



COUNCIL MEETING

7.30 pm Wednesday, 22 November 2023
At Council Chamber - Town Hall

Members of the Council of the London Borough of Havering are advised that a meeting of the Council is scheduled to take place on the date and time shown above. An indication of the business to be dealt with is given below. The final agenda, which forms the official summons for the meeting, will be published in due course, in accordance with the meeting timetable.

Gavin Milnthorpe
Monitoring Officer

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



Please note that this meeting will be webcast.

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

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

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

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

Reporting means:-

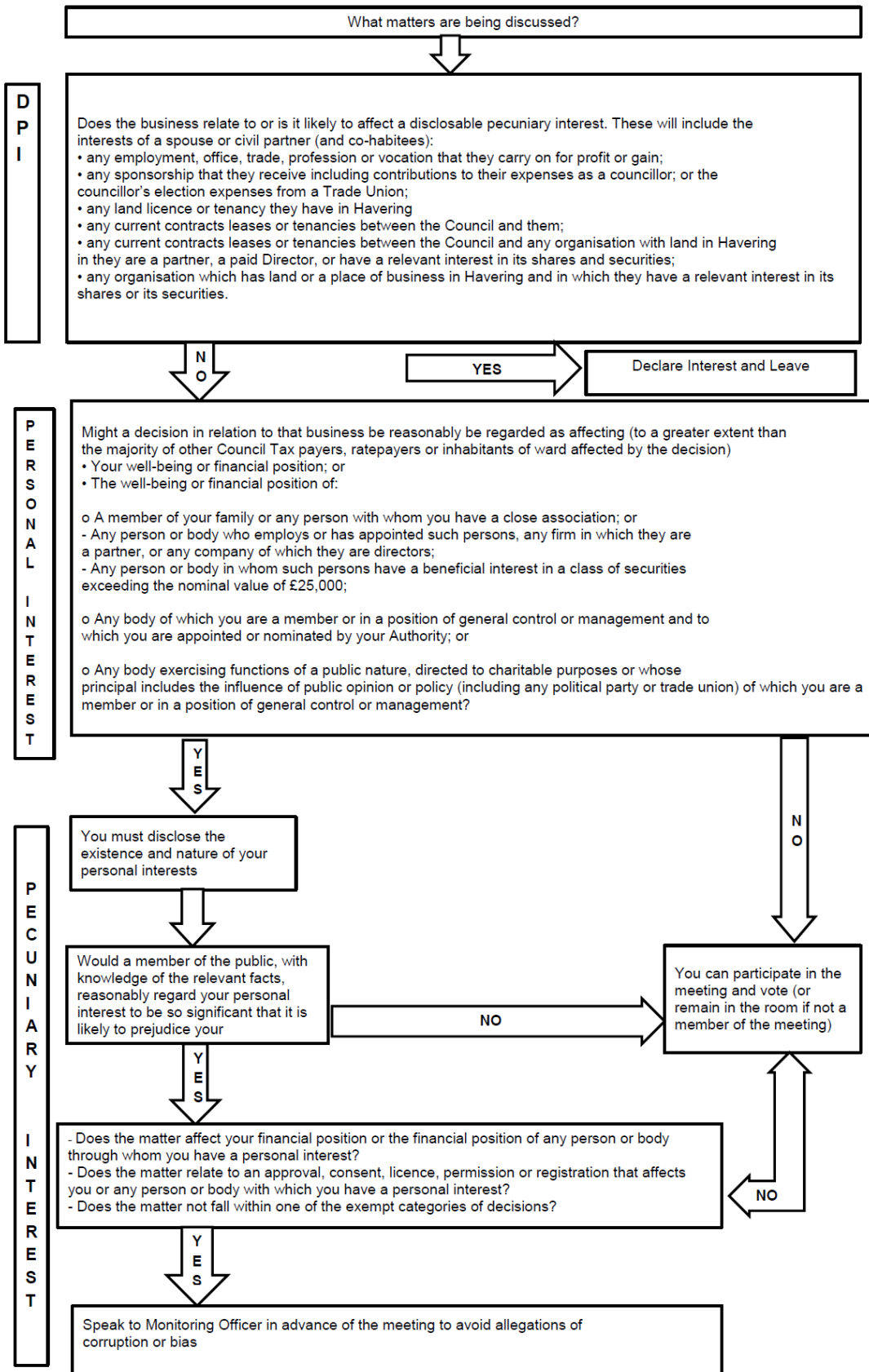
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing,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

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

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

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

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA

1 PRAYERS

2 APOLOGIES FOR ABSENCE

To receive apologies for absence (if any).

3 MINUTES (Pages 7 - 38)

To sign as a true record the minutes of the Meetings of the Council held on 30 August 2023 and 6 September 2023 (attached).

4 DISCLOSURE OF INTERESTS

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

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

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

To receive announcements (if any).

6 PETITIONS

To receive any petition presented pursuant to Council Procedure Rule 14.

Notice of intention to present a petition has been received from Councillors Jackie McArdle and Judith Holt (two petitions).

7 FINANCE MID-YEAR UPDATE (Pages 39 - 64)

Note: The deadline for amendments to all reports published in the final agenda is midnight, Monday, 20 November

Report of the Audit Committee attached.

Council, 22 November 2023 - Agenda

8 TREASURY MANAGEMENT ANNUAL REPORT (Pages 65 - 84)

Report of the Audit Committee attached.

9 EXEMPTIONS FROM CALL-IN (Pages 85 - 88)

Report of Chief Executive attached.

10 MEMBERS' QUESTIONS (Pages 89 - 92)

Attached.

11 MOTIONS FOR DEBATE (Pages 93 - 94)

Attached in supplementary agenda.

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Public Document Pack Agenda Item 3



MINUTES OF A MEETING OF THE COUNCIL OF THE LONDON BOROUGH OF HAVERING Council Chamber - Town Hall 30 August 2023 (7.30 pm – 9.23 pm)

Present: The Mayor (Councillor Stephanie Nunn) in the Chair

Councillors Councillors Mandy Anderson, Ray Best, Patricia Brown, John Crowder, Philippa Crowder, Keith Darvill, Brian Eagling, Sarah Edwards, Gillian Ford, Oscar Ford, Laurance Garrard, James Glass, David Godwin, Martin Goode, Judith Holt, Jacqueline McArdle, Paul McGeary, Trevor McKeever, Paul Middleton, Ray Morgon, Barry Mugglestone, Stephanie Nunn, Gerry O'Sullivan, Sue Ospreay, Dilip Patel, Nisha Patel, Viddy Persaud, Keith Prince, Philip Ruck, Timothy Ryan, Carol Smith, Christine Smith, Natasha Summers, David Taylor, Katharine Tumilty, Bryan Vincent, Frankie Walker, Michael White, Reg Whitney, Julie Wilkes, Graham Williamson, Darren Wise and John Wood

12 Members' guests and members of the public and a representative of the press were also present.

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

The Mayor's Official Chaplain – Reverend Amanda Keighley of St Nicholas Church, Elm Park opened the meeting with prayers.

The meeting closed with the singing of the National Anthem.

24 **APOLOGIES FOR ABSENCE (agenda item 2)**

Apologies were received from Councillors Robert Benham, Joshua Chapman, Osman Dervish, Jason Frost, Jane Keane, Robby Misir, Matt Stanton, John Tyler, Christine Vickery, Damian White and Chris Wilkins.

25 **DISCLOSURE OF INTERESTS (agenda item 3)**

There were no disclosures of interest.

26 **ULEZ/PAY PER MILE (agenda item 4)**

Procedural motions to extend debate time to allow all speakers to be heard were **AGREED**, without division.

ULEZ/PAY PER MILE

Motion on behalf of the Conservative Group and the East Havering Residents Group

This Council condemns the Mayor of London for expanding ULEZ to Havering and the Council opposes any roll-out of Pay Per Mile by TFL. The Council recognises that these schemes will harm the lowest earners, small businesses, and charities.

The Council calls on the Mayor to scrap ULEZ in Havering and to invest in public transport and active travel infrastructure across Havering.

This Council instructs the Leader to write again to the Mayor of London, informing him of the Council's opposition to both ULEZ and Pay Per Mile.

This Council will commit to supporting its vulnerable residents in applying for ULEZ exemptions and scrappage, and will instigate the removal of all ULEZ related signage on Havering Council property and land (where legally permissible).

Amendment on behalf of the Havering Residents Association Group and Labour Group

This Council opposed the introduction of ULEZ back in July 2022

This Council calls upon the Mayor of London to stop the expansion of ULEZ into outer London Boroughs and opposes any roll-out of Pay Per Mile by TFL. This Council recognises that these schemes will harm those on the lowest incomes, the workforce, small businesses, and the very charities our residents rely on.

This Council calls on the Mayor to implement the more effective proposals that we have put forward to invest in public transport and active travel infrastructure across Havering giving residents a real choice between travelling by car or another form of transport.

This Council will commit to supporting its vulnerable residents in applying for ULEZ exemptions and scrappage. We will remove all illegal signage on Havering Council property and land.

Following debate, the amendment on behalf of the Havering Residents Association Group and the Labour Group was **AGREED** by 27 votes to 17

with 0 abstentions (see division 1) and **AGREED** as the substantive motion, without division.

RESOLVED:

This Council opposed the introduction of ULEZ back in July 2022

This Council calls upon the Mayor of London to stop the expansion of ULEZ into outer London Boroughs and opposes any roll-out of Pay Per Mile by TFL. This Council recognises that these schemes will harm those on the lowest incomes, the workforce, small businesses, and the very charities our residents rely on.

This Council calls on the Mayor to implement the more effective proposals that we have put forward to invest in public transport and active travel infrastructure across Havering giving residents a real choice between travelling by car or another form of transport.

This Council will commit to supporting its vulnerable residents in applying for ULEZ exemptions and scrappage. We will remove all illegal signage on Havering Council property and land.

27 **VOTING RECORD**

The record of voting decisions is attached as appendix 1 to these minutes.

Mayor

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VOTING RECORD

DIVISION NUMBER:	1
The Mayor (Councillor Stephanie Nunn)	✓
The Deputy Mayor [Cllr. Pat Brown]	✗
CONSERVATIVE GROUP (20)	
Cllr Robert Benham	A
Cllr Ray Best	✗
Cllr Joshua Chapman	A
Cllr John Crowder	✗
Cllr Philippa Crowder	✗
Cllr Osman Dervish	A
Cllr Jason Frost	A
Cllr Judith Holt	✗
Cllr Robby Misir	A
Cllr Dilip Patel	✗
Cllr Nisha Patel	✗
Cllr Viddy Persaud	✗
Cllr Keith Prince	✗
Cllr Timothy Ryan	✗
Cllr Carol Smith	✗
Cllr Christine Smith	✗
Cllr David Taylor	✗
Cllr Christine Vickery	A
Cllr Damian White	A
Cllr Michael White	✗
HAVERING RESIDENTS ASSOCIATION GROUP (21 + 1)	
Cllr Sarah Edwards	✓
Cllr Gillian Ford	✓
Cllr Oscar Ford	✓
Cllr Laurance Garrard	✓
Cllr James Glass	✓
Cllr David Godwin	✓
Cllr Jackie McArdle	✓
Cllr Paul Middleton	✓
Cllr Raymond Morgon	✓
Cllr Barry Mugglestone	✓
Cllr Sue Ospreay	✓
Cllr Gerry O'Sullivan	✓
Cllr Phillip Ruck	✓
Cllr Natasha Summers	✓
Cllr Bryan Vincent	✓
Cllr Reg Whitney	✓
Cllr Julie Wilkes	✓
Cllr Christopher Wilkins	A
Cllr Jacqueline Williams	✓
Cllr Graham Williamson	✓
Cllr John Wood	✓
LABOUR GROUP (8 + 1)	
Cllr Mandy Anderson	✓
Cllr Keith Darvill	✓
Cllr Jane Keane	A
Cllr Paul McGeary	✓
Cllr Tevor McKeever	✓
Cllr Matthew Stanton	A
Cllr Katharine Tumilty	✓
Cllr Frankie Walker	✓
EAST HAVERING RESIDENTS' GROUP (3)	
Cllr Brian Eagling	✗
Cllr Martin Goode	✗
Cllr Darren Wise	✗
INDEPENDENT (1)	
Councillor John Tyler	A
TOTALS	
✓ = YES	27
✗ = NO	17
O = ABSTAIN/NO VOTE	0
ID = INTEREST DISCLOSED/NO VOTE	0
A = ABSENT FROM MEETING	11
	0
	55

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VOTING RECORD

DIVISION NUMBER:	1
The Mayor (Councillor Stephanie Nunn)	✓
The Deputy Mayor [Cllr. Pat Brown]	✗
CONSERVATIVE GROUP (20)	
Cllr Robert Benham	A
Cllr Ray Best	✗
Cllr Joshua Chapman	A
Cllr John Crowder	✗
Cllr Philippa Crowder	✗
Cllr Osman Dervish	A
Cllr Jason Frost	A
Cllr Judith Holt	✗
Cllr Robby Misir	A
Cllr Dilip Patel	✗
Cllr Nisha Patel	✗
Cllr Viddy Persaud	✗
Cllr Keith Prince	✗
Cllr Timothy Ryan	✗
Cllr Carol Smith	✗
Cllr Christine Smith	✗
Cllr David Taylor	✗
Cllr Christine Vickery	A
Cllr Damian White	A
Cllr Michael White	✗
HAVERING RESIDENTS ASSOCIATION GROUP (21 + 1)	
Cllr Sarah Edwards	✓
Cllr Gillian Ford	✓
Cllr Oscar Ford	✓
Cllr Laurance Garrard	✓
Cllr James Glass	✓
Cllr David Godwin	✓
Cllr Jackie McArdle	✓
Cllr Paul Middleton	✓
Cllr Raymond Morgon	✓
Cllr Barry Mugglestone	✓
Cllr Sue Ospreay	✓
Cllr Gerry O'Sullivan	✓
Cllr Phillip Ruck	✓
Cllr Natasha Summers	✓
Cllr Bryan Vincent	✓
Cllr Reg Whitney	✓
Cllr Julie Wilkes	✓
Cllr Christopher Wilkins	A
Cllr Jacqueline Williams	✓
Cllr Graham Williamson	✓
Cllr John Wood	✓
LABOUR GROUP (8 + 1)	
Cllr Mandy Anderson	✓
Cllr Keith Darvill	✓
Cllr Jane Keane	A
Cllr Paul McGeary	✓
Cllr Tevor McKeever	✓
Cllr Matthew Stanton	A
Cllr Katharine Tumilty	✓
Cllr Frankie Walker	✓
EAST HAVERING RESIDENTS' GROUP (3)	
Cllr Brian Eagling	✗
Cllr Martin Goode	✗
Cllr Darren Wise	✗
INDEPENDENT (1)	
Councillor John Tyler	A
TOTALS	
✓ = YES	27
✗ = NO	17
O = ABSTAIN/NO VOTE	0
ID = INTEREST DISCLOSED/NO VOTE	0
A = ABSENT FROM MEETING	11
	0
	55

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MINUTES OF A MEETING OF THE COUNCIL OF THE LONDON BOROUGH OF HAVERING Council Chamber - Town Hall 6 September 2023 (7.30 - 8.50 pm)

Present: The Mayor (Councillor Stephanie Nunn) in the Chair

Councillors Councillors Mandy Anderson, Robert Benham, Ray Best, Patricia Brown, Keith Darvill, Osman Dervish, Gillian Ford, Oscar Ford, Laurance Garrard, James Glass, Martin Goode, Judith Holt, Jane Keane, Jacqueline McArdle, Paul McGeary, Trevor McKeever, Paul Middleton, Ray Morgon, Barry Mugglestone, Gerry O'Sullivan, Dilip Patel, Nisha Patel, Viddy Persaud, Keith Prince, Timothy Ryan, Carol Smith, Christine Smith, Matthew Stanton, David Taylor, Katharine Tumilty, John Tyler, Christine Vickery, Bryan Vincent, Frankie Walker, Damian White, Michael White, Reg Whitney, Julie Wilkes, Christopher Wilkins, Jacqueline Williams, Graham Williamson, Darren Wise and John Wood

Two Members' guests and members of the public were also present.

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

The Mayor's Official chaplain – Reverend Amanda Keighley of St Nicholas Church, Elm Park opened the meeting with prayers.

The meeting closed with the singing of the National Anthem.

28 **APOLOGIES FOR ABSENCE (agenda item 2)**

Apologies for absence were received from Councillors Joshua Chapman, John Crowder, Philippa Crowder, Brian Eagling, Sarah Edwards, Jason Frost, David Godwin, Robby Misir, Sue Ospreay, Phil Ruck and Natasha Summers.

29 **MINUTES (agenda item 3)**

The minutes of the Meeting of the Council held on 12 July 2023 were agreed as a correct record.

30 **DISCLOSURE OF INTERESTS (agenda item 4)**

There were no disclosures of interest.

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

Tributes from all sides were paid to former Councillors Barbara Matthews, Nic Dodin and Paul Rochford, all of whom had sadly passed away recently.

The Mayor formally welcomed Councillor Jacqueline Williams who had recently been elected in the by-election in Upminster ward.

The Mayor had recently presented awards at a number of events including the Romford Film Festival and Havering Sixth Form College. The Mayor's Cadet, representing Hornchurch and Upminster Sea Cadets, was announced by the Mayor.

32 **PETITIONS (agenda item 6)**

A petition was received from Councillor Jane Keane re a request for installation of a dropped kerb allowing disabled access to Rom Valley Way.

33 **YOUTH JUSTICE PLAN, 2023/24 (agenda item 7)**

A report of the Chief Executive and Statutory Director of Children's Services presented the Youth Justice Plan 2023-24 for approval. The Youth Justice Plan set out how the Youth Justice Service in Havering was to be implemented, how this would operate and set out key focusses for the coming year.

The report was **AGREED** without division and it was **RESOLVED**:

That Council adopt the Youth Justice Plan as appended to the report.

34 **MEMBERS' QUESTIONS (agenda item 8)**

Thirteen questions were asked and responded to at the meeting. A summary, including of the supplementary questions and answers given, is attached as appendix 1 to these minutes.

Mayor

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FULL COUNCIL, Wednesday 6th September 2023

MEMBERS' QUESTIONS

Romford Conservation Zone

1) To the Cabinet Member for Development & Regeneration (Councillor Graham Williamson)

From Councillor David Taylor

Given the recent character study, which recognises the importance of heritage across Havering, would the administration commit to a review of Romford's Conservation Zone, with view to extending it?

Answer

The borough's 11 conservation areas all have Conservation Area Appraisals and Management Plans which serve to identify the special interest of each conservation area and provide a clear basis for assessing how far planning proposals preserve or enhance their character or appearance.

The administration is committed to an update of all of the Conservation Area Appraisals and Management Plans and is in the process of procuring specialist expertise to undertake this work. The updated Conservation Area Appraisals will be subject to public consultation prior to being adopted. This update links neatly to the work already underway on characterisation and the wider Local Plan refresh. The update of the Romford Conservation Area Appraisal will consider whether the current conservation area boundary should be extended.

A supplementary question asked when the timeline for the consultation with residents would be available. The Cabinet Member responded that he hoped this would be by the end of the year and that he was keen for people to take part in the consultation.

Vehicle Carbon Dioxide Emissions Charging

2) To the Cabinet Member for Environment (Councillor Barry Mugglestone)
From Councillor Darren Wise

Could the cabinet member please confirm that this Council will not be following other London Councils such as Royal Greenwich by introducing vehicle carbon dioxide emissions charging for parking charges and resident and business permits?

Answer

The Council has no plans to introduce any form of vehicle emissions charging either for parking charges in general or parking permits. The administration has made it quite clear in recent months its objections to vehicle emissions charging in the form of the

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ULEZ expansion that the Mayor has just introduced in the borough and has no intention of penalising hard-working motorists any further.

The Council's commitment to improving air quality can be seen in the Adopted Climate Change Action Plan, which sets out how the Council will reduce carbon di- oxide emissions and became a carbon neutral authority by 2040 or sooner. I believe we can achieve this without the need to introduce emissions based parking charges, which will just be yet another financial burden on hard working residents.

(No supplementary question).

Havering Faith Groups

**3) To the Leader of the Council (Councillor Ray Morgon)
From Councillor David Taylor**

Havering's faith groups play an important role in our community. They provide food banks, mother and toddler groups, tackle loneliness, and support people who are struggling with their finances. Will the Leader join me in thanking this community for their work?

Answer

I thank you for your statement. We fully agree that our Faith groups are one of the many groups that includes charities and residents that support our community. We join you in thanking these groups. Indeed, they were invaluable in helping us during Covid by reaching residents and encouraging take up of vaccinations.

The cost of living crisis and reduction in funding for local government, plus the rising costs in social care services mean we will have to work together to build further resilience into our communities. I hope the Conservative group will support and work with us on this moving forward.

A supplementary question asked if the Leader would be able to meet with Councillor Taylor and faith group leaders to discuss how the Council could work with these groups for the betterment of residents. The Leader responded that he was happy to attend such a meeting.

Council Staffing

**4) To the Leader of the Council (Councillor Ray Morgon)
From Councillor Martin Goode**

Could the Leader of this Council, please confirm the total number of temporary staff/ Consultants, currently being employed by Havering Council, and what that figure actually represents by way of a percentage, against all the staff currently employed by Havering Council?

Answer

The number of agency workers including outsourced staff and contractors is at 654 which is 21% of current staff. Every month we action plan to remove any unnecessary resource that is no longer required and to look at our resourcing options for posts to reduce cost and maintain skill.

We will only use agencies where

- There is a national shortage of staff (e.g. social workers)
- For some pieces of work, subject specialists are needed on a short term basis which is financially more viable than creating permanent posts, this would be in technology project management for example
- Sessional workers (e.g. parks ground staff) are included in the figures as are cleaners and drivers in passenger transport
- The new Target Operating Model and workforce management system will significantly help us to manage headcount and also make optimum use of flexible resource and to centralise where possible removing any duplication.
- We are developing more apprentice posts and graduate opportunities to avoid using agency workers in analyst, customer service and project management roles where this is appropriate
- In our library teams where we use agency staff we are converting agency staff to permanent contracts as needed

A supplementary question asked if the Leader felt the current level of temporary staff was too high. The Leader responded that agency staff were converted to permanent employees in certain circumstances but it was sometimes more cost effective to use agency staff. Numbers of agency staff were continuously reviewed by the Council.

Travel Infrastructure in the Borough

**5) To the Leader of the Council (Councillor Ray Morgon)
From Councillor Christine Smith**

Can the administration please provide an update on any new active travel infrastructure that has been commissioned under this administration?

Answer

The Administration is committed to delivering infrastructure that gives residents the choice of how they would like to travel in the borough.

Last financial year we delivered secure cycle parking for five residential estates in the borough. We are continuing this programme this financial year with a further round of residential cycle parking being funded through the Local Implementation Plan.

We continue to support many Havering schools develop and maintain their school travel plans. Last year we funded cycle and scooter parking across 15 Havering schools delivering 249 scooter parking spaces and 169 cycle parking spaces.

A further £100k of our Local Implementation Plan programme is already committed to delivering cycle and scooter parking this year with 14 schools already expressing an interest.

Schemes are allocated funding through a competitive bidding process which has remained the same across multiple administrations. Successful schemes have to meet a range of criteria set by funders. The lifecycle of a scheme from concept through to delivery can therefore take several years.

The Council continues to develop Beam Parkway, a transformational scheme supporting walking and cycling proposed for the A1306, and a review of the scheme design is taking place, this year.

Work is underway investigating the feasibility for delivering cycling improvements along Rom Valley Way and establishing a new cycle connection from Dovers Corner roundabout towards Rainham Station.

The administration continues to expand its School Streets programme in locations which have school, local resident and Ward Councillor support. A further three schools are set to be implemented in the Autumn term bringing the total number of schools that are part of a school street to 17. The Council will be supporting these schools through complimentary measures where needed to help pupils travel to and from school by foot and by bike.

(No supplementary question).

School Crossing Patrols, Brentwood Road

**6) To the Cabinet Member for Environment (Councillor Barry Mugglestone)
From Councillor Judith Holt**

In response to my two petitions presented to Full Council on 22nd March 2023, requesting lollipop men or women for the crossings in Brentwood Road, Havering Council's position was "that new school crossing patrol sites will not be installed and it considers, in general terms, that the control measures at the zebra crossing adequately mitigate the risk of crossing the road". Please could the Council provide evidence of how it arrived at that conclusion?

Answer

Thank you for this question. I would like to start by saying I, and the Council, takes the safety of school children very seriously. I also understand the significant benefits of children walking, cycling and scooting to school and the Council supports this through a number of measures annually. These range from education, new or improved infrastructure, supporting school travel planning and enforcement.

As members may be aware road collision data is routinely reviewed borough wide and funding is targeted to address sites where there's a history or pattern of accidents and where measures may reduce these. The Council will continue with this

Council, 6th September, 2023

approach and seek to enhance the safety of crossings where the data suggests this is needed.

With regard to Brentwood Road the zebra crossing itself is deemed suitable to provide a safe crossing facility for school children which is standard practice, it is also worth noting School Patrols are a discretionary service. I have asked Officers to arrange to meet with Councillor Holt to talk through potential options for safety enhancements in this area.

For information less than 15% of schools have a crossing patrol associated with them.

(No supplementary question).

“Wheelie Bin” Provision

**7) To the Cabinet Member for Environment (Councillor Barry Mugglestone)
From Councillor Judith Holt**

With the start of the new waste contract with Urbaser Ltd on 22nd October 2023 and its fleet of new vehicles, please could the Council confirm whether it might intend considering changing from black and orange sacks to wheelie bins?

Answer

At a time of severe financial pressures on the Council, it is right that officers consider all areas where cost savings or reduced cost pressures can be achieved. There are currently no plans to introduce wheelie bins but it is an option we may have to consider.

Havering’s new collection contract with Urbaser includes the option to introduce wheelie bins during the contract duration, with the vehicles having the capability to be retrofitted with bin lifts. Officers are currently working with their counterparts in other ELWA boroughs, as well as environmental consultants, to model the cost and service implications of wheelie bins. It is appreciated that there are proven benefits to be had, from reduced spillages and being able to limit the amount of residual waste that residents can present, thus driving up recycling rates and reducing overall waste production in the borough.

Residents often enquire about the introduction of wheeled bins, however, this is a substantial investment for Havering to make, estimated at around £2m for one wheelie bin per kerbside property, and increased if wheelie bins were to also be introduced for recyclable materials. The containers would need to be maintained when damage or theft occurs which would incur further costs and administration, as well as the purchase and installation of bin lifts for the collection vehicles, and reprofiling collection rounds to account for additional time taken to empty and return bins. Consideration also needs to be given to properties that cannot facilitate a wheeled bin or number of wheeled bins/containers, such as terraced properties and those with smaller front gardens.

A supplementary question asked if these issues could be discussed further at a meeting with the Cabinet Member. The Cabinet Member responded that there was nothing to discuss further until the new waste contract had commenced.

Local Area Co-ordination

**8) To the Cabinet Member for Adults & Health (Councillor Gillian Ford)
From Councillor Jason Frost**

Will the Administration commit to maintaining the Local Area Coordination programme beyond 2024/25?

Answer

The Administration is committed to Local Area Coordination for residents of Havering, with additional funding secured via the Havering Place Based Partnership, to enable its continuation and expansion. We are now expanding the scheme into wards in Romford, and are currently exploring the exact localities with the local community. We held an open day on 30/8/2023 in Romford, to which members were invited. With thanks to Cllr Viddy Persaud for her support on the day.

As all members are aware, the council's budget position is difficult, however this administration absolutely remains committed to working with partners to secure ongoing funding to keep the service on a sustainable footing in 2025/26 and beyond. We must thank our NHS partners in the Havering Borough Partnership for their ongoing financial commitment to date, as they do recognise that Local Area Coordination benefits local residents and patients, in the work that they do, reducing the pressure on statutory services, by working alongside people to improve their health outcomes and increase their aspirations to live good lives. The Chair of the Integrated Care Board has recently stated that they are very impressed with the work on this area that is being done in Havering.

Data and testimonials have shown that Local Area Coordination is having an impact on the lives of residents in supporting them to get the life they want. The team has completed a journey with 286 people to date and is currently walking alongside 160.

Local Area Coordination in Havering continues to be accountable to the Council and other stakeholders, via the monthly Leadership Group, and is also a member of the national Local Area Coordination network, where Havering has one of 14 Local Area Coordination teams across the UK.

A supplementary question stated that it was encouraging that the Administration was committed to continuing with the project.

Support Service for Young Carers

9) To the Cabinet Member for Children & Young People (Councillor Oscar Ford) From Councillor Jason Frost

Could the Lead Member outline progress on the commissioning of a new comprehensive support service for young carers in Havering?

Answer

The new Young Carers Support Service is due to commence 1st December 2023.

The service will be delivered to anyone aged 5-17 living in Havering who is taking on caring responsibilities for a family with a long-term illness, disability, mental health or substance misuse issue. The provider will work with schools, communities, and statutory and voluntary agencies to identify hidden young carers. Following assessment, the provider will offer a range of short-term interventions including signposting, one-to-one support, in school support and workshops.

The aim of the service is to reduce the negative and highlight the positive impact of being a carer such as increased resilience, empathy, non-judgmental attitude and caring nature.

Some of the outcomes and targets that the Service will seek to achieve include:

- reducing the number of young people that have inappropriate caring roles;
- reducing the number of caring activities that a young carer dislikes and upsets them;
- increasing the number of young carers who are better able to cope
- improving and maintaining emotional wellbeing, physical health and mental health;
- increasing access and participation in community-based opportunities;
- enabling those with caring responsibilities to fulfil their educational and employment potential;
- increasing the number of young carers who feel safer at home;
- increasing the opportunity for young carers to have a role in developing and shaping the service e.g. mentoring, volunteering, types of support offered and location of services.
- improved partnership working with all key partners – including stakeholders, other agencies, the young carers and their families.

The retender of the service has given the Council the opportunity to include the benefit of added Social Value to the service. In addition to the contracted service, at no additional cost to the Council, the provider will be expected to:

- promote local skills and employment
- invest in the local economy
- extend community participation, engagement, and cohesion
- help raise the attainment and aspirations of the young people
- promote environmental sustainability
- promote digital inclusion

- work in partnership to improve the health and wellbeing of local people

A supplementary question asked how many young carers in Havering qualified for the support mentioned. The Cabinet Member responded that this information could be provided outside of the meeting.

Accessible Strategy for Parks in Havering

10) To the Cabinet Member for Environment Councillor Barry Mugglestone) From Councillor Viddy Persaud

Would this Administration agree to the development of an accessibility strategy for Havering's parks and green spaces, recognising the needs of those with physical disabilities (especially children) to have as complete access to the play/leisure facilities as possible?

Answer

Accessibility will be covered in the Parks Strategy that is currently being produced and which is expected to be completed later this year.

In addition I would add that equality of access in our parks is generally good with step free access at most entrances and where practicable, there are networks of hard surfaced pathways that link facilities. We also have a regular programme of pathway improvements subject to available capital funding. Benches and picnic tables are designed to cater for people with disabilities and there are also disabled toilets, including an adult changing area, across the borough.

All play areas have some inclusive play equipment, depending on the size of the area, so children of all abilities can play together. This includes items such as, wide slides, basket swings, ground level roundabouts and springies with backs. These types of equipment are specified in all play area improvement projects.

The Parks Department has, in the past, received small grants from Lucas Play Site Trust for installation of accessible equipment in play areas.

A supplementary question stated that it was reassuring that the strategy would be in place by the end of the year.

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Many residents will welcome the news that our parks will once again be locked after dark. However, could the Lead Member please explain why the long-standing policy of sunrise-sunset (officially published by the Met Office) opening times has been changed to 8am-dusk (the definition of which is far more subjective)?

Answer

We are pleased that we can now offer this service once again with the start of the new contract.

With regards to opening and closing times, there has not been a policy of sunrise to sunset.

Our parks and open spaces that are locked in the evening have always been closed approximately half an hour after sunset, i.e. dusk, and then opened by 8am.

(No supplementary question).

Measles Vaccinations

**12) To the Cabinet Member for Adults & Health (Councillor Gillian Ford)
From Councillor Christine Smith**

In light of recent warnings from the UKHSA on the declining rates of measles vaccination across the capital, can the Lead Member please outline what Havering are doing to ensure that uptake within the Borough remains at the recommended level?

Answer

Since 1 Jan 2023, 115 (88 confirmed and 27 probable) measles cases have been reported in London; there have been no confirmed or probable cases in Havering. With continued community transmission of measles in London vaccination is essential.

NHS England are responsible for commissioning MMR vaccination programmes, provided via GPs and supported by catch-up campaigns; 320,000 children across London were identified as either missing or only partially vaccinated for MMR. Uptake in Havering is better than London, but worse than England.

Council, 6th September, 2023

Working in partnership with NHSE, NHS ICS colleagues, Havering LA, schools, parents and communities, the following actions are taking place:

- 2023 London MMR/polio campaign has protected thousands of unvaccinated children against measles; an additional 14% of eligible children were immunised.
- Schools-based providers called almost 10,000 families who have unvaccinated children, with around 11% of calls answered and 1,000 children vaccinated; additional clinics were put on by Vaccination UK in Havering at MyPlace and Fairkytes Arts Centre.
- The NHS in London launched a digital marketing campaign targeting those most at risk in London.
- A monitoring exercise by Children's Social Care has confirmed that all children in care under the local Authority's responsibility are fully up to date with necessary vaccinations.

A supplementary question asked if there was a strategy to follow up on the receipt of measles vaccinations for children from BME groups. The Cabinet Member responded that the overall vaccination strategy had been considered at the last partnership meeting.

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Would the Cabinet Member agree to changing the parking period for the parade on Ardleigh Green Road between Helen Road and Squirrels Heath Lane from the current Ring Go offer of 30 mins free parking with no return the same day to no extended parking (a feature presently allowed on the Ring Go app) as this is blocking the bays and reducing foot fall?

Answer

I thank Councillor Vickery for her question.

I would be more than happy to meet with Cllr Vickery to understand the impact the current arrangements are having on foot fall in the local parade and any potential solutions. I can then consider how this may be addressed including the potential for any review of the local parking arrangements.

A supplementary question confirmed that Councillor Vickery would like to meet with the Cabinet Member in order to discuss the matter further.



FULL COUNCIL, Wednesday 6th September 2023

MEMBERS' QUESTIONS

Romford Conservation Zone

1) To the Cabinet Member for Development & Regeneration (Councillor Graham Williamson)

From Councillor David Taylor

Given the recent character study, which recognises the importance of heritage across Havering, would the administration commit to a review of Romford's Conservation Zone, with view to extending it?

Answer

The borough's 11 conservation areas all have Conservation Area Appraisals and Management Plans which serve to identify the special interest of each conservation area and provide a clear basis for assessing how far planning proposals preserve or enhance their character or appearance.

The administration is committed to an update of all of the Conservation Area Appraisals and Management Plans and is in the process of procuring specialist expertise to undertake this work. The updated Conservation Area Appraisals will be subject to public consultation prior to being adopted. This update links neatly to the work already underway on characterisation and the wider Local Plan refresh. The update of the Romford Conservation Area Appraisal will consider whether the current conservation area boundary should be extended.

A supplementary question asked when the timeline for the consultation with residents would be available. The Cabinet Member responded that he hoped this would be by the end of the year and that he was keen for people to take part in the consultation.

Vehicle Carbon Dioxide Emissions Charging

2) To the Cabinet Member for Environment (Councillor Barry Mugglestone)
From Councillor Darren Wise

Could the cabinet member please confirm that this Council will not be following other London Councils such as Royal Greenwich by introducing vehicle carbon dioxide emissions charging for parking charges and resident and business permits?

Answer

The Council has no plans to introduce any form of vehicle emissions charging either for parking charges in general or parking permits. The administration has made it quite clear in recent months its objections to vehicle emissions charging in the form of the

Council, 6th September, 2023

ULEZ expansion that the Mayor has just introduced in the borough and has no intention of penalising hard-working motorists any further.

The Council's commitment to improving air quality can be seen in the Adopted Climate Change Action Plan, which sets out how the Council will reduce carbon di- oxide emissions and became a carbon neutral authority by 2040 or sooner. I believe we can achieve this without the need to introduce emissions based parking charges, which will just be yet another financial burden on hard working residents.

(No supplementary question).

Havering Faith Groups

**3) To the Leader of the Council (Councillor Ray Morgon)
From Councillor David Taylor**

Havering's faith groups play an important role in our community. They provide food banks, mother and toddler groups, tackle loneliness, and support people who are struggling with their finances. Will the Leader join me in thanking this community for their work?

Answer

I thank you for your statement. We fully agree that our Faith groups are one of the many groups that includes charities and residents that support our community. We join you in thanking these groups. Indeed, they were invaluable in helping us during Covid by reaching residents and encouraging take up of vaccinations.

The cost of living crisis and reduction in funding for local government, plus the rising costs in social care services mean we will have to work together to build further resilience into our communities. I hope the Conservative group will support and work with us on this moving forward.

A supplementary question asked if the Leader would be able to meet with Councillor Taylor and faith group leaders to discuss how the Council could work with these groups for the betterment of residents. The Leader responded that he was happy to attend such a meeting.

Council Staffing

**4) To the Leader of the Council (Councillor Ray Morgon)
From Councillor Martin Goode**

Could the Leader of this Council, please confirm the total number of temporary staff/ Consultants, currently being employed by Havering Council, and what that figure actually represents by way of a percentage, against all the staff currently employed by Havering Council?

Answer

The number of agency workers including outsourced staff and contractors is at 654 which is 21% of current staff. Every month we action plan to remove any unnecessary resource that is no longer required and to look at our resourcing options for posts to reduce cost and maintain skill.

We will only use agencies where

- There is a national shortage of staff (e.g. social workers)
- For some pieces of work, subject specialists are needed on a short term basis which is financially more viable than creating permanent posts, this would be in technology project management for example
- Sessional workers (e.g. parks ground staff) are included in the figures as are cleaners and drivers in passenger transport
- The new Target Operating Model and workforce management system will significantly help us to manage headcount and also make optimum use of flexible resource and to centralise where possible removing any duplication.
- We are developing more apprentice posts and graduate opportunities to avoid using agency workers in analyst, customer service and project management roles where this is appropriate
- In our library teams where we use agency staff we are converting agency staff to permanent contracts as needed

A supplementary question asked if the Leader felt the current level of temporary staff was too high. The Leader responded that agency staff were converted to permanent employees in certain circumstances but it was sometimes more cost effective to use agency staff. Numbers of agency staff were continuously reviewed by the Council.

Travel Infrastructure in the Borough

**5) To the Leader of the Council (Councillor Ray Morgon)
From Councillor Christine Smith**

Can the administration please provide an update on any new active travel infrastructure that has been commissioned under this administration?

Answer

The Administration is committed to delivering infrastructure that gives residents the choice of how they would like to travel in the borough.

Last financial year we delivered secure cycle parking for five residential estates in the borough. We are continuing this programme this financial year with a further round of residential cycle parking being funded through the Local Implementation Plan.

We continue to support many Havering schools develop and maintain their school travel plans. Last year we funded cycle and scooter parking across 15 Havering schools delivering 249 scooter parking spaces and 169 cycle parking spaces.

A further £100k of our Local Implementation Plan programme is already committed to delivering cycle and scooter parking this year with 14 schools already expressing an interest.

Schemes are allocated funding through a competitive bidding process which has remained the same across multiple administrations. Successful schemes have to meet a range of criteria set by funders. The lifecycle of a scheme from concept through to delivery can therefore take several years.

The Council continues to develop Beam Parkway, a transformational scheme supporting walking and cycling proposed for the A1306, and a review of the scheme design is taking place, this year.

Work is underway investigating the feasibility for delivering cycling improvements along Rom Valley Way and establishing a new cycle connection from Dovers Corner roundabout towards Rainham Station.

The administration continues to expand its School Streets programme in locations which have school, local resident and Ward Councillor support. A further three schools are set to be implemented in the Autumn term bringing the total number of schools that are part of a school street to 17. The Council will be supporting these schools through complimentary measures where needed to help pupils travel to and from school by foot and by bike.

(No supplementary question).

School Crossing Patrols, Brentwood Road

**6) To the Cabinet Member for Environment (Councillor Barry Mugglestone)
From Councillor Judith Holt**

In response to my two petitions presented to Full Council on 22nd March 2023, requesting lollipop men or women for the crossings in Brentwood Road, Havering Council's position was "that new school crossing patrol sites will not be installed and it considers, in general terms, that the control measures at the zebra crossing adequately mitigate the risk of crossing the road". Please could the Council provide evidence of how it arrived at that conclusion?

Answer

Thank you for this question. I would like to start by saying I, and the Council, takes the safety of school children very seriously. I also understand the significant benefits of children walking, cycling and scooting to school and the Council supports this through a number of measures annually. These range from education, new or improved infrastructure, supporting school travel planning and enforcement.

As members may be aware road collision data is routinely reviewed borough wide and funding is targeted to address sites where there's a history or pattern of accidents and where measures may reduce these. The Council will continue with this

Council, 6th September, 2023

approach and seek to enhance the safety of crossings where the data suggests this is needed.

With regard to Brentwood Road the zebra crossing itself is deemed suitable to provide a safe crossing facility for school children which is standard practice, it is also worth noting School Patrols are a discretionary service. I have asked Officers to arrange to meet with Councillor Holt to talk through potential options for safety enhancements in this area.

For information less than 15% of schools have a crossing patrol associated with them.

(No supplementary question).

“Wheelie Bin” Provision

7) To the Cabinet Member for Environment (Councillor Barry Mugglestone) From Councillor Judith Holt

With the start of the new waste contract with Urbaser Ltd on 22nd October 2023 and its fleet of new vehicles, please could the Council confirm whether it might intend considering changing from black and orange sacks to wheelie bins?

Answer

At a time of severe financial pressures on the Council, it is right that officers consider all areas where cost savings or reduced cost pressures can be achieved. There are currently no plans to introduce wheelie bins but it is an option we may have to consider.

Havering’s new collection contract with Urbaser includes the option to introduce wheelie bins during the contract duration, with the vehicles having the capability to be retrofitted with bin lifts. Officers are currently working with their counterparts in other ELWA boroughs, as well as environmental consultants, to model the cost and service implications of wheelie bins. It is appreciated that there are proven benefits to be had, from reduced spillages and being able to limit the amount of residual waste that residents can present, thus driving up recycling rates and reducing overall waste production in the borough.

Residents often enquire about the introduction of wheeled bins, however, this is a substantial investment for Havering to make, estimated at around £2m for one wheelie bin per kerbside property, and increased if wheelie bins were to also be introduced for recyclable materials. The containers would need to be maintained when damage or theft occurs which would incur further costs and administration, as well as the purchase and installation of bin lifts for the collection vehicles, and reprofiling collection rounds to account for additional time taken to empty and return bins. Consideration also needs to be given to properties that cannot facilitate a wheeled bin or number of wheeled bins/containers, such as terraced properties and those with smaller front gardens.

A supplementary question asked if these issues could be discussed further at a meeting with the Cabinet Member. The Cabinet Member responded that there was nothing to discuss further until the new waste contract had commenced.

Local Area Co-ordination

**8) To the Cabinet Member for Adults & Health (Councillor Gillian Ford)
From Councillor Jason Frost**

Will the Administration commit to maintaining the Local Area Coordination programme beyond 2024/25?

Answer

The Administration is committed to Local Area Coordination for residents of Havering, with additional funding secured via the Havering Place Based Partnership, to enable its continuation and expansion. We are now expanding the scheme into wards in Romford, and are currently exploring the exact localities with the local community. We held an open day on 30/8/2023 in Romford, to which members were invited. With thanks to Cllr Viddy Persaud for her support on the day.

As all members are aware, the council's budget position is difficult, however this administration absolutely remains committed to working with partners to secure ongoing funding to keep the service on a sustainable footing in 2025/26 and beyond. We must thank our NHS partners in the Havering Borough Partnership for their ongoing financial commitment to date, as they do recognise that Local Area Coordination benefits local residents and patients, in the work that they do, reducing the pressure on statutory services, by working alongside people to improve their health outcomes and increase their aspirations to live good lives. The Chair of the Integrated Care Board has recently stated that they are very impressed with the work on this area that is being done in Havering.

Data and testimonials have shown that Local Area Coordination is having an impact on the lives of residents in supporting them to get the life they want. The team has completed a journey with 286 people to date and is currently walking alongside 160.

Local Area Coordination in Havering continues to be accountable to the Council and other stakeholders, via the monthly Leadership Group, and is also a member of the national Local Area Coordination network, where Havering has one of 14 Local Area Coordination teams across the UK.

A supplementary question stated that it was encouraging that the Administration was committed to continuing with the project.

Support Service for Young Carers

9) To the Cabinet Member for Children & Young People (Councillor Oscar Ford) From Councillor Jason Frost

Could the Lead Member outline progress on the commissioning of a new comprehensive support service for young carers in Havering?

Answer

The new Young Carers Support Service is due to commence 1st December 2023.

The service will be delivered to anyone aged 5-17 living in Havering who is taking on caring responsibilities for a family with a long-term illness, disability, mental health or substance misuse issue. The provider will work with schools, communities, and statutory and voluntary agencies to identify hidden young carers. Following assessment, the provider will offer a range of short-term interventions including signposting, one-to-one support, in school support and workshops.

The aim of the service is to reduce the negative and highlight the positive impact of being a carer such as increased resilience, empathy, non-judgmental attitude and caring nature.

Some of the outcomes and targets that the Service will seek to achieve include:

- reducing the number of young people that have inappropriate caring roles;
- reducing the number of caring activities that a young carer dislikes and upsets them;
- increasing the number of young carers who are better able to cope
- improving and maintaining emotional wellbeing, physical health and mental health;
- increasing access and participation in community-based opportunities;
- enabling those with caring responsibilities to fulfil their educational and employment potential;
- increasing the number of young carers who feel safer at home;
- increasing the opportunity for young carers to have a role in developing and shaping the service e.g. mentoring, volunteering, types of support offered and location of services.
- improved partnership working with all key partners – including stakeholders, other agencies, the young carers and their families.

The retender of the service has given the Council the opportunity to include the benefit of added Social Value to the service. In addition to the contracted service, at no additional cost to the Council, the provider will be expected to:

- promote local skills and employment
- invest in the local economy
- extend community participation, engagement, and cohesion
- help raise the attainment and aspirations of the young people
- promote environmental sustainability
- promote digital inclusion

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- work in partnership to improve the health and wellbeing of local people

A supplementary question asked how many young carers in Havering qualified for the support mentioned. The Cabinet Member responded that this information could be provided outside of the meeting.

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REPORT OF THE AUDIT COMMITTEE

Full Council: 22 NOVEMBER 2023

2023/24 Treasury Management Mid-Year Report

This Authority is required, under the CIPFA Treasury Management Code, to produce a mid-year report on Treasury Management activities.

The report, adopted by Audit Committee on 18 October 2023, is appended to this covering report and summarises activity on treasury managed investments & borrowings and the associated monitoring and control of risk.

It is RECOMMENDED:

That Council note the 2023/24 Treasury Management Mid-Year Report

Financial Implications and Risks:

None of this covering report.

Legal Implications and Risks:

None of this covering report.

Human Resources Implications and Risks:

None of this covering report.

Equalities Implications and Risks:

None of this covering report.

Health and Wellbeing Implications and Risks:

None of this covering report.

Environment and Climate Change Implications and Risks:

None of this covering report.

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AUDIT COMMITTEE
18 OCTOBER 2023

Subject Heading:

**2023/24 Treasury Management
Mid-Year Report**

SLT Lead:

Kathy Freeman, Strategic Director of
Resources
(Section 151 officer)

Report Author and contact details:

Tony Piggott
Tony.Piggott@onesource.co.uk
01708 434 368

Policy context:

The code of practice on treasury
management 2021 requires that the
Authority be provided with a Mid-year
report on treasury activities

Financial summary:

There are no direct Financial implications
from the report.

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

People making Havering	[X]
Places making	[X]
Resources making Havering	[X]

SUMMARY

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code ("TM Code") require authorities to produce a mid-year report on their treasury management activities.

The Authority's Treasury Management Strategy Statement (TMSS) for 2023/24 was approved at the Cabinet meeting on 8th February 2023 and at Full Council on the 1st March 2023. The TMSS aims to bring together the Council's capital programme and its Budget to ensure borrowing decisions are affordable and sustainable in line with regulation.

This report covers activity on treasury managed investments and borrowings and the associated monitoring and control of risk.

The key highlights of the Mid-Year report are as follows:

- At the end of August 2023 the investment portfolio yield was **5.18%** - this was achieved by keeping investments on very short maturities thereby tracking successive increases in bank rate over this period.
- The Authority weighted average rate of return was 4.65% compared to Link's benchmarking club return of 4.38% for the last published quarter to the end of June – this was virtually risk free as all investments were placed with the Government Debt Management Office and a number of Local Authorities.
- Net interest outturn, expense is expected to be within budget.
- According to the Office for Local Government this Authority has one of the lowest debt servicing costs at 4.6% of core spending power, compared to other authorities in 2021/22.
- The Authority fully complied with the prudential and treasury indicators set out in the (TMSS) for 2023/24.

RECOMMENDATIONS

To note the treasury management activities to August 2023 as detailed in the report.

REPORT DETAIL

Background

1.0 Treasury management

- 1.1 The authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with

surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

- 1.2 The other main function of authority's treasury management operation is to help fund its capital plans. These capital plans provide a guide to the borrowing need of the authority, essentially the longer term cash flow planning required to meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet the Authority's risk or cost objectives.

2.0 Introduction

2.1 This report has been written in accordance with the requirements of the TM Code.

2.2 This is the Mid-Year Review Report required by the TM Code and covers the following:

- Economic update for the first part of the 2023/24 financial year
- Treasury Management Summary to the end of August 2023
- Review of the authority's borrowing strategy for 2023/24
- Review of the authority's investment portfolio for 2023/24; and
- Compliance with Treasury and Prudential Limits for 2023/24.

3.0 Interest rate outlook

3.1 Economics update

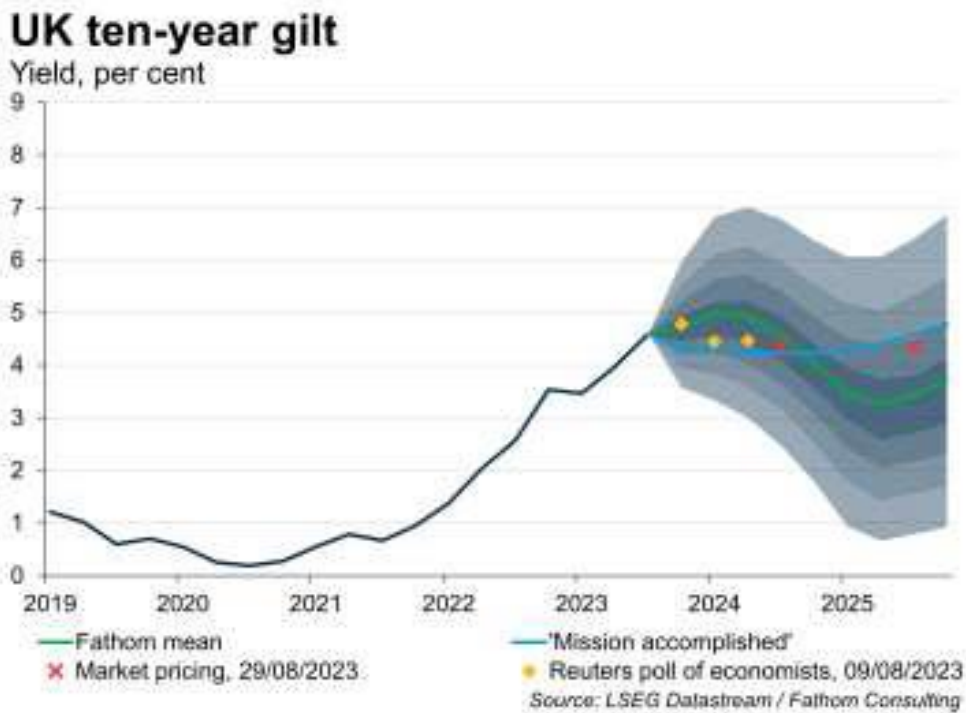
The outlook on interest rates is heavily influenced by the outlook on inflation. Since April 2023 the bank rate increased from 4.25% to currently 5.25%, the latest Bank of England MPC meeting on the 21st September 2023 kept the rate on hold following a 5-4 split decision. This was helped by the August year on year CPI inflation rate announcement the previous day that showed a fall in the rate to 6.7% when most pundits and the market were expecting it to rise.

The MPC meeting on the 20 September stated that CPI inflation is expected to fall significantly further in the near term (six months), reflecting lower annual energy inflation, despite the renewed upward pressure from oil prices, and further declines in food and core goods price inflation. Services price inflation, however, is projected to remain elevated in the near term, with some potential month-to-month volatility. The MPC expect CPI inflation to reach its 2% target rate in Q2 2025.

3.2 Interest rate forecasts

The authority's treasury advisor, Link Group (Link), latest interest rate forecast for the bank rate and PWLB issuance is shown in **Appendix A**. This forecast closely resembles that produced by Capital Economics that have a strong record of making accurate predictions.

The TM Code requires that treasury officers obtain intelligence from a number of sources and not to rely solely on the adviser's advice. To that end, the graph below shows the outlook for the UK 10 year gilt (PWLB fixed rates are based on a margin over gilt) based on a poll of economists and on market pricing. Both show a slight dip over next 2 years on their central forecast. The fan chart shows a distinct downward trajectory, the darker the shade the higher the confidence in the prediction.



4.0 Treasury Management Summary

4.1 The mid-year treasury management position is shown in table 1 below.

Table 1: Treasury Management Summary as at 31st August 2023

	01.04.23	Movement	31.08.23	Weighted Average Rate
Investments	£m	£m	£m	%
Fixed Deposit	30.2	11.0	41.2	4.54
Total investments	30.2	11.0	41.2	4.54
Loans				
PWLB	307.1	0	307.1	2.89
Banks (LOBO)	7.0	0	7.0	3.60
Temporary Borrowing	13.0	5.0	18.0	4.28
Other L/T borrowings	0.8	-0.1	0.7	4.50
Total Loans	327.9	4.9	332.8	2.98

4.2 There has been no new long term borrowing in the financial year 2023/24 to 31 August 2023. Capital expenditure has been slower than expected in the first 5 months of the year and so the amount met from borrowing has been funded by the Council's cash reserves and temporary borrowing. Furthermore the Council's cash balances at this time of year are generally at their highest buoyed by early Council tax and business rate receipts and Government capital grants paid at the start of the year.

4.3 It is expected that capital activity will be concentrated in the second half of the year when demands on cash balances will become more intense and in the absence of new long term borrowing the strain will be borne by temporary borrowing. The Council's cash deposits are already at their liquidity allowance level so there is no further scope for that source to fund further capital borrowing demand.

4.2 The Authority's treasury investments as at 31st August 2023 totalled **£41.2m** yielding **5.18%** and comprised of **£31.2m** deposited with local authorities and **£10m** with banks. The interest earned up to the 31st August 2023 was **£1.4m**. Borrowings totalled **£332.8m** at a fixed rate of **2.98%** comprising of temporary borrowing from local authorities **£18m** and long term fixed interest rate debt of **£314.8m**, with an average duration of **23.7 years**. Interest cost up to 31st August 2023 was **£4.18m**, giving a net interest expense for the period of **£2.77m**

4.3 **Appendix B** shows the breakdown of the authority's investments & borrowings by counterparty.

5.0 Borrowing Strategy

5.1 *Detail*

- 5.1.1 The Council's 2023/24 TMSS assumed there would be new borrowing of £211m in 2023/24. The capital programme has undergone a review and the General Fund- Regeneration Programme element has been scaled back/re-profiled in to later years so that the capital programme new borrowing amount in 2023/24 is forecast at £129m. The TMSS assumed a new long term (more than 1 year) borrowing rate of 4.30% but culmination of 14 successive bank rate increases has meant the long term borrowing rate is now around 5.5%.
- 5.1.2 The cost of this borrowing was anticipated in the budget and the reduced level of borrowing will result in a budget saving partly offset by the borrowing rate increasing more than expected. The net borrowing cost in 2023/24 would depend on the borrowing rate achieved and the exact date of the borrowing. A reasonable rule of thumb might be to assume an interest cost in 2023/24 of c. £45,833 per month per £10m borrowed. Some of this increase in borrowing will be offset by the additional income generated.
- 5.1.3 In the longer-term the Council will of course follow the statutory prescriptions for the repayment of debt, known as minimum revenue provision or MRP. Again as a rule of thumb this is payable at 2% or 2.5% per year, thus enabling debt to be repaid over 40 or 50 years, or more quickly where appropriate (e.g. for shorter life assets). In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.
- 5.1.4 The Council's retained adviser, Link, projects that by 2025 the 50 year PWLB rate will fall to 4.0%. It is therefore reasonable to push back projects in the capital programme where possible until new borrowing rates fall below the budgeted rate.
- 5.1.5 Link's forecast could reasonably be described as part of a broader economic consensus: for example, Capital Economics published a paper on 25 August 2023 forecasting roughly similar long-term rates as far as 10 years (limit of their forecasting) by 2025. If these projections turn out to be correct then it would not be sensible to enter into a 50-year contract at 5.24% interest (the rate as at 21 September 2023) when the expectation would be to be able to execute the same long-term borrowing at around 4% or lower by 2025.

- 5.1.6 However, the obvious risk in this approach is that the consensus forecasts on which the Council relies may turn out to be incorrect and that interest rates actually rise. If so, the Council will eventually be forced to undertake its longer-term borrowing at a higher rate than could have been obtained.
- 5.1.7 So far in 2023/24 the council has borrowed £5m short-term (i.e. for less than one year) at an average interest rate of 4.24%. This interest rate is expected to rise once these loans mature and the impact of increased borrowing from this source means the average rate will converge with the prevailing rate of around 5.3%. The expectation is that within the next two years this could be borrowed at an average rate of around 4%, saving £13,000 per £1m in a full year. If interest rates instead rise, against the consensus forecast, then for every 10 “basis points (bps)” (i.e. by 0.1%) then the extra cost of delaying the decision on borrowing would be £1,000 per £1m borrowed.
- 5.1.8 Clearly this is a difficult balance to strike, but at present given the prevailing economic consensus maintaining the position on using temporary borrowing makes sense. Last June, the PWLB introduced a concessionary rate for HRA borrowing which is 40bps (0.4%) below the rate at which the General Fund can borrow at. Officers may use this source to help fund the HRA borrowing requirement, estimated at £93m in 2023/24, albeit between 2 and 5 year in duration and then refinance with PWLB debt over a much longer duration when interest rates are expected to be cheaper. The same approach may be applied on the estimated £36m new borrowing for the General Fund element of the capital programme in 2023/24 should liquidity on the money markets tighten and temporary debt costs increase relatively. However, should the interest rate outlook change, officers will have the flexibility to draw down new debt on longer durations to secure the capital programme.
- 5.1.9 PWLB debt remains the most economical source of long term capital finance, but over shorter durations up to three to five years the money markets can be a cheaper source of capital finance. Officers constantly evaluate other sources of finance.

5.2 *Debt Rescheduling*

The possibility of debt rescheduling is regularly discussed with our treasury adviser. However opportunities have been almost non-existent in the current economic climate. The current PWLB rules on redemption are prohibitive and costly.

5.3 LOBO's

The Authority holds a £7m LOBO loan with Danske Bank at 3.60% who have the option to propose an increase in the interest rate at set dates, while the Authority has the option to either accept the new rate or to repay the loan at no additional cost. Link stated there is a significant probability that the lender may propose an increase in the rate in November 2023. If called, this will be financed from current cash balances, officers will continue to monitor and discuss with Danske Bank going forward.

6.0 Budgeted Income and Return

6.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 2 below:

Table 2: 2023-24 Treasury Investment Performance to 31st August 2023

Period	Benchmark Average 3 month SONIA compounded, looking back	Budget Rate %	Actual Rate %
01/04/23 to 31/08/23	4.63	3.12%	4.54

6.2 The authority slightly underperformed its benchmark during the period. This was due in part to the rapid successive increases in the Bank Rate by the BoE MPC, this has been mitigated by keeping the majority of our funds in near dated liquid investments to meet cash calls as they fall due.

6.3 It is expected that the average 3 month SONIA rate will stabilise at current levels as the bank rate nears its peak. Accordingly investments will be kept in shorter maturities (less than 3 months) for the remainder of the financial year.

6.4 The continued delays to capital expenditure has meant investment balances are running higher than planned. Investment income is expected to exceed budget, whilst borrowing costs are expected to be held below the budget forecast.

6.5 The Authority is a member of the Link treasury investment benchmarking club consisting of 13 London Boroughs, one County Council and one unitary authority, Results are published on a quarterly basis, the latest being quarter ending, June 2023. This Authority posted a weighted average rate of return in the first quarter of 4.65% compared to the club average of 4.38%. As this

Authority had placed its investments in the Government Debt Management Office the investments are considered to be virtually risk free.

6.6 The Authority's excess cash is being steadily used to fund capital expenditure subject to a liquidity allowance of £40m. By definition this cash is invested on very short durations and as a result the return on these investments has been able to increase almost at the same pace as successive increases in the Bank rate over this period.

7.0 Regulation and Government Consultations

7.1 The DLUHC has issued the Consultation on Local Government capital risk mitigation measures in the Levelling Up and Regeneration Bill (LUR Bill): capital risk metrics on the 13th July 2023 which closed on 23 September 2023. The LUR Bill was introduced in May 2022 and sets out four risk metrics for local authorities in England, which, if breached would mean the Authority comes into scope of the new powers which provide the government with the flexibility to intercede where it is appropriate to do so. The detailed methods of calculation are to be included in regulations, reflecting the fact that specific risks evolve and emerge, and the consultation sought views on **appropriate calculations** which give a reasonable reflection of a Council's level of risk for that metric. In addition to the four risk metrics there are other measures which seek to provide contextual information about an Authority. The table below produced by London Councils provides a useful summary:

Metrics		Initial Assessment
Financial Performance / Risk Metrics		
1	Reserves as a percentage of Net Revenue Expenditure	Provides a relative assessment of reserve levels compared to annual spending
2	Reserves as a percentage of service spend	Provides an alternative assessment of reserve levels compared to annual spending; results are very similar under both reserve metrics.
6	Social care spend as % of Core Spending Power	Provides an indicator regarding budget flexibility, and the amount of funding currently directed towards statutory services
7	Debt servicing as % of Core Spending Power	Provides a relative assessment of the impact of debt on the revenue budget
8	Total debt as % of Core Spending Power	Provides a relative assessment of the level of indebtedness on an authority.
Contextual Metrics		
3	Total Core Spending Power per dwelling	Provides a relative assessment of the total revenue available to a local authority
4	Level of Band D council tax rates	Straight comparison of council tax levels - given central restrictions on annual CT increases does not provide a true sense of local revenue raising ability.
5	Council Tax revenue per dwelling	Comparison of current CT levels per dwelling, provides context regarding local revenue raised per local dwelling (see above)

7.2 The metrics are intended to be broadly consistent with existing metrics such as those the prudential indicators in the CIPFA Prudential Code, but will not necessarily be exactly the same given the different purpose.

- 7.3 The data for these indicators has been benchmarked across London using year- end figures from the 2021/22 Statement of Accounts. This shows that Havering scored well in terms of debt servicing costs at 4.6% of core spending power (In the lowest 30 of England on this particular metric, median for English Authorities was 9%. In terms of Total debt as a percentage of core spending power Havering scored 234% compared to England median of 226%, while in Havering's CIPFA nearest neighbours the median figure was 249%. This will need to be monitored and considered as part of planning the capital programme. Based on the Council increasing its planned borrowing by £129m in 2023/24 then the debt servicing cost ratio would be expected to increase to 5.8% and the total debt ratio would rise to around 315% (TBC).
- 7.4 Officers feel the debt figures they published do not accurately account for the level of 'Core Spending Power' in Havering. This is the core revenue funding available for local authority services, including Council Tax and locally retained business rates. This is recorded as £186.7m for 2021/22, some way below our actual General Fund budget which accounts for other additional grants and income sources. Local authorities have for years told government that core spending power isn't a good measure as it understates our budget and hence makes a debt ratio like this look higher than it really is. In comparing authorities in this league table approach, there are fundamental flaws that makes the comparison meaningless as there is no like to like comparison. Few examples of such flaws are, comparing authorities which have ring fenced HRA with those who don't have their own stock; there are other aspects of our funding that this process does not include, which make the debt ratio comparison problematic.

8.0 Compliance with Prudential and Treasury Indicators

- 8.1 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. The Authority's approved 2023/24 Treasury and Prudential Indicators (affordability limits) were included and approved by Full Council as part of the TMSS 1st March 2023.
- 8.2 During the period, the Authority has operated within the treasury limits and Prudential Indicators set out in the authority TMSS and in compliance with the authority's Treasury Management Practices. An update on indicators and limits are reported in **Appendix C** of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

Year to date treasury activity is in accordance with the Authority's approved TMSS. There have been no breach in the Authority's treasury indicators and prudential indicators set out in the TMSS.

It is expected that the authority's net interest costs will be below budget in 2023/24 and any new borrowing undertaken for the capital programme for remainder of 2023/24 will be in accordance with the Authority's treasury limits and prudential indicators.

The key risks include:

Inflation – Inflation drives direct costs within project business cases on which the borrowing requirement is based and also drives Monetary Policy affecting the Bank of England Bank Rate impacting the cost of borrowing available to the Council.

Exposure to Interest rate fluctuation is a key risk and the council must weigh this risk in determining the source and length of borrowing, balancing the certainty of long term fixed rates with risk of locking in rates that may prove more expensive vs the potential benefits of short term fixed rates with risk that rates at point of maturity and re-financing prove more expensive.

Government policy - can impact the availability and cost of PWLB borrowing with examples including uncertain availability of limited concessionary rates such as the HRA concession noted in this report and the increases in PWLB rates initiated between 2019 and 2021. Mention of a likely regulation change is set out in section 7 above.

Legal implications and risks:

Cabinet is required to have a full understanding of all financial risks and be satisfied that they are propitiate to its overall budget and that the Council is not exposed to any unacceptable, unnecessary or disproportional risk in the management of its financial affairs.

Members also need to feel assured that there has been no breach of the Authority's prudential indicators and treasury indicators.

Human Resources implications and risks:

There are no HR implications from this report.

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.

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

Health and Wellbeing Implications and Risks:

The Council is committed to improving the quality of life and wellbeing for all Havering employees and residents in respect of socio-economics and health determinants. There are no direct implications to the Council's workforce and resident's health and wellbeing as a result of this report.

BACKGROUND PAPERS

None

Appendix A

Interest Rate Forecast

Table 1: Link interest rate outlook*

	Type	Now	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Bank Rate		5.25	5.25	5.25	5.25	5.00	4.50	4.00	3.50
5yr PWLB	GF	5.04	5.10	5.00	4.90	4.70	4.40	4.20	4.00
	HRA	4.64	4.70	4.60	4.50	4.30	4.00	3.80	3.60
10yr PWLB	GF	5.30	5.00	4.90	4.80	4.60	4.40	4.20	4.00
	HRA	4.90	4.60	4.50	4.40	4.20	4.00	3.80	3.60
25yr PWLB	GF	5.76	5.40	5.20	5.10	4.90	4.70	4.40	4.30
	HRA	5.36	5.00	4.80	4.70	4.50	4.30	4.00	3.90
50yr PWLB	GF	5.52	5.20	5.00	4.90	4.70	4.50	4.20	4.10
	HRA	5.12	4.80	4.60	4.50	4.30	4.10	3.80	3.70

* Source Link publication 25th September 2023,

Appendix B

Table 1 breakdown of Investments as at 31st August 2023

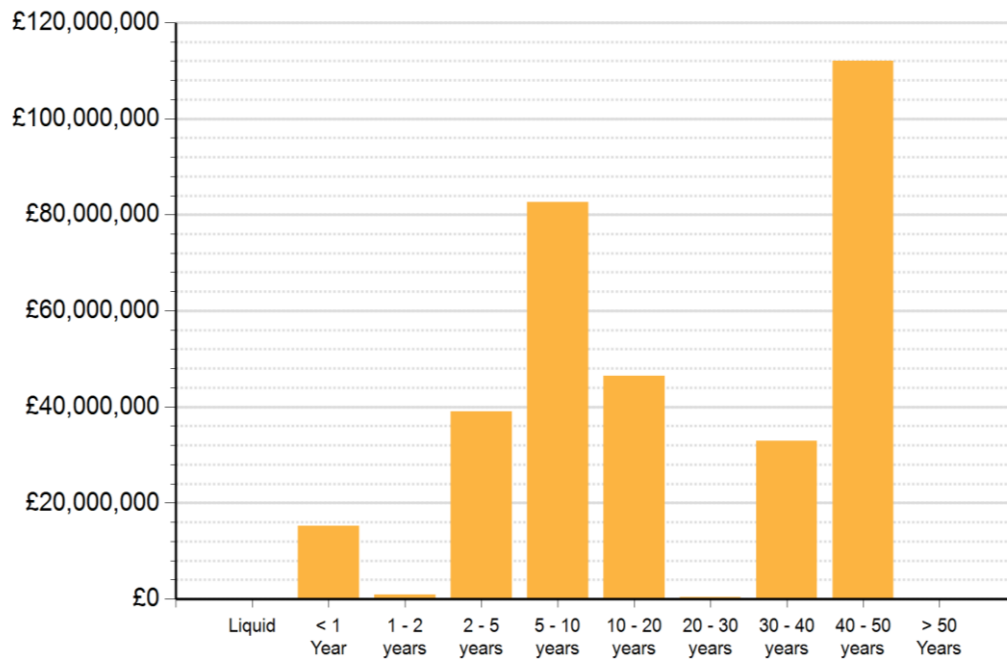
Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Deposit	Fixed	24/08/23	04/09/23	Bournemouth, Christchurch & Poole	5.2000%	4,700,000.00
Deposit	Fixed	15/06/23	05/09/23	Worcestershire County Council	4.8500%	5,000,000.00
Deposit	Fixed	23/08/23	05/09/23	Calderdale Metropolitan Borough Council	5.2000%	1,500,000.00
Deposit	Fixed	30/08/23	06/09/23	Hertfordshire County Council	5.3000%	5,000,000.00
Deposit	Fixed	07/08/23	07/09/23	National Westminster Bank plc	5.1900%	10,000,000.00
Deposit	Fixed	25/08/23	08/09/23	Leeds City Council	5.2300%	5,000,000.00
Deposit	Fixed	31/08/23	29/09/23	Liverpool City Council	5.2500%	5,000,000.00
Deposit	Fixed	30/08/23	06/10/23	Cheltenham Borough Council	5.2000%	5,000,000.00
Deposit Total					5.1769%	-41,200,000.00

Table 2 breakdown of Borrowings as at 31st August 2023

Class	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Loan	06/04/00	04/04/25	PWLB	4.8750%	478,411.83
Loan	06/04/00	04/04/25	PWLB	4.8750%	500,694.11
Loan	28/03/12	28/03/26	PWLB	2.9200%	2,801,126.17
Loan	28/03/12	28/03/26	PWLB	2.9200%	248,473.83
Loan	28/03/12	28/03/27	PWLB	3.0100%	15,178,400.38
Loan	28/03/12	28/03/27	PWLB	3.0100%	1,346,399.62
Loan	14/07/99	27/06/27	PWLB	4.7500%	478,411.83
Loan	14/07/99	27/06/27	PWLB	4.7500%	500,694.11
Loan	28/03/12	28/03/28	PWLB	3.0800%	15,178,400.38
Loan	28/03/12	28/03/28	PWLB	3.0800%	1,346,399.62
Loan	23/07/98	04/04/28	PWLB	5.5000%	956,823.67
Loan	23/07/98	04/04/28	PWLB	5.5000%	1,001,388.21
Loan	28/03/12	28/03/29	PWLB	3.1500%	15,178,400.38
Loan	28/03/12	28/03/29	PWLB	3.1500%	1,346,399.62
Loan	28/03/12	28/03/30	PWLB	3.2100%	15,178,400.38
Loan	28/03/12	28/03/30	PWLB	3.2100%	1,346,399.62
Loan	28/03/12	28/03/31	PWLB	3.2600%	15,178,400.38
Loan	28/03/12	28/03/31	PWLB	3.2600%	1,346,399.62
Loan	28/03/12	28/03/32	PWLB	3.3000%	15,178,400.38
Loan	28/03/12	28/03/32	PWLB	3.3000%	1,346,399.62
Loan	28/03/12	28/03/33	PWLB	3.3400%	15,178,400.38
Loan	28/03/12	28/03/33	PWLB	3.3400%	1,346,399.62
Loan	28/03/12	28/03/34	PWLB	3.3700%	15,178,400.38
Loan	28/03/12	28/03/34	PWLB	3.3700%	1,346,399.62
Loan	28/03/12	28/03/42	PWLB	3.5000%	27,555,674.58
Loan	28/03/12	28/03/42	PWLB	3.5000%	2,444,325.42
Loan	01/04/94	01/04/44	Richard Beard	4.5000%	6,500.00
Loan	01/04/94	01/04/44	Lucas Play site	4.5000%	146,214.51
Loan	01/04/96	01/04/46	Havering Theatre Trust	4.5000%	500,443.60
Loan	23/01/06	23/01/56	PWLB	3.7000%	956,823.67
Loan	23/01/06	23/01/56	PWLB	3.7000%	1,001,388.21
Loan	27/01/06	23/01/56	PWLB	3.7000%	956,823.67
Loan	27/01/06	23/01/56	PWLB	3.7000%	1,001,388.21
Loan	31/01/06	23/01/56	PWLB	3.9000%	956,823.67
Loan	31/01/06	23/01/56	PWLB	3.9000%	1,001,388.21
Loan	14/03/06	14/03/56	PWLB	4.1000%	2,818,135.14
Loan	14/03/06	14/03/56	PWLB	4.1000%	2,949,391.21
Loan	06/04/06	04/04/56	PWLB	4.2000%	642,028.68
Loan	06/04/06	04/04/56	PWLB	4.2000%	671,931.49
Loan	16/06/06	16/06/56	PWLB	4.2500%	1,210,674.25
Loan	16/06/06	16/06/56	PWLB	4.2500%	1,267,062.01
Loan	31/08/06	28/08/56	PWLB	4.2000%	478,411.83
Loan	31/08/06	28/08/56	PWLB	4.2000%	500,694.11

Loan	08/03/07	28/02/57	PWLB	4.2500%	2,392,059.17
Loan	08/03/07	28/02/57	PWLB	4.2500%	2,503,470.53
Loan	07/08/97	01/08/57	PWLB	6.8750%	1,435,235.50
Loan	07/08/97	01/08/57	PWLB	6.8750%	1,502,082.32
Loan	22/12/97	01/08/57	PWLB	6.2500%	334,888.28
Loan	22/12/97	01/08/57	PWLB	6.2500%	350,485.88
Loan	05/08/97	05/08/57	PWLB	6.8750%	3,588,088.75
Loan	05/08/97	05/08/57	PWLB	6.8750%	3,755,205.80
Loan	04/03/98	01/02/58	PWLB	6.0000%	334,888.28
Loan	04/03/98	01/02/58	PWLB	6.0000%	350,485.88
Loan	18/11/05	18/11/65	Danske Bank	3.6000%	3,420,347.79
Loan	18/11/05	18/11/65	Danske Bank	3.6000%	3,579,652.21
Loan	01/12/20	01/12/69	PWLB	1.5300%	30,000,000.00
Loan	24/03/20	24/03/70	PWLB	1.4800%	25,000,000.00
Loan	08/11/21	08/11/71	PWLB	1.7000%	25,000,000.00
Loan	29/12/21	29/12/71	PWLB	1.4300%	25,000,000.00
Fixed Total				2.9043%	314,777,436.62
Loan	15/03/23	15/09/23	Tendering District Council	4.3000%	3,000,000.00
Loan	04/04/23	04/12/23	West Yorkshire Combined Authority	4.2800%	15,000,000.00
Temporary Borrowing - Fixed Total				4.2833%	18,000,000.00
Loan Total				2.9789%	332,777,436.62

Fixed rate debt Maturity profile



Prudential Indicators Estimate 2023/2024

All treasury management activities undertaken during the period complied fully with the CIPFA Code of Practice and the authority's approved Treasury Management Strategy. Compliance with specific treasury limits is demonstrated in tables below.

This prudential indicator is a summary of the Authority'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:

Table 1: Capital expenditure forecast 2023/24

Capital expenditure £m	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Non HRA	75.3	66.1
HRA	143.2	134.7
Regeneration Program *	170.6	19.8
Total **	389.1	220.6

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.

Table 2: Financing of Capital expenditure forecast 2023/24

Financing of capital expenditure £m	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Capital receipts	88.1	43.7
Capital grants	71.0	35.2
Revenue and Reserves	10.4	5.2
Net financing need for the year ***	219.6	136.5

The net financing need for regeneration programme activities included in the above table against expenditure is shown below:

Table 3: Regeneration Programme forecast 2023/24

Regeneration Programme £m	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Capital Expenditure	170.6	19.8
Other Sources of Financing	64.4	0.8
Net financing need for the year	106.2	19.0
Percentage of total net financing need	48.4%	13.9

The Authority's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Authority'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 Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for (e.g. by capital grants), 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 (OLTL) which relates to PFI schemes and finance leases. The Authority currently has no such liabilities within its CFR.

Table 4: Capital financing requirement forecast 2023/24

Capital Financing Requirement £m	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Non HRA Service	168.5	160.8
Regeneration	190.3	87.6
Housing	456.2	440.1
Total CFR	815.0	688.5
Movement in CFR	210.7	129.1

Net financing need for the year	219.6	136.5
Less MRP	7.7	6.2
Less receipts set aside	1.2	1.2
Movement in CFR	210.7	129.1

The Authority's forward projections for borrowing are summarised below in Table 5 below, the Authority must 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 2023/24 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 expected change in debt will be influenced by changes in the CFR and long term interest rates.

However it should be noted that this change in debt is due to external factors set out in the covering report and capital slippage. Table 5 shows internal borrowing of £231.6m but this is dependent on the changes to the Authority's cash backed reserves and net working capital. External cash balances of £40m are maintained over the medium term to mitigate liquidity risk.

Table 5: Capital Financing Requirement (CFR) and Borrowing

£m	2022/23 Actual	2023/24 TMSS Estimate	2023/24 Forecast	2024/25 TMSS Estimate	2025/26 TMSS Estimate
Debt at 1 April	315.0	345.0	327.8	555.7	665.4
Expected change in Debt	12.8	210.7	101.4	109.7	83.6
Actual gross debt at 31 March	327.8	555.7	429.2	665.4	749.0
The Capital Financing Requirement	559.4	815.0	688.5	924.7	988.3
Under / (over) borrowing	231.6	259.3	259.3	259.3	239.3

Within the above figures the level of debt relating to regeneration activities is detailed in table 6 below.

Table 6: Regeneration Programme debt

	2023/24 TMSS Estimate	2023/24 (P3) Forecast
CFR at 31 March £m	190.3	87.6
Percentage of total CFR %	23.34	12.72

Ratio of financing costs to net revenue stream

Table 7 identifies the trend in the cost of capital, (borrowing and other long term obligation costs), against service spending, HRA rents and the regeneration programme. The estimates of financing costs include current commitments and the proposals in this budget report.

Table 7: Ratio of financing costs to HRA rents 2023/24

%	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Council housing (HRA)	27.95	24.24

Table 8 shows the trend in the Non-HRA cost of capital (borrowing and other long term obligation costs), regeneration finance costs are shown both gross and net of Mercury Land Holding (MLH) investment income, against net revenue stream.

Table 8: Ratio of Non HRA net financing costs to net revenue stream 2021/22 – 2025/26.

%	2023/24 TMSS Estimate	2023/24 (P3) Forecast
Main services	6.73	3.30
Regeneration programme	3.04	1.72

Operational Boundary for External Debt

The operational boundary is based on the authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The Authority total debt as at 31.08.2023 was £332.8m and no limit has been exceeded.

Table 9: Operational Boundary

Operational Boundary	TMSS Limit 2023/24 £m	Forecast 2023/24 £m
Borrowing	699.7	429.2
Other long-term liabilities	10.0	0
Regeneration Programme	190.3	0
Total	900.0	429.2

Authorised Limit for External Debt

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

Table 10: Authorised limit for external debt

Authorised Limit	TMSS Limit 2023/24 £m	Forecast 2023/24
Borrowing	749.7	429.2
Other long-term liabilities	10.0	0
Regeneration Programme	190.3	0
Total	950.0	429.2

TREASURY LIMITS

Treasury Management Limits on Activity There are two 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 maturity date should be considered the most probable maturity date and not the next call date.

1.1 Maturity Structure of Borrowing

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

Table 2: Loan maturity structure as at 31 August 2023

	Upper %	Lower %	Actual %
Under 12 months	40	0	5.44
12 months and within 24 months	60	0	0.29
24 months and within 5 years	80	0	11.73
5 years and within 10 years	100	0	24.83
10 years and above	100	0	57.71

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

The limits set in the 2023/24 treasury management strategy in comparison to the half year are set below. It is the authority's policy to classify available for sale investments with maturities exceeding one year as long term investments.

Table 3: Investments for periods longer than 365 days

	2023/24 Limit £m	2023/24 Actual 31.08.23 £m	2024/25 Limit £m
Limit on principal invested beyond year end	50	0	25

Glossary of Terms

A bond is a debt instrument in which an investor lends money for a specified period of time at a fixed rate of interest. The issuing entity could be corporate, financial or government.

A floating rate note (FRN) is a money market instrument with a Floating/variable rate of interest, which re-fixes over a reference rate, for example 3 month LIBOR.

Bail in is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings. A bail-in is the opposite of a bail-out, which involves the rescue of a financial institution by external parties, typically governments using taxpayer's money.

Borrowing Requirements The principal amount the Council requires to borrow to finance capital expenditure and loan redemptions.

Capital Financing Requirement (CFR) Capital Financing Requirement- a measure of the Council's underlying need to borrow to fund capital expenditure

Certificates of deposit (CDs) are a negotiable form of fixed deposit, ranked pari passu with fixed deposits. The difference is that you are not obligated to hold the CD to maturity, you can realise the cash by selling in the secondary market.

Coupon is the total amount of interest a security will pay. The coupon period depends on the security. A CD will often pay interest at maturity, while a bond may pay semi-annually or annually and an FRN will most likely pay every 3 months.

Counterparties Organisations or Institutions the Council lends money to e.g. Banks; Local Authorities and MMFs.

Covered bond Covered bonds are conventional bonds (fixed or floating) issued by financial institutions, that are backed by a separate group of loans, usually prime residential mortgages. This lowers the creditor's exposure to default risk, enhancing the credit. This is why the issue is usually rated AAA, higher than the rating given to the issuer reduces exposure to bail-in risk.

CPI The Consumer Price Index (CPI) is the official measure of inflation in consumer prices in the United Kingdom

Credit rating A measure of the credit worthiness of a borrower. A credit rating can be assigned to country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch or Moody's.

GDP the monetary value of all finished goods and services made within a country during a specific period.

Interest Rate Exposures A measure of the proportion of money invested and what impact movements in the financial markets would have on them.

Market Loans Loans from banks available from the London Money Market including LOBOS (Lender Option, Borrowing Option) which enable the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.

MIFID is the Markets in Financial Instruments Directive. A European Union Directive.

Minimum Revenue Provision (MRP) This is the amount which must be set aside from the revenue budget each year to cover future repayment of loans.

Money Market Fund (MMF) A 'pool' of different types of investments managed by a fund manager that invests in lightly liquid short term financial instruments with high credit rating.

Monetary Policy Committee (MPC) is a committee of the [Bank of England](#), which meets for three and a half days, eight times a year, to decide the official [interest rate](#) in the [United Kingdom](#) (the [Bank of England Base Rate](#)).

Principal is the total amount being borrowed or lent.

Spread is the difference between the buy and sell price of a security. It can also be the gap, usually in basis points, between the yield of a security and the benchmark security.

SONIA sterling overnight interest average rate, the average rate at which banks offer funds in the overnight sterling market.

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REPORT OF THE AUDIT COMMITTEE**Full Council: 22 NOVEMBER 2023****Annual Treasury Management Report 2022/23**

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the prudential and treasury indicators for 2022/23. The report also meets the requirements of the relevant codes of the Chartered Institute of Public Finance and Accountancy (CIPFA).

The report, adopted by Audit Committee on 27 July 2023, is appended to this this covering report and covers the delivery of the Treasury Management Strategy Statement in 2022/23. This report covers activity on treasury managed investments and borrowings and the associated monitoring and control.

It is RECOMMENDED:

That Council note the Annual Treasury Management Report 2022/23.

Financial Implications and Risks:

None of this covering report.

Legal Implications and Risks:

None of this covering report.

Human Resources Implications and Risks:

None of this covering report.

Equalities Implications and Risks:

None of this covering report.

Health and Wellbeing Implications and Risks:

None of this covering report.

Environment and Climate Change Implications and Risks:

None of this covering report.

AUDIT COMMITTEE 27 JULY 2023

Subject Heading:

**Annual Treasury Management Report
2022/23**

SLT Lead:

**Dave McNamara
Interim Section 151 Officer**

Report Author and contact details:

**Tony Piggott / Stephen Wild
Treasury Manager / Head of Pensions
and Treasury
01708 434 368
[Stephen Wild@oneSource.co.uk](mailto:Stephen.Wild@oneSource.co.uk)**

Policy context:

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the prudential and treasury indicators for 2022/23. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, (“the CIPFA TM code”) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (“the Prudential Code”)

Financial summary:

**The Treasury Strategy supports the
Authority’s Budget strategy.**

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

Communities making Havering	[x]
Places making Havering	[x]
Places making Havering	[x]
Connections making Havering	[x]

SUMMARY

The CIPFA TM Code requires that authorities report on the performance of the treasury management function to Full Council at least twice per year (mid-year and at year-end).

The Authority's Treasury Management Strategy Statement (TMSS) 2023/24 was approved by Full Council on the 1 March 2023. This backward looking report covers the delivery of the TMSS in 2022/23.

The Authority borrowed and invested substantial sums of money and is potentially exposed to financial risk from loss of invested funds and the revenue impact from changing interest rates. This report covers activity on treasury managed investments and borrowings and the associated monitoring and control.

RECOMMENDATIONS

- To note the content of treasury management activities and performance against targets for the financial year 2022-23 as detailed in the report.

KEY HIGHLIGHTS

- Investment income outturn overachieved budget by £2.6
- Interest payable underspent the budget by £1.8m, delivering a net underspend of £4.4m (of which £3.8m relates to the General Fund) for 2022/23.
- The Authority's long term debt are on fixed rates averaging 2.95% and are not affected by the recent increases in the Bank of England bank rate.
- No new long term debt was taken while long term interest rates remain elevated.
- During the year treasury exceeded its benchmark of 3 month SONIA @1.38% delivering a yield of 1.73%.
- During 2022/23 this Authority's treasury activities remained within the treasury limits and prudential indicators set out in the TMSS.

REPORT DETAIL

1. Background

1.1. Introduction

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the Authority should receive the following reports:

- An annual treasury strategy in advance of the year (Council 3 March 2022)
- A mid-year, (minimum), treasury update report (Audit Committee 19 October 2022)
- An annual review following the end of the year describing the activity compared to the strategy, (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.

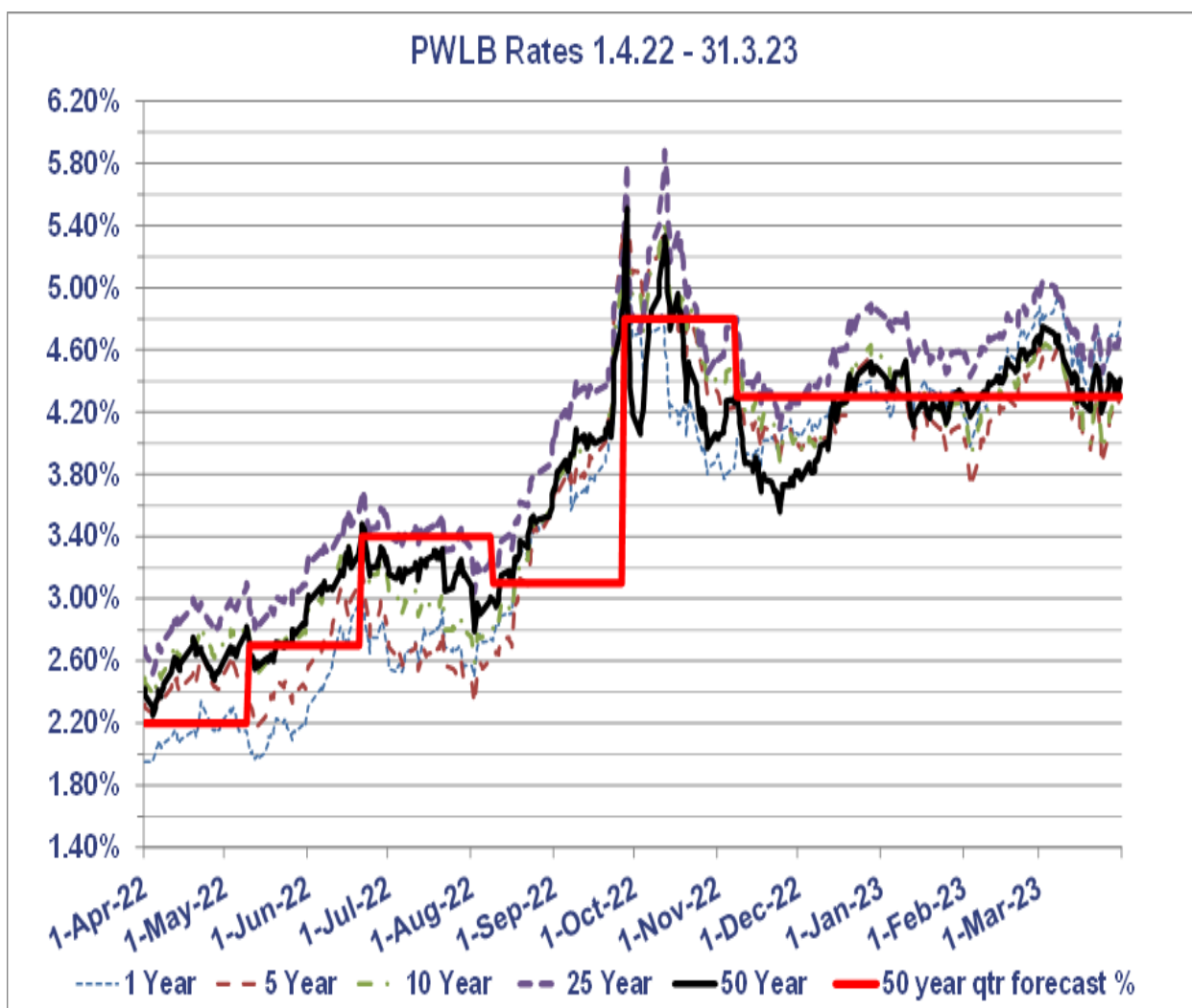
1.2. Economic

Starting April 2022 at 0.75%, The Bank of England (BoE) Monetary Policy Committee (MPC) continued to increase the Bank Rate, moving in stepped increases of either 0.25% or 0.50%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24. UK Inflation

measured by the CPI remained stubbornly high during the period ending the year at 10.1%, well above the (BoE) target of 2%. Since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the Bank of England is being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

UK Gilt yields (which drive PWLB interest rates) rose steadily during the period reaching a peaking in the autumn of 2022, before falling back, currently, Gilt yields are broadly range bound between 3% and 4.25%. As at the 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, see chart below. The policies pursued by the brief Truss government resulted in the spike in rates during the autumn of 2022. Since April long term rates have increased as inflation remains stubbornly high.

Graph 1: PWLB Rates 2022/23



HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

2. Treasury Management Summary

2.1 The treasury management activity in year is shown in table 1 below:

Table 1: Treasury management summary as at 31 March 2022

	01.04.22		31.03.23	2022-23	2022-23	2022-23
	Balance outstanding	Movement	Balance outstanding	interest	Average Balance	Weighted Average Rate
	£m	£m	£m	£m	£m	%
LONG-TERM BORROWING						
PWLB	307.124	0	307.124	8.861	307.124	2.88
LOBO	7.000	0	7.000	0.252	7.000	3.60
Short-term borrowing	0.853	12.800	13.653	0.107	2.927	3.66
Total borrowing	314.977	12.800	327.777	9.220	317.051	2.91
INVESTMENTS						
Short-term investments	85.000	(85.000)	0	1.157	71.870	1.61
Cash and cash equivalents	52.000	(21.800)	30.200	0.918	48.051	1.91
Total investments	137.000	(106.800)	30.200	2.075	119.921	1.73
Net borrowing	177.977	119.600	297.577	7.145	197.130	3.62

3. Borrowing strategy

3.1 Table 2 sets out the change in the Authority's Capital Financing Requirement (CFR) in 2022/23 – this measures how the Authority's underlying borrowing need has changed in year as a result of activity on its approved capital programme and how it has been financed. The Authority's capital finance budget includes provision to fund the capital programme's expected borrowing requirement from new long term fixed rate debt.

Table 2: CFR and its financing 2022/23

£m	01/04/22 Act	31/03/23 Budget	31/03/23 Act
GF CFR	189	235	212
HRA CFR	280	369	347
Total CFR	469	604	559

Financed by:			
Internal cash	154	296	232
External long term Debt:			
HRA	229	229	229
GF	86	79	85
External Short term Debt:			
GF	0	0	13

- 3.2 The short term strategy involved using the Authority's cash balances to fund the 2022/23 borrowing requirement in the capital programme. In addition short term borrowings were entered into in February & March 2023 totalling £13m.
- 3.3 The Authority's debt portfolio is fixed with an average maturity of 24 years, with inflation currently higher than the current cost of debt at 31 March 2023 of 2.95%, the real value of that debt is set to fall.
- 3.4 The S151 officer balanced the need to minimise the costs from funding the CFR by using internal cash balances and defer the drawdown of more expensive long term debt against the protection it offers in reducing interest rate risk and stabilising capital finance costs in the budget strategy. Slippage on the capital programme in 2022/23 has meant the Authority's cash balances have remained higher than planned. This strategy of deferring long term borrowing resulted in significant savings in the 2022/23 capital finance budget as detailed in table 4 below. This strategy may need to be reviewed should interest rates remain higher for longer.

Table 4: Capital finance outturn 2022/23

Item	HRA £m	General Fund £m
Interest payable		
Budget	8.0	3.8
Outturn	7.4*	2.6
Underspend	0.6	1.2
Interest receivable		
Budget	0	0.2
Outturn	0	2.8*
Underspend	0	2.6
Net Underspend	0.6	3.8

* includes £0.6m HRA adjustment

3.5 Debt Rescheduling

The possibility of debt rescheduling was regularly discussed with our treasury adviser. The current PWLB rules on redemption remain prohibitive and costly.

3.6 LOBO Loan

The Authority holds a £7m LOBO loan with Danske Bank that has the option to propose an increase in the interest rate at set dates, while the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The treasury adviser stated there is a possibility that the lender may propose an increased rate in the foreseeable future. Officers will continue to monitor and liaise with Danske Bank going forward.

4. Investment strategy

4.1 The Authority's cash investments were utilised during the year to finance the growth in capital expenditure met from borrowing (CFR) falling from £137m to end the year at £30.2m, as shown in Table 5 below.

4.2 The Guidance on Local Government Investments in England gives priority to security and liquidity and yield in that order. Officers kept treasury investments in short-term instruments in 2022/23 so they could be used to fund the capital programme whilst maintaining a liquidity buffer of £40m as a contingency against any future credit crisis. The Authority has benefited from this strategy as it has been able to take advantage of the increase in short term interest rates.

Table 5: Treasury investment activity 2022/23

Investments	Balance at 31/03/22 £m	Movement £m	Balance at 31/03/23 £m	Interest Rate * %
Bank & Building Society (fixed unsecured)	50.000	(50.000)	0.000	0.00
Bank & Building Society (Call & Notice Accounts)	20.000	(20.000)	0.000	0.00
Local Authorities	15.000	(15.000)	0.000	0.00
Debt Management Office (DMO)	52.000	(21.800)	30.200	4.05
Total investments	137.000	(106.800)	30.200	4.05

* interest rate at 31 March 2023.

4.3 **Appendix A** shows the breakdown of counterparties and investments for the Authority, showing the percentage each investment represents as a part of the total amount invested.

5. Budgeted Income and Return

- 5.1 The authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below:

Table 6: Treasury investment performance 2022-23

	Benchmark Return 3 month SONIA	Budgeted Rate	Budgeted Interest (Full Year)	Weighted Actual Rate of Return	Interest
	%	%	£m	%	£m
2022-23	1.38	0.25	0.25	1.73	2.07

6. Regulatory Changes

- 6.1 The revised CIPFA code was explained in last year's report and came into effect in 2023/24 financial year. Members received training on this in January 2023 from LINK our treasury advisors.

7. Compliance with Treasury and Prudential Limits

- 7.1 During the year, the Authority has operated within the treasury limits and Prudential Indicators set out in the authority Treasury Management Strategy Statement and in compliance with the authority's Treasury Management Practices. An update on indicators and limits are reported in Appendix A of this report.
- 7.2 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Authority uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Authority 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 adviser.

Risk is inherent in all treasury activity. The Investment Strategy identifies the risk associated with different classes of investment instruments and sets the parameters within which treasury activities can be undertaken and controls and processes appropriate for that risk.

Treasury operations are undertaken by nominated officers as prescribed by the Treasury Management Policy Statement as approved by the Council.

Legal implications and risks:

There are no apparent legal implications or risks from noting this report.

Human Resources implications and risks:

There are no HR implications from this report

Equalities implications and risks:

There are no Equalities implications arising from this report.

The report has no direct equalities implications.

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, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

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.

Health and Wellbeing implications and risks:

The Council is committed to improving the quality of life and wellbeing for all Havering employees and residents in respect of socio-economics and health determinants. Whilst

there are no direct implications to the Council's workforce and residents health and wellbeing as a result of this report.

BACKGROUND PAPERS

None

Compliance Report

All treasury management activities undertaken during the financial year complied fully with the CIPFA Code of Practice and the authority’s approved Treasury Management Strategy. Compliance with specific treasury limits is demonstrated in tables below.

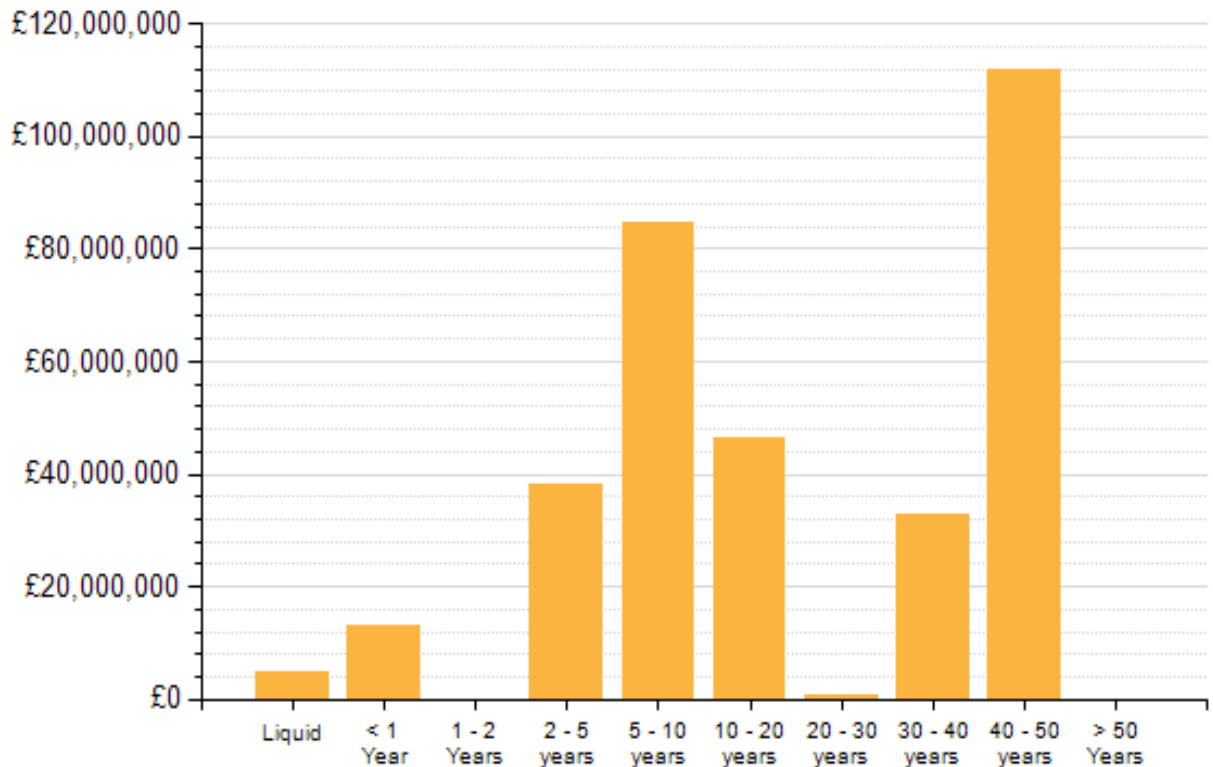
1.1 Maturity Structure of Borrowing

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

Table 1: Loan maturity structure

	Upper %	Lower %	Actual %
Under 12 months	40	0	4
12 months and within 24 months	60	0	0
24 months and within 5 years	80	0	12
5 years and within 10 years	100	0	26
10 years and above	100	0	58

Loans Maturities by Type



Tenor Bucket	Amount	Rate
< 1 Year	£13,000,000	4.17%
1 - 2 Years		
2 - 5 years	£38,057,412	3.13%
5 - 10 years	£84,582,212	3.30%
10 - 20 years	£46,524,800	3.45%
20 - 30 years	£653,158	2.27%
30 - 40 years	£32,959,855	5.03%
40 - 50 years	£112,000,000	1.66%
> 50 Years		
Total	£327,777,437	2.95%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The average maturing life of the long term debt is 24 years.

1.2 Principal Sums Invested for Periods Longer than 364 days

- 1.2.1 The purpose of this indicator is to control the authority's exposure to the risk of incurring losses by seeking early repayment of its investments.
- 1.2.2 The limits set in the 2022/23 treasury management strategy in comparison to the quarter one is set below. It is the authority's policy to classify investments with maturities exceeding one year as Long term investments.

Table 3: Investments for periods longer than 364 days

	2022/23 Limit £m	2022/23 Actual £m	2023/24 Limit £m
Limit on principal invested beyond year end	120	-	50

1.3 Security Treasury Indicator

- 1.3.1 The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio.

Table 5: Security Treasury Indicator

	31.03.23 Actual	2022/23 Target
Portfolio average credit rating	A+	A+

1.4 Gross Debt and the Capital Financing Requirement (CFR)

- 1.4.1 In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence. The estimates below are based on those set out in the approved TMSS 2023/24 – the capital programme is currently under review and are likely to change.

Table 6: Gross debt and the CFR at 31st March 2023

	31.03.23 Actual £m	31.03.23 Estimate £m	31.03.24 Estimate £m	31.03.25 Estimate £m
Long-term External Debt	315	345	556	665
Short-term External Debt	13	0	0	0
Total debt	328	345	556	665
General Fund	142	147	169	173
Housing HRA	347	369	456	478
Regeneration	70	88	190	274
TOTAL CFR	559	604	815	925
Internal Borrowing	231	259	259	260

1.4.2 Total debt is expected to remain below the CFR. Officers will draw down long term debt when conditions merit it. Actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt as below.

1.5 Operational Boundary for External Debt

1.5.1 The operational boundary is based on the authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. These limits may be reviewed as part of mid-year TMSS report in the event of a change in the interest rate outlook and the decision is made to fund the increase in CFR from external debt.

Table 7: Operational Boundary

Operational Boundary	2022/23 £m	31.03.23 Actual	2023/24 £m	2024/25 £m
Borrowing	650	328	890	1,025
Other long-term liabilities	0	0	10	10
Total	650	328	900	1,035

1.6 Authorised Limit for External Debt

1.6.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the authority can legally borrow. The authorised limit provides headroom over and above the operational boundary for unusual cash movements

Table 8: Authorised limit for external debt

Authorised Limit	2022/23 £m	2023/24 £m	2024/25 £m
Borrowing	690	940	1,075
Other long-term liabilities	0	10	10
Total Debt	690	950	1.085
Long Term Debt	315	315	315
Headroom available (amount)	375	625	760

Glossary of Terms

Appendix C

A bond is a debt instrument in which an investor lends money for a specified period of time at a fixed rate of interest. The issuing entity could be corporate, financial or government.

A floating rate note (FRN) is a money market instrument with a Floating/variable rate of interest, which re-fixes over a reference rate, for example 3 month LIBOR.

Bail in is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings. A **bail-in** is the opposite of a **bail-out**,

which involves the rescue of a financial institution by external parties, typically governments using taxpayer's money.

Certificates of deposit (CDs) are a negotiable form of fixed deposit, ranked pari passu with fixed deposits. The difference is that you are not obligated to hold the CD to maturity, you can realise the cash by selling in the secondary market.

Coupon is the total amount of interest a security will pay. The coupon period depends on the security. A CD will often pay interest at maturity, while a bond may pay semi-annually or annually and an FRN will most likely pay every 3 months.

Covered bond Covered bonds are conventional bonds (fixed or floating) issued by financial institutions, that are backed by a separate group of loans, usually prime residential mortgages. This lowers the creditor's exposure to default risk, enhancing the credit. This is why the issue is usually rated AAA, higher than the rating given to the issuer reduces exposure to bail-in risk.

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MIFID is the Markets in Financial Instruments Directive. A European Union Directive.

Principal is the total amount being borrowed or lent.

Spread is the difference between the buy and sell price of a security. It can also be the gap, usually in basis points, between the yield of a security and the benchmark security.

SONIA sterling overnight interest average rate, the average rate at which banks offer funds in the overnight sterling market.

Monetary Policy Committee (MPC) is a committee of the [Bank of England](#), which meets for three and a half days, eight times a year, to decide the official [interest rate](#) in the [United Kingdom](#) (the [Bank of England Base Rate](#)).

CPIH (Consumer Prices Index including owner occupiers' housing costs) The new additional measure of consumer price inflation including a measure of owner occupiers' housing costs (OOH). CPI inflation measure excludes housing costs.

CPI (Consumer Prices Index) this measure excludes housing costs.

Treasury bills (T-bills) are UK government rated, short-dated form of Government debt, issued by the Debt Management Office (DMO) via a weekly tender. T-bills are normally issued for one, three or six month duration.

Borrowing Requirements The principal amount the Council requires to borrow to finance capital expenditure and loan redemptions.

Capital Financing Requirement (CFR) Capital Financing Requirement- a measure of the Council's underlying need to borrow to fund capital expenditure.

Counterparties Organisations or Institutions the Council lends money to e.g. Banks; Local Authorities and MMFs.

Credit Default Swap (CDS) A kind of protection that can be purchased by MMF companies from insurance companies (for their investment) in exchange for a payoff if the organisation they have invested in does not repay the loan i.e. they default.

Credit Watch A scoring system issued by credit rating agencies such as Fitch, Moody's and Standard & Poors that indicate the financial strength and other factors of a bank or similar Institution.

DMO (Debt Management Office) a department in the treasury where deposits can be placed with the government.

Interest Rate Exposures A measure of the proportion of money invested and what impact movements in the financial markets would have on them.

Market Loans Loans from banks available from the London Money Market including LOBOS (Lender Option, Borrowing Option) which enable the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.

Money Market Fund (MMF) A 'pool' of different types of investments managed by a fund manager that invests in lightly liquid short term financial instruments with high credit rating.

Minimum Revenue Provision (MRP) This is the amount which must be set aside from the revenue budget each year to cover future repayment of loans.

COUNCIL, 22 NOVEMBER 2023

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: OVERVIEW AND SCRUTINY RULES – EXCEPTION TO THE CALL-IN (REQUISITION) PROCEDURE

SUMMARY

Under paragraph 18e of the Overview and Scrutiny Procedure Rules, the Leader of the Council is required to submit reports to Council on decisions taken by himself, Cabinet or individual Cabinet members, or key decisions made by a member of staff in the circumstances set out in Rule 18 (exemption to the call-in (requisition) procedure) within the previous 3 months.

This report lists matters exempt from call-in between 2 March 2023 and 9 November 2023.

RECOMMENDATIONS

That the report be noted.

REPORT DETAIL

1. Rule 18 of the Overview and Scrutiny Committee Procedure Rules provides that:

(a) The call-in procedure shall not apply where a decision being taken by Cabinet or an individual Cabinet member, or a key decision made by a member of staff is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interests.

The record of the decision and notice by which it is made shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.

(b) The decision making person or body can only take an urgent decision under (a) above and avoid the call-in procedures after obtaining agreement from the Chairman of the Board that the decision be treated as urgent.

2. A list of the Executive Decisions where exemption from call-in was granted between 2 March 2023 and 9 November 2023 appears below.

- The decisions taken under Special Urgency Provisions had less than five days' notice on the Forward Plan.
- The decisions taken under General Exception Provisions had more than 5 days', but less than 28 days' notice on the Forward Plan.
- The decisions where Call-in was waived in accordance with Rule 18 of the Overview and Scrutiny Committee Procedure Rules in the Constitution were on the Forward Plan for 28 days' or more.

Decision		Decision Maker	Date	Reason for Urgency
1.	North East London Virtual Ward Fund 2022/23	s151 officer- Dave McNamara	31.03.2023	This decision was taken under General Exception Provisions to ensure that funding was in place for the beginning of the financial year
2.	Adult Social Care Yearly Uplift - Supported Living	Barbara Nicholls	06.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
3.	Adult Social Care Yearly Uplift - Direct Payments	Barbara Nicholls	06.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
4.	Adult Social Care Yearly Uplift - Homecare and Commissioned Live in Care	Barbara Nicholls	06.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have

Council, 22 November 2023

				seriously prejudiced the Council's or the public interests
5.	Adult Social Care Yearly Uplift - Residential and Nursing Care	Barbara Nicholls	06.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
6	Secure Children's Home for London and Pan-London Commissioning Vehicle	Cllr Ray Morgon, Leader of the Council	20.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
7.	Extension of Waste Contract	Chief Executive- Andrew Blake-Herbert	27.04.2023	This decision was taken under Special Urgency Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
8.	Award of Asbestos Contract	s151 officer- Dave McNamara	05.05.2023	This decision was taken under General Exception Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests
9.	In year Fees & Charges price increase school meal charges to Primary Schools	s151 officer- Dave McNamara	10.08.2023	Made under General Exception Provisions. With the agreement of the Chairman of Overview & Scrutiny Board, Call-in has been waived in order that the grant funding can be accepted by the end of the school year
10.	Royal Jubilee Court	Director of Living Well, Patrick Odling-Smee	19.10.2023	With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests and delayed the re-opening of the facility to address acute homelessness in the Borough.
11.	Tithe Barn National Highways Company Funding Application	Leader of the Council	09.11.2023	With the agreement of the Chairman of Overview & Scrutiny Board, Call-in was waived as any delay likely to be caused by the process would have seriously prejudiced the Council's or the public interests and

				prevented submission of an application for funding by the deadline date.
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Financial Implications and Risks:

While there were financial implications around the decision described in this report, there are none directly associated with this report.

Legal Implications and Risks:

There are no immediate legal implications directly associated with this report.

Human Resource Implications and Risks:

There are none directly associated with this report.

Equalities and Social Inclusion Implications and Risks:

There are none directly associated with this report.

Staff Contact:
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Background paper List

None



FULL COUNCIL, Wednesday 22nd November 2023

MEMBERS' QUESTIONS

Royal Jubilee Court

1) **To the Cabinet Member for Climate Change & Housing Need (Councillor Keith Darvill)**

From Councillor Michael White

Can the Cabinet Member for Housing please confirm why the decision to reopen Royal Jubilee Court had the option to call-in waived, meaning that there is reduced scrutiny on a spend of over £500000 of taxpayer's money?

Signage relating to ULEZ

2) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Darren Wise

At the ULEZ extraordinary council meeting in August, a motion was passed which stated that ' We will remove all illegal signage on Havering Council property and land.'
Would the Cabinet Member please define what illegal signage means in this instance?

Asset Disposal

3) **To the Cabinet Member for Housing & Property (Councillor Paul McGeary)**
From Councillor David Taylor

Could the Cabinet Member for Housing & Property please provide an update on the sale of assets, such as the disposal of Como St, Angel Way and Slaney Road car parks?

Council's Financial Position

4) **To the Leader of the Council (Councillor Ray Morgon)**
From Councillor Martin Goode

With the recent announcements in the local press that Havering Council, could issue a section 114 notice, would the Leader please explain what cutbacks are being planned on council services to avoid this notice being issued?

School Streets Phase 3

5) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Nisha Patel

Could the Cabinet Member for the Environment please outline the administration's current, future, plans for the school streets scheme on completion of Phase 3?

Members' Enquiries

6) **To the Leader of the Council (Councillor Ray Morgon)**
From Councillor Christine Smith

Could the Leader of the Council please confirm why the Administration's well publicised policy of restructuring the organisation of the Authority has led to a significant increase in the time it takes officers to respond to members' queries?

Research Programme for Social Care

7) **To the Cabinet Member for Adults & Wellbeing (Councillor Gillian Ford)**
From Councillor Jason Frost

Could the Cabinet Member for Health please state whether or not Havering will put itself forward to participate in the National Institute for Health and Care Research's new Research Programme for Social Care initiative?

Flood Management in the Borough

8) **To the Cabinet Member for Environment Councillor Barry Mugglestone)**
From Councillor Viddy Persaud

Could the Cabinet Member for the Environment please outline what the Council's plans are for the control and management of flooding in the Borough?

Visitor Parking Permits

9) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Judith Holt

Will the Administration consider, in emergency situations, allowing residents to apply for more than the current annual maximum of 250 visitors parking permits?

Municipal Planting

10) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Judith Holt

As the Administration has now chosen to withdraw funding for the maintenance of the Borough's highway planters, would they not agree that the current approach to procurement of plants and bulbs is leading to excessive costs which could be better controlled through more extensive market engagement; including through direct negotiation with in-Borough suppliers?

Repairs to Roundabout, London Road

11) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Viddy Persaud

The brickwork at the roundabout near to Allens of Romford was damaged nearly a year ago, and despite repeated reassurances from officers, the Cabinet Member and the responsible Director, repairs remain outstanding. Can the Cabinet Member for the Environment please provide a lead time to the completion of this work?

Roadworks in the Borough

- 12) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Keith Prince

What can the Administration do about the numerous road works around the Borough which are causing hold-ups when no work appears to be taking place?

Issue of Parking Charge Notices

- 13) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor Dilip Patel

Could the Cabinet Member for Environment please provide how many PCNs were issued for the last four quarters compared to the previous four quarters?

Proposed Havering Tramway

- 14) **To the Leader of the Council (Councillor Ray Morgon)**
From Councillor Keith Prince

Could the Leader of the Council please outline the costs of the feasibility study for the proposed Havering Tramway?

Litter Enforcement

- 15) **To the Cabinet Member for Environment (Councillor Barry Mugglestone)**
From Councillor David Taylor

With 916 out of 1850 litter enforcement fines outstanding, and just 10 of those being prepared for court action, can the Cabinet Member confirm what steps the council and their contractors are taking to secure payment of the remaining 906 fines?

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