was successful in securing £0.500m in GLA grant in the Building Council Homes for Londoners bid. Subject to planning the scheme should be completed by March 2021.
- 4.9 As well as the direct delivery of new council homes, the HRA must make an ongoing capital contribution to ensure the timely maintenance of existing council housing and fulfil landlord obligations around the health and safety of residents. Primary amongst these considerations is an effective fire safety management regime, particularly in light of the tragic Grenfell Tower fire.
- 4.10 The Council has developed a fire risk management strategy which is supported by an ongoing rolling programme of fire risk assessments. An additional £1.4m has been allocated for works associated with fire risk such as upgrading fire doors, door surveys and fire prevention works. This funding will support the officer resources required to carry out the rolling programme of FRAs. Although it is too early for any recommendations to emerge from the Grenfell Inquiry, we have also made allowance for expenditure to install sprinklers in high-rise buildings from 2020 onwards, pending the outcome of the Inquiry and potential building regulation changes.
- 4.11 A review of the Council's compliance programme has identified an additional requirement for asbestos surveys to be carried out in both communal areas and individual properties to ensure that the Council's asbestos register is kept up to date. This is an additional budget requirement of £0.200m separate from the asbestos removal management line which covers removal works and surveys to support the year's capital programme.

5. 30 year Business Plan 2018/19 to 2047/48

- 5.1 Attached at **Appendix 3a and 3b** are extracts from the reworked HRA Business Plan financial model. Years 1 to 10 have been included. Year 1 of the business plan is based on the 2018/19 proposed budget.
- 5.2 The plan for the HRA is based on keeping a minimum of £10m 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 **£10m** are available for major works, for as long as the stock condition survey requires it.

- 5.3 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 Right to Buy have increased the number of sales completed above that originally anticipated and is currently running at an average of 80 per year reducing to 50 per year from 2020/21. In addition, now that the majority of borrowing (self financing debt) has been fixed at 3.26% for the next 8 years this has stabilised the long term interest charges in the Business Plan at a very low level. There is a significant beneficial impact caused by the Council's proposals to move directly to formula rents in 2015/16. However, the latest negative impact has been the annual 1% reduction in rent levels against July 2015 levels. This reduces the rental income available to the HRA over the four years of the reduction by approximately £7.9m.
- 5.4 In October 2018 the Government announced the immediate removal of the HRA borrowing cap (from 29th October 2018). This implies the Council can borrow against the HRA assets to fund new development. The Business Plan assumes borrowing from 2019/20 of £186.3m over the next 6 years. The majority of this borrowing is to fund the 12 Estates, Bridge Close and two acquisition programmes totalling £30m.

6. CONCLUSION

- 6.1 The Self Financing Business Plan extracts (**Appendix 3a and 3b**) show that the Council is able to maintain and improve its stock and provide good quality housing services over the next 5 years. The Housing Revenue Account budget which is set out in this report is a prudent budget, designed to maintain a good level of service, and inject further resources into a programme of major investment in the housing stock that will maintain the Decent Homes standard of existing housing stock and provide significant funding for wide-ranging estate regeneration programmes.

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 increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2019/20 and the revision of the figures for the 30 year Self Financing Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £10m at the end of 2019/20 and for the following 3 years.

In addition to £10m reserves on the HRA, there is a bad and doubtful debt provision of £2.786m.

HRA Investment Capital Budget

Appendix 2a sets out the Major Works Programme 2019-20. This is funded from resources available for housing expenditure, which is summarised in the table below: -

| | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 5 yr totals |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Funded By | £m | £m | £m | £m | £m | £m |
| GLA Grant | 10.896 | 10.217 | 18.656 | 12.429 | 2.569 | 54.767 |
| RTB 1-4-1 Funding | 14.878 | 4.410 | 1.802 | 2.618 | 4.370 | 28.078 |
| RTB Debt Repayment Reserve | 5.158 | 1.867 | 1.053 | 1.053 | 1.053 | 10.183 |
| Shared Ownership Receipts | 0.813 | 0.024 | 1.723 | 0.371 | 6.787 | 9.720 |
| 12 Estates (Land Receipt) | 0.037 | 3.143 | 3.642 | 0.000 | 6.565 | 13.387 |
| 12 Estates (Repayment Equity) | 0.000 | 2.569 | 3.554 | 12.929 | 9.580 | 28.632 |
| Capital Receipts (Bridge Close) | 0.000 | 0.000 | 0.000 | 3.515 | 4.185 | 7.700 |
| Borrowing | 39.121 | 42.289 | 30.849 | 9.606 | 34.115 | 155.980 |
| RCCO | 5.000 | 7.567 | 8.670 | 21.160 | 10.250 | 52.647 |
| MRR | 34.808 | 9.305 | 9.305 | 9.305 | 9.491 | 72.212 |
| | 110.710 | 81.390 | 79.255 | 72.986 | 88.965 | 433.306 |

The capital programme incorporates the HRA capital funding requirements for the 12 Estates HWR JVLLP and sets aside sufficient capital resources to fund the acquisition of 321 affordable dwellings (30% affordable) from the Bridge Close HWR JVLLP. These commitments will require the Council (HRA) to borrow an additional £156m by the close of 2023/24.

Risks

Legal implications and risks:

Under Part VI 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 in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute¹. 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.

By section 76 of the Local Government and Housing Act 1989, the Council is required in January and February each year to prepare, and make available for public inspection, proposals 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 also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements.

The report seeks 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 obligations under Sections 9Aⁱⁱ and 11 of the Landlord and Tenant Act 1985.

To comply with the Welfare Reform and Work Act 2016, the report also seeks Cabinet agreement to a 1% reduction in rent levels for general needs and supported housing. Although Havering's tenancy agreement requires at least 4 weeks notice of a variation in rent, pursuant to section 28 of the WRWA 2016, a term is implied into the Council's tenancy agreements enabling the 1% rent reduction without prior notice where the reduction is made for the purpose of complying with the Act. The provisions for variation of the terms of a secure tenancy under the Housing Act 1985 also take effect subject to section 28. However, to the extent that increases will be made to service charges, then the provisions as to notice of variation under the tenancy agreement and the Housing Act 1985 remain applicable.

The Equality Act 2010 requires the Council to have due regard to the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. They must also show they have carried out an Equality Impact Assessment in reaching such decisions as introducing charges *to tenants*.

Human Resources implications and risks:

There are a number of HR implications which have derived from this report particularly around the transformation programme for Housing Services, savings implied and the recruitment of possibly new roles. All of which will be managed in line with the Council's Organisation Change policy, Recruitment policy and best practice. Staff will be consulted on the new proposals informally through information sessions and formally during the statutory consultation period.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An equalities impact assessment has been carried out. Of note, rent levels are influenced by central government. 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.

60% 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.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

BACKGROUND PAPERS

There are none.

APPENDIX 1 – Draft HRA budget 2019/20

| | 2018-19 Final Budget | 2019-20 Final Budget | Variance |
|--|----------------------|----------------------|------------------|
| | £ | £ | £ |
| Income and Expenditure | | | |
| Income | | | |
| Dwelling rents | (46,513,100) | (45,230,440) | 1,282,660 |
| Garages | (346,870) | (326,280) | 20,590 |
| Charges for services and facilities - Tenants | (5,967,330) | (6,042,560) | (75,230) |
| Charges for services and facilities – Leaseholders | (1,574,340) | (1,574,340) | 0 |
| Shared ownership | (113,980) | (142,530) | (28,550) |
| Other | (578,080) | (578,080) | 0 |
| Total Income | (55,093,700) | (53,894,230) | 1,199,470 |
| Expenditure | | | |
| Repairs and maintenance | 6,817,470 | 7,304,380 | 486,910 |
| Supervision and management plus recharges | 23,789,680 | 24,975,080 | 1,185,400 |
| Depreciation and impairment | 16,590,400 | 16,590,400 | 0 |
| Debt management costs | 47,820 | 47,820 | 0 |
| Bad debt | 665,000 | 665,000 | 0 |
| Total Expenditure | 47,910,370 | 49,582,680 | 1,672,310 |
| Net cost of HRA services | (7,183,330) | (4,311,550) | 2,871,780 |
| Interest payable and similar charges | 5,853,300 | 6,262,090 | 408,790 |
| Interest and investment income | (64,810) | (64,810) | 0 |
| Surplus or deficit for the year on HRA services | (1,394,840) | 1,885,730 | 3,280,570 |
| Statement on movement of HRA balances | | | |
| Surplus or deficit for the year on HRA services | (1,394,840) | 1,885,730 | 3,280,570 |
| Revenue contribution to capital. | 2,581,320 | 5,000,000 | 2,418,680 |
| Reversal of impairment charge | (7,285,720) | (7,285,720) | 0 |
| Net (income)/Expenditure | (6,099,240) | (399,990) | 5,699,250 |
| HRA balance brought forward | (4,611,816) | (10,711,056) | |
| Net (income)/Expenditure - Budgeted | (6,099,240) | (399,990) | |
| HRA balance carried forward | (10,711,056) | (11,111,046) | |

Appendix 3a: Draft HRA Projections from Business Plan - Years 1-10

| Year | 2018.19 | 2019.20 | 2020.21 | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| £'000 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| INCOME: | | | | | | | | | | |
| Rental Income | 47,563 | 46,674 | 47,880 | 50,535 | 53,190 | 54,782 | 57,070 | 58,333 | 60,687 | 61,846 |
| Void Losses | -1,365 | -1,283 | -925 | -901 | -869 | -900 | -941 | -965 | -1,009 | -1,036 |
| Service Charges | 7,768 | 7,617 | 7,769 | 7,925 | 8,083 | 8,245 | 8,410 | 8,578 | 8,749 | 8,924 |
| Non-Dwelling Income | 347 | 326 | 334 | 350 | 1,181 | 1,371 | 2,016 | 2,705 | 2,839 | 3,953 |
| Grants & Other Income | 782 | 996 | 1,165 | 2,541 | 12,715 | 1,579 | 6,454 | 7,564 | 15,509 | 8,424 |
| Total Income | 55,094 | 54,330 | 56,222 | 60,449 | 74,301 | 65,077 | 73,009 | 76,214 | 86,775 | 82,110 |
| EXPENDITURE: | | | | | | | | | | |
| General Management | -23,790 | -24,975 | -25,350 | -25,855 | -26,371 | -26,897 | -27,434 | -27,981 | -28,540 | -29,109 |
| Special Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rent Rebates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bad Debt Provision* | -665 | -667 | -681 | -712 | -744 | -760 | -788 | -802 | -828 | -835 |
| Responsive & Cyclical Repairs | -6,817 | -7,304 | -7,355 | -7,475 | -7,598 | -7,737 | -7,946 | -8,192 | -8,435 | -8,684 |
| Total Revenue Expenditure | -31,272 | -32,946 | -33,385 | -34,043 | -34,713 | -35,395 | -36,168 | -36,975 | -37,803 | -38,628 |
| Interest Paid | -5,977 | -6,262 | -7,433 | -8,599 | -9,345 | -9,818 | -10,830 | -11,538 | -11,456 | -10,985 |
| Finance Administration | -48 | -48 | -49 | -50 | -51 | -52 | -53 | -54 | -55 | -56 |
| Interest Received | 214 | 143 | 66 | 61 | 60 | 60 | 61 | 102 | 135 | 135 |
| Depreciation | -9,305 | -9,305 | -9,305 | -9,305 | -9,305 | -9,491 | -9,681 | -9,874 | -10,072 | -10,273 |
| Net Operating Income | 8,706 | 5,912 | 6,117 | 8,514 | 20,947 | 10,382 | 16,339 | 17,875 | 27,525 | 22,303 |
| APPROPRIATIONS: | | | | | | | | | | |
| FRS 17 /Other HRA Reserve Adj | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Provision (HRACFR) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -408 | -2,801 | -15,587 |
| Revenue Contribution to Capital | -2,581 | -5,000 | -7,481 | -8,615 | -21,111 | -10,207 | -16,368 | -3,783 | -27,253 | -4,156 |
| Total Appropriations | -2,581 | -5,000 | -7,481 | -8,615 | -21,111 | -10,207 | -16,368 | -4,191 | -30,054 | -19,742 |
| ANNUAL CASHFLOW | 6,125 | 912 | -1,365 | -101 | -164 | 175 | -29 | 13,684 | -2,529 | 2,561 |
| Opening Balance | 4,612 | 10,737 | 11,649 | 10,285 | 10,184 | 10,020 | 10,195 | 10,166 | 23,850 | 21,321 |
| Closing Balance | 10,737 | 11,649 | 10,285 | 10,184 | 10,020 | 10,195 | 10,166 | 23,850 | 21,321 | 23,881 |

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Appendix 3b: Draft HRA Capital Investment Requirement Projection from Business Plan

| Year | 2018.19 | 2019.20 | 2020.21 | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 |
|----------------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| £'000 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| EXPENDITURE: | | | | | | | | | | |
| Planned Variable Expenditure | 0 | 0 | 0 | 0 | 0 | -30 | -194 | -430 | -654 | -888 |
| Planned Fixed Expenditure | -18,074 | -32,460 | -16,287 | -16,313 | -20,187 | -22,014 | -19,012 | -16,605 | -23,958 | -14,798 |
| Disabled Adaptations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Capital Expenditure | -2,100 | -3,221 | -5,313 | -6,312 | -2,320 | -6,565 | 0 | 0 | 0 | 0 |
| New Build Expenditure | -21,058 | -75,029 | -59,790 | -56,630 | -50,478 | -60,356 | -56,331 | -47,502 | -35,500 | -42,402 |
| Procurement Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Previous Year's B/F Shortfall | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Capital Expenditure | -41,232 | -110,710 | -81,390 | -79,255 | -72,986 | -88,965 | -75,537 | -64,537 | -60,113 | -58,089 |
| FUNDING: | | | | | | | | | | |
| Major Repairs Reserve | 14,464 | 34,808 | 9,305 | 9,305 | 9,305 | 9,491 | 9,681 | 9,874 | 10,072 | 10,273 |
| Right to Buy Receipts | 2,409 | 1,867 | 1,867 | 1,053 | 1,053 | 1,053 | 1,053 | 1,053 | 1,053 | 1,053 |
| HRA CFR Borrowing | 0 | 37,991 | 42,124 | 30,024 | 9,654 | 34,158 | 32,348 | 0 | 0 | 0 |
| Other Receipts/Grants | 20,175 | 16,167 | 16,203 | 28,455 | 29,244 | 29,686 | 11,984 | 46,852 | 20,600 | 41,238 |
| HRA Reserves | 1,603 | 14,878 | 4,410 | 1,802 | 2,618 | 4,370 | 4,103 | 2,975 | 1,135 | 1,369 |
| Revenue Contributions | 2,581 | 5,000 | 7,481 | 8,615 | 21,111 | 10,207 | 16,368 | 3,783 | 27,253 | 4,156 |
| Total Capital Funding | 41,232 | 110,710 | 81,390 | 79,255 | 72,986 | 88,965 | 75,537 | 64,537 | 60,113 | 58,089 |

CABINET
13 February 2019

Subject Heading:

Treasury Management Strategy Statement (TMSS) 2019/20 and Annual Investment Strategy (AIS) 2019/20, Capital Prudential and Treasury Indicators and Minimum Revenue Provision Policy Statement for 2019/20

Cabinet Member:

Councillor Damian White, Leader

SLT Lead:

Jane West
Chief Operating Officer

Report Author and contact details:

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Terry.Pearce@onesource.co.uk
Stephen.Wild@onesource.co.uk

Policy context:

01708 432485 / 0203 045 3083
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:

The Treasury Management Strategy forms part of the Council's overall budget strategy and financial management framework.

Is this a Key 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

| | |
|-------------------------------|-----|
| Communities making Havering | [x] |
| Places making Havering | [x] |
| Opportunities making Havering | [x] |
| Connections making Havering | [x] |

SUMMARY

The TMSS and AIS are part of the Council's reporting procedures and are recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on treasury management and its prudential code for capital finance in local authorities. The Local Government Act 2003 requires councils to comply with both codes.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the DCLG Guidance, and it covers:

- The Borrowing and Investment Strategies
- Treasury Management Indicators
- Prudential Indicators
- A Minimum Revenue Provision Policy (the means by which capital expenditure which is financed from borrowing is paid for by council tax payers)

RECOMMENDATIONS

Cabinet is asked to:

1. Approve the Treasury Management Strategy Statement (TMSS) 2019/20.
2. Approve the Treasury Management and Prudential Indicators set out in Appendices 1 and 2 of this report.
3. Approve the Annual Minimum Revenue Provision (MRP) Statement for 2019/20 set out in Appendix 7 of this report.
4. Recommend the annual TMSS and MRP statements 2019/20 to Council for approval.
5. Delegate future changes required to this Strategy to the Chief Operating Officer in consultation with the Cabinet Member for Finance and Property. This will provide the additional flexibility to swiftly respond to changing financial markets.

REPORT DETAIL

1. Introduction

1.1 The Authority is required to set a balanced budget each financial year, which broadly means that income received during the year will meet its operational expenditure. As part of the overall financial management arrangements, a primary objective of the Treasury Management service is to ensure that the Authority's cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Authority's appetite for risk and liquidity requirements, as priorities before considering investment return.

1.2 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately on this agenda.

CIPFA define treasury management as "The management of the local authority's borrowing, 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 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities. This expenditure is shown throughout this report as "regeneration programme".

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

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
- the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);

- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 1.4 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Board

2. Key Considerations and Sustainability

2.1 Treasury Management Strategy for 2019/20

2.1.1 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position; See table 1 below
- treasury indicators which limit the treasury risk and activities of the Council; Appendix 2
- prospects for interest rates; Appendix 3
- the borrowing strategy;
- policy on borrowing in advance of need; Appendix 4
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- the policy on use of external service providers.

2.1.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

2.2 Training

- 2.2.1 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 the treasury management adviser and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations. The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training will be arranged as required.

3. Service Delivery and Performance Issues

- 3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, shown in Appendix 1, which are designed to assist Members' overview and confirm capital expenditure plans.

3.2 Current Portfolio Position

- 3.2.1 The overall treasury management portfolio as at 31 March 2018 and the position as at 31 December 2018 are shown below for both borrowing and investments.

Table1: Current Portfolio Position

| TREASURY PORTFOLIO | | | | |
|---|----------------------------------|---------------------------------|------------------------------------|-----------------------------------|
| | Actual 31/3/18 £m | Actual 31/3/18 % | Current 31/12/18 £m | Current 31/12/18 % |
| Treasury Investments | | | | |
| Banks & Building Societies | 81.002 | 35 | 75.201 | 36 |
| Government (including Local Authorities) | 131.850 | 58 | 120.750 | 58 |
| Money Market funds | 12.737 | 6 | 9.500 | 5 |
| Bonds | 3.000 | 1 | 3.000 | 1 |
| Total Treasury Investments | 228.589 | 100 | 208.451 | 100 |
| Treasury External Borrowing | | | | |
| Local Authorities | 30.000 | 12 | 0 | 0 |
| PWLB | 203.235 | 85 | 203.235 | 97 |
| LOBO loans from banks | 7.000 | 3 | 7.000 | 3 |
| Other loans | 0.250 | - | 0.150 | - |
| Total External Borrowing | 240.485 | 100 | 210.385 | 100 |
| Net Treasury Investments/(Borrowing) | (11.896) | | (1.934) | |

Borrowing from Local Authorities as at 31 March 2018 was taken as temporary short term debt

3.2.2 The Council's forward projections for borrowing are summarised below in Table 2. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing

Table 2: Capital Financing Requirement (CFR)

| £m | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| External Debt | | | | | |
| Debt at 1 April | 215 | 241 | 251 | 385 | 478 |
| Expected change in Debt | 26 | 10 | 134 | 93 | 68 |
| Other long-term liabilities (OLTL) | 0 | 0 | 0 | 0 | 0 |
| Expected change in OLTL | 0 | 0 | 0 | 0 | 0 |
| Actual gross debt at 31 March | 241 | 251 | 385 | 478 | 546 |
| The Capital Financing Requirement | 264 | 281 | 440 | 559 | 635 |
| Under / (over) borrowing | 23 | 30 | 55 | 81 | 89 |

3.2.3 Within the above figures the level of debt relating to regeneration activities is detailed in table 3 below

Table 3: Regeneration Programme debt

| | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|-------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Actual debt at 31 March £m | 21 | 26 | 123 | 174 | 212 |
| Percentage of total external debt % | 9 | 11 | 33 | 36 | 39 |

3.2.4 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits – see Appendix 1

3.2.5 The Chief Operating Officer reports that the Council complied with the prudential indicator that the Council's gross borrowing in the current year does not exceed its CFR and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.3 Prospects for Interest Rates

3.3.1 Current Forecasts are shown in Appendix 3

3.3.2 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecast, and Bank of England Monetary Policy Committee (MPC) decisions, will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

3.4 Borrowing Strategy

3.4.1 Caution will be adopted with the 2019/20 treasury operations. The Chief Operating Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

3.4.2 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Operating Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

If it was felt that there was a significant risk of a sharp fall in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

- 3.4.3 The reasons for any rescheduling to take place will include:
- * the generation of cash savings and / or discounted cash flow savings;
 - * helping to fulfil the treasury strategy;
 - * to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 3.4.4 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.
- 3.4.5 In October 2018, Prime Minister Theresa May announced a policy change of abolition of the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29/10/18
- 3.4.6 This Council's borrowing in advance of need policy can be found at Appendix 4

3.5 Annual Investment Strategy

- 3.5.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report) which will be considered at the same meeting.
- 3.5.2 The Council's investment policy has regard to the following: -
- MHCLG's Guidance on Local Government Investments ("the Guidance")
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
 - CIPFA Treasury Management Guidance Notes 2018.
- 3.5.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).
- 3.5.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk, its minimum credit criteria is set out in Appendix 5.
- 3.5.5 The Council will consider placing longer term treasury deals while investment rates are at historically low levels and where attractive interest rates with high quality counterparties become available.
- 3.5.6 Investments will make reference to the core balance, cash flow requirements and the outlook for short and medium term interest rates.

- 3.5.7 Credit ratings should not be the sole determinant of the quality of an institution, this Council is not bound by the agency with the lowest rating and, importantly, officers will continually assess and monitor the financial sector and the economic/political environment in which institutions operate.
- 3.5.8 Treasury investment instruments identified for use in the financial year are listed in Appendix 6 under the 'specified' and 'non-specified' investment categories.
- 3.5.9 The Chief Operating Officer will, on advice, make operational changes to these limits in response to prevailing market conditions and regulatory changes.
- 3.5.10 All investments will be denominated in sterling.
- 3.5.11 As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.
- 3.5.12 Following the consultation undertaken by the MHCLG on IFRS 9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from this financial year, 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
- 3.5.13 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
- 3.5.14 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank (RFB) will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.
- 3.5.15 Whilst the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to

assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

3.5.16 This Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

3.5.17 The local benchmark for investment is the 3 month LIBOR rate.

3.6 Loans to Third Parties

3.6.1 The Authority may borrow to make grants or loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146). This facility is likely to be used to support local economic regeneration and development activity but not limited to those purposes. The additional capital expenditure may be funded by external borrowing. Loans for working capital or revenue purposes are permitted as long as these are funded from the Council's internal cash balances as external borrowing is not permitted in such circumstances.

3.7 Treasury Indicators

3.7.1 The indicators cover 2018/19-2021/22. The CIPFA Prudential Code and the TM code requires authorities to set treasury indicators and these are set out in Appendix 2. No breaches in the indicators are expected in 2019/20.

3.8 Minimum Revenue Provision (MRP)

3.8.1 The MRP Policy Statement 2019/20 is set out in Appendix 7 of this report.

3.9 Policy on the use of external service providers

3.9.1 The Council uses Link Asset Services as its external treasury management advisors.

3.9.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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:

The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Operating Officer, having consulted the Cabinet Member for Finance and Property, 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.

| Alternative | Impact on income and expenditure | Impact on risk management |
|---|--|---|
| Invest in a narrower range of counterparties and/or for shorter times | Interest income will be lower | Lower chance of losses from credit related defaults, but any such losses may be greater |
| Invest in a wider range of counterparties and/or for longer times | Interest income will be higher | Increased risk of losses from credit related defaults, but any such losses may be smaller |
| 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 may 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 may be less certain |

IMPLICATIONS AND RISKS

Financial implications and risks:

The Treasury Management Strategy Statement is a key part of the overall budget strategy and financial management framework and governs the strategic and operational treasury management activities throughout each financial year in order to manage the Council's financial risks associated with cash management via borrowing and investments.

For the financial year 2019/20, the budget for investment income has been set at £1.4m, based on an average interest rate of 0.8%.

The budget for long term debt interest payable in 2019/20 has been increased from £8.4m to £11.6m. This is based on the existing average long term debt portfolio of £210m at an average interest rate of 3.6% and has been adjusted for anticipated borrowing for the 2019/20 capital programme.

Of the existing £210m of long term debt, £170m is in relation to the HRA, with a budget for debt interest payable of £5.2m. An additional £0.9m will be incurred in 2019/20 in respect of new external borrowing interest costs.

The General Fund Budget for debt interest on external debt has been increased by £0.2m from £2.4m to £2.6m to allow for external borrowing to be undertaken should it be considered necessary in 2019/20 to fund the cost of borrowing for the increased capital programme.

The budget for debt interest on external debt for regeneration activities has been set at £2.8m in 2019/20.

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 bi-annual basis to full Council.

Legal implications and risks:

The Council must comply with its duty under section 3 Local Government Act 2003 to keep under review the amount of money the Authority can afford to borrow. Regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146 requires the Authority to have regard to the code of practice entitled the

“Prudential Code for Capital Finance in Local Authorities” published by CIPFA when considering its duty under section 3.

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

Appendix 1

PRUDENTIAL INDICATORS

Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

| Capital expenditure £m | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|-----------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Non-HRA | 51.165 | 71.120 | 72.651 | 62.745 | 12.662 |
| HRA | 33.056 | 67.459 | 63.680 | 80.464 | 53.359 |
| Regeneration Programme * | 4.472 | 6.279 | 146.735 | 102.243 | 72.709 |
| Total | 88.693 | 144.858 | 283.066 | 245.452 | 138.730 |

* these activities relate to areas such as capital expenditure on investment properties, loans to third parties etc.

Other long-term liabilities - The above financing need excludes other long-term liabilities that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

| Financing of capital expenditure £m | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital receipts | 22.457 | 15.331 | 63.690 | 50.947 | 30.000 |
| Capital grants | 20.823 | 39.621 | 31.550 | 31.725 | 2.000 |
| Revenue and Reserves | 27.945 | 68.267 | 25.689 | 38.340 | 23.335 |
| Section 106/CIL | 1.921 | 2.795 | 1.339 | 0 | 0 |
| Net financing need for the year | 15.547 | 18.844 | 160.798 | 124.440 | 83.395 |

The net financing need for regeneration programme activities included in the above table against expenditure is shown below:

| Regeneration Programme £m | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Capital Expenditure | 4.472 | 6.279 | 146.735 | 102.243 | 72.709 |
| Other Sources of Financing | 0 | 0 | 50.250 | 48.000 | 30.000 |
| Net financing need for the year | 4.472 | 6.279 | 96.485 | 54.243 | 26.709 |
| Percentage of total net financing need % | 28.76 | 33.32 | 60.00 | 43.59 | 32.03 |

The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities. The Council currently has no such liabilities within the CFR.

The Council is asked to approve the CFR projections below:

| £m | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Capital Financing Requirement | | | | | |
| CFR – non housing | 69.154 | 80.281 | 104.693 | 130.435 | 138.063 |
| CFR – housing | 174.669 | 174.669 | 212.660 | 254.784 | 284.808 |
| CFR – Regeneration Programme | 20.647 | 26.489 | 122.537 | 173.897 | 212.414 |
| Total CFR | 264.470 | 281.439 | 439.890 | 559.116 | 635.285 |
| Movement in CFR | 13.892 | 16.969 | 158.451 | 119.226 | 76.169 |

| Movement in CFR represented by | | | | | |
|--|---------------|---------------|----------------|----------------|---------------|
| Net financing need for the year | 15.548 | 18.844 | 160.798 | 124.440 | 83.394 |
| Less MRP and other financing movements | 1.656 | 1.875 | 2.347 | 5.214 | 7.225 |
| Movement in CFR | 13.892 | 16.969 | 158.451 | 119.226 | 76.169 |

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Operating Officers reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

| % | 2017/18 Actual | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|---------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 2.2 | 2.4 | 2.8 | 3.3 | 4.0 |
| HRA | 4.1 | 3.2 | 4.0 | 4.8 | 5.3 |
| Regeneration Programme | | 0.8 | 2.0 | 4.9 | 6.6 |
| Total | 6.3 | 6.4 | 8.8 | 13.0 | 15.9 |

Prior to 2018/19 regeneration programme activities are not shown separately in this table

The estimates of financing costs include current commitments and the proposals in this budget report.

Prudential and Treasury Indicators

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

| Operational boundary £m | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|-----------------------------|------------------|------------------|------------------|------------------|
| Debt | 385 | 423 | 436 | 468 |
| Other long term liabilities | 10 | 10 | 10 | 10 |
| Regeneration Programme | 174 | 213 | 227 | 225 |
| Total | 569 | 646 | 673 | 703 |

The authorised limit for external debt

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

| Authorised limit £m | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|-----------------------------|------------------|------------------|------------------|------------------|
| Debt | 414 | 472 | 487 | 520 |
| Other long term liabilities | 10 | 10 | 10 | 10 |
| Regeneration Programme | 174 | 213 | 227 | 225 |
| Total | 598 | 695 | 724 | 755 |

Separately, the Council has been limited historically to to a maximum HRA CFR through the HRA self-financing regime. In October 2018, Prime Minister Theresa May announced a policy change of abolition of the HRA debt cap. The Chancellor announced in the budget that the applicable date was 29 October 2018.

Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair opportunities to reduce costs/improve performance.

The Code requires that for LOBO loans the maturity date is now deemed to be the next call date.

The indicators are:

Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure of large fixed rate sums falling due for refinancing; these have been kept deliberately wide to provide flexibility for any restructuring that might be carried out to de-risk the debt portfolio.

| Maturity structure of fixed interest rate borrowing 2019/20 | | |
|---|-------|-------|
| | Lower | Upper |
| Under 12 months | 0% | 40% |
| 12 months to 2 years | 0% | 60% |
| 2 years to 5 years | 0% | 80% |
| 5 years to 10 years | 0% | 100% |
| 10 years to 20 years | 0% | 100% |
| 20 years to 30 years | 0% | 100% |

| | | |
|---|-------|-------|
| 30 years to 40 years | 0% | 100% |
| 40 years to 50 years | 0% | 100% |
| Maturity structure of variable interest rate borrowing 2019/20 | | |
| | Lower | Upper |
| Under 12 months | 0% | 90% |
| 12 months to 2 years | 0% | 90% |
| 2 years to 5 years | 0% | 100% |
| 5 years to 10 years | 0% | 100% |
| 10 years to 20 years | 0% | 100% |
| 20 years to 30 years | 0% | 100% |
| 30 years to 40 years | 0% | 100% |
| 40 years to 50 years | 0% | 100% |

Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

| Upper limit for principal sums invested for longer than 365 days | | | |
|---|----------------|----------------|----------------|
| £m | 2019/20 | 2020/21 | 2021/22 |
| Principal sums invested for longer than 365 days | £75m | £75m | £75m |

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Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

| Link Asset Services Interest Rate View | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
| Bank Rate View | 0.75% | 0.75% | 1.00% | 1.00% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.50% | 1.50% | 1.75% | 1.75% | 2.00% |
| 3 Month LIBID | 0.80% | 0.80% | 0.90% | 1.10% | 1.10% | 1.20% | 1.40% | 1.50% | 1.60% | 1.60% | 1.70% | 1.80% | 1.90% | 2.00% |
| 6 Month LIBID | 0.90% | 0.90% | 1.00% | 1.20% | 1.20% | 1.30% | 1.50% | 1.60% | 1.70% | 1.70% | 1.80% | 1.90% | 2.00% | 2.10% |
| 12 Month LIBID | 1.00% | 1.00% | 1.10% | 1.30% | 1.30% | 1.40% | 1.60% | 1.70% | 1.80% | 1.80% | 1.90% | 2.00% | 2.10% | 2.20% |
| 5yr PWLB Rate | 2.00% | 2.10% | 2.20% | 2.20% | 2.30% | 2.30% | 2.40% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% |
| 10yr PWLB Rate | 2.50% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.20% | 3.20% |
| 25yr PWLB Rate | 2.90% | 3.00% | 3.00% | 3.10% | 3.20% | 3.20% | 3.30% | 3.40% | 3.50% | 3.50% | 3.60% | 3.60% | 3.60% | 3.70% |
| 50yr PWLB Rate | 2.70% | 2.80% | 2.80% | 2.90% | 3.00% | 3.00% | 3.10% | 3.20% | 3.30% | 3.30% | 3.40% | 3.40% | 3.40% | 3.50% |

Link Asset Services economic view is summarised below:

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken somewhat during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors

searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.00 – 2.25% in September 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets.

Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Borrowing in advance of need

Borrowing is primarily required to finance the council's capital expenditure programme and is long term in nature. Views of interest rate movements and moreover rising interest rate risk must be managed. This may result in borrowing in advance of need to secure long term finance on advantageous terms and reduce financing risk when capital will be required.

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

There are attendant risks associated with investments but the council has taken measures to substantially reduce the level of credit risk from holding investments and manage the carry cost (the difference between borrowing costs and investment yield)

Officers will monitor the interest rate market and adopt a pragmatic approach to changing circumstances. Risks associated with any borrowing in advance activity will be subject to proper appraisal and subsequent reporting through the mid-year or annual reporting mechanism

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The council's minimum credit ratings criteria

Credit Rating: Investment decisions are made by reference to the lowest appropriate published 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. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Within the parameters set out below the Council works together with Link Asset Services (the treasury management advisor) to establish an operational lending list using Link's creditworthiness methodology.

The notes below should be read in conjunction with table 1 overleaf.

- 1. Banks (Unsecured) and Building Societies:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks 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.

For non UK Banks, the Authority's credit criteria will require that banks from AA+ rated countries and above can be used.

Current bank accounts: the Authority's own banker, Should the credit rating fall below A-, 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.

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 higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

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

- 2. Rated Building Societies -** The Authority's credit rating criteria for UK Building Societies in 2018/19 will continue to limit deposits to those UK Building Societies that meet the credit criteria in table 1 below.

3. **Non Rated Building Societies** – The criteria in table 1 overleaf will apply.
4. **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.
5. **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 following an external credit assessment as part of a diversified pool in order to spread the risk widely.
6. **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 Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving government support if needed.
7. **Residential Mortgage Based Schemes** - Investment will be restricted to AAA rated funds with only UK exposure. These funds offer stronger risk-adjusted returns whilst maintaining high daily liquidity with time plus two days (T+2) access.
8. **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.
9. **Money Market Funds (MMF):** The Authority will continue to use MMF's, which provide lower interest returns but do provide a highly liquid, diversified investment via a highly credit-rated pooled investment vehicle.

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.

Table 1: Approved investment counterparties and limits

| Credit rating | Banks unsecured* | Banks secured | Government | Corporates | Registered Providers |
|---------------------|---|-------------------|-------------------------|-------------------|----------------------|
| UK Govt | n/a | n/a | £ Unlimited 50 years | n/a | n/a |
| AAA | £35m 5 years | £35m 20 years | £35m 50 years | £15m 20 years | £15m 20 years |
| AA+ | £35m 5 years | £35m 10 years | £35m 25 years | £15m 10 years | £15m 10 years |
| AA | £35m 4 years | £35m 5 years | n/a | £15m 5 years | £15m 10 years |
| AA- | £35m 3 years | £35m 4 years | n/a | £15m 4 years | £15m 10 years |
| A+ | £35m 2 years | £35m 3 years | n/a | £25m 3 years | £15m 5 years |
| A | £35m 13 months | £35m 2 years | n/a | £25m 2 years | £15m 5 years |
| A- | £35m 6 months | £35m 13 months | n/a | £15m 13 months | £15m 5 years |
| None | £1m 6 months | n/a | n/a | £5m 5 years | £10m 5 years |
| | UK Local Authorities £35m per authority; 50 years | | | | |
| Pooled funds | £25m per fund These include Bond Funds, Gilt Funds, Equity, Enhanced Cash Funds, Mixed Asset Funds and Money Market Funds, Residential Mortgage Based Schemes (RMBS) | | | | |

* Includes Building Societies

Investment Limits

The Authority further proposes the investment limits as set out in the table below to protect the security of its investments. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 2: Investment limits

| | Cash limit |
|---|----------------|
| UK Central Government | unlimited |
| Any single organisation, except the UK Central Government | £35m each |
| Any group of organisations under the same ownership | £35m per group |

| | |
|--|------------------|
| Any group of pooled funds under the same management | £35m per manager |
| Financial instruments held in a broker's nominee account | £50m per broker |
| Foreign countries | £35m per country |
| Registered providers | £35m in total |
| Unsecured investments with building societies | £50m in total |
| Loans to unrated corporates | £35m in total |
| Money Market Funds | £50m in total |
| UK Residential Mortgage Backed Securities (RMBS) | £25m in total |

Appendix 8 gives details of the Council's current investments.

Specified and Non Specified Investments

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:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - 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 A- 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.

Limits on specified investments are shown in table 1 below.

Table 1: Specified Investments

| Instrument | Institution Type | Instrument Minimum 'High' Credit Criteria | Limits | Max. Maturity Period |
|---|--|---|------------|-------------------------|
| Accounts, deposits, certificates of deposit and senior unsecured bonds with banks other than multilateral development banks, UK Government Gilts. | UK Banks and UK Banking Groups ¹ | per Appendix 5, Table 1 | £35m | per Appendix 5, Table 1 |
| | UK Building Societies | per Appendix 5, Table 1 | £35m | per Appendix 5, Table 1 |
| | Non UK Banks | Sovereign Rating of AA+ and above and meet Credit Criteria in Appendix 5, Table 1 | £35m | per Appendix 5, Table 1 |
| Covered bonds, floating rate notes, reverse repurchase agreements and other collateralised arrangements with banks and building societies | UK Banks and Building Societies and Non UK Banks | Per Appendix 5, Table 1 (and Sovereign Rating of AA+ minimum for Non UK Banks) | See Note 2 | per Appendix 5, Table 1 |
| Term Deposits | Local Authorities and other Public Institutions | UK Sovereign Rating | £35m | per Appendix 5, Table 1 |
| Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing. | Registered Social Housing Providers | per Appendix 5, Table 1 | | per Appendix 5, Table 1 |
| Money Market Fund | | AAA ³ | £25m | |
| Enhanced Cash Funds | | AA/Aa ⁴ | £25m | |
| Residential Mortgage Based Schemes (RMBS) | | UK AAA | £25m | |

1. £35m Limit per bank / banking group.

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

3. Investments will be made with those MMF's which have a rating of AAA

4. Minimum of Fitch / Standard & Poor's AA or Moody's Aa rating

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. This excludes loans to third parties for the purpose of capital expenditure as noted in Section 3.6.1.

Limits on non-specified investments are shown in table 2 below.

Table 2: Non-specified investment limits

| | Cash Limit £m |
|--|--------------------------|
| Total long-term investments | 75 |
| Total Investments without credit ratings or rated below A- (subject to due diligence) | 20 |
| Total non-specified investments | 95 |

NON SPECIFIED INVESTMENTS

| Instruments | Non Specified Investments | Institution Type | Minimum Credit Criteria | Maximum Duration | Cash limit |
|--|---|---|--------------------------------|-------------------------|-------------------|
| <p>Accounts, deposits, certificates of deposit, structured deposits and senior unsecured bonds with banks other than multilateral development banks. Covered bonds, reverse repurchase agreements, and other collateralised arrangements with banks and building societies. Short Dated Bond Funds, Diversified Growth Funds, Absolute Return Funds and Property Funds. Unrated Bonds.</p> | Total long-term investments (investments over 1 year) | UK and Non UK Banks and Building Societies, Rated Registered Social Housing Providers (RSP) | Per Appendix 5, Table 1 | 10 yrs. | £75m |
| | Total investments without credit ratings or rated below A- (except UK Government and local authorities) | Unrated Registered Social Housing Providers (RSP), Unrated Banks and Building Societies | N/A | 5 yrs. | £20m |
| | Total Investments made in pooled investment vehicles. | | | 7 yrs. | |
| | Total Investments made in unrated bonds. | | | | |
| | Total non-specified investments | | | | £95m |

Minimum Revenue Provision Policy Statement

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 requirement since 2008, The Local Government Act 2003 requires the Authority to have regard to the MHCLG *Guidance on Minimum Revenue Provision* updated in 2018.

The broad aim of the MHCLG 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 DCLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. Whilst in the majority of instances the statutory guidance will be followed, in certain circumstances, the Authority may follow an alternative flexible but prudent approach to the setting aside of money for the repayment of debt.

For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £2.9m on a reducing balance method

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, but under exceptional circumstances MRP the annuity or equal instalments method may apply. Furthermore, where appropriate provision of MRP will commence in the year after the asset becomes operational.

Estimated life periods will be determined under delegated powers. The council may defer to the estimated useful economic life periods specified in the MRP guidance, but reserves the right to determine such periods and prudent MRP. As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that

arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

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.

Third party loans – Under statutory requirements the payment of the loan will normally be treated as capital expenditure. The subsequent loan repayments, (which are treated as capital receipts under statutory requirements), will be used to reduce the long term liability and consequently the CFR. As a result MRP will not generally be charged on the loan as it is not appropriate to do so.

Appendix 8

Breakdown of Deposits at 24 January 2019

| Institution Type | Counterparty | Start Date | Maturity Date | Principal O/S (£m) |
|------------------------|--|------------|---------------|--------------------|
| UK Bank | Close Brothers | 27/07/2018 | 28/01/2019 | 5.000 |
| UK Bank | Goldman Sachs International | 05/11/2018 | 03/05/2019 | 5.000 |
| UK Bank | Lloyds Bank plc | 03/08/2018 | 04/02/2019 | 5.000 |
| UK Bank | Santander UK plc (Covered Bond) | 31/08/2016 | 08/07/2019 | 1.001 |
| UK Bank - Call Account | National Westminster Bank plc | 28/03/2013 | (blank) | 0.100 |
| UK Bank-Notice Account | Goldman Sachs Int Bank (95 Days) | 06/07/2018 | 08/03/2019 | 5.500 |
| UK Bank-Notice Account | Goldman Sachs Int Bank (95 Days) | 16/07/2018 | 08/03/2019 | 4.500 |
| UK Bank-Notice Account | Lloyds Bank plc (175 Days) | 15/05/2018 | (blank) | 5.000 |
| UK Bank-Notice Account | Santander UK plc | 01/06/2018 | (blank) | 20.000 |
| Government | Cambridgeshire County Council | 08/05/2018 | 09/11/2020 | 5.000 |
| Government | Dundee City Council | 17/10/2018 | 16/10/2019 | 5.000 |
| Government | Eastleigh Borough Council | 19/11/2018 | 03/04/2019 | 5.000 |
| Government | Eastleigh Borough Council | 21/11/2018 | 01/04/2019 | 5.000 |
| Government | Gateshead Metropolitan Borough Council | 15/10/2018 | 30/09/2019 | 5.000 |
| Government | Highland Council | 15/11/2018 | 14/06/2019 | 5.000 |
| Government | Lancashire County Council | 17/04/2018 | 17/04/2019 | 5.000 |
| Government | Lincoln City Council | 31/01/2018 | 30/01/2019 | 1.750 |
| Government | London Borough of Barnet | 01/11/2018 | 01/05/2019 | 5.000 |
| Government | London Borough of Croydon | 20/09/2018 | 12/09/2019 | 5.000 |
| Government | London Borough of Haringey | 10/09/2018 | 09/05/2019 | 4.000 |
| Government | London Borough of Islington | 26/04/2016 | 26/04/2021 | 5.000 |
| Government | Mid Suffolk District Council | 06/07/2018 | 06/07/2020 | 5.000 |
| Government | Newcastle upon Tyne City Council | 29/02/2016 | 26/02/2021 | 5.000 |

| | | | | |
|--------------------|---|------------|------------|----------------|
| Government | Newcastle upon Tyne City Council | 03/04/2017 | 03/04/2019 | 5.000 |
| Government | Newcastle upon Tyne City Council | 02/02/2018 | 01/02/2019 | 5.000 |
| Government | Northumberland County Council | 16/11/2016 | 16/11/2020 | 5.000 |
| Government | Northumberland County Council | 16/11/2016 | 16/11/2021 | 5.000 |
| Government | Plymouth City Council | 09/11/2018 | 09/08/2019 | 5.000 |
| Government | Plymouth City Council | 05/12/2018 | 05/06/2019 | 5.000 |
| Government | Powys County Council | 22/02/2018 | 22/02/2021 | 5.000 |
| Government | Slough Borough Council | 08/10/2018 | 08/04/2019 | 5.000 |
| Government | Telford and Wrekin Borough Council | 17/10/2018 | 17/04/2019 | 5.000 |
| Government | Woking Borough Council | 12/10/2018 | 12/09/2019 | 5.000 |
| Non UK Bank | Australia and New Zealand Banking Group Limited | 05/12/2018 | 05/06/2019 | 5.000 |
| Non UK Bank | DBS Bank Ltd (Singapore) | 03/08/2018 | 04/02/2019 | 5.000 |
| Non UK Bank | DBS Bank Ltd (Singapore) | 02/10/2018 | 02/04/2019 | 5.000 |
| Non UK Bank | Rabobank Nederland | 15/10/2018 | 14/10/2019 | 5.000 |
| Non UK Bank | United Overseas Bank Limited | 12/10/2018 | 11/10/2019 | 4.100 |
| Money Market Funds | Insight Liquidity Sterling | 16/01/2017 | (blank) | 15.000 |
| Money Market Funds | BNP Paribas InstiCash | 21/01/2017 | (blank) | 3.610 |
| Money Market Funds | Federated Prime Rate Sterling Liquidity | 13/11/2018 | (blank) | 15.000 |
| Corporate Bond | Rockfire Capital Ltd | 15/02/2018 | 21/04/2022 | 3.000 |
| Grand Total | | | | 227.561 |



CABINET

PUBLIC AGENDA REPORT

13th February 2019

Subject Heading:

**Mercury Land Holdings (MLH) in-year
Business Plan and Budget Update
2019/2020**

Cabinet Member:

Councillor Damian White, Leader of the
Council

SLT Lead:

Neil Stubbings, Director of Regeneration

Report Author and contact details:

Nick Gyring-Nielsen – Senior
Regeneration Manager
T 01708 434 612

Policy context:

Havering Housing Strategy 2014-17

NPPF 2012

Emerging Havering Local Plan 2017

Mercury Land Holdings (MLH) Annual
Business Plan – 1st April 2018

Financial summary:

This report seeks Cabinet approval to the
Business Plan proposed by Mercury Land
Holding (MLH) for the period 2019/20.

Is this a Key Decision?

Yes - Significant effect on two or more Wards,
Expenditure or saving of £500,000 or more

When should this matter be reviewed? Autumn 2019

Reviewing OSC: Towns and Communities OSC

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

| | |
|-------------------------------|-----|
| Communities making Havering | [✓] |
| Places making Havering | [✓] |
| Opportunities making Havering | [✓] |
| Connections making Havering | [✓] |

SUMMARY

The Council's original decision to set up MLH on 13th May 2015 was to contribute to, and where possible accelerate the provision of housing supply in the borough, noting the potential adverse effect that an absence of sufficient housing may have on the economic and social well-being of residents and the local economy; to ensure a mix of housing, in terms of type, size and tenure, best matched to the needs of Havering; to support the Council's regeneration and growth aims, bringing forward high quality development on regeneration sites in key parts of the borough; and to generate an acceptable financial return to the Council by operating a business.

These objectives have now been aligned to the Council's Joint Venture partnerships with an over-arching vision to kick-start renewal of key town centres including regeneration and delivery of much needed homes for local people and to generate a return to the Council through prudential lending. In addition, the Council aspires to ensure good quality design of buildings and places is delivered through its role as the controlling sole shareholder of the development company. Any returns to the Council are being identified to fund future regeneration programmes and development opportunities across the borough and help fund renewal of our cherished town centres across the borough at a time when the traditional high streets are under significant threat from changing consumer habits.

When the original Year 1 Business Plan was agreed by Cabinet, this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree material changes to the business plan on an annual basis, in line with the annual budget setting process.

The key inputs into the financial models have been reviewed and validated. The key inputs are construction costs, rental values, and cost of finance, expected sales revenues, land values plus other costs such as expectation on s106 and CIL payments. In addition, other changes such as total number of residential properties have been updated as the design and planning processes proceed alongside additional projects being added.

The updating of these numbers in the business plan and business case viability models and then into the Council's financial dashboards means that this report is able to inform Cabinet of any changes to the expected outputs from MLH as well as informing Cabinet of any changes in the financial position of MLH and our financial commitments to MLH as an investor. This report not only informs Cabinet of changes but also seeks approval of the updated Business Plan and the expected financial commitments.

In a new improvement to the Business Plan, MLH's objectives have now been aligned to the Council's Joint Ventures, notably though not limited to, Rainham along the A1306, and Romford Town Centre.

As part of the alignment with the Council's JV partnerships, key indicators have been adopted on the viability and outputs of MLH. These key indicators are: overall % return, overall financial return, initial stake (Equity in terms of borrowing and land value), impact on the MTFs from the cost of borrowing in the early years, total number

of units and number of affordable housing units. These metrics are considered to be the key indicators to identify the viability, outputs and potential financial risks. These are covered in the 'Exempt Agenda Report'

The main body of the report provides significantly more detail along with additional indicators and outputs to help inform Cabinet on progress and risk management for the project.

This report seeks approval of Mercury Land Holdings Limited (MLH) Business Plan for 2019/20.

Through direct development and the acquisition of properties from the market the company will also support the London Borough of Havering's (LBH's) regeneration programme, acquiring properties from the Council's joint ventures to expand its Private Rented Sector (PRS) portfolio.

It is proposed that the Council will dispose of assets (land/buildings) to MLH at market value.

The Council will provide finance to MLH through a combination of equity investment and loans. This will constitute capital expenditure for the Council within its approved Capital Programme to be financed through Council reserves or borrowing. The overall financing arrangements will be subject to an assessment of State Aid compliance, long term affordability, risk and return on investment by the Council.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the Mercury Land Holdings Limited Business Plan 2019/20 attached at exempt Appendix 2.
2. **Agree** to delegate authority to the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration Programme Delivery and the Director of Legal and Governance, approves the detailed business cases and related viability assessments and funding requirement for the individual schemes noted within the Business Plan as they may be presented during the business plan period in order to enable them to proceed.
3. **Agree** in principle to provide total capital funding to MLH up to a maximum of £135.85 million in respect of projects contained in exempt Appendix 2 through a combination of equity investment and state aid compliant loans subject to detailed approved business cases made under delegated authority in recommendation 2 above.
4. **Agree** to delegate authority to the S151 Officer to agree, after consultation with the Director of Legal and Governance, the completion of all relevant agreements and appointments of relevant professionals relating to the provision of debt finance by the Council to MLH.

5. **Agree** to delegate to the sS151 Officer, following consultation with the Director of Asset Management, and the Director of Legal and Governance, the authority to determine the principles and processes by which any assets shall be disposed of and the terms of disposal to MLH.

REPORT DETAIL

1. BACKGROUND

Introduction

- 1.1 The Council's main objectives for entering into the private sector housing market are:
- To contribute to, and where possible accelerate the provision of housing supply in the borough, noting the potential adverse effect that an absence of sufficient housing may have on the economic and social well-being of residents and the local economy;
 - To ensure a mix of housing, in terms of type, size and tenure, best matched to the needs of Havering;
 - To support the Council's regeneration and growth aims, bringing forward high quality development on regeneration sites in key parts of the borough, notably though not limited to, Rainham along the A1306, and Romford Town Centre; and
 - To generate an acceptable financial return to the Council by operating a business.

Strategic Context

- 1.2 One of the most significant housing changes in the UK housing market in the past decade or more has been the rise in the private rented sector.
- 1.3 It is widely viewed that the relative immaturity of the Private Rented Sector (PRS) offers institutions and larger organisations such as local authorities an opportunity to shape the sector, and the Government is encouraging this activity.
- 1.4 It is becoming increasingly difficult for Havering residents to afford homes. A quality rented sector targeting Havering residents would meet their criteria. Likewise, affordability, coupled with improved connectivity through Crossrail, will undoubtedly make towns such as Romford more attractive for tenants who are being priced out of more central London boroughs and increasingly some mid zone locations.
- 1.5 There is an opportunity for Havering to take advantage of this anticipated tenant growth and deliver quality, well located and well managed PRS developments

which will deliver a financial return to the Borough, as well as assisting in meeting its regeneration objectives.

- 1.6 Havering needs to make significant savings and generate additional income in order to meet the challenges presented by reductions in government funding and demographic growth pressures upon expenditure in statutory services in order to balance its General Fund budget over the medium term. The Council is therefore seeking to make a broader use of its asset base to generate long term revenue income streams. Traditionally, the Council has successfully sold land to housing providers and developers in order to obtain capital receipts, to provide market and affordable housing and to meet borough wide housing targets. Whilst this activity may still remain in part the involvement of MLH allows the Council to invest capital resources to generate income streams and to deliver on other Council priorities such as regeneration activities and provision of good quality housing.

2. OPERATION OF MERCURY LAND HOLDINGS

- 2.1 The Company will continue to develop or acquire from the market a portfolio of homes for market rent and sale.
- 2.2 The Company will own the market rent units, and will market and manage the rental of those homes.
- 2.3 Units owned by the Company will be let on Assured Shorthold Tenancies and will not be subject to Right to Buy, or to the allocations provisions of Part VI of the Housing Act 1996.
- 2.4 Any provision of affordable housing units resulting from MLH development activity will be transferred to an appropriate housing partner, which may include the Council as registered provider.

Resourcing

- 2.5 MLH has sufficient capacity to deliver its 2019/20 business plan. As the company grows and its portfolio expands, its level of resourcing will be reviewed to ensure it operates as an efficient and sustainable business.

3. GOVERNANCE

Council as Shareholder in MLH

- 3.1 The Council's Cabinet are the prime body acting as the shareholder, agreeing MLH's business plan on an annual basis.
- 3.2 The Council's rights as shareholder will be exercised by the Leader of the Council with Cabinet Member for Finance and Property, the Director of Legal Services and the Section 151 officer whose main role is to protect the Council's interests as owner of the company. This will be managed through the Council's corporate governance structure, which includes the Council's joint ventures.

MLH Director Roles

- 3.3 As MLH continues its journey of growing, and until it gets to an appropriate level of critical mass, the Council will continue to support MLH's board through the secondments of the Council's Chief Executive, acting as Chairman on the company board of MLH alongside MLH's own staff and an external, unconnected person who has relevant experience in the house building sector. It is noted that all Directors must, amongst other duties, act in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and must avoid a situation in which they have, or may have, direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.
- 3.4 The Directors have ultimate responsibility for directing the activities of MLH, ensuring that it is well run and delivering the outcomes for which it has been established. Directors' responsibilities include the following:
- Delivering the MLH annual Cabinet approved business plan
 - Setting budgets, policies and plans and monitoring performance of MLH, and setting a framework for internal controls.
 - Ensuring compliance with MLH's objectives, purposes and values.
 - Ensuring the financial strength, solvency and good performance of the company.
 - Ensuring MLH complies with all relevant regulation, laws as well as the requirements and policies of the Council.
 - Dealing with the appointment and appraisal of staff.
 - Procuring services necessary for the execution of MLH's objectives.

Council as Funder

- 3.5 The Council will continue to act as a bank credit committee, whose primary task will be to assess MLH's viability (as an entity) and the viability of each project which loan funding will be used for and, using this analysis, to determine whether to release loan funding to MLH.
- 3.6 The Council will annually monitor and analyse financial information generated by MLH during the lifetime of each loan to ensure that MLH is not in breach of key financial requirements (which will be stipulated as funding conditions in each loan).
- 3.7 The key areas which the Funder Role will want satisfied prior to providing funding for a development are:
- That the financial metrics demonstrate that the loan will be repaid;
 - There is confidence that the projected rental stream can be maintained;
 - That base level sensitivities (which will trigger warning signals) for MLH's general performance and each proposed development are properly set and that a sufficient margin is added to the base level to provide reassurance to the Funder Role. (This will form part of the company's obligations under each loan); and

- That evidence is provided that the terms of financing for each project (loan and equity funding), is State Aid compliant. This advice will be acquired from an expert third party.

4. Progress and Scheme Review

4.1 Mercury Land Holdings has been successfully operating for over 2 years and has delivered against its previous business plan. This includes:

4.11 Cathedral Court

MLH has completed the development of Cathedral Court with all 65 units currently let. The returns generated by the site are noted in the MLH business plan.

4.12 North Street

MLH has obtained planning permission for 44 PRS units at 75 North Street in Hornchurch. A contractor has been appointed and construction commenced in May 2018. Practical completion is due in September 2019.

Objectives for 2019/20

4.2 The Company's business plan for the third year of its operation can be found at Appendix 2.

The plan anticipates the on-going asset management of Cathedral Court and continued growth through development and acquisition across a number of sites as set out below. As units are completed or acquired, they will be added to MLH's portfolio to further its objective to become a leading housing provider in Havering.

4.21 Cathedral Court

MLH will continue the asset management of Cathedral Court, generating income to meet loan arrangements with the Council and providing 65 good quality rental units in the locality.

4.22 North Street Hornchurch

MLH will complete the development of the site, currently under construction by the end of September 2019. There is strong demand for a bespoke rental product in Hornchurch, with a high degree of interest from prospective tenants. Post construction the objective is to achieve a fully let scheme at or above projected rents.

4.23 Quarles

MLH will submit a planning application on the site for residential development & thereafter arrange for construction to commence with completion of the initial phase projected for late 2020/21, subject to terms being agreed.

4.24 Hornchurch Opportunity Site

MLH will seek to acquire the site and implement the agreed delivery option, subject to terms being agreed.

4.25 Short Term Lease Project

MLH will commence the acquisition of street properties and lease on commercial terms. This project will be subject to further review as part of a comprehensive housing strategy.

4.26 Rainham Opportunity Site

Working in partnership with the Rainham and Beam Park Regeneration LLP on planning and development processes, MLH will acquire land for PRS delivery, subject to terms being agreed.

4.27 Waterloo Road

MLH will continue to negotiate the acquisition of properties from the 12 Estates Regeneration Programme. The details and structure of this purchase are emerging and assumptions have been made in the Business Plan which are subject to change. The release of funding for Waterloo Road will be subject to the outcome of further modelling and a neutral / positive revenue impact of the Council over the life of the MTFs.

Financial Review

4.3 The plan shows that by the year ending 31 March 2024 the company will have a total of 203 units in the PRS market (and a further 185 units from the Waterloo Road Scheme may be added at a later stage)

4.4 The financial details are contained in the exempt agenda report.

REASONS AND OPTIONS

5. Reasons for the decision:

5.1 The 2019/20 business plan meets the objectives stated in 1.1 and contributes to the financial objectives of the Council.

6. Other options considered:

- 6.1 A review of the alternative options of do nothing was not feasible as it would not fulfil the objective of growing the company.

IMPLICATIONS AND RISKS

7. Financial implications and risks

See Exempt Public Agenda Report

8. Legal implications and risks:

8.1 General

Members established MLH, a company limited by shares and wholly owned by the Council subject to Part V Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995. The company's business is the provision of homes for market rent, sale and if required through compliance with planning obligations the construction of affordable homes. Agreement in principle is sought to provide funding to MLH in the form of either equity or loans, and other support and to dispose of Council land to it. Delegations are sought to make such decisions and finalise the various documents that will be required to facilitate the above as detailed in the recommendations to this report.

- 8.2 s1 Localism Act 2011 provides the Council with General Power of Competence, to do anything an individual may do subject to statutory limitations. The Council may exercise this power for its own purpose, for a commercial purpose and/or for the benefit of others. Operating a business to let homes at market sale or rent with the intention of making profits is considered a commercial purpose and the Council, in compliance with s4 Localism Act 2011 undertakes that activity through its Company, MLH.

- 8.3 s4 Localism Act 2011 prohibits the Council from engaging in activities for a commercial purpose if legislation requires the Council to fulfil those functions under statutory duties.

Finance

- 8.4 s24 Local Government Act 1988 provides the Council with the power to provide a wide range of financial assistance to MLH including making a grant or loan to it and as MLH is a body corporate the Council may under Section 24 (2)(d) acquire share or loan capital in it.

- 8.5 s111 Local Government Act 1972, provides Councils with the power to do anything whether or not involving the expenditure, borrowing or lending of money or the acquisition of property rights which is incidental, conducive or calculated to facilitate the exercise of any of their functions. This would include the exercise of functions under s1 Localism Act 2011. The Council could rely on this power to provide the company with loans and other support such as providing staff and the use of premises. Any support provided must be state aid

compliant (see below) and will be the subject of agreements between the Council and MLH.

- 8.6 If the Council intends to borrow to lend to MLH, Reg 25 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146) treats the giving of a loan by a local authority to a third party (such as MLH) towards expenditure (e.g. works on a new buildings) as capital expenditure providing that if the local authority itself incurred that expenditure (it borrowed to undertake the works itself) it would treat that expenditure (under proper accounting practices) as capital expenditure. It should be noted that the Council borrowing to lend to MLH in connection with revenue funding is not permitted.

Land disposal and financial assistance

- 8.7 s32 Housing Act 1985 requires the Council to obtain the Secretary of State's (SoS) consent for the disposal of land held under the Council's HRA. The SoS has issued the General Housing Consents 2013 (the General Housing Consents) which set out circumstances in which the SoS pre-approves/pre-consents to a local authority disposing of HRA land and property. Consent A 3.2 of the General Housing Consents permits the Council to dispose of vacant land. Members should note that vacant land means land where there are no dwellings and/or where any dwellings are no longer capable of human habitation and are due to be demolished.
- 8.8 The Council is entitled to dispose of land held by its General Fund (including buildings) to a third party provided it complies with s123 Local Government Act 1972. This requires it to obtain a consideration which is not less than the best it could reasonably obtain. If the Council disposes of a property at an "under-value" it does require the consent of the SoS (except for limited circumstances such as short term leases).
- 8.9 If the Council was able to sell at an under-value (and remain State Aid compliant) the Council may be able to rely on Circular 06/03 (the Local Government Act 1972 – disposal of land for less than best consideration) which sets out circumstances in which the SoS pre-approves/pre-consent to the disposal of General Fund land at an under-value. If this consent is to apply then the "under-value" (in relation to a disposal) must not exceed £2m and the Council's purpose in making such a disposal must be to contribute to the economic social or environmental well-being of the authority's area and/or its residents.
- 8.10 The finance which Members are requested to approve in principle (whether on commercial terms or otherwise) constitutes 'financial assistance' under the terms of s24 Local Government Act 1988 which permits the Council to provide financial assistance to any other person for the provision of "privately let accommodation". If the Council exercises its powers under this section then under s25 it must obtain the consent of the SoS to do so. The SoS has set out pre-approved consents in the "General Consents 2010" (July 2011 updated in 2014). If the circumstances of financial assistance meet one of the criteria in the General Consents then the SoS consent is given.

- 8.11 s24 Local Government Act 1988 provides the Council with the power to provide a wide range of financial assistance to MLH including making a grant or loan to it and as MLH is a body corporate the Council may under Section 24 (2)(d) acquire share or loan capital in it. The current version of the General Consents 2011 contains Consent C. Under this consent the Council could provide financial assistance to any person.
- 8.12 When exercising its powers, the Council must, as with any other power, have regard to its own procedural rules, the Wednesbury principles of reasonableness and its fiduciary duties. It must also ensure that its powers are used for the proper purpose.

Fiduciary Duties

- 8.13 The Council's fiduciary duties could be briefly summarised as it is acting as a trustee of tax and public sector income on behalf of its rate and tax payers. The Council in effect holds money but does not own it; it spends money on behalf of its business rate and Council tax payers.
- 8.14 In making the decisions concerning MLH, consider whether making investment and or extending loans to that body (and similar activities) should give proper consideration to the risks and rewards of approving the recommendations. In practice Members will want to consider whether the Council will achieve an appropriate return for its risk and that the Council has minimised the risk and potential cost to it if MLH became insolvent and/or defaulted on its loan(s).
- 8.15 Consideration should also be given to whether the Council's involvement in this arrangement is proportionate and properly balanced against the anticipated benefit as well as the wider interests of its local business rate and tax payers. On a practical basis this means that Members should consider whether the monies they are requested to approve for investment/lending, could be better used by the Council for the wider interests of its local tax payers. This should include considering the impact on the Council (and therefore its local tax payers) if MLH became insolvent or otherwise defaulted on loans it had taken from the Council.

State Aid

- 8.16 The Council is required to provide funding and ensure it and MLH operates in accordance with the state aid requirements. Article 107 (1) of the Treaty on the Functioning of the European Union 1957 (**Treaty**) declares that state aid, in whatever form, which could distort competition and affect trade by favouring certain undertakings or production of certain goods, is incompatible with the common market, unless the Treaty and in practice the European Commission (through regulations and decisions) allows otherwise.
- 8.17 It is important that any loans/credit or other support provided to MLH are state aid compliant. Loans/credit which the Council generally makes available to MLH must be made on commercial terms and at a commercial interest rate. If the Council subsequently chooses to make an equity investment into MLH its must

ensure this is done on commercial terms. It will be necessary for the Council to obtain independent confirmation that such arrangements have been made on commercial terms prior to them being entered into.

9. Human Resources implications and risks:

- 9.1 The MLH business forms part of the Council's overall regeneration programme and requires continued involvement of officers from the Regeneration team and other Council services from time to time.
- 9.2 Section 2.5 of this report confirms MLH has sufficient capacity to deliver its 2019/20 business plan. Accordingly, it is not anticipated that the update to and approval of the MLH Limited Business Plan 2019/20, and its related development activity, will have any adverse human resources implications or risks. As the company grows and its portfolio expands, its level of resourcing will be reviewed to ensure it operates as an efficient and sustainable business.
- 9.3 Should further resources be required, consideration needs to be given as to whether the company's employees should be directly employed by the company, or be agency workers/consultants engaged directly by the company or by the Council on behalf of the company or be employed by the Council and 'seconded' to the company either temporarily or on a permanent basis. Each option will be considered from time to time in the light of the needs of the company to be able to attract, recruit and retain their employees by paying an appropriate 'private sector' market rate salary and the possible risk to the Council of creating comparators from an equal pay perspective should the Council act as the employer.
- 9.4 In a similar manner the Company will need to establish suitable company infrastructure such as accommodation, ICT.

10. Equalities implications and risks:

- 10.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:
- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
 - (iii) foster good relations between those who have protected characteristics and those who do not.

Please note 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

- 10.2 An Equality Impact Assessment was undertaken on the establishment of a private sector focussed Council Owned Housing Company, the results of which led the Council to believe its operation will have a positive impact on local residents, businesses and staff.

- 10.3 As the Company was established by the Council, its development had to be compliant with the Public Sector Equality Duty (PSED) in the Equality Act 2010 (EA10).
- 10.4 Once established, the Company will to be operating in compliance with the general duty of the EA10 and will be required to carry out Equality Impact Assessments on relevant projects and initiatives so as to ensure that positive equality outcomes are optimised and any potential/likely negative implications are mitigated.
- 10.5 The officers consider the existing Equality Impact Assessment continues to be of relevance to the Company and for the purpose of seeking the agreement by Cabinet of the MLH Limited Business Plan 2019.

BACKGROUND PAPERS

None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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CABINET

PUBLIC AGENDA REPORT

13th February 2019

Subject Heading:

Rainham and Beam Park LLP Business Plan and Budget 2019/2020.

Cabinet Member:

Councillor Joshua Chapman, Lead Member for Housing

SLT Lead:

Neil Stubbings, Director of Regeneration

Report Author and contact details:

Harry Scarff Commercial Manager
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X3255

Policy context:

Havering Housing Strategy 2014-17
National Planning Policy Framework 2012
Draft London Plan 2017
Emerging Havering Local Plan 2017
Rainham and Beam Park Housing Zone submission.
Rainham and Beam Park Housing Zone Overarching Borough Agreement with the GLA
Rainham and Beam Park Planning Framework 2016

Financial summary:

This report seeks Cabinet approval to the revised Overarching Business Plan proposed by the 'Rainham and Beam Park Regeneration LLP' for the period 2019/20. The report also seeks approval to set aside funds to allow a further site to be introduced during this planning period 2019-20. This is the first revision of the OABP following the establishment of the LLP in April 2018.

Subject to Cabinet approval of the recommendations of this report, the inclusion of the additional scheme will be included in the proposed capital programme to be considered as part of the 2019/20 budget process and will be

subject to approval of the Capital Programme and Treasury Management Strategy in February 2019.

The financial details are contained within the Exempt Agenda Report.

Yes

Is this a Key Decision?

(a) Expenditure or saving (including anticipated income) of £500,000 or more

When should this matter be reviewed?

Autumn 2019

Reviewing OSC:

Towns and Communities OSC

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

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

[✓]
[✓]
[✓]
[✓]

SUMMARY

The Council's over-arching vision for setting up the Joint Venture (JV) was to stimulate the regeneration of a key area in the south of the borough characterised as the 'Rainham and Beam Park Housing Zone'. In March 2018 this Council entered into a joint venture Limited Liability Partnership (known as Rainham and Beam Park Regeneration LLP – "**RBPR**") with Notting Hill Commercial Properties (a subsidiary of Notting Hill Genesis) to deliver this vision.

Nine strategic sites along the A1306 have been identified that will require direct intervention to enable development that accords with the Council's overall Housing Zone objectives. With the Council's support, the LLP has now embarked on a programme to assemble these sites and to deliver their redevelopment.

To compliment this redevelopment the Council is delivering a programme to reconfigure the A1306 New Road and is supporting the GLA to deliver the new 'Beam Park' rail station. The adjacent scheme to transform New Plymouth and Napier Estates as part of the HRA 12 Estates housing transformation programme will also benefit from this activity.

Together these opportunities create a major opportunity to build a new strong sustainable community with its own identity and improved transport infrastructure.

Any returns to the Council are being committed to fund future regeneration programmes across the borough and help fund renewal of our cherished town centres across the borough at a time when the traditional high streets are under significant threat from changing consumer habits.

When the initial Overarching Business Plan (OABP) was agreed by Cabinet, this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree material changes to the OABP on an annual basis. This is the first of those reviews.

This review has included an analysis of key inputs into the financial models provided by the LLP. These have been reviewed and externally validated. The key inputs are construction costs, expected sales revenues, land values plus other costs such as expectation on s106 payments. In addition, other changes such as total number of residential properties have been updated as the design and detailed planning process has moved on. This includes the impact of consultation and engagement events through the planning process.

The updated outputs of the financial models have also been analysed through the Council's own financial dashboards. This means that this report is able to inform Cabinet of any changes to the expected outputs from the LLP as well as informing

Cabinet of any changes in the financial position of the LLP and the Council's financial commitments to the LLP as a Member. This report not only informs Cabinet of changes but also seeks approval to the new Overarching Business Plan and the expected financial commitments.

The original decision to set up the LLP was informed, amongst other matters, by key indicators on programme viability and outputs. Those key indicators were: Overall % return, overall financial return, equity participation, impact on the MTFS from the cost of borrowing in the early years, total number of units and number of affordable housing units. These metrics are considered to be the key indicators to identify the viability, outputs and potential financial risks.

These key metrics as reported to Cabinet in the 2018/19 Overarching Business Plan are compared both to the numbers in this 2019/20 Business Plan and also the anticipated inclusion of an additional 'Opportunity Site' during 2019/20. The table also provides a brief explanation for any changes. Full details are contained within the Exempt Agenda Report.

Full details of the draft OABP for the period 2019-20 are contained within the Exempt Agenda Report.

As a result of the increase in housing delivery and costs associated with development land assembly, a revised financial model has been prepared. This model includes revised assumptions and identifies an increase in equity required to fund development before sales revenue.

The Cabinet is asked to approve the 2019-20 OABP, and plans to introduce additional sites noting the revised output of housing numbers and their contribution towards the Council's target for housing delivery, and the expected financial returns.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the draft Rainham and Beam Park Regeneration Joint Venture LLP Overarching Business Plan 2019-20, full details of which are contained within the **Exempt Agenda Report**.
2. **Agree** that the Leader of the Council and Cabinet Member for Housing after consultation with the s151 Officer, the Chief Executive Officer and the Director of Legal and Governance, approve the finalised Overarching Business Plan 2019-20, and possible later incorporation of an additional site known as the 'Rainham Opportunity Site' as may be presented during the Business Plan 2019-20 period.

3. **Agree to Endorse and Recommend** to Council the budget allocation set out in this report to include the related site known as 'Rainham Opportunity Site' with the Rainham and Beam Park Regeneration Scheme.
4. **Agree** that the s151 Officer, after consultation with the Cabinet Member for Housing, responds to the service of any notice as described in Section 8.4 of this report, served by the Rainham and Beam Park Regeneration Joint Venture LLP, indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.
5. **Agree** that the s151 Officer, after consultation with the Chief Executive and The Leader of the Council, may enter into funding agreements consistent with the Treasury Management Strategy and Council's Scheme of Delegation.
6. **Agree** the revised capital profile which brings forward £1.5m capital expenditure from 2019/20 to 2018/19.

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|----------------------|
| REPORT DETAIL |
|----------------------|

1.0 Background

- 1.1 In December 2017 the Council agreed to appoint Notting Hill Housing Trust (now known as Notting Hill Genesis – "**NHG**") as the development partner to implement the first phases of housing delivery in the Rainham and Beam Park Housing Zone ("**The Housing Zone**"). In April 2018, following Cabinet approval, the Council entered into a joint venture Limited Liability Partnership (known as Rainham and Beam Park Regeneration LLP – "**RBPR**") with Notting Hill Commercial Properties (a subsidiary of NHG).
- 1.2 The Overarching Business Plan ("**OABP**") governs the commercial approach required to deliver the programme. It sets the performance thresholds and expected returns resulting from the JV delivering the sites subject of this Business Case.
- 1.3 The OABP is agreed annually. The scope of the first OABP was consistent with the scope for land assembly required to deliver the 9 sites referred to in this report.
- 1.4 The OABP sets the parameters within which schemes are considered 'viable'. The JV will only deliver schemes subject to its Members agreeing viability.

- 1.5 Viability is determined through a Gateway process that will, amongst other matters, identify that schemes can deliver a minimum threshold of profitability on development value of market homes.
- 1.6 The first OABP for RBPR followed Cabinet approval in December 2017 and then Executive Decision prior to various contract agreements being entered into on 29th March 2018. The contract agreements, specifically the Members Agreement, require that the OABP is reviewed at least annually. RBPR has completed its review of their OABP to suit this requirement and the Council's annual budget cycle and governance requirements.
- 1.7 The OABP review covers the 9 Strategic Housing Sites identified for the development of at least 774 new housing units (including an aspiration to deliver 35% Affordable units) in the baseline OABP (the plan of sites is included within the Exempt Agenda Report).
- 1.8 Assumptions used in the site Development Appraisals and financial models have been reviewed and updated for the 2019-20 OABP. Those assumptions that are changed are reviewed in this report. Each of these assumptions has been subject to close review and it is determined, following professional advice, that these currently reflect figures representative of the current market or which are representative of uplift in land value and house prices, land values and construction pricing achievable following a plan for comprehensive regeneration.
- 1.9 Site proposal densities have also been updated; as sites pass through the planning process both with the Council and with the Greater London Authority ("GLA") this has resulted in an increase in proposed housing units from the 9 Strategic Sites to at least 866 housing units (including 35% Affordable units).
- 1.10 During the 2018/19 period the LLP has been investigating additional sites to bring forward for housing and mixed-use development consistent with the aims and objectives of the LLP. It is proposed that (subject to RBPR member consent) a Council owned 'site (to be known as 'Rainham Opportunity Site') is brought into the RBPR development programme which would increase total housing units to 1,042 (35% Affordable units). During the remaining part of the 2018/19 period and in 2019/20 the LLP also propose to investigate additional sites to bring forward and an additional budget is proposed in the revised OABP to fund the review of potential opportunities.

2.0 Progress

- 2.1 The programme to obtain outline planning consent for each strategic site is also progressing.

Nine outline applications have been made and six of these have been approved. Of the remaining three, one has been held back whilst the terms

for the re-provision of a community facility are settled. The remaining two, because of their scale, have been subject to some scrutiny by the GLA. Following comments these schemes are expected to be re-submitted early in 2019.

- 2.2 During this period the assembly of land required for the development has been the LLP's primary focus. The strategic sites remain in the fragmented ownership set out in previous reports.
- 2.3 With the support of this Council, NHG continue to assemble land by private treaty for the LLP. To date, one freehold plot has been acquired and terms are agreed and progressing towards contract on 10 plots. Negotiations over terms are in hand with a further 29 interests.
- 2.4 Some plots are in the ownership of Transport for London and terms for the acquisition of these sites are significantly progressed.
- 2.5 There remain a number of plots where value expectations have been excessive or where discussions have stalled for other reasons. For this reason plans for the Compulsory Purchase continue and these were considered in October 2018 by Cabinet.

3.0 Scheme Review

- 3.1 The revised OABP still anticipates that the 'Redline' Scheme will be developed in a total of eight phases and remains in keeping with the timetable envisaged by the Housing Zone proposals agreed with GLA and generally in accordance with the Commercial Business Case.
- 3.2 The final sequencing of site delivery will remain dependent upon the timing of site acquisition and assembly and this is now in hand. Earlier phases may be able to commence in mid-2019. Subsequent phases of development on comprehensive sites may require the completion of land assembly using CPO powers and these will commence following confirmation of the Order by the Secretary of State and following due process.

4.0 Financial Review

- 4.1 The business case assumptions have been reviewed and updated to both to reflect anticipated economic conditions and also the anticipated increase in housing numbers and sequencing of land assembly. The key outcomes are summarised in Movement Tables and Finance Dashboards. Full details are contained within the Exempt Agenda Report and Appendices.

5.0 Additional Sites

- 5.1 Full details of additional sites that the LLP has been investigating are contained within the Exempt Agenda Report.

REASONS AND OPTIONS

6.0 Reasons for the decision

- 6.1 To incorporate revised assumptions and an updated programme into the Overarching Business Plan for the period 2019-20.
- 6.2 To continue to secure the Council's regeneration objectives for the Rainham and Beam Park Housing Zone
- 6.3 To include an additional site to facilitate further housing delivery including affordable new affordable homes
- 6.4 **Other options considered:**
- 6.5 When the Council entered into the LLP in March 2018, consequent to the decisions made in December 2017 and March 2018, a number of commitments were made. One of these was to provide funding and this was incorporated in the capital programme by Council on 21 February 2018, which approved capital budgets from April 2018.
- 6.6 The funding requirement was scoped in the 2018-19 OABP which the LLP adopted soon after it was established. The budget for investment expenditure was approved by Full Council in February 2018 with effect from April 2018. The adoption of the proposed revision to the OABP is a 'Member Consent Matter'. Without the Council's approval, as a 'Member' of the LLP, the revised OABP could not be adopted and the current OABP would be maintained.
- 6.7 Not approving the revised OABP may have a negative impact on NHG's ability to continue funding land acquisition which in turn will have implications with delivery targets including affordable housing delivery and achieving targets agreed with GLA in the Overarching Borough Intervention Agreements.
- 6.8 Not adopting the revised OABP may also give rise to negative market sentiment with a consequential impact on the wider development market that this scheme would otherwise seek to stimulate.

IMPLICATIONS AND RISKS

7.0 The key risks can be summarised as follows:

7.1 The principle risks in the project are as follows:

i. **Other forms of legal challenge** – It is always possible for third parties to make challenge under judicial review to attempt to halt progress with projects of this kind, and this risk cannot be ruled out entirely. However, the legal advice that the Council has obtained confirms the lawfulness of the proposed arrangement and the statutory powers being relied on.

ii. **Commercial** – The project is structured as a joint venture and, as such, the Council should recognise that it will be acting as a stakeholder in the JVLLP, and taking a share of the development risk in the project. These risks would include the normal development risks, such as JVLLP or joint venture partner defaults or insolvency, market collapse, delay in land assembly, planning and CPO delay (including highways, stopping up, etc.). The Council's exposure to these types of risks will be limited to the extent of its investment in the JVLLP. The extent of investment is identified and discussed within Section 8 of this report. Also, the decision making and business planning structure of the JVLLP enables the Council to participate in decisions at both board and corporate member level.

7.2 Any joint venture arrangement, especially where parties establish a joint venture vehicle, involves complex and detailed legal commitments, which are intended to last the duration of the development scheme. Were one of the Parties to withdraw or alter the arrangement without agreement this would have considerable complex legal consequences that would almost certainly involve irrecoverable costs.

7.3 Overall, the prospect of realising the outcomes for the regeneration scheme will remain subject to numerous different factors beyond the LLP's control, ranging from local, regional and national asset price and demand fluctuations to the wider macro-economic forces such as volatility in interest rates, the value of the pound and the availability of credit and mortgages. The present macroeconomic uncertainty surrounding Brexit negotiations are extraordinary circumstances which may continue to affect consumer sentiment and investment appetite for some time.

7.4 The impact of wider macro-economic factors as well as local and regional drivers of pricing and demand for the developments arising from this regeneration programme will continue to be monitored on an on-going basis by the Joint Venture Board, and the assumptions underpinning the financial model and related viability appraisals will be subject to continued scrutiny.

A detailed Risk Register from the LLP is attached at within the OABP full details of which are contained in the **Exempt Agenda Report**.

8.0 Financial Implications and Budget

8.1 LBH General Fund

8.2 Full details of the Council's capital investment in the scheme are contained within the Exempt Agenda Report.

8.3 Compulsory Purchase Order

8.4 Notting Hill Genesis will continue to acquire the properties on behalf of the JVLLP by negotiation. If this is not possible, it may be necessary to acquire properties by use of the Council's CPO powers. The JV LLP has provided an indemnity to meet the Council's costs and the making of the CPO was approved by Cabinet on the 10th October 2018.

8.5 As the Council would potentially need to purchase properties acquired under a CPO, there remains the need for a sum included within the Council capital programme to cover this eventuality.

8.6 Capital Programme

Full details of the proposed Capital Programme are contained with the Exempt Agenda Report.

8.6.1 The capital budget and financing required by RBPR LLP exceeds the available approved budget. Further, given that RBPR LLP requires revenue budget support over the initial 5 years of the scheme these longer term financing matters need to be referred for consideration as part of the development of the wider capital programme and revenue budget. Reports on the Council's capital programme and revenue budget can be found elsewhere on this Cabinet agenda and address these financial requirements. Should those reports be agreed, they will then be passed to Full Council for final sign off at the end of February.

8.6.2 Due to limited capital resources from capital receipts, the Council will need finance additional capital expenditure on this scale through borrowing. The capital financing costs associated with repayment of debt (the Minimum Revenue Provision or MRP) and interest will be charged to the General Fund revenue budget in accordance with statutory capital financing regulations and the accounting code of practice. The capital financing costs associated with the required capital expenditure are included in the financial modelling of the proposals.

8.7 LBH Treasury

- 8.7.1 The Treasury Management Strategy also needs to be updated to incorporate the increased spending profile of this JV, and other economic development schemes.
- 8.7.2 The Treasury Management Strategy can also be found elsewhere on this Cabinet agenda and is in line with the development of the Capital Programme to ensure that the Council's long term capital investment plans are robust, affordable and represent value for money. The Treasury Management Strategy will also need to be reported for approval by Full Council at the end of February 2019.

9.0 Legal implications and risks

- 9.1 The initial Business Plan in its agreed form was adopted by the Rainham and Beam Park Regeneration LLP on 29 March 2018. Annual review of the Business for the JV is pursuant to clause 16 of the Members Agreement dated 29 March 2018, and approving persons shall use all endeavours to seek to agree such draft Business Plan, in accordance with procedure set out in the Members Agreement. Once agreed the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Rainham and Beam Park Regeneration LLP.
- 9.2 Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do subject to a number of limitations (this is referred to as the General Power). A local authority may exercise the General Power for its own purpose, for a commercial purpose and/or for the benefit of others.
- 9.3 Section 4 of the Localism Act 2011 requires that where a local authority exercises/uses the general power for a commercial purpose it must do this through a company. Further Section 4 of the Localism Act 2011 prohibits the Council doing things for a commercial purpose in relation to a person if legislation requires the Authority to do those things in relation to that same person.
- 9.4 Section 2 of the Localism Act 2011 limits the exercise of the new general power where it 'overlaps' with a power which predates it, such as Section 95 of the Local Government Act 2003. Whether the Council relies on the General Power and/or Section 95 it is prudent for it to comply with the requirements and limitations to which section 95 is subject.
- 9.5 Regulation 2(4) of the Local Government (Best Value Authorities) (Power to Trade)(England) Order 2009 ("the Order") defines "business case" "as a comprehensive statement of:-
- the objectives of the business;

- the investment and other resources required to achieve those objectives;
- any risks the business might face and how significant these risks are; and
- the expected financial result of the business, together with any other relevant outcomes that the business is expected to achieve

9.6 Before approving the proposed 2019-20 Overarching Business Plan Members should satisfy themselves that the document and its appendices) contain the relevant information required by the Order (see paragraph 8.5 above). The Leader of the Council after consultation with oneSource Management and other officers to whom finalisation of the Business Case has been delegated should also ensure that they ensure their due diligence includes compliance with the requirements of the Order.

10.0 Equalities Implications and risks

10.1 The public sector equality duty under section 149 of the Equality Act 2010 (“PSED”) requires the Council when exercising its functions to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and to foster good relations between those who have protected characteristics and those who do not. ‘Protected characteristics’ include: gender, race and disability, sexual orientation, age, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

10.2 The wider equality implications associated with the Rainham and Beam Park Regeneration JVLLP are addressed in the 13th December 2017 Cabinet report - Rainham and Beam Park Housing Zone - Appointment of a Joint Venture Development Partner.

10.3 The Rainham and Beam Park Housing Zone will unlock significant investment for housing – both market and affordable – and enable key infrastructure in South Hornchurch and Rainham and Wennington Wards which are among the most deprived in the Borough and London.

10.4 The allocation of affordable housing would be subject to the Council’s Allocation Scheme and any local lettings policies that would be drawn up to promote Rainham and South Hornchurch residents’ interests. Thus, delivery of affordable housing would benefit some of the borough’s most disadvantaged residents. The new homes built would include a proportion of homes built to lifetime homes and disabled living standards.

10.5 Investment in new transport, schools and leisure facilities would ensure that those living in the south of the borough benefit from improvements in

amenities without needing to travel to other parts of the borough, incurring costs and inconvenience.

10.6 The needs of disabled people and carers will be an integral feature of housing stock, allocation and lettings policies. No 'protected' group will be disadvantaged by the developments; however, where there is the possibility of a negative impact, a full Equality Impact Assessment will be carried out.

10.7 An initial Equalities Impact Assessment (EqIA) in support of the CPO / Land Acquisition Strategy has been prepared for the Council by external consultants Mott Macdonald. This will now be finalised and any recommendations implemented prior to the CPO being made.

11.0 Human Resources implications and risks

11.1 The Rainham JVLLP project will require continued involvement of officers from the Regeneration Directorate and other Council services. The Rainham and Beam Park Housing Zone forms part of the Council's overall regeneration programme and a separate report setting out the Director of Neighbourhood Services' proposed arrangements was presented to Cabinet in January 2017.

BACKGROUND PAPERS

None

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CABINET

13th February 2019

Subject Heading:

PUBLIC AGENDA REPORT

**Havering and Wates Regeneration LLP
Business Plan and Budget 2019/2020**

Cabinet Member:

Councillor Osman Dervish, Lead Member
for Environment

SLT Lead:

Neil Stubbings - Director of Regeneration

Report Author and contact details:

Lauren Sinclair - Regeneration Client
Manager

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01708 434 379

Policy context:

Havering Housing Strategy 2014-2017
National Planning Policy Framework 2012
Draft London Plan 2017
Emerging Havering Local Plan 2017
HRA Business Plan 2017-2047
Romford Housing Zone - Overarching
Borough Agreement with the GLA
Havering Local Development Framework
and Romford Area Action Plan 2008
Romford Development Framework 2015

Financial summary:

This report presents an update to the
Havering and Wates LLP (the “Joint
Venture”) Draft Business Plan 2018
comprised in the legal agreements of the
limited liability partnership pursuant to
Cabinet decision on 17th January 2018.

The detailed financial arrangements for
each site are contained within the exempt
agenda report.

Is this a Key Decision?

Yes

When should this matter be reviewed?

Autumn 2019

Reviewing OSC:

Towns and Communities OSC

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

| | |
|-------------------------------|-----|
| Communities making Havering | [✓] |
| Places making Havering | [✓] |
| Opportunities making Havering | [✓] |
| Connections making Havering | [✓] |

SUMMARY

The council's over-arching vision for setting up the Havering and Wates Joint Venture (HWR) was to facilitate the regeneration of key areas of the borough; to kick-start renewal of key town centres and estates; and deliver truly affordable homes for local people. In addition, it would ensure good quality design of buildings and places by being a joint owner of the development company, thus giving greater control than reliance on the planning process and ensure delivery of key infrastructure requirements. Any returns to the council are being identified to fund future regeneration programmes across the borough and help fund renewal of our cherished town centres across the borough at a time when the traditional high streets are under significant threat from changing consumer habits.

When Cabinet agreed to establish the JVLLP, this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree material changes to the business plan on an annual basis, in line with the annual budget setting process. This is the first of those reviews.

The key inputs into the financial models have been reviewed and externally validated. The key inputs are construction costs, expected sales revenues, land values plus other costs such as expectation on s106 and CIL payments. In addition, other changes such as total number of residential properties, bedroom size mix, areas of non-residential use have been updated as the design and planning process proceeds. This includes the inclusion of the impact of consultation and engagement events through the planning process.

The updating of these numbers in the viability models and then into the council's financial dashboards means that this report is able to inform Cabinet of any changes to the expected outputs from the JV as well as informing Cabinet of any changes in the financial position of the JV and our financial commitments to the JV as an investor. This report not only informs Cabinet of changes but also seeks approval of the new Business Plan and the expected financial commitments.

The original decision to set up the JV was informed by key indicators on the viability and outputs. Those key indicators were: Overall % return, Overall financial return, initial stake (Equity: borrowing and land value), impact on the MTFS from the cost of borrowing in the early years, total number of units, number of affordable housing units. These metrics are considered to be the key indicators to identify the viability, outputs and potential financial risks.

Further financial details are captured in the exempt agenda report.

RECOMMENDATIONS

1. **Approve** the Havering and Wates Regeneration Joint Venture Business Plan dated January 2019, as attached at the exempt agenda report.
2. **Agree** to delegate to the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration and the Director of Legal and Governance, the authority to approve the business cases, related viability assessments and incorporation of an opportunity site known as Chippenham Road as may be presented during the Business Plan 2019-20 period.
3. **Agree** that the s151 Officer responds to the service of any notice as described in the exempt agenda of this report served by the HWR indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.
4. **Agree** that the s151 Officer, after consultation with the Chief Executive and the Leader of the Council, may enter into 3rd Party funding agreements consistent with the Treasury Management Strategy and the Councils Scheme of Delegation
5. **Authorise** the Director of Regeneration in consultation with the Director of Legal and Governance to make variations to the JV Development and Members agreements to enable forward funding of Napier and New Plymouth and inclusion of the Chippenham Road site into the Havering and Wates Regeneration LLP.
6. **Agree** the phasing and works packages for the 12 HRA Regeneration Sites, as identified at 2.1, subject to any changes made by the Leader in approving the business cases.
7. **Authorise** the Director of Housing to arrange for the service of demolition notices at the appropriate time in relation to all affected properties on the named estates and schemes in this report.
8. **Agree** to continue to develop the proposals for the Blue Line and Opportunity Sites.

REPORT DETAIL

1.0 Background

- 1.1 In June 2016 and October 2016, Cabinet received reports which proposed to increase the number of affordable homes on housing sites owned by the Council. As a result of the information provided to Cabinet, 12 sites vested in the HRA were identified for regeneration.
- 1.2 Key requirements of the project are for the Council to retain the long-term freehold of the land; retain management of the affordable housing; jointly deliver the new developments and to aim to double the amount of affordable housing on the sites. The objectives for the programme were presented in the Business Case that was agreed by Cabinet in January 2018.
- 1.3 In January 2018, following a Competitive Dialogue procurement process, Cabinet agreed to the formation of HWR; a joint venture established with Wates Residential by entering into a Members' Agreement for the purpose of meeting the Council's regeneration objectives for the 12 HRA sites, on the basis of the Business Case and Legal Summary contained in the Exempt Agenda Report.
- 1.4 HWR has been established as a long-term development partnership to facilitate a programme of residential-led regeneration and estate renewal across an initial tranche of 12 Council-owned housing sites. The joint venture partnership enables both partners to share costs and long term financial risk associated with development whilst retaining a degree of control, ensuring that social and economic benefits remain a focus.
- 1.5 The Council has the right to acquire any affordable housing at a pre-agreed value and allocate those properties via the Council's Housing Register in accordance with its Allocation Policy.
- 1.6 The Council's objectives for this programme have been enshrined into the Members Agreement between the JV partners as objectives for HWR. As a development company HWR will procure design, obtain planning permission, develop, market and sell/let each scheme for the best value achievable.
- 1.7 The JV's development strategy has been developed to illustrate and explain the programme to achieve the following key objectives and milestones for the Havering Housing Regeneration Programme. This includes:
 - Collaboratively developing the design with sign-off at each RIBA design stage.
 - Procuring early stakeholder engagement, consultation and input into the design.
 - Obtaining Planning Consent for each site as early as possible.

- De-risking the individual sites at the earliest opportunity, particularly with respect to statutory service providers, existing site environments and geotechnical conditions.
- Ensuring resilience within our programmes to manage the remaining risks.
- Optimise the quantity and range of affordable housing product to be re-provided.
- Commencement of work on the first 3 sites in Quarter 4 of 2019.
- Robust alignment of construction pace to the sales rates based on specialist advice received.
- Delivering high quality places that foster long term growth of Havering.

2.0 Progress

2.1 Due to the quantum of development across the programme, the 12 individual sites have been grouped to create four works packages for development. Each work package has been bundled to produce a viable development package; with more profitable sites being used to cross-subsidise the cost of delivering otherwise unviable and undeliverable sites. These work packages are detailed below.

Work Package One

- Waterloo Estate
- Queen Street (as part of the Waterloo Estate)
- Napier & New Plymouth (NNP)
- Solar, Serena & Sunrise Court (SSS)

Work Package Two

- Farnham and Hildene
- Brunswick Court
- Chippenham Road (subject to recommendation 5)

Work Package Three

- Maygreen Crescent
- Delderfield House
- Dell Court

Work Package Four

- Oldchurch Gardens
- Royal Jubilee Court
- Delta Estate

2.2 The sites in Work Package One were prioritised by the Council in October 2016. With reference to the headline programme below, it is anticipated that all sites in Work Package One will achieve a start on site by December 2019.

| | | | |
|--------------------------|-------------------------------|------------------------|-----------------|
| | Napier and New Plymouth House | Solar, Serena, Sunrise | Waterloo Estate |
| Enter into JV LLP | April 2018 | | |
| Submit Planning | March 2019 | April 2019 | June 2019 |
| Start on Site | December 2019 | December 2019 | December 2019 |
| 1 st Handover | July 2021 | December 2021 | December 2021 |
| Final Handover | December 2021 | April 2022 | January 2023 |

- 2.3 Since April 2018, the JV has worked to progress the planning programme on these sites. A planning performance agreement (PPA) between the JV and Council’s planning department has been completed, including a revision (dated September 2018). This agreement forms the basis of the overall planning strategy, including the scope of the planning application, deliverables (submission documents) and planning programme.
- 2.4 A significant amount of progress has been made towards agreeing acceptable schemes. The broad principles of development have been agreed including to an extent the masterplans for each site which are informing the layout of the schemes (with the detail still evolving). Discussions regarding the massing are ongoing with much agreed, subject to technical survey work still to be reported, consultation and meetings ongoing to agree housing mix, parking, energy strategy and so on. In December 2018 an Environmental Impact Assessment (EIA) was submitted to the LBH Planning Department for the Waterloo Estate proposal.
- 2.5 As an integral part of the planning process, the JV has facilitated and attended a number of planning consultation meetings with key planning stakeholders, including:
- Pre-Application Meetings with LBH – formal pre-application meetings have been held with LBH Planning (including Urban Design and other Officers) for all three sites, as well as attending a number of design focused workshops and one-to-one meetings with Officers outside of the formal process established by the PPA. This is to ensure the momentum of the pre-application process and to de-risk design and planning issues ahead of formal submission.
 - Pre-Application Meetings with GLA / TfL – initial strategic informal meeting held with the GLA. Subsequent formal pre-app meeting to cover the three sites.
 - Quality Review Panel (QRP) – meetings have been held with LBH’s preferred design review partner (Frame Projects). This includes site visits and formal review meetings with the panel for the three sites.

- Public Consultation Exhibition – initial resident consultation event and a round of formal public consultation have been undertaken on each site.
- Bespoke Meetings – to cover specific matters, for example TfL Liveable Neighbourhoods and proposals for the A1306; and honing the brief for SSS etc.

2.6 As part of the Council’s responsibility to obtain vacant possession of the sites, Council Officers have continued to work with residents to either move them to a new home or purchase their property. The table below shows that good progress has been made regarding the ongoing Council tenant decant programme and leaseholders/freeholders buyback programme. The Solar, Serena, Sunrise Court sheltered scheme is now completely vacant.

| Site | No. of resident in Temp. Housing | No. of Council Tenants | | Leasehold/freehold purchases | |
|-------------------------------------|----------------------------------|------------------------|-------------------|------------------------------|----------------------|
| | | Tenants matched | Tenants unmatched | Purchases Underway | Valuation Instructed |
| Waterloo Estate (inc. Queen Street) | 88 | 12 | 13 | 13 | 18 |
| Napier & New Plymouth House | 0 | 0 | 0 | 4 | 1 |
| Solar, Serena and Sunrise | 0 | 0 | 0 | 0 | 0 |
| Total | 88 | 12 | 13 | 17 | 19 |

2.7 It has been proposed by the development team and agreed in principle by HWR Board that due to the progress of the vacant possession programme Napier and New Plymouth House and Solar, Serena and Sunrise Courts will be considered for early demolition prior to issuing a Build Licence to Wates Residential. As well as securing the site, early demolition would also facilitate initial enabling works which would expedite the delivery of new homes across both sites. Up to six months could be saved on the construction programme if demolition was brought forward.

2.8 To achieve this and uphold the Development and Members Agreement between the JV Partners, approval must be sought by the Council’s Cabinet to issue a demolition contract to Wates Construction. A separate report to Cabinet is contained elsewhere on the Cabinet Agenda.

2.9 As part of the strategy to reduce the homelessness pressure on the General Fund, properties vacated by secure tenants and leaseholders on the Waterloo Estate have been used as temporary housing for homeless households. Housing Services are now working to find these households suitable alternative accommodation.

2.10 Where required, as a measure of last resort, the Council will issue Notices of Seeking Possession to Council tenants living on the estates. Tenants have been notified of the process, and have access to 1-2-1 support from LBH Officers. In addition to this, officers may request that Cabinet consider giving approval to make a Compulsory Purchase Order (CPO). Approval will be sought as and when required.

2.11 Currently 98% of tenants are satisfied with the service they received during the rehousing process. The support provided by the regeneration and sheltered housing officers has been valued greatly.

2.12 The Council has continued its programme of consultation which is vital to the successful delivery of this Regeneration Programme. Any form of estate regeneration must have wide public support achieved through regular engagement.

2.13 Since June 2016, the Council has consulted extensively with all residents on the affected sites:

- To date, over 100 site specific meetings have been held, including resident meetings and neighbour meetings for those affected by the housing Regeneration Programme.
- A total of 61 site specific newsletters have been issued to date which detail the progress of the Regeneration Programme and respond to site specific issues raised by residents in and between consultation meetings.
- 80 site specific meetings have been held in the sheltered schemes being retained.
- There have been in excess of 2,100 attendees at the site specific meetings.
- Decant satisfaction survey results identify over 97% of the residents rehoused were satisfied with the overall process.
- Specific information provided for leaseholders.

2.14 In February 2018, the Mayor of London published his Good Practice Guide to Estate Regeneration where he identified the key principles of good consultation:

- Transparent – all the issues and options should be set out in clear, accessible and non-technical language, with information that has influenced any decisions being shared as early as possible;
- Extensive – every reasonable effort should be made to engage with as broad a range of groups as possible, including primarily the residents of an estate, and also those living and working on or near it;

- Responsive – consultation should result in clear actions that arise directly from the views expressed by respondents; and
- Meaningful – views expressed during the process should be considered, and, where landlords do not agree with responses, they should give explanations for the alternative course of action that they have taken.
- Ballot – the requirement for a ballot is only needed where GLA money is being used and where over 150 homes are being built.

3.0 Scheme Review

- 3.1 The current scheme designs and development financial model anticipates that 1,786 new homes will be delivered in Work Package One, 40% of which will be affordable. The model now also assumes that up to 185 private rental units will be purchased from HWR by Mercury Land Holdings or another private rented housing provider.
- 3.2 Compared to the draft business plan which was adopted in April 2018, 62 less homes will be delivered across Work Package One. This is a result of revised financial viabilities, more informed site survey information and evolution of the design solutions.
- 3.3 In line with the Council’s objective to maximise the number affordable homes across its regeneration programmes, further capacity studies were commissioned on the remaining eight sites in work packages two, three and four. Based on updated capacity studies, financial appraisals and further consultation with stakeholders, up to 3,730 new homes could be developed within the red line of the 12 site programme. In addition to this, the Chippenham Road opportunity site could deliver 206 new homes. This is shown in the table below.

| Site | Affordable Rented | LCHO | Open Market Sales | Private Rent | Total |
|------------------------------------|--------------------------|-------------|--------------------------|---------------------|--------------|
| Waterloo Estate (and Queen Street) | 286 | 232 | 705 | 185 | 1408 |
| Napier and New Plymouth House | 145 | 0 | 55 | 0 | 200 |
| Solar, Serena, Sunrise | 55 | 0 | 123 | 0 | 178 |
| Farnham and Hilldene | 145 | 0 | 395 | 0 | 540* |
| Brunswick Court | 54 | 0 | 0 | 0 | 54 |
| Maygreen Crescent | 94 | 23 | 177 | 0 | 295 |
| Delderfield House | 22 | 0 | 0 | 0 | 22 |

| | | | | | |
|------------------------------------|--------------|------------|--------------|------------|--------------|
| Dell Court | 29 | 0 | 51 | 0 | 80 |
| Oldchurch Gardens | 122 | 0 | 184 | 0 | 306 |
| Royal Jubilee Court | 53 | 0 | 99 | 0 | 152 |
| Delta Estate | 149 | 50 | 296 | 0 | 495 |
| Subtotal - Red Line | 1,154 | 305 | 2,086 | 185 | 3,730 |
| Chippenham Road – Opportunity Site | 98 | 42 | 66 | 0 | 206 |
| Grand Total | 1252 | 347 | 2,152 | 185 | 3,936 |

*assumes maximum development capacity achieved through wholesale redevelopment

- 3.4 Based on the 3,936 model, the programme would deliver 40% affordable housing, whilst more than doubling the number of affordable homes across the sites. These figures are summarised for comparison in the table below:

| | Now | Future | Change |
|---------------------------------|------------|---------------|---------------|
| Total number of homes | 888 | 3936 | +443% |
| Occupied General Needs homes | 434 | 1039 | +239% |
| Occupied Sheltered rented homes | 181 | 213 | +32 |
| Low Cost Home Ownership | 0 | 347 | +347 |
| RTB losses | 159 | 0 | -159 |
| Total occupied affordable homes | 622 | 1599 | +257% |

- 3.5 The updated financial model and increased number of new homes assumes the wholesale redevelopment of the Farnham and Hilldene Estate. Previously, officers explored the prospect of adding up to two storeys of lightweight construction above the homes that are currently on site, which indicated a net gain of 63 new homes for LCHO. Following consultation with residents and their expressed dissatisfaction with their current accommodation, master planners were asked to explore the possibility of wholesale redevelopment of the site.
- 3.6 The re-evaluated capacity study of the red line indicates that up to 540 new homes could be delivered, as well as the re-provision of the commercial units. Wholesale redevelopment of the site would include the demolition and redevelopment of 145 rented and leasehold homes, and commercial outlets. Therefore, as part of the development process, demolition notices will need to be served to properties included within the site boundary. Through this Cabinet report, approval is being sought to issue demolition notices at the appropriate time to the tenants and leaseholders on this site, subject to further consultation.
- 3.7 For the Council, the option of wholesale redevelopment could be an opportunity to rejuvenate the entire Harold Hill district town centre. The regeneration will be carried out on a phased basis, as a part of a strategy to

minimise disruption to residents and businesses. The financial modelling for the wholesale redevelopment option will be subject to Cabinet approval of a detailed business case once the proposals have been further developed.

- 3.8 The move to wholesale regeneration will need careful engagement with existing businesses. The vision is to keep existing businesses in the newly generated scheme, providing them with modern, improved premises in a well-designed district centre. The additional homes will also provide added footfall and income for the businesses. The new scheme will be designed in a way that will mitigate much of the anti-social behaviour reported in the area associated with poor design.
- 3.9 In October 2018 Government made the decision to lift the HRA borrowing cap to enable councils to build more affordable homes and in November 2018, the Council was successful in securing £24.0m of the GLA Building Council Homes for Londoners Grant. This additional financial capacity, together with the Council's ambition to increase the delivery of affordable housing within the borough, has enabled work to continue to identify further opportunities for housing development. The Council has already secured £33.0m of Affordable Housing Grant and Housing Zone funding from the GLA in connection with the 12 Sites project.
- 3.10 To date a number of additional opportunity and "blue line" sites have been identified by officers for possible regeneration. Based on the capacity studies carried out on these seven opportunities and blue line sites, an additional 1,493 new homes could be delivered, 43% of which would be affordable. Each of the blue line sites has been subject to independent valuation advice to quantify site assembly costs, capacity studies and financial viabilities. As the details of these proposals are developed, further appropriate authority will be sought from Cabinet to include with subsequent HWR Business Plans.
- 3.11 Chippenham Road in Harold Hill has been identified as an opportunity site for regeneration. The site is adjacent to the Harold Hill district town centre and comprises a Council-owned office due to be vacated in early 2019. This, together with a low number of Council and privately owned residential stock and a limited number of other uses, presents a good opportunity for housing-led regeneration.
- 3.12 Capacity studies and preliminary planning assessments indicate a scope to deliver 206 new homes, 68% of which would be affordable. Following consultation with all interested parties, the Council will seek to commence site assembly activity prior to the site being adopted by HWR.

4.0 Financial Review

- 4.1 The business case assumptions have been updated to both reflect anticipated economic conditions and also the anticipated increase in housing number and sequencing of land assembly. The key changes are summarised in the following text and in the exempt agenda report.
- 4.2 **Unit Numbers** – The financial review assumes an additional 618 units will be delivered across the 12 site programme. This is mostly attributable to the proposed wholesale redevelopment of the Harold Hill district town centre as part of the Farnham and Hilldene regeneration proposal. The development of the Chippenham Road site adds an additional 206 units to the 12 site total; a total uplift of 824 new homes from 2018.
- 4.3 **Affordable Housing** – the updated financial model assumes an additional 273 affordable units across the 12 sites. The Chippenham Road site will increase this by 140 to create a total uplift of 413 affordable homes. This will deliver 40% affordable housing across the programme.
- 4.4 **Vacant Possession** - The new model assumes that the Council will fund the costs of achieving vacant possession of work packages two and beyond. This allows the Council to remain in control of delivery of vacant possession. The previous assumption was that these costs would be funded from the JV. As the Council is funding the costs, the value of the land (with vacant possession) transferred to the JV will increase. In addition to this, the HRA will also benefit from the rental income generated by properties used for short-life lets. On the basis that these units are re-let, the overall costs to acquire these units will be lessened by the use of 1-4-1 right-to-buy receipts.

REASONS AND OPTIONS

5.0 Reasons for the decision:

- 5.1 To incorporate revised assumptions and an updated programme into the Business Plan for the period 2019-20.
- 5.2 To continue to secure the Councils regeneration objectives for the 12 Site Regeneration Programme.
- 5.3 To include an additional site to facilitate further housing delivery including that of new affordable homes.

Other options considered:

- 5.4 The adoption of the Business Plan is a consent matter. Without the Council's approval, as a Member of the LLP, the revised Business Plan could not be adopted and the current Draft Business Plan would be maintained. The

Council is in contract with Wates as a commercial partner for the delivery of the regeneration of sites within work package one and share the associated costs. These commitments will need to be upheld.

- 5.5 Not approving the revised Business Plan may have a negative impact on the Council's ability to continue funding land acquisition which in turn will have implications with delivery targets including affordable housing delivery and achieving targets agreed with GLA in the Overarching Borough Intervention Agreements.
- 5.6 Not adopting the revised Business Plan may also give rise to negative market sentiment with a consequential impact on the wider development market that this scheme would otherwise seek to stimulate.

IMPLICATIONS AND RISKS

6.0 Financial implications and risks

6.1 The update of the Havering and Wates Regeneration JVLLP (HWR) business plan has significant financial implications for the Housing Revenue Account, Treasury and Capital Programme. This incorporates the outputs from: -

- HWR JVLLP Business Plan refresh,
- Chippenham Road Viability Plan, and;
- Indicative capital and revenue implications of: -
- Work Packages 2,3 and 4 red line sites [8 sites],

The following key changes have been incorporated into the latest refresh of the HWR Business Plan and Opportunity Site Assessments. Due to the commercially sensitive nature of this information, details have been set out in the exempt agenda report.

(a) Compulsory Purchase Order

- 6.2 The Council and the JVLLP will seek to acquire the properties on all sites by negotiation. If this is not possible, it may be necessary to acquire properties by use of the Council's CPO powers.
- 6.3 It was originally intended that for the remaining eight sites, the costs of achieving vacant possession would reside with the JVLLP. However, it is proposed for the Council to assume responsibility for all 12 sites.

7.0 Legal implications and risks:

7.1 This report seeks authority to implement the first Work Package of the programme that was authorised by Cabinet on 17 January 2018, based on the latest worked up proposals for development contained in the 5 year

business plan, and detailed 2019/20 business cases, for which approval is also sought. The financial implications of the proposed development will continue to fluctuate with market and material fluctuations and tender prices.

(a) Procurement Law

7.2 Due to the commercially sensitive nature of this information, details have been set out in the exempt section of this report.

(b) Powers

7.3 Over the last year much work has been undertaken in shaping the Business cases for each of the estates as well as the overall Business Plan. This report seeks authority to implement the first Work Package of the programme that was authorised by Cabinet on 17 January 2018, based on the latest worked up proposals for development contained in the 5 year business plan, and detailed 2019/20 business cases. The Leader will approve individual business cases. The financial implications of the proposed development will continue to fluctuate with market and material fluctuations and tender prices as set out in the risk and sensitivity sections in the exempt report.

7.4 The Council has entered into the Joint Venture LLP with Wates pursuant to a number of powers including the Housing Act 1985, the Housing and Regeneration Act 2008, incidental powers in the Local Government Act 1972 and the general power of competence in section 1 of the Localism Act 2011, which enables the Council to undertake any activity an individual could undertake, subject to any statutory constraints on the Council's powers. Since an individual would be able to participate in a corporate joint venture, in the same way the Council would be able to participate, by subscribing equity and providing loans and other financial investment.

(c) Disposal of Land

7.5 An important statutory constraint relates to the disposal of land. The Council has powers under section 123 Local Government Act 1972 to dispose of non-housing land. Consent of the Secretary of State is required for a disposal which is at less than the best consideration reasonably obtainable.

7.6 The Council has power to dispose of housing land under the provisions of the Housing Act 1985. Consent of the Secretary of State is required to dispose of housing land. The Secretary of State has issued some general consents. If the general consents do not apply then specific consent will need to be sought. In the event of disposal of land under the Joint Venture arrangements, it will be necessary to consider the appropriate powers and consents for the disposal of each estate.

7.7 Where land cannot be acquired by agreement then ultimately the Council will have to consider exercising its powers to compulsory purchase leasehold/freehold interests. In relation to secure tenancies separate

consultation as regards to decanting tenants is necessary pursuant to section 105 of the Housing Act 1985 (consultation on matters of housing management). Where a secure tenant refuses to move, or has refused the offer of other suitable alternative accommodation, the Council has the legal right to gain possession of the property for decanting/redevelopment purposes. The two grounds for possession relevant to regeneration are Grounds 10 and 10A under Schedule 2 of the Housing Act 1985. Notices may be served on these grounds to ensure vacant possession of the properties. The Court has discretion on whether to order possession, and needs to be satisfied that suitable alternative accommodation is available at the date of the hearing.

- 7.8 It may be necessary to appropriate parts of the 12 Estates to town planning purposes (following the grant of planning permission but before final disposal). This would enable the Council to take advantage of Section 203 Housing and Planning Act 2016 (formerly Section 237 Town and Country Planning Act 1990). This effectively 'cleans the title' by converting any third party rights (other than those belonging to public utilities) to a right to compensation, which would then be picked up as an additional project cost.
- 7.9 The Council is now contractually committed to progress the project through the HWR in accordance with the agreements that have been entered into between the parties.
- 7.10 The report also seeks authority for the Director of Housing to serve demolition notices in relation to all affected properties on the named estates and schemes outlined in this report. To ensure that the programme is implemented taking into account tenants' ability to exercise their right to buy, the Council can serve an "initial demolition notice", specifying the demolition date, which should prevent a RTB claim arising. The Housing Act 1985, sections 138A, B, C and Schedules 5 & 5A of the Act prescribes the requirements and compensation provisions.
- 7.11 The Council also has a fiduciary duty to spend funds wisely and balance the interests of the tenants and leaseholders who pay into the HRA against the needs and requirements of those future tenants and residents who will benefit from the development of the 12 Estates through the HRA.

8.0 Human Resources implications and risks:

8.1 None

9.0 Equalities implications and risks:

9.1 The public sector equality duty under section 149 of the Equality Act 2010 ("PSED") requires the Council when exercising its functions to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who

share protected characteristics and those who do not, and to foster good relations between those who have protected characteristics and those who do not. 'Protected characteristics' include: gender, race and disability, sexual orientation, age, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

- 9.2 The wider implications associated with the project are addressed in the overarching Equalities Impact Assessment (EIA) appended to the January 2018 Cabinet report - 12 HRA Sites JV Procurement – Entering into a Limited Liability Partnership. Consequently all matters associated as a result of entering this agreement are addressed.
- 9.3 Officers are about to embark on a commissioning process to update site specific EIAs to re-evaluate the need of individuals and households affected by this regeneration programme. This will also include a site specific EIA for the Chippenham Road opportunity site.

BACKGROUND PAPERS

None

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CABINET

PUBLIC AGENDA REPORT

13th February 2019

Subject Heading:

Bridge Close Regeneration LLP Business Plan and Budget 2019/2020

Cabinet Member:

Councillor Robert Benham, Deputy Leader of the Council

SLT Lead:

Neil Stubbings
Director of Regeneration

Report Author and contact details:

Nick Gyring-Nielsen
Senior Regeneration Manager
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01708 434 612

Policy context:

National Planning Policy Framework 2012

London Plan 2011 and Draft London Plan 2019 - 2041

Havering Local Development Framework and Romford Area Action Plan 2008

Havering Housing Strategy 2014 – 2017

Romford Development Framework 2015

Emerging Havering Local Plan 2017

Greater London Authority Overarching Borough Agreement

Greater London Authority Borough Intervention Agreement

Bridge Close – Entering into a Limited Liability Partnership (Cabinet, 15 November 2017)

Bridge Close, Finalisation of Legal Agreements to enter into a Limited Liability Partnership – Executive Decision March

2018

Financial summary:

This report presents an update to the Bridge Close Regeneration LLP (the “Joint Venture”) Business Plan 2018 comprised in the legal agreements of the limited liability partnership pursuant to Cabinet decision on 15th November 2017.

The financial details are contained within Exempt Agenda Report.

Is this a Key Decision?

Yes

When should this matter be reviewed? Autumn 2019

Reviewing OSC: Towns and Communities OSC

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

–

| | |
|-------------------------------|-----|
| Communities making Havering | [✓] |
| Places making Havering | [✓] |
| Opportunities making Havering | [✓] |
| Connections making Havering | [✓] |

SUMMARY

In November 2017 Cabinet approved a Limited Liability Partnership for the purpose of meeting the Council's regeneration objectives for Bridge Close. In addition authority was granted to enter into a number of legal agreements, including a Members' Agreement, and to approve the first Initial Business Plan of the Joint Venture on behalf of the Council.

In February 2018, the Council approved the capital budget underpinning the Council's equity investment and CPO land assembly budget to facilitate the delivery of the project. On 4 April 2018, the legal agreements were agreed, enshrining the vision and objectives for the project into the legal documents as well as providing the governance and management frameworks for the establishment and operation of the Bridge Close Regeneration LLP ("the Joint Venture"). Forming part of the legal agreements, the initial Business Plan set out a comprehensive suite of strategies and work streams, a programme and the budgets as well as the financing and expected returns relating to the delivery of the vision and objectives for the development.

The council's over-arching vision for setting up the Joint Venture was to facilitate the regeneration of a key area of the borough to kick-start renewal of key town centres and estates and deliver truly affordable homes for local people. In addition it would ensure good quality design of buildings and places by being a joint owner of the development company, thus giving greater control than reliance on the planning process and ensure delivery of key infrastructure requirements. Any returns to the council are being identified to fund future regeneration programmes across the borough and help fund renewal of our cherished town centres across the borough at a time when the traditional high streets are under significant threat from changing consumer habits.

When the original Initial Business Plan was agreed by Cabinet, this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree material changes to the business plan on an annual basis, in line with the annual budget setting process. This is the first of those reviews.

The key inputs into the financial models have been reviewed and externally validated. The key inputs are construction costs, expected sales revenues, land values plus other costs such as expectation on s106 and CIL payments. In addition, other changes such as total number of residential properties, bedroom size mix, areas of non-residential use have been updated as the design and planning process proceeds. This includes the inclusion of the impact of consultation and engagement events through the planning process.

The updating of these numbers in the viability models and then into the Council's financial dashboards means that this report is able to inform cabinet of any changes to the expected outputs from the Joint Venture as well as informing Cabinet of any changes in the financial position of the JV and our financial commitments to the Joint Venture as an investor. This report not only informs Cabinet of changes but also seeks approval of the new Business Plan and the expected financial commitments.

The original decision to set up the Joint Venture was informed by key indicators on the viability and outputs. Those key indicators were: Overall % return, Overall financial return, initial stake (Equity: borrowing and land value), impact on the MTFS from the cost of borrowing in the early years, total number of units, number of affordable housing units. These metrics are considered to be the key indicators to identify the viability, outputs and potential financial risks.

The details are contained as a table in the Exempt Agenda Report summary.

The main body of the reports provides significantly more detail along with additional indicators and outputs to help inform Cabinet on progress and risk management for the project. Detailed financial information and related implications are contained in section 6 and the Bridge Close Regeneration LLP revised Initial Business Plan included in the Exempt Agenda Report.

Cabinet is asked to agree the Bridge Close Regeneration LLP Business Plan 2019, noting the significant regeneration for Romford town centre, the contribution towards Havering's target for housing delivery, and the expected financial returns anticipated in the plan. Cabinet is also asked to grant authority to the Director of Regeneration Programme Delivery to negotiate and agree heads of terms ('Off-take Agreements') to acquire a new primary school, a health hub and affordable housing units as well as approve for inclusion in the capital programme an appropriate budget for doing so.

RECOMMENDATIONS

That Cabinet:

1. **Agree** the Bridge Close Regeneration LLP Business Plan 2019, as attached at Appendix A.
2. **Agree** that the Leader of the Council, after consultation with the S151 Officer, the Director of Regeneration and the Director of Legal and Governance, approve detailed business cases, related viability assessments, funding arrangements and legal agreements as may be presented during the Business Plan 2019 period.
3. **Agree** to Endorse and Recommend to Council budget allocation to include £111.7 million within the proposed capital programme.
4. **Agree**, in the event of approval of 2 and 3 above, to delegate to the Director of Regeneration, after consultation with the S151 Officer and the Director of Legal and Governance, the authority to take all steps to enable the approval of the terms of the agreements associated with the Council's acquisition of interests from Bridge Close Regeneration LLP relating to a new primary school, a health hub and affordable housing, including any related financial arrangements and the appointment of relevant professionals.
5. **Agree** in principle for the Council to facilitate third party lending of debt to the Bridge Close Regeneration LLP.
6. **Agree**, in the event of approval of 5 above, that the s151 Officer responds to the service of any notice served by the Bridge Close Regeneration LLP, indicating a willingness or otherwise to participate in making third party debt available from the Council, subject to contract and due diligence.
7. **Agree**, in the event of approval of 5 above, that the s151 Officer, after consultation with the Chief Executive and The Leader of the Council, may enter into funding agreements consistent with the Treasury management Strategy and Councils Scheme of Delegations.

REPORT DETAIL

1 Background

- 1.1 Bridge Close is a 2.97 hectare site currently occupied by mixed industrial, warehouse and ancillary units under multiple ownerships, an ambulance station, Islamic Cultural Centre and a number of terraced properties which front onto Waterloo Road and Oldchurch Road in Romford.
- 1.2 The Initial Business Plan, forming part of the legal agreements adopted in April 2018, sets out a suite of strategies, plans, work streams and activities designed to give effect to the implementation the Objectives of the Joint Venture.
- 1.3 Amendments to the Initial Business Plan for the year 2019 have been approved by the Nominees of FB BCR LLP. For further details, please refer to the Bridge Close Regeneration LLP Initial Business Plan Version 3 of 12th December, 2018 enclosed at Appendix A. The details of these changes are included in the exempt agenda part of this report due to the commercially sensitive nature of the information.
- 1.4 The objectives of the project as set out in the Initial Business Plan are the following:
 - i. To undertake the regeneration of Bridge Close, by way of housing development and other ancillary beneficial development, for the benefit of the Borough and its residents
 - ii. To secure wider social and economic benefits (including employment opportunities) for the benefit of existing and new residents of the Borough
 - iii. To incorporate land belonging to other occupiers and owners, both public and private sector, into the development
 - iv. To achieve a commercially acceptable return for the benefit of the JV and its Members.
- 1.5 In pursuing these objectives through the Joint Venture, the Council aims to ensure the following:
 - i. A comprehensive development, which delivers infrastructure for the residents of the new development and for the whole of Romford
 - ii. A level of direct Council control over the quality, timing, and implementation of development (separate from and in addition to its role as planning authority)
 - iii. A greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.

- 1.6 The development will regenerate and transform a key part of Romford town centre, delivering a comprehensive development, comprising all of the following:
- 1,070 new homes (incl. a minimum of 30% affordable homes)
 - A 3 form entry primary school
 - A local health facility
 - Commercial floor space
 - Improved east-west links, including a new pedestrian and cycle bridge
 - Environmental improvements to the River Rom
- 1.7 Save for minor proportional changes as a result in an increase in floor area dedicated to office/work space, and the potential inclusion of the Havering Islamic Cultural Centre within the development, the scope of uses and quantum of development has remained unchanged since the adoption of the Initial Business Plan in April 2018.
- 1.8 Going forward, the Joint Venture may consider the opportunity to allocate a proportion of the residential units for Private Rented Sector (PRS) properties. Any PRS offer identified will be progressed under the assumption that it will be considered by Mercury Land Holdings Limited in the first instance.

2 Progress

- 2.1 Since establishment the Joint Venture has progressed activity in the following key areas:
- i. Land assembly
 - ii. Design Development
 - iii. Planning and Consultation
- 2.2 The above reflect the early pre-application planning stage the Joint Venture is at. As the Joint Venture progresses, further activity relating to contractor procurement, financing, construction, sales and leasing as well as estate management, amongst others, will form an integrated part of day-to-day activity.
- 2.3 Land assembly is undertaken in accordance with the Land Acquisition Strategy forming part of the Initial Business Plan.
- 2.4 The Council and the Joint Venture have successfully met and engaged with all owners of residential interests and the great majority of owners of commercial property on Bridge Close. Of the commercial property owners just under two thirds have instructed valuations and the Joint Venture has progressed detailed negotiations with a number of these.

- 2.5 In November 2018 the Cabinet resolved to approve the acquisition of all remaining interests not in Council or Joint Venture ownership to be used as temporary accommodation until such time as they may be required by the Joint Venture. Further to ratification by full Council in January 2019, a programme of communication and engagement will be initiated to progress private treaty discussions.
- 2.6 The potential use of the Council's Compulsory Purchase Order (CPO) powers continues to form part of the Council's land assembly strategy as a means of last resort in circumstances where private treaty discussions do not deliver the anticipated outcomes.
- 2.7 In relation to design development, since establishment the Joint Venture has undertaken a design competition and procurement of two leading firms of architects to join the team under the leadership of previously appointed master planning architects to the Joint Venture.
- 2.8 Development of the masterplan continues to progress, within the parameters agreed with the Council as client for development, including height, density and massing strategies.
- 2.9 To underpin the design development, an extensive programme of consultation is underway. Commencing in September 2018, two Public Consultation events have been held to engage with the local community. Public Consultation will continue in 2019 to inform emerging master planning, detailed design, landscaping and wider place making activity.
- 2.10 Led by the local planning authority, a Quality Review Panel of external urban design experts has been established to inform the place making qualities of the emerging masterplan and designs.
- 2.11 In close consultation with the Cabinet and other stakeholders, it is anticipated that a planning application will be submitted in Spring/Summer 2019.

3 Scheme Review

- 3.1 The table below sets out the anticipated dates as at December 2018 for each of the key programme milestone in the Initial Business Plan.

| Milestone | Anticipated Date |
|--|------------------|
| <ul style="list-style-type: none"> Cabinet approval to establish a Joint Venture Limited Liability Partnership. | November 2017 |
| <ul style="list-style-type: none"> Council approval of Capital funding | February 2018 |
| <ul style="list-style-type: none"> Completion of legal agreements including Joint Venture Business Plan | April 2018 |

| | |
|--|--------------------|
| • Submission of 1st planning application | Spring/Summer 2019 |
| • Cabinet approval of Compulsory Purchase Order resolution | Summer 2019 |
| • Determination of 1 st planning application | Autumn 2019 |
| • Potential Contractor Start on Site | Winter 2021 |
| • First Homes Completed Phase 1 | Autumn 2023 |
| • Phase 1 Final Sales Completions | Autumn 2024 |
| • Determination of Phase 2 Reserved Matters | Summer 2021 |
| • Potential Contractor Start on Site on Phase 2 | Quarter 1 2022 |
| • First Homes Completed Phase 2 | Quarter 4 2024 |
| • Phase 2 Final Sales Completions | Quarter 3 2025 |
| • Determination of Phase 3 Reserved Matters | Quarter 1 2023 |
| • Potential Contractor Start on Site on Phase 3 | Quarter 3 2023 |
| • First Homes Completed Phase 3 | Quarter 2 2026 |
| • Phase 3 Final Sales Completions | Quarter 2 2027 |

- 3.2 The implementation of the programme is subject to the successful assembly of the remaining residential and commercial interests on site. As such the Potential Start on Site assumes vacant possession and draw down of land assets further to negotiation by private treaty for an initial first phase, comprising new homes and a new primary school. In circumstances where the Joint Venture may rely on the Council invoking its CPO powers, land assembly may take longer, prompting an anticipated start on site in April 2021 with a commensurate shift in subsequent programme milestones to follow. The impact on the programme may be mitigated through continued constructive engagement, expeditious assembly and flexible phasing of development activity.
- 3.3 The project programme, including public engagement and consultation, will be monitored and reviewed regularly through both the Council's and the Joint Venture's governance arrangements as set out in the Initial Business Plan.
- 3.4 The Council's involvement in the decision making of the Joint Venture provides the ability to ensure that the delivery of social infrastructure is a prime objective of the Joint Venture.
- 3.5 As such, whilst the development is currently unable to support the level of affordable housing provision anticipated by the Mayor of London, the Council anticipates investing resources from the Housing Revenue Account

(HRA) to increase the level of affordable housing provision to a minimum of 30%. Financial provision for the provision of affordable housing for rent has been made in the Housing Revenue Account business plan agreed by Council in February 2018.

- 3.6 The Council will also acquire a new 3 form entry primary school from the Joint Venture. The Council will fund the acquisition of the school from the Basic Needs Grant allocated by the Department for Education and Skills and through own resources, including borrowing and where possible from S106 contributions.
- 3.7 In addition, in order to meet potential rising demand for primary health services in Romford, the Council is in discussions with Havering Clinical Commissioning Group (CCG) to facilitate the delivery of a Primary and Community Care Hub on Bridge Close in accordance with the Havering Primary Care Infrastructure Capacity Plan. This Cabinet paper proposes the Council allocate sufficient capital to procure the health hub from the Joint Venture. A lease granted to an appropriate primary and community care provider is anticipated to provide a recurring revenue stream to the Council.
- 3.8 The greening of the River Rom and increasing bio-diversity within the Romford ring-road will also play a vital part of infrastructure provision.

4 Financial Review

- 4.1 The business case assumptions have been reviewed and updated both to reflect anticipated economic conditions and development in key appraisal parameters, having regard to the early stage of development and the pre-planning concept stage at which masterplans and design development are being progressed.
- 4.2 The financial details are contained within the Exempt Agenda Report.

REASONS AND OPTIONS

5 Reasons for the Decision

- 5.1 The Joint Venture continues to provide the best means of ensuring the delivery of the Council's regeneration objectives for the site rather than relying solely on the Council's role as planning authority and its land assembly powers.

- 5.2 Approval of the Bridge Close Business Plan 2019 and continued support for the Joint Venture will enable a planning submission to be brought forward in anticipation of the development of much needed housing and a primary school as part on the initial phase.

Other options considered

- 5.3 A detailed appraisal of options was undertaken in the 15 November 2017 Cabinet Report, “Bridge Close – Entering into a Limited Liability Partnership”. Detailed appraisal of the project’s viability and deliverability continues to inform the Council’s strategy for delivering regeneration at Bridge Close. Alternatives that have been considered for this Cabinet report include:

- Not approving the proposed business plan

- 5.4 The adoption of the Business Plan is a consent matter. Without the Council’s approval, as Member of the Joint Venture, the revised Initial Business Plan would not be adopted and the current Initial Business Plan would be maintained.

- 5.5 Not adopting the revised Initial Business Plan may also potentially give rise to negative market sentiment with potential consequences for the wider development market that this scheme would otherwise seek to stimulate.

- 5.6 Finally, the Initial Business Plan provides the operational framework for management of the Joint Venture and by not adopting the Business Plan, the following would be undermined:

- Ensuring a comprehensive development
- Management of design and management standards
- Ensuring delivery of much needed housing and other infrastructure
- Meeting programme deadlines
- Minimising investment and risk
- Obtaining a financial return from the scheme

IMPLICATIONS AND RISKS

6 Financial implications and risks

- 6.1 The report seeks Cabinet approval in principle to make provision for capital expenditure in the Joint Venture to deliver the regeneration of Bridge Close, including a 3 form entry primary school and a health centre.

- 6.2 Further details of the Council's proposed investment in the Joint Venture are set out in the exempt part of this report due to the commercially sensitive nature of the information.
- 6.3 Subject to Cabinet approval of the recommendations within this report, the scheme will be included in the proposed capital programme to be considered as part of the 2019/20 budget process and will be subject to approval of the Capital Programme and Treasury Management Strategy in February 2019.

7 Legal implications and risks

- 7.1 The Initial Business Plan in its agreed form was adopted by the Bridge Close Regeneration LLP on 4th April 2017. Annual review of the Business for the JV is pursuant to clause 16 of the Members Agreement dated 4th April 2018, and approving persons shall use all endeavours to seek to agree such draft Business Plan, in accordance with procedure set out in the Members Agreement. Once agreed the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 7.2 Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do subject to a number of limitations (this is referred to as the General Power). A local authority may exercise the General Power for its own purpose, for a commercial purpose and/or for the benefit of others.
- 7.3 Section 4 of the Localism Act 2011 requires that where a local authority exercises/uses the general power for a commercial purpose it must do this through a company. Further Section 4 of the Localism Act 2011 prohibits the Council doing things for a commercial purpose in relation to a person if legislation requires the Authority to do those things in relation to that same person.
- 7.4 Section 2 of the Localism Act 2011 limits the exercise of the new general power where it 'overlaps' with a power, which predates it, such as Section 95 of the Local Government Act 2003. Whether the Council relies on the General Power and/or Section 95 it is prudent for it to comply with the requirements and limitations to which section 95 is subject.
- 7.5 Regulation 2(4) of the Local Government (Best Value Authorities) (Power to Trade)(England) Order 2009 ("the Order") defines "business case" "as a comprehensive statement of:-
- the objectives of the business;
 - the investment and other resources required to achieve those objectives;

- any risks the business might face and how significant these risks are; and
 - the expected financial result of the business, together with any other relevant outcomes that the business is expected to achieve
- 7.6 The Business Plan amongst other matters shall in accordance with clause 6,0 of the Members' Agreement identify the envisaged funding requirements of the JV including in respect of land acquisition cost and planning and loan commitments. Member contributions are paid either through cash investments or land and receipt/ monitoring of such payments is through the issue of loan notes in accordance with the process established within the Members Agreement. The Business Plan and hence this report, identifies funding and at the time advice must be sought in respect of matters such as State Aid and Best Value.
- 7.7 Before approving the Business Case Members should satisfy themselves that the document and its appendices contain the relevant information required by the Order (see section 7.5 above). The Leader of the Council after consultation with oneSource Management and other officers to whom finalisation of the Business Case has been delegated should also ensure that their due diligence includes compliance with the requirements of the Order.

8 Human Resources implications and risks:

- 8.1 The Bridge Close Regeneration project forms part of the Council's overall regeneration programme and requires continued involvement of officers from the Regeneration Programme Delivery team and other Council services. Provision of Council services by existing staff to the Bridge Close Regeneration LLP is set out in the Council Services Agreement and is subject to the payment of a monthly fee.
- 8.2 It is not anticipated that the update to and approval of the Bridge Close Regeneration LLP Business Plan 2019 will have any adverse human resources implications or risks.

9 Equalities implications and risks:

- 9.1 The public sector equality duty under section 149 of the Equality Act 2010 ("PSED") requires the Council when exercising its functions to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between those who have protected characteristics and those who do not. 'Protected characteristics' include: gender, race and disability, sexual orientation, age, religion or belief, pregnancy and maternity and gender reassignment. The Council is

committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

- 9.2 The Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, flows from the Council's Equality Impact Assessments for the Havering Estate Renewal Programme and the Local Lettings Plan. To inform the Bridge Close Equality Impact Assessment, engagement with affected residents and businesses has been undertaken, alongside a review of the wider Romford Town ward to establish a demographic profile of those affected. This broadly considered the impact of the proposal on these stakeholders, within the context of the protected characteristic. The Equality Impact Assessment will continue to be monitored and updated as part of a process of continuous engagement with stakeholders.
- 9.3 Overall, there will be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, and some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to encourage business improvement and sustainability in the future.
- 9.4 The Council believes that the benefits of the Bridge Close redevelopment will outweigh some of the adverse impacts identified. The redevelopment of Bridge Close is predicted to be largely positive, presenting far reaching benefits and opportunities for Romford, Havering and its diverse communities. This includes making a significant contribution to the provision of new and high quality mixed tenure housing, which will be well managed, and sustainable, helping to reduce fuel poverty and contributing to the quality of life for people of all ages, genders, ethnicities and faiths/beliefs. Regeneration of the area will also support economic growth and prosperity across Havering, through creating new mixed workspace and community facilities, which will support business growth, enterprise and inward investment, as well as local jobs, apprenticeships and wider employment opportunities. The development will also help to create a greater sense of place and platform for learning, creativity and culture, whilst also supporting education, health, leisure and recreation. The introduction of robust estate management services across the development will also aid in preventing crime and social disorder, whilst the new neighbourhood will encourage social inclusion, community cohesion and equality, helping to foster positive relations amongst existing and new communities.
- 9.5 The development will also improve the local environment by helping to reduce the barrier effect of the Ring Road, creating a safer and more welcoming environment. The introduction of a new east-west pedestrian

and cycle bridge will provide greater access and connectivity to the town centre and rail station, encouraging use of public transport, walking and cycling. A rejuvenated public realm and enhanced River Rom will create an improved blue and green amenity, both for the enjoyment of local people and visitors alike. The development will reintegrate Bridge Close with Romford town centre and in doing so will complement the town centre and help the areas expansion as retail and residential quarter, providing more choice and opportunity for the future and new health and education facilities as well as affordable housing for local people.

- 9.6 Further to a review officers consider the existing Equality Impact Assessment for Bridge Close continues to be of relevance to the project and for the purpose of seeking the agreement by Cabinet of the Bridge Close Regeneration LLP revised Initial Business Plan 2018.

BACKGROUND PAPERS

None

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CABINET

PUBLIC AGENDA REPORT

13th February 2019

Subject Heading:

Contract award for the demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts

Cabinet Member:

Councillor Damian White
Leader of the Council

SLT Lead:

Neil Stubbings – Director of Regeneration

Report Author and contact details:

Kevin Hazlewood
Assistant Director of Regeneration

Policy context:

Havering Housing Strategy 2014-2017
HRA Business Plan 2017-2047
National Planning Policy Framework 2012
Draft London Plan 2017
Havering Local Development Framework and Romford Area Action Plan 2008
Romford Development Framework 2015
Havering Proposed Submission Local Plan 2017

Financial summary:

This report seeks approval to award the contract and fund the demolition of Napier and New Plymouth House in Rainham and Solar, Serena and Sunrise Courts in Hornchurch

Both sites form part of the 12 Site regeneration programme. The sites are to be demolished in advance of the granting of a land interest to the Havering and Wates Regeneration LLP.

Is this a Key Decision?

Yes

When should this matter be reviewed? January 2020

Reviewing OSC: Towns and Communities

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

| | |
|-------------------------------|-------------------------------------|
| Communities making Havering | <input type="checkbox"/> |
| Places making Havering | <input checked="" type="checkbox"/> |
| Opportunities making Havering | <input checked="" type="checkbox"/> |
| Connections making Havering | <input type="checkbox"/> |

SUMMARY

This report seeks the approval to directly award a demolition contract with Wates Construction Ltd. (WCL) to facilitate the demolition of Napier and New Plymouth House (NNP) in Rainham and Solar, Serena and Sunrise Courts (SSS) in Hornchurch, subject to approval of the Havering and Wates Regeneration JVLLP Business Plan by Cabinet and in preparation for housing regeneration.

RECOMMENDATIONS

That Cabinet

1. **Approve** to directly award a demolition contract with Wates Construction Ltd. (WCL) to facilitate the demolition of Napier and New Plymouth House (NNP) in Rainham and Solar, Serena and Sunrise Courts (SSS) in Hornchurch, subject to approval of the JVLLP Wates Business Plan by Cabinet and in preparation for housing regeneration.
2. **Approve** a waiver of contract rules to allow the direct award of a works contract for the demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts.

Note

3. The Council to undertake the demolition and partial enabling of Napier and New Plymouth House and Solar Serena and Sunrise Courts.

REPORT DETAIL

1.0 Background

Procurement of a Joint Venture Partner

- 1.1 In June 2016 and October 2016, Cabinet received reports which proposed to increase the number of affordable homes on housing sites owned by the Council. As a result of the information provided to Cabinet, 12 HRA sites were identified for regeneration.

| Site Name | Ward | Rented homes | Leasehold Homes | Total Homes |
|------------------------|---------------|---------------------|------------------------|--------------------|
| Waterloo Estate | Romford Town | 171 | 73 | 244 |
| Queen Street | Romford Town | 31 | 0 | 31 |
| Napier and New | S. Hornchurch | 87 | 10 | 97 |

| | | | | | |
|-----|---|-----------------|------------|------------|------------|
| | Plymouth | | | | |
| 1.2 | Solar, Serena and Sunrise | St. Andrews | 55 | 0 | 55 |
| | Maygreen Estate | Hylands | 88 | 23 | 111 |
| | Oldchurch Gdns | Brooklands | 64 | 22 | 86 |
| | Delta TMO (Elvet Ave) | Squirrels Heath | 45 | 18 | 63 |
| | Farnham, Hilldene and Chippenham | Gooshays | 0 | 0 | 0 |
| | Royal Jubilee Court | Pettits | 79 | 0 | 79 |
| | Brunswick Court | Cranham | 47 | 0 | 47 |
| | Dell Court | St Andrews | 29 | 0 | 29 |
| | Delderfield | Pettits | 14 | 0 | 14 |
| | Total | | 710 | 147 | 856 |

Following a Competitive Dialogue procurement process, Cabinet agreed to the establishment of the Havering and Wates Regeneration (HWR) LLP; a joint venture instituted by entering into a Members' Agreement with Wates Residential for the purpose of meeting the Council's regeneration objectives for the 12 HRA sites, on the basis of the Business Case and Legal Summary contained in the said Exempt Agenda Report.

1.3 Due to the quantum of development across all 12 sites, the decant requirements and financial viability constraints; it would not be practicable to start work on all sites simultaneously. It was therefore proposed that the following four sites are prioritised:

- Waterloo Estate
- Queen Street (as part of the Waterloo Estate).
- Napier & New Plymouth
- Solar, Serena & Sunrise Court

Vacant Possession

1.4 In October 2016 Cabinet approved demolition notices to be served at the appropriate time in relation to all affected properties on the sites and schemes within the programme. Subsequently, in November 2016, demolition notices were served to residents within the identified project boundaries of the proposed regeneration sites.

1.5 The notices represented a significant legal step that signified the intentions of the Local Authority with respect to the land. It also enabled various activities such as decanting of existing tenants and other, site assembly activity. This could lead to potential CPO action if required. The main purpose of the notices are to enable the Council to stop future right to buy activity.

- 1.6 Since December 2016, following the service of the demolition notices, Council officers have been in contact with Council tenants to discuss their rehousing options and with leaseholders and freeholders to negotiate a price for the Local Authority to purchase their land and property.
- 1.7 Following a 12-week formal consultation with residents, in February 2018 Cabinet approved the formal adoption of the Local Lettings Plan and Decant and Possessions Policy. The Local Lettings Plan is essentially a local allocation scheme designed to meet the needs of a particular community. It sets out our offering to Council Tenants explaining how the Council prioritises the allocation of its housing stock in the instance of regeneration.
- 1.8 To date, across the 12 regeneration sites, more the 300 Council tenants have been rehoused voluntarily, and more than 40 properties have been purchased by the Council via negotiation in order to achieve and deliver vacant possession to the Joint Venture.

Early Demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts

- 1.9 Since September 2017, the rehousing and buyback programme has been targeted at delivering vacant possession of the sites in Work Package One of the Regeneration Programme. To date, more than 70% of properties in Work Package One have been vacated by secure Council tenants or purchased by the Local Authority, with particular success at Napier and New Plymouth Houses and Solar, Serena and Sunrise Courts.
- 1.10 Solar, Serena and Sunrise Courts are now vacant and Napier and New Plymouth House should be vacant by February 2019, subject to negotiations with two remaining leaseholders. As such, it is proposed planning applications be lodged by the Council to facilitate early demolition of both of these sites. This is facilitating early delivery of new homes for local people and to address the potential risks associated with having vacant properties over an extended period. The types of risks are security, squatting, unauthorised access, criminal damage and fly tipping.
- 1.11 Once all residents have vacated, demolition notices will need to be advertised on the sites in accordance with the statutory requirements.
- 1.12 Up to four months will be required to facilitate service disconnections, asbestos removal etc. and demolition is expected to take up to 32 weeks. Included within these 32 weeks will be some enabling works which are associated with bringing forward the new development.

REASONS AND OPTIONS

2.0 Reasons for the decision:

- 2.1 Approval of this decision would enable the expedited development of Napier and New Plymouth House and Solar, Serena and Sunrise Courts.

Other options considered:

- 2.2 The procurement of an alternative contractor to carry out demolition work on Phase One of the Regeneration Programme would breach of the Development and Member's Agreement which the Council entered into with Wates Residential. This would have legal and financial ramifications for the Council and stall the 12 Site Regeneration Programme.
- 2.3 If the buildings were left vacant and in situ until the JV was ready to start on site, the Council would be responsible for ensuring security of the vacant sites. Associated with this are unrecoverable costs and a residual risk of fire damage, antisocial behaviour and criminal damage. Demolition outside of the Development and Member's Agreement will remove the risks associated with vacant buildings and reduce the potential costs associated with securing a vacant site.

IMPLICATIONS AND RISKS

3.0 Legal implications and risks

- 3.1 The authority under which this decision is made is:

Part 3, section 3.3 General Powers, Contract Powers (b) To award all contracts with a total contract value of between £156,000.00 and £5,000,000.00

&

Part 4, section 14 Waivers, 14.1, 14.3, subset i b. & 14.6.6

- 3.3 For the purposes of the Council's Procedure Rules ("CPR") and Financial Regulations, the estimated value of this contract is such that it is classed as a low value Works Contract (i.e. its below the EU threshold level for mandatory OJEU advertising)..
- 3.4 CPR 13 provides for Works contracts below the EU threshold (currently **£4,551,413** can be awarded after tenders in accordance with CPRs using Constructionline.
- 3.5 However the CPRs also provides that subject to any requirements in the European Procurement legislation for below threshold contracts, an individual

Cabinet member may agree an exemption from the requirement to procure where there are reason under CPR 6 (Exceptions to competitive requirements) for doing so.

“Exceptions to competitive requirements”

14.3 Exceptions to the competition requirements may be made only if all relevant law is complied with and one of the following circumstances applies:

i. the contract falls within one of the exceptions listed in this Rule;

AND

a. the Competition Financial Thresholds Exceptions, is fully and properly completed and signed by the relevant Member of SLT;

AND

b. the person awarding the contract can demonstrate that the contract represents the best value that can be obtained in the circumstances.

ii. an individual Cabinet member has approved the waiving of the application of these rules, as permitted by Rule (a) above;

iii. the contract is solely for the employment of Temporary Agency Workers or interim managers (but not consultants);

iv. joint purchasing with or through another public body provided that the public body awarding the contract can demonstrate that the arrangements comply with European procurement, best value and other applicable legislation.

v. the instructing of counsel by the Director of Legal and Governance;

vi. they are allowed by some other specific provision in these Rules.

14.4 The exceptions are:

14.6.6 Best Interests of the Council - where it is in the best interests of the Council or the Borough for a provision in these Rules to be waived to enable contract procurement to be rapidly progressed while still complying with European procurement rules.”

3.3 The Leader should therefore satisfy himself that the reasons set out within the body of the report are sufficient for waiving the CPR.

3.4 Further, for the reasons detailed above it is not therefore considered that waiving the CPR requirements would constitute a breach of domestic and EU legislation.

4.0 Human Resources implications and risks:

4.1 None.

5.0 Equalities implications and risks:

5.1 The public sector equality duty under section 149 of the Equality Act 2010 (“PSED”) requires the Council when exercising its functions to have due regard to:

5.1.1 The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

5.1.2 the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between those who have protected characteristics and those who do not. ‘

5.1.3 Protected characteristics’ include: gender, race and disability, sexual orientation, age, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

5.2 The wider implications associated with the project are addressed in the January 2018 Cabinet report - 12 HRA Sites JV Procurement – Entering into a Limited Liability Partnership. Consequently all matters associated as a result of entering this agreement are addressed.

BACKGROUND PAPERS

None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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