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OVERVIEW & SCRUTINY BOARD AGENDA

7.00 pm	Wednesday 31 January 2024	Havering Town Hall, Main Road, Romford

Members 12: Quorum 5

COUNCILLORS:

Conservative Group (4)

Dilip Patel
Keith Prince
Timothy Ryan
David Taylor

Havering Residents' Group (5)

Laurance Garrard
Gerry O'Sullivan (Chairman)
Philip Ruck (Vice-Chair)
Natasha Summers
Bryan Vincent

Labour Group (2)

Mandy Anderson
Matthew Stanton

East Havering Residents Group (1)

Martin Goode

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

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.

OVERVIEW AND SCRUTINY BOARD

Under the Localism Act 2011 (s. 9F) each local authority is required by law to establish an overview and scrutiny function to support and scrutinise the Council's executive arrangements.
The Overview and Scrutiny Board acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees can be coordinated to avoid duplication and to ensure that areas of priority are being reviewed. The Board also scrutinises general management matters relating to the Council and further details are given in the terms of reference below. The Overview and Scrutiny Board has oversight of performance information submitted to the Council's executive and also leads on scrutiny of the Council budget and associated information. All requisitions or 'call-ins' of executive decisions are dealt with by the Board.
The Board is politically balanced and includes among its membership the Chairmen of the six themed Overview and Scrutiny Sub-Committees.

Terms of Reference:
The areas scrutinised by the Board are:

- Strategy and commissioning
- Partnerships with Business
- Customer access
- E-government and ICT
- Finance (although each committee is responsible for budget processes that affect its area of oversight)
- Human resources
- Asset Management
- Property resources
- Facilities Management
- Communications
- Democratic Services
- Social inclusion
- Councillor Call for Action

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

What matters are being discussed?

DPI

Does the business relate to or is it likely to affect a disclosable pecuniary interest. These will include the interests of a spouse or civil partner (and co-habitees):

- any employment, office, trade, profession or vocation that they carry on for profit or gain;
- any sponsorship that they receive including contributions to their expenses as a councillor; or the councillor's election expenses from a Trade Union;
- any land licence or tenancy they have in Havering
- any current contracts leases or tenancies between the Council and them;
- any current contracts leases or tenancies between the Council and any organisation with land in Havering in they are a partner, a paid Director, or have a relevant interest in its shares and securities;
- any organisation which has land or a place of business in Havering and in which they have a relevant interest in its shares or its securities.

YES → Declare Interest and Leave

NO ↓

PERSONAL INTEREST

Might a decision in relation to that business be reasonably be regarded as affecting (to a greater extent than the majority of other Council Tax payers, ratepayers or inhabitants of ward affected by the decision)

- Your well-being or financial position; or
- The well-being or financial position of:

o A member of your family or any person with whom you have a close association; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;

o Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your Authority; or

o Any body exercising functions of a public nature, directed to charitable purposes or whose principal includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management?

NO → You can participate in the meeting and vote (or remain in the room if not a member of the meeting)

YES ↓

PECUNIARY INTEREST

You must disclose the existence and nature of your personal interests

↓

Would a member of the public, with knowledge of the relevant facts, reasonably regard your personal interest to be so significant that it is likely to prejudice your

NO → You can participate in the meeting and vote (or remain in the room if not a member of the meeting)

YES ↓

- Does the matter affect your financial position or the financial position of any person or body through whom you have a personal interest?
- Does the matter relate to an approval, consent, licence, permission or registration that affects you or any person or body with which you have a personal interest?
- Does the matter not fall within one of the exempt categories of decisions?

NO → You can participate in the meeting and vote (or remain in the room if not a member of the meeting)

YES ↓

Speak to Monitoring Officer in advance of the meeting to avoid allegations of corruption or bias

AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive.

3 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.

4 MINUTES (Pages 7 - 16)

To approve as a correct record the minutes of the meetings of the Board held on 15 November 2023 and 29 November 2023 (attached) and to authorise the Chairman to sign them.

5 2024/25 BUDGET SETTING CYCLE (Pages 17 - 666)

Available reports (Bridge Close Regerneration Business Plan, HRA Business Plan and Capital Programme & Strategy) attached, remainder to follow.

Please note that, whilst the reports are correct at the time of publication, it is possible that they may change significantly by the time they are presented to Cabinet and Council.

Zena Smith
Head of Committee and Election Services

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MINUTES OF A MEETING OF THE OVERVIEW & SCRUTINY BOARD
Council Chamber - Town Hall
15 November 2023 (7.30 - 8.55 pm)

Present:

COUNCILLORS

Conservative Group	Dilip Patel, Keith Prince, Timothy Ryan and David Taylor
Havering Residents' Group	Laurance Garrard, Gerry O'Sullivan (Chairman) and Natasha Summers
Labour Group	Mandy Anderson and Matthew Stanton (In place of Katharine Tumilty)
East Havering Residents' Group	Martin Goode

16 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded members of the actions ot be taken in case of an emergency.

17 **APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

Apologies were received from Councillors Philip Ruck, Bryan Vincent and Katharine Tumilty (Matthew Stanton substituting).

18 **DISCLOSURE OF INTERESTS**

Councillor David Taylor declared a non-pecuniary interest.

19 **EXCLUSION OF THE PUBLIC**

The Board resolved to exclude members of the public and press for agenda item 5.

20 **CALL-IN OF AN EXECUTIVE DECISION - PROPOSED LOANS TO MERCURY LAND HOLDINGS LIMITED (COMPANY NO: 09878652), FOR DEVELOPMENT AT FORMER ST BERNARD'S DAY CENTRE, PEEL WAY.**

The Board were presented with a report following a call-in requisition requesting additional information on the financial viability of the scheme, Mercury Land Holding’s (MLH) ability to complete and sell the units and the financial impact to the Council for issuing the loan.

It was explained to members that the viability assessment would be reviewed and the cost estimates would be based on the market rates at that time. Members noted the scheme had not been put out to tender at the time of the meeting but, although officers were confident in the cost estimates they would be reassessed. It was also noted that if costings did increase when the tender would be sought there was a contingency in place.

Members questioned who the advisors to the scheme were and officers explained the advisors were knowledgeable in both property and land values however members were keen to have independent advisors to the scheme. It was then explained to members that if the construction of the units did not go ahead, the vendor would determine what would happen to the land.

The Board:

Considered the requisition of the Key Executive Decision on the proposed loans to mercury land holdings limited (company no: 09878652), for development at former st bernard's day centre, peel way and **decided** not to uphold it by 9 votes to 0 with 1 abstention.

Although the requisition was not upheld, Members, through the Chair, requested that Cabinet were asked to consider:

- The viability of the Council taking on the project itself
- The viability of MLH retaining and renting the units
- Adding social housing to the development
- Independent advise separate to the Council and MLH
- Involve group leaders when discussing future investment strategy decisions

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Chairman

MINUTES OF A MEETING OF THE
OVERVIEW & SCRUTINY BOARD
Havering Town Hall, Main Road, Romford
29 November 2023 (7.30 - 9.55 pm)

Present:

COUNCILLORS

Conservative Group	Dilip Patel, Nisha Patel, Keith Prince and David Taylor
Havering Residents' Group	Laurance Garrard, Gerry O'Sullivan (Chairman) and Natasha Summers
Labour Group	Mandy Anderson and Matthew Stanton
East Havering Residents' Group	Martin Goode

Councillor Chris Wilkins, Cabinet Member for Finance was also present.

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

21 **APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Tim Ryan (Councillor Nisha Patel substituting) Philip Ruck (who was present via videoconference) and Bryan Vincent.

22 **DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

23 **EXEMPTIONS FROM CALL-IN**

The Council's Governance Officer explained that a key decision was one that involved expenditure in excess of £500k or had a significant impact on two or more wards. Key decisions were normally open for one week during which a requisition could be submitted.

The urgency provision did allow under the Constitution for the waiving of a call-in for a decision where this was necessary. It was essential for the reason why a call-in needed to be waived to be clearly demonstrated to the Chairman of the Overview and Scrutiny Board.

It was emphasised that urgency should not be used as an excuse for lateness. Officers were aware of the increased rate of use of the urgency provisions and officers had been reminded to try and avoid this.

It was felt by Members that Group Leaders should be involved in deciding if a matter was urgent. The Governance Officer responded that the Constitution stated that this should be an officer decision but that this could be passed to the Monitoring Officer or Constitution Working Party. The Board recommended that Group Leaders should be given an opportunity to give a view on whether a decision was urgent.

There had been 11 exemptions from call-in granted so far this municipal year. Many of these were related to the need to claim grant funding which was often released at late notice. There had not been any refusals to grant exemption from call-in since to do so would often mean risking a loss of funding or not having continuity of service. Members agreed that it was important that assessments were made so that the instances of call-in exemptions were reduced. This tied in with the amendment recently agreed at full Council.

Members also felt that more details should be given of the business case for each exemption request. The Chairman confirmed that he was currently in discussions with the Council Leader and Chief Executive about these issues. A Member also asked if the Board could meet more quickly to deal with call-ins sooner. It was noted however that the Council was legally required to give five clear working days' notice of any formal meeting. It was also suggested that some Members of the Board could feed into the Constitution Working Party. The Statutory Scrutiny Officer would seek to locate any benchmarking or guidance on numbers of call-in exemptions that may be held by the Centre for Governance and Scrutiny.

Officers often pushed back on Government deadlines for applications for funding etc. but it was also important that the Council did not miss out on any available funding. It was also suggested that the report on exemptions from call-in could be sent to the Board prior to its being considered at Council.

The Board made the following recommendations:

1. Group Leaders to be given the opportunity to give a view on whether a decision is urgent/call-in should be waived (whilst noting that, under the Constitution, the final decision sits solely with the Chairman of the Overview and Scrutiny Board).
2. In line with the amendment agreed at Council on 22 November, that robust planning procedures are put in place to reduce the list of call-in exemptions.
3. Some members of the Overview and Scrutiny Board to feed into the Constitution Working Party.

4. Whilst mindful of legal requirements around giving the required notice of meetings, the Board to meet as quickly as possible to consider call-ins.
5. The availability of benchmarking and guidance on exemptions from call-in to be investigated with the Centre for Governance and Scrutiny.
6. The exemptions from call-in report to be sent to all Members prior to its being included in the papers for Full Council. Details also to be provided to Members of the reasons for exemption including the business case used to decide on the exemption.

24 **UPDATE ON SPENDING CONTROLS PUT IN PLACE TO CONTAIN THE 2023/24 PROJECTED OVERSPEND**

A report of the Strategic Director of Resources outlined a number of spending controls that had been introduced in October 2023. A number of in-year savings proposals had been proposed but, due to demand pressures, service overspends continued to increase. There remained a £12m budget gap for 2024/25 and officers were looking at options for addressing this.

Members thanked the Strategic Director and her team for their work. The Board discussed whether more parking revenue could have been collected rather than awaiting the arrival of new ticket machines. The Cabinet Member for Finance added that people were encouraged to use the Ring Go parking app. It was also clarified that it was not viable to install number-plate recognition cameras in Council car parks. The Board recommended that the Strategic Director should have monthly meetings with the directors of overspending departments. The Strategic Director responded that a programme of this sort was being introduced from January and the Cabinet Member for finance confirmed that he supported this.

Members also felt that the buying power of the Council could be used to reduce the cost of social care provision. The Strategic Director responded that Havering already had one of the lowest unit costs for social care in London. Providers were however pushing back on the rate offered due to a change in Government policy as all Councils were now required to publish the rates they paid for social care. It was accepted that there was a disparity between market rates and the rates offered by Havering. Officers were continuing discussions with providers on best value and the level of required care. It was accepted that this was a difficult situation as Government funding for market sustainability was not sufficient. Havering was in competition with other boroughs and costs were also driven up by people from other boroughs being placed in Havering care homes. The Council did not have any jurisdiction over the level of profit made by care providers.

The Strategic Director of People did have a good relationship with care providers and work was also in progress to increase joint commissioning with health. The increase of capacity for in-house social care provision was being considered but the setting up of e.g. a children's home did have an element of risk. Any in-house provision would be a long and complex project.

It was accepted that the use of non-profit social care providers should be prioritised but there was a shortage of available placements in the market. The Council, with others, was lobbying for the introduction of the Scottish model which included a not for profit children's care home system. Members agreed that there were no short term fixes and suggested the commissioning of non-profit care suppliers on a multi-year basis could be explored with other London boroughs. The Strategic Director agreed that this would be reported back to the existing London working group on this area.

Only £2m of the target of £7.2m of staff savings had thus far been achieved although a further £2m was available to offset against staff savings. Officers accepted that more modelling was needed on this area and a decision had to be made on whether the savings target also applied to social care. A Member felt that the savings were not robust enough and the Strategic Director recognised the late implementation of action to achieve savings in this area. Officers also agreed that Havering should seek to lobby the Government jointly with other Councils who were in financial difficulties.

Discussions had been held with senior officers in other Councils such as Croydon and Thurrock that had experienced financial difficulties. The Strategic Director would bring to the Board examples of non-essential spend that would have a direct impact on residents. In the case of staff, non-essential spend could include areas such as training and professional development. It was accepted that this could impact on staff morale but officers had been creative with the training opportunities under the My 10 Days of Learning programme.

It was also clarified that there were more than 1,200 statutory duties for which the Council was responsible.

Monitoring work on the Contract Register would be made more robust and the Council had instituted a 'No Purchase Order, No Pay' policy. The number of Purchase Orders raised was also being reviewed retrospectively. It was accepted however that it would also be necessary to change the Council's culture in this area. A list of contractors was available from HR but it was accepted that additional procedures were needed in some areas. Effective management, controls and decision making were required.

The Strategic Director would look at the specific case raised by a Member where a contract may not have been retendered. A Member felt that more robust, data driven decisions were needed on proposed and rejected savings. The justification for rejecting a proposed saving should also be given. It was also recommended that all projects currently funded by the Community Infrastructure Levy should be reviewed in order to see if they could be suspended. Officers agreed with this and added that a Head of Procurement was currently being recruited.

It was suggested that the 8% levy on agency staff should be moved into the General Fund but the Strategic Director clarified that this would not be a cash saving, only a saving to the General Fund. The pension fund could not be used to reduce the General Fund deficit outright. This matter was due to be considered by the Pensions Committee in December 2023.

It was recommended by the Board that, given for example the unavailability of match funding from Transport for London, any further feasibility studies be deferred on cost grounds. This could be considered by the Council's Executive Leadership Team. The Cabinet Member for Finance added that a clear vision was also still needed for the Council.

It was felt that as much Council Tax revenue as possible should be derived from empty properties and the Strategic Director would follow this up with the appropriate officers.

It was not proposed to phase out the use of purchasing cards as these often allowed the flexibility of a quick response in e.g. purchasing temporary hotel accommodation where suppliers often will not accept purchase orders.

The Cabinet Member thanked the Strategic Director and her team for their work. The Cabinet Member added that the organisation's staff was its most important asset.

The Board agreed the following recommendations:

1. The Strategic Director of Resources to hold monthly meetings with the directors of overspending departments.
2. The Strategic Director to give examples of non-essential spend that will have a direct impact on residents.
3. All projects currently funded by Community Infrastructure Levies to be reviewed to see if any can be suspended.
4. Any further feasibility studies to be considered for deferral on cost grounds.
5. The Council reviews its significant spending power in care commissioning to influence the market (the board could consider asking the DASS to report on other approaches under consideration by the DASS network and what would need to be in place to implement that in Havering) with a review to reducing placement costs.
6. The Council sets targets for reducing non-statutory spend.
7. The Council updates on the achievement of the remaining £5.2m staff saving target after the £2m offset is applied.
8. A target is set for reducing the cost of agency staff.
9. Debt Recovery arrangements are maximised at pace.
10. Any contracts coming up for procurement consider the impact of local suppliers and cost reduction, and realise increased best value.

25 **IT SERVICE REPATRIATION UPDATE**

A report was due to be brought to Cabinet in March giving the full cost profile of repatriating the IT service back to Havering. Staffing arrangements would be clarified in a separate Cabinet report due in May. There were not be any expected additional costs of the outsourcing of the service at Newham although this would allow the sharing and apportioning of additional costs.

It was accepted that the previous Cabinet paper did not give the reasons for the splitting of the service but these were mainly around the future sovereignty of the service. It was also accepted that the current low level of IT costs may increase slightly but the new arrangements would result in a safer, more robust and legal IT service.

Officers felt that the option presented was the most cost effective approach to splitting the service. It was accepted that there was a need to make the IT service more affordable but significant expenditure would still be required on replacing out of date servers etc. The IT service was improving but officers felt it was still not where it needed to be in order to support the organisation. The current period was challenging and it was felt that some digital projects may need to be paused whilst the split of the service was ongoing.

Costs projections for the work had been calculated but these were not included in the Cabinet report. Services would move from the data centre to the cloud which was more cost effective. Members felt that IT plans should be future proofed and also asked what business continuity arrangements were in place. Officers responded that the Cloud solutions was across two different geo-locations and copies of key systems would still be kept in a local data centre. This would allow key systems to keep running locally, even in the event of a Cloud outage. A copy of the ICT transition risk register would be available when work started fully in March 2024.

The Board recommended:

1. That information on the cost of projects and allocated budgets be included in Cabinet reports.
2. That full reasoning for decisions be given in Cabinet or other decision making reports.

Chairman

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Havering
LONDON BOROUGH

OVERVIEW AND SCRUTINY BOARD
31 JANUARY 2024

Subject Heading:	2024/25 Budget Setting Cycle
SLT Lead:	Kathy Freeman
Report Author and contact details:	Kathy Freeman, Strategic Director of Resources
Policy context:	The Council sets its General Fund Revenue and Capital Budgets every February/March. The draft finance reports for 2024/25 are provided to the Overview and Scrutiny Board for consideration.
Financial summary:	The financial implications are set out in the attached draft reports.

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

People - Things that matter for residents **X**

Place - A great place to live, work and enjoy **X**

Resources - A well run Council that delivers for People and Place **X**

SUMMARY

There are five DRAFT Cabinet reports being presented to the Overview and Scrutiny Board for consideration:-

- Bridge Close Regeneration LLP 2024/25 Business Plan Refresh
- HRA Business Plan update, Budget 2024/25 & Capital Programme 2024/25 –2028/29
- 2024/25 Budget and 2025-2028 Medium Term Financial Strategy
- 5 year Capital Programme and Strategy 2024/25 – 2028/29
- Treasury Management Strategy Statement 2024/25 and Annual Investment Strategy 2024/25 ("TMSS") Treasury Indicators (if available)

The available draft Cabinet reports are attached to this cover report.

The final Cabinet reports will be published on 30th January 2024, prior to the Overview and Scrutiny Board, and will be received by the Cabinet at their meeting on 7th February 2024. The Cabinet will pass its recommendations through to the Council Tax Setting Council meeting on 28th February 2024.

At the time of writing, the reports are still being finalised for Cabinet so it is anticipated that there may be some changes or more exemplification may be added. Therefore it may be useful for Members of the Overview and Scrutiny Board to have access to the final Cabinet reports at the meeting.

RECOMMENDATIONS

Members of the Overview and Scrutiny Board are invited:

1. **to consider, review and scrutinise the content of the four reports**
2. **to prepare a reference to Cabinet for their meeting on 7th February 2024, if thought appropriate.**
3. **to consider whether to include in the reference comments from the Places Overview and Scrutiny Sub-Committee following their scrutiny of the Bridge Close and HRA reports (comments to follow)**

REPORT DETAIL

The report detail is contained within the attached reports.

IMPLICATIONS AND RISKS

Financial implications and risks

These are contained within the attached reports.

Legal implications and risks:

These are contained within the attached reports.

Human Resources implications and risks:

These are contained within the attached reports.

Equalities implications and risks:

These are contained within the attached reports.

Climate Change Implications and risks:

These are contained within the attached reports.

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CABINET	7th February, 2024
Subject Heading:	Bridge Close Regeneration LLP Business Plan Refresh 2024-2025
Cabinet Member:	Councillor Graham Williamson Cabinet Member for Development and Regeneration
SLT Lead:	Neil Stubbings Strategic Director of Place
Report Author and contact details:	Nick Gyring-Nielsen Senior Regeneration Manager nick.gyring-nielsen@havering.gov.uk
Policy context:	The Council has sole ownership of a delivery vehicle, Bridge Close Regeneration LLP (BCR LLP), to deliver the regeneration of Bridge Close, Romford pursuant to the Council's ambitions for regeneration as set out in the Local Plan, the Romford Area Action Plan (2008), the Romford Town Centre Development Framework (2015) and the emerging Romford Masterplan and new Local Plan. The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13 February 2019, including funding provision reflecting 50% Council ownership of BCR LLP operated as a joint venture vehicle at the time. This report provides an update of the Bridge Close Regeneration LLP Business Plan 2023-2024 in light of the Council having acquired full interest in BCR LLP on 29th October 2020 and the approval by Cabinet authorising the update of the Bridge Close Regeneration LLP Business Plan to reflect the approved changes to the funding and delivery arrangements set out in the 16th December 2020 Cabinet report.

Financial summary:	The Council has made provision in the financial year 2023/2024 to provide funding for the Council's capital contributions to meet financial commitments arising from the operation of Bridge Close LLP (BCR LLP) in accordance with the project documents, the BCR LLP Business Plan 2023/2024, and the approval by Cabinet of the recommendations relating to the funding and delivery arrangements set out in the 16th December 2020 Cabinet agenda. This report outlines proposed changes to the Business Plan, and recommends a revised budget to enable its implementation.
Exempt Information & Grounds	Appendices B, C, D and E are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Is this a Key Decision?	This is a key decision because the expenditure exceeds £500,000.
When should this matter be reviewed?	December 2024
Reviewing OSC:	Place

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

People – Things That Matter for Residents	X
Place – A Great Place to Live, Work and Enjoy	X
Resources – A Well-run Council That Delivers for People and Place	X

SUMMARY

1.1 The Council established a joint venture development vehicle, Bridge Close Regeneration LLP ('BCR LLP', 'Joint Venture' or 'JV') to bring forward the proposed regeneration of the site known as Bridge Close (see plan with red line at Appendix A). BCR LLP was until October 2020 jointly owned between the Council and a private sector partner. On 16th September 2020, Cabinet approved the proposed acquisition by the Council of the private sector interest in BCR LLP and on 29th October 2020, the Council entered into a purchase agreement to acquire the interest in BCR LLP that it did not already own from the private sector partner.

1.2 In light of the Council acquiring full control of Bridge Close Regeneration LLP, on 16th December 2020, Cabinet considered a number of recommendations relating to the future funding and delivery of the scheme. Approval was granted for the Council to deliver the regeneration of Bridge Close directly, funding the development entirely through Council resources, predominantly using the Housing Revenue Account. Cabinet approved a budget with referral to and subsequent agreement by Full Council on 3rd March 2021. Subsequently, the Bridge Close Regeneration LLP Business Plan 2022/2023 was approved by Cabinet on 16th February 2022 and thereafter adopted by the Bridge Close Regeneration LLP.

1.3 The Business Plan forms part of a comprehensive suite of project documents, including the Members' Agreement, the Land Agreement, the Land Acquisition Strategy, the Security Agreement and the Loan Note Instruments, which amongst others, set out the strategy and the terms and conditions for provision of funding by the Council as principal Member of the Joint Venture (noting that a wholly owned company of the Council acts as second member of the JV). The Business Plan is a suite of strategy and policy documents, including a budget and financial model with detailed forecasts, which provides a management framework for delivering the vision and objectives for the regeneration of Bridge Close.

1.4 In accordance with the Members' Agreement, the Board of Bridge Close Regeneration LLP must prepare, issue and agree a draft Business Plan to the Council as Member. Once agreed, the draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.

1.5 This report provides an update of the Business Plan and a review of key work streams underpinning the delivery of the Council's vision for Bridge Close. It provides an update of the budget and financial model approved by Cabinet in December 2020 and recommends that the updated Business Plan be agreed, noting the significant benefits to the regeneration of Romford town centre, the contribution towards Havering's target for housing delivery, including affordable housing, and the expected financial returns anticipated in the plan.

RECOMMENDATIONS

That Cabinet:

1. Approve the draft Bridge Close Regeneration LLP Business Plan 2024-2025 (the Business Plan) as attached at Appendix B.

2. Agree the provision of a budget to enable the funding and delivery of the regeneration of Bridge Close as required and detailed within the exempt Financial Implications and Risks section; this budget to be included within the proposed HRA Capital Programme that will be considered by Cabinet in the Housing Revenue Account Business Plan update.

3. Agree that the Leader of the Council, after consultation with the Strategic Director of Place, the S151 Officer the and the Monitoring Officer, approve detailed business cases, funding arrangements and legal agreements as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2024-2025.

4. Note that the Strategic Director of Place will continue discussions with the Havering Islamic Community Centre (HICC) with a view to relocating HICC within the proposed new development or, if a suitable alternative site could be found, elsewhere.

5. Note that the Strategic Director of Place will continue discussions with the London Ambulance Service (LAS) with a view to relocating the LAS to a suitable alternative site elsewhere.

6. Instruct the Strategic Director of Place, in consultation with the S151 Officer and the Monitoring Officer, to bring forward a report for the making of the Compulsory Purchase Order (CPO) for the Bridge Close Regeneration scheme at the appropriate time in the financial year 2024-2025.

7. Authorises the Strategic Director of Place, acting in consultation with the Monitoring Officer and the Section 151 Officer, to negotiate, finalise and enter into all necessary legal agreements as may be required, and to do anything incidental to bring into effect the proposed arrangements set out in Recommendations 1-6 inclusive.

REPORT DETAIL

2.0 Background

2.1 Bridge Close is a 3.67 hectare site currently occupied by mixed industrial, warehouse and ancillary units under multiple ownerships, an ambulance station, Islamic Cultural Centre and a number of terraced properties which front onto Waterloo Road and Oldchurch Road in Romford.

2.2 The Business Plan, forming part of the legal agreements adopted on establishment of Bridge Close Regeneration LLP in April 2018, sets out a suite of strategies, plans, work streams and activities designed to give effect to the implementation of the Objectives of the Joint Venture (JV).

2.3 Amendments to the Business Plan for the year 2019-2020 were approved by the Council as Member in February 2019 and adopted by the Board of the JV. As set out above, this Cabinet report provides an update to the adopted Business Plan and provides a draft Business Plan for the year 2024-2025 for consideration by Cabinet. The draft Business Plan is included in the exempt agenda Appendix B of this report due to the commercially sensitive nature of the information.

2.4 The Objectives of the JV as set out in the Business Plan are the following:

i. To undertake the regeneration of Bridge Close, by way of housing development and other ancillary beneficial development, for the benefit of the Borough and its residents;

ii. To secure wider social and economic benefits (including employment opportunities) for the benefit of existing and new residents of the Borough;

iii. To incorporate land belonging to other occupiers and owners, both public and private sector, into the development;

iv. To achieve an acceptable return for the benefit of the JV and its Members, having regard to the principal objective remains the regeneration of Bridge Close.

2.5 In pursuing these objectives through the JV, the Council aims to ensure the following:

i. A comprehensive development, which delivers infrastructure for the residents of the new development and for the whole of Romford;

ii. Direct control over the quality, timing, and implementation of development (separate from, and in addition to, its role as planning authority);

iii. Direct control over the housing tenure mix and the ability to maximise the provision of affordable housing, having regard to the needs of the people of Romford and Havering;

iv. A greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.

2.6 As such, the Council's main objective remains the regeneration of Bridge Close. The development will transform a key part of Romford town centre, delivering a comprehensive development, comprising all of the following:

- Up to 1,070 new homes (incl. between 35% and 50% affordable homes subject to viability)
- A 3-form entry primary school with nursery and SEND provision
- A community and cultural space
- A local health facility
- Commercial floor space, including affordable work space
- Improved east-west links, including a new pedestrian and cycle bridge
- Environmental improvements to the River Rom.

2.7 Save for minor proportional changes as a result of an increase in floor area dedicated to office/work space, and a reduction in residential floor area due to the introduction of additional stair- and lift cores pursuant to emerging fire safety regulations (BS9991), the scope of uses and quantum of development has remained substantially unchanged since the last review and adoption of the Business Plan in February 2022.

2.8 Further details of the financial strategies and policies underpinning the current draft Business Plan, including a detailed budget and forecasts for funding and delivering the regeneration of Bridge Close are provided in the exempt part of the report due to the commercial nature and sensitivity of the information.

3.0 Scheme Review

3.1 In view of the Council's commitment to bringing about a comprehensive redevelopment of Bridge Close, Bridge Close Regeneration LLP is progressing activity in the following key areas:

i. Planning and Consultation
ii. Design Development
iii. Land assembly

3.2 This reflects the Council acquiring full control of Bridge Close Regeneration LLP in October 2020 further to the approvals granted by Cabinet on 16th December 2020.

3.3 Planning

3.3.1 The planning application for Bridge Close has been developed in accordance with the Planning Strategy forming part of the Business Plan. The Planning Strategy and by extension, the planning application, takes account of existing and emerging planning policy and aligns to the vision for the regeneration of Bridge Close. It outlines the approach and scope for the planning application(s) and considers the anticipated planning obligations that will apply to the development.

3.3.2 The planning application was submitted in November 2023. The following sets out the key proposals underpinning the application and the key issues under consideration in the intervening reporting period.

3.3.3 The planning application takes the form of a hybrid planning application submitted for the whole site. The application seeks full planning permission for an initial Phase 1 of the development and outline permission for the remainder of the site. Detailed planning permission is sought for Phase 1, comprising approximately 383 new homes, flexible commercial floor space, a three form entry primary school and nursery, a pedestrian and cycle bridge as well as new public realm works and associated infrastructure, including the revitalisation of the River Rom.

3.3.4 Outline planning permission is sought for the remainder of the site. The outline permission will be accompanied by detailed parameter plans and a design code to inform future detailed proposals for future phases, serving to ensure design continuity and to safeguard the Council's vision and the comprehensive nature of the development. For each future phase with outline planning permission, a detailed (reserved matters) planning application will be submitted to the local planning authority for approval before progressing.

3.3.5 Throughout 2023, the planning application suite of plans and documents have been subject to review in light of the adoption of the new London Plan in March 2021, the Havering Local Plan as well as other existing and emerging planning policy and building regulations. Studies, surveys and assessments have been reviewed to ensure alignment and compliance. Whilst the review has been comprehensive across all relevant areas, the following continue to be in particular focus:

i. Fire risk assessment – minimising risk to life safety through the implementation of a fire strategy for the development in compliance with planning policy, building regulation and relevant codes of practice. Designs and plans have been reviewed in light of proposed amendments to British Standard 9991 Fire Safety regulation, including the inclusion of dual stair cores in residential developments for concurrent firefighting and evacuation purposes.

ii. Transport Assessment – providing additional technical review to ensure compliance with proposals for the crossing at Waterloo Road to Union Road with Highways requirement at this stage of design development. Review and engagement with GLA and TfL further to request for additional modelling of the development's impact on public transport to ensure compliance.

iii. Energy Strategy – focusing on communal centralised energy provision using air source heat pump technology and the opportunity to connect in the future to wider heating distribution networks as required.

iv. Climate change and net zero carbon review – achieving net zero compliance, including reducing CO_2 emissions for both domestic and non-domestic buildings to achieve at least a 35% on-site reduction against the baseline as set out in Building Regulations Part L 2013.

3.3.6 In addition to considering the impact of new and emerging policy and regulation on key physical aspects of the development, such as height and massing in the context of Romford town centre, continued consideration is also being given to the long-term housing needs of local people in Romford and Havering more widely. Whilst provision of approximately 35% affordable housing is proposed, review of the appropriate tenure mix will ensue further to submission of the planning application, having regard to planning policy, the Council's housing needs and how the level of provision may affect the viability of the project.

3.3.7 Recognising the regeneration of Bridge Close is subject to additional stages of design development before commencement of works, further review of proposals will take place in the future to ensure continued compliance with existing and emerging policy, building regulations, codes of practice, and importantly, the needs of local people.

3.4 Consultation

3.4.1 Consultation has continued in 2023 with the Local Planning Authority (LPA), Highways Authority and with other key stakeholders. This follows numerous pre-application meetings with the LPA, the Greater London Authority (GLA), the Strategic Planning Committee, an independent Quality Design Review Panel and internal stakeholders already held since 2019.

3.4.2 A fourth and final public consultation event, split over three days, took place in October 2022 online and at the Brewery in Romford, focusing on the masterplan and key facets of the proposed development. The event was well attended and support was voiced for the regeneration of the site, the look and feel of the architecture and of the place, as well as the provision of a new school and health building. Questions were raised around the plans for the Havering Islamic Cultural Centre (HICC), phasing of the development and the programme for delivery of new homes. On balance, comments were supportive of the proposals.

3.4.3 Upon receiving the planning application, the LPA will commence a further statutory period of consultation, which allows stakeholders, statutory consultees and members of the local community to comment on the proposed development. Future phase detailed planning applications will similarly be subject to extensive public and statutory consultation.

3.4.4 Primary School & Health Building

3.4.5 Consultation also continues with key education and health economy partners in order to meet potential rising demand for services to support growth in the local community. As such, the Council will acquire a new 3-form entry primary school and a health building from the Joint Venture. The Council is proposing to fund the acquisition of the school from the Wave 14 Free Schools funding allocated by the Department for Education (DfE) and through own resources, including borrowing and where possible from S106 and CIL contributions. BCR LLP continues to consult with Children's Services and the DfE to plan ahead for the delivery of BCR LLP's proposals, having regard to the demand for pupil places arising from the developments at Bridge Close, Waterloo & Queen's Street, and the former Ice Rink site as well as new adjoining communities in Romford town centre. The primary school is expected to be delivered in the initial phase of the development

3.4.6 The Council continues its discussions with local healthcare authorities and partners to facilitate the delivery of a new health building on Bridge Close in accordance with integrated healthcare infrastructure capacity planning in Havering. The building will provide services from across the integrated care system, which may include primary and social care, community services and other specialist services, including enhanced diagnostics where appropriate. By bringing services together, the health building will play a vital role in improving access for members of the local community and reducing pressures in other parts of the local health economy. Funded through Council resources, a lease granted to an appropriate primary and community care provider is anticipated to secure a recurring revenue stream to the Council. The health building is expected to be delivered in phase two of the development.

Affordable Housing

3.4.7 It is anticipated that the development will provide approximately 35% affordable housing, subject to viability. This is in accordance with the principles underpinning existing funding support for 35% provision agreed with the Greater London Authority

(GLA). Further to discussions with the GLA in light of the London Plan, affordable housing provision below the 50% policy guidance threshold may be acceptable in circumstances where land has been acquired for regeneration purposes, noting furthermore the achievement of 50% affordable housing provision by the Council across its wider regeneration programme. Through consultation with the GLA in 2023, affordable housing provision is underpinned by the release of funding through the Affordable Homes Programme.

3.5 Design Development

3.6 The design team, consisting of leading firms of architects, landscape architects, masterplanners, technical experts and engineers, has continued to progress and review the proposals throughout 2023 in accordance with client and planning requirements, underpinned by a design brief and development specification approved by the Board of BCR LLP.

3.7 Design development has been informed by the vision and objectives for the regeneration of Bridge Close, and enshrined in key proposals, plans and documents, including:

i. The design and access statement, incorporating:
   a. The masterplan for the site as a whole
   b. Individual plot designs for residential and non-residential uses
   c. Landscape and public realm design
ii. The design code and parameter plans

3.8 The Design and Access Statement describes the design process and proposals at a site-wide masterplan scale covering the entire application boundary. It deals with the landscape strategy and with the detailed proposals for the plots in the initial phase of development.

3.9 The masterplan for Bridge Close builds on the principles established in adopted and emerging policy, proposing a comprehensive, mixed-use residential-led scheme, which will include a new bridge across the River Rom, a new east-west connection to the town centre, non-residential uses to complement the town centre offer and create a well-designed, high- quality neighbourhood.

3.10 Detailed designs for individual plots are being brought forward as part of an initial phase to provide 383 new homes of which approximately 35% will be affordable tenures subject to viability. Plot designs provide a balance of both traditional and more contemporary architecture with use of high-quality materials and immediate access to local retail, play space, public realm and other amenities. The initial phase maintains the provision of a 3 form entry primary school with nursery and special educational needs and disability (SEND) provision. Detailed plans in the planning application set out the internal design of floors and units complemented by sections and external elevations. When fully operational, the school will house 695 children.

3.11 Proposals for landscape design provide for ample high-quality public realm and open space, including the provision of green space and play space for local residents as well as the greening and revitalisation of the River Rom. It sets the parameters for a river walkway along the River Rom, a new junction to Waterloo Road and a new street through the centre of the site, providing a vital east-west connection from the train- and bus stations through to Union Road. More widely, it sets the strategy for the use of materials informing the initial parameters for long-term estate maintenance.

3.12 As set out at paragraph 3.3.5 above, the masterplan, plot designs and landscape architecture have been informed by adopted and emerging policy and regulation, having regard to key issues around energy provision, flood risk and fire risk as well as climate change and environmental impact.

3.13 Design Code provides strategic design guidance and place-making principles for all phases of delivery. The purpose is to ensure that the development is well designed and built to a high standard, providing a coherent framework within which architectural diversity can be achieved and where the public realm is an integrated element which provides continuity with the surrounding area. The Design Code will control development in future phases and be conditioned as part of any grant of planning approval.

3.14 Underpinning the Design Code are parameter plans setting out the application boundary, development plots, indicative heights, open space and illustrative ground floor uses and routes through the site. Together, the Design Code and the parameter plans, provide distinct guidance to ensure the comprehensive development of Bridge Close is progressed across phases consistently underpinned by high-quality design and public realm place-making principles.

3.15 As set out in paragraph 3.4.1 above, the masterplan, plot designs and landscaping have been informed by extensive consultation with the Local Planning and Highway Authority, the Greater London Authority, with elected Members, the Strategic Planning Committee, the local community and the wider public. Importantly, a Quality Review Panel of external urban design experts was established to independently vet and inform the place making qualities of the emerging masterplan and designs. Future phases of development will be require separate planning approvals through reserved matters applications subject to consultation with the Quality Review Panel and Strategic Planning Committee.

3.16 In the next 12 months and beyond, the design will be further developed by the professional team, progressing it from current 'concept' RIBA[1] stage 2 through to 'detailed design' RIBA stage 4. Detailed designs will be informed by a potential main contractor due to be procured subject to planning approval and Council governance.

3.17 In close consultation with Members and other stakeholders, a planning application has been submitted in November 2023.

3.18 Land Assembly

3.19 Land assembly is undertaken in accordance with the Land Acquisition Strategy forming part of the Business Plan.

3.20 The Council and the JV continue to engage with all owners and occupiers of residential and commercial interests on Bridge Close. All commercial property owners have instructed valuations and private treaty discussions are progressing at various stages of development.

3.21 In November 2018 the Cabinet resolved to approve the acquisition of all remaining residential interests not in Council or JV ownership to be used as temporary

[1] See Royal Institute of British Architects (RIBA) Plan of Works 2020

accommodation until such time as they may be required for development. To date, 32 out of a total of 37 residential properties have been acquired or have terms agreed. Further engagement and communication is underway with the remainder of owners and occupiers.

3.22 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, as well as some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support in accordance with individual rights, through access to dedicated advice and assistance, through the offer of financial compensation, and by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to mitigate against any potential disturbance.

3.23 A number of acquisitions of commercial property have completed since the establishment of the JV including 2, Bridge Close, 3 Bridge Close, 6 Bridge Close, 8 Bridge Close, 12A-C Bridge Close, 12C-E Bridge Close and 13A Bridge Close. More recently, the freeholds of 4 and 12 Bridge Close as well as the unadopted part of Bridge Close road and other land interests have been acquired. Constructive private treaty discussions continue with the remaining owners and occupiers of commercial property with a number having reached the final stages of agreeing terms.

3.24 Relocation support continues to be provided to businesses where appropriate. Whilst the market for industrial property has been buoyant, it has been possible to maintain business continuity and employment whilst completing on transactions and successfully relocating businesses to new premises. Evidence of a cooling of the market for commercial property may provide further opportunities.

3.25 Other owners of non-residential property include the London Ambulance Service (‘LAS’) and the Havering Islamic Cultural Centre (‘HICC’). Following redeployment of resource at the London Ambulance Service to address demand for its services over the winter period 2021-2022, discussions continue to seek a mutually satisfactory long-term agreement. Review of opportunities for relocation in accordance with LAS operational modelling and wider estate strategy continues.

3.26 Discussions with the HICC and its advisors also continue, recognising the importance of maintaining continuity of services provided by HICC to the community. Whilst provision could be made in the community centre on site, options for alternative relocation off-site are being reviewed where practicable and in accordance with HICC’s reasonable and appropriate relocation requirements.

3.27 With the progress being made on private treaty discussions with owners and occupiers of both residential and commercial property, the table below provides a summary of interests acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms.

Table 1 Indicative Property Interests Held by Havering Borough or BCR LLP (Hectares)[1]			
Interest	**Total (Ha)**	**Held (Ha)**	**% Held**
Residential Property	0.64	0.56	87%
Commercial Property	2.38	1.54	65%
Public & Other Unregistered Land	0.16	-	-
Unregistered Land with Council as Highway Authority	0.49	-	-

Total	3.67	2.10	57%

[1] **Freehold interest held in hectares (ha), Ardent Management Limited, 2023. Total area of 3.67 ha corresponds to area within red line of the Bridge Close Site Plan in Appendix A.**

3.28 Including unregistered land of 0.49 ha already held with the Council as Highway Authority, the total area acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms increases to 2.59 ha or 71% of the total area within the Bridge Close red line.

3.29 The potential use of the Council's Compulsory Purchase Order (CPO) powers continues to form part of the Council's land assembly strategy as a means of last resort in circumstances where private treaty discussions do not deliver the anticipated outcomes. All private treaty discussions and agreements are completed having regard to the CPO guidance and regulatory framework to ensure appropriate support as well as disturbance and compensation payments are provided.

3.30 The review of key work streams above reflects the planning application stage that the regeneration of Bridge Close is at. As the regeneration progresses, further activity relating to contractor procurement, construction, sales and leasing as well as estate management, amongst others, will form an integrated part of day-to-day activity.

4.0 Indicative Phasing and Delivery Programme

4.1 Bridge Close is anticipated to be developed in three phases as set out below:

- **Phase 1** is expected to deliver approximately 383 new homes of which approximately 35% may be affordable housing with retail and commercial units to serve the local community and provide space for local business. A new 3 form entry primary school will also be delivered, serving as vital educational infrastructure for the new communities at Bridge Close, the Waterloo Estate and the former Ice Rink site at Rom Valley Way, the latter of which is in an advanced stage of development with construction expected to commence in the foreseeable future. Phase 1 would also provide high-quality public realm, including a new bridge to enhance east-west links in the town centre and much needed investment and environmental upgrade of the River Rom.

- **Phase 2** is expected to deliver approximately 262 new homes of which approximately 35% may be affordable housing along with further retail and commercial units to serve the local community and provide space for local business, including where possible, existing businesses at Bridge Close wishing to relocate on site. A new health building would be provided, catering for families at Bridge Close and the wider community, serving to reduce pressures on acute care at nearby Queen's Hospital.

- **Phase 3** is expected to deliver approximately 425 new homes of which approximately 35% may be affordable housing, providing the final addition to a vibrant new community where families may live, thrive and contribute to the wider regeneration of the town centre. A new community centre would be provided early in the phase providing the HICC with the option to relocate to the community centre should the HICC wish to take advantage of this opportunity.

4.2 The table below sets out anticipated dates for each of the key programme milestones underpinning the Business Plan.

Table 2 Indicative Delivery Programme			
Milestone	**Phase 1**	**Phase 2**	**Phase 3**
Submission of Hybrid Planning Application	Quarter 4 ’23	-	-
SPC Resolution to Grant	Quarter 3 ’24	-	-
Cabinet Make the CPO	Quarter 3 ’24	-	-
Planning Approval / S106	Quarter 4 ’24	-	-
Commence Main Contractor Selection	Quarter 4 ‘24	-	-
Public Inquiry	Quarter 2 ’25	-	-
Confirmation of CPO	Quarter 3 ’25	-	-
Issue General Vesting Declaration (GVD)	Quarter 4 ‘25	-	-
Vacant Possession	Quarter 1 ‘26	-	-
Main Contractor – Site Possession Phase 1	Quarter 2 ’26	-	-
Planning Application (Phase 2 and Phase 3)	-	Quarter 2 ‘27	-
Planning Approval (Phase 2 and Phase 3)	-	Quarter 4 ‘27	-
Main Contractor Appointment - Phases 2 & 3	-	Quarter 2 ‘28	Quarter 2 ‘29
Start on Site	Quarter 1 ‘26	Quarter 2 ‘28	Quarter 2 ‘29
New Homes Completed	Quarter 3 ‘28	Quarter 2 ‘30	Quarter 4 ‘31
Final Sales Completed	Quarter 4 ‘29	Quarter 2 ‘31	Quarter 2 ‘33

4.3 All work streams, including planning applications for each phase, acquisition of property and any CPO activity as well as the procurement of a contractor for delivery of each of Phases 1, 2 and 3 fall within the Council's control.

4.4 As set out in paragraph 3.4.1 above, consultation with key stakeholders will continue throughout the delivery programme, including public consultation ahead of reserved matters planning applications for future phases of development. This will allow appropriate time for the Council to further consider the full implications of adopted and emerging planning policy in the form of the London Plan, the Local Plan and the Romford Master Plan as well as changes to Building Regulations, including fire safety regulations, on the masterplan and future plot designs. Further consideration to determine the appropriate housing tenure mix that best meets the long-term needs of the Council and local people will also continue.

4.5 Land assembly will progress in parallel with detailed design development and procurement through private treaty discussions with owners and occupiers, and through the preparation for the potential use of the Council's Compulsory Purchase powers. With the making of the CPO in Quarter 3, 2024 and the public inquiry in Quarter 2, 2025, it is anticipated that the CPO may be confirmed by Secretary of State in late summer of 2025, allowing for vesting declarations to be served and vacant possession to be taken early in 2026.

4.6 With start on site expected in Quarter 1 of 2026, first completions of Phase 1 is anticipated in the summer of 2028 with phased delivery of the scheme to completion in 2033 in accordance with circumstances prevailing at the time.

REASONS AND OPTIONS

5.0 Reasons for the decision:

5.1 The Council has been consistent in promoting and progressing its vision to regenerate Bridge Close, a key site on the edge of Romford town centre, and in so doing, advancing the objectives of delivering new homes and affordable housing as well as key infrastructure, including a new school, a health building, a bridge and high-quality public realm and the revitalisation of the River Rom.

5.2 On 16th December 2020, Cabinet approved the recommendation for the Council to self-deliver the regeneration of Bridge Close funded predominantly through the HRA. The Members' Agreement contemplates the Board of Bridge Close Regeneration LLP preparing, agreeing and issuing a Draft Business Plan as set out in Appendix B for approval by the Council as controlling Member. The Members' Agreement provides that this be done at regular intervals. Once agreed, the Draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP. Any potential approval of the Draft Business Plan as set out in this report would therefore be in accordance with the provisions of the Members' Agreement and would continue the cycle of updating going forward, having regard to the Council being in full control of Bridge Close Regeneration LLP.

5.3 The Bridge Close Regeneration LLP Business Plan 2023-2024 was approved by Cabinet on 8th February 2023. The Draft Business Plan for 2024-2025 attached at Appendix B is a suite of policies, processes and operational plans, providing a path for the Council to crystallise its vision and make the regeneration of Bridge Close a reality supported by a robust risk management and governance framework as well as an update to the financial model and forecasts..

5.4 As such, the Draft Business Plan sets out the strategic framework to support direct delivery of the scheme by the Council in accordance with Cabinet's decision in December 2020 and would:

- Accord with the Council's vision and objectives for the regeneration of the site;
- Deliver approximately 35% new affordable homes, subject to viability, at an acceptable net average cost per unit, providing acceptable value for money as a regeneration scheme;
- Provide additional certainty in relation to the funding of the scheme;
- Offering an acceptable payback of the Council's investment;
- Provide greater certainty for affected business and resident communities;

5.5 In summary, the approval by Cabinet of the Draft Business Plan would enable this key regeneration scheme located at a gateway to Romford Town Centre to move forward, underpinned by a comprehensive financial model and accompanying analysis, which substantiates the delivery of regeneration outcomes at a financial return to the Council in excess of its cost of capital. Approval of the Draft Business Plan would accord with provisions in the project documents.

6.0 Other Options Considered and Rejected:

6.1 Not Approve the Draft Business Plan. Whilst this option would not run contrary to provisions in the Members' Agreement, which in these circumstances would allow the existing adopted Business Plan to remain in force; however, not approving the Draft Business Plan would run contrary to the Council's vision and objectives of delivering both affordable housing and the regeneration of Bridge Close, a key site on the edge of Romford town centre. Failure to deliver would include failing to provide the primary school, which is due to support a wider catchment than Bridge Close as part of the Council's strategic plan for school places. Whilst key work streams such as land assembly, the making of the CPO and submission of the planning application could potentially be progressed under the existing Draft Business Plan, it would be without having due regard to the latest planning, land assembly, market, cost and financial advice that would otherwise inform the strategy. Moreover, it could potentially be perceived as a statement of intent not to progress with the regeneration of Bridge Close. Accordingly, there would be significant reputational damage and impediment to implementation of key work streams. The regeneration scheme could be either lost completely or delayed for a significant period of time. This could have reputational implications and potentially impair the Council's investment to date. This option has been rejected.

6.2 **Approve the Draft Business Plan and Pause the Scheme.** Whilst pausing a scheme may be standard practice for a private sector developer, it does not constitute good practice from a regeneration perspective. This is due to the lack of certainty that this strategy entails and the difficulties arising in treating meaningfully with owners and occupiers in private treaty land assembly discussions. A pause to the scheme would in the first instance impede the determination of the planning application , which in turn would prevent a CPO being progressed, assuming that a CPO would be necessary to complete land assembly. No CPO Inquiry can be contemplated before the Acquiring Authority (the Council) can demonstrate that there are no insurmountable funding and planning impediments that would prevent the scheme from being implemented. Without the grant of some form of planning permission this could not be proven. Furthermore, a funding shortfall would be a key consideration. It would also be very difficult to secure meaningful engagement from potential contractors without knowing what the scheme is or is likely to be in planning terms and having a level of programme certainty. A pause would create an element of uncertainty over the scheme, with adverse impact for owners and occupiers within the proposed regeneration area and deny the Council the benefit of the significant progress on planning and land assembly that has been made since reporting to Cabinet in February 2023. There would also be a risk of reputational damage. This option has been rejected.

IMPLICATIONS AND RISKS

7.0 FINANCIAL IMPLICATIONS AND RISKS

7.1 The assumptions underpinning the Business Plan and related financial model have been reviewed and updated to reflect anticipated economic conditions and development in key appraisal parameters, having regard to the early stage of development and the pre-planning concept stage at which masterplans and design development are being progressed.

7.2 Accordingly, the financial model and related budget approved by Cabinet on 8th February 2023 has been revised with an upward adjustment to the budget as set out in the exempt Financial Risks and Implications of this report. The upward adjustment is principally a result of higher cost of funding and anticipated tender price inflation over the forecast period.

7.3 Achieving regeneration outcomes, including the provision of much needed housing, the generation of social value and the creation of a high-quality place where people want to live, work and play continues to be the Council's principal objective. The Council recognises, however, that achieving the regeneration of Bridge Close at the scale envisioned comes with some risks.

7.4 Whilst some risks may relate to the operational implementation of the development, such as planning risk, ground condition and construction risk, cost price inflation, sales price inflation and programme, others relate directly to the funding of the project. The Council recognises that operational risks may have a direct impact on the overall funding envelope and that active risk management may serve to mitigate the Council's exposure by capping, sharing or transferring risks where possible. In relation to the primary school, future operational management and maintenance will reside with the appointed operator, Unity Trust Partnerships.

7.5 The potential adverse impact of the prospect of a material increase in the longer term cost of borrowing is also a risk that requires ongoing review and management. Whilst increased cost of borrowing is included in the Council's contingency planning, the potential for capping interest rate risk is subject to ongoing review.

7.6 The Council continues to monitor and manage identified risks, having regard to each stage of development required to complete the regeneration of Bridge Close. Drawing on the expertise and capacity of an experienced team of internal and external delivery partners forms an integrated part of the Council's risk management strategy. Appropriate application of contractual structuring, insurance and financial contingency planning provides an overlay to core risk management practices.

7.7 The review of financial assumptions, risks and implications are exempt due to the commercial nature and sensitivity of the information.

8.0 LEGAL IMPLICATIONS AND RISKS

8.1 The Bridge Close Regeneration LLP Business Plan 2023-2024 was approved by Cabinet on 8th February 2023 and adopted by the Bridge Close Regeneration LLP. In accordance with clause 14 of the Members' Agreement dated 29th October 2020, the Board of Bridge Close Regeneration LLP shall prepare, agree and issue a draft Business Plan to the "Approving Person", being the Council as Member. Once agreed, the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.

8.2 The Bridge Close Regeneration LLP Business Plan 2024-2025 (the Draft Business Plan) set out in Appendix B has been reviewed and recommended for approval by the Bridge Close Regeneration LLP Board. Subject to the approval by the Council as Member (and Approving Person), the draft Business Plan would be formally adopted by the Board of Bridge Close Regeneration LLP.

8.3 As an Approving Person, the Council relies on a number of powers in considering the proposed strategy and funding envelope underpinning the draft Business Plan.

8.4 In providing funding the Council may rely upon the General Power of Competence ("general power") provided for in Section 1 of the Localism Act 2011 to pursue the proposed development of Bridge Close. The general power is a wide power which allows the Council to do anything that an individual may do (subject to public law principles), but it is subject to certain statutory limitations. The key limitation under the general power is that where a local authority intends to pursue a commercial purpose, it must do so through a company limited by shares (and not a LLP (limited liability partnership)). On setting up the JV as a LLP, legal advice was obtained to confirm that provided the Council's purpose was the regeneration of Bridge Close, a LLP would be lawful; it remains the case. No other statutory limitations in regard to funding of the LLP under the general power apply.

8.5 In establishing BCR LLP, the general power was relied on, as well as the fact that Sections 8 and 9 of the Housing Act 1985 impose a duty on local authorities to review housing needs in their district and provides them with related powers to provide housing accommodation by building and acquiring houses or by converting other buildings into houses. These powers can include provision via third parties. The general power and Sections 8 and 9 of the Housing Act 1985 was also relied on in the setting up of a nominee company by the Council to act as second member of the LLP upon the acquisition of the private sector partner's interest in 2020 (all LLP's must have at least two members under the Limited Liabilities Partnerships Act 2000).

8.6 The Council has investment powers by virtue of Section 12 of the Local Government Act 2003, but the objective of the Council in establishing BCR LLP (and in providing the proposed funding recommended in this Report) is not as an investment. The purpose was, and remains, the regeneration of Bridge Close.

8.7 More widely, the Council has land acquisition powers by virtue of Section 120 of the Local Government Act 1972. This Section 120 power does furthermore support the general position adopted, because it also recognises and allows acquisitions to be made for any authorised purpose "notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions."

8.8 In light of the acquisition of the member interest in BCR LLP held by the former private sector partner, FB BCR LLP, as agreed by Cabinet on 16th September 2021, this report makes reference to, inter alia, the strategy to bring forward the regeneration of Bridge Close directly within the HRA with the primary objective of the scheme being to address housing need in Havering rather than generating a commercial return.

8.9 Based on legal advice on the direct delivery strategy approved by Cabinet on 16th December 2020, the Council utilised its power to deliver the scheme directly through BCR LLP as a delivery vehicle. The key statutory power is Section 9, Housing Act 1985, which is broad enough to empower the Council to provide both affordable and market sale housing where the latter is provided to subsidise the former (as could be the case).

8.10 The Council also has the power in Section 12, Housing Act 1985 to provide other buildings, including retail and commercial uses, subject to obtaining the consent of the Secretary of State for Levelling up, Housing and Communities (SoS) . The SoS has broad discretion in this respect with the criteria being whether the buildings will serve a beneficial purpose for those provided in Part II housing accommodation. There is a clear process in place to apply for consent.

8.11 If the Council were to rely on Sections 9 & 12 (subject to consent) to deliver the regeneration scheme directly, then relevant income and expenditure relating to residential accommodation and other buildings would be subject to the HRA ring fence under Section 74, Local Government and Housing Act 1989. On the basis of what is currently known, the Council is advised that capital expenditure to fund the regeneration scheme would be permitted under Schedule 4, Part II, Item 2 of that Act.

8.12 External legal advice indicates that it is unlikely that there would be any insurmountable impediments to prevent the HRA from delivering up to a 50:50 mix of affordable and open market sale units if that were the option to be selected.

8.13 Based onexternal legal advice on Subsidy Control (formerly known as State Aid), given that the Council's objective is to develop the site for regeneration purposes and not as a commercial undertaking, the strategy to deliver the scheme directly by the Council is likely to be able to comply with Subsidy Control requirements given the Council is a public undertaking. Moreover, no subsidy control concern currently exists because BCR LLP is not an economic actor or enterprise (i.e. it is not offering goods or services on a market) and thus, in terms of the Subsidy Control Act 2022, is not capable of receiving a "subsidy"; and as noted, the Council is carrying out the project for public function purposes, This Subsidy Control position will be kept under review as the scheme progresses and in order to ensure (with appropriate legal advice) that no unlawful subsidy is in play.

8.14 The key risks are financial and commercial, as described in the preceding "Financial Implications and Risk" section at paragraph 7.0 above. In making a lawful decision, the Council should weigh up and consider these risks and whether they are acting prudently in public law terms. In reaching a decision, Cabinet members should consider whether resultant expenditure (and other financial consequences) is prudent, having regard to the Council's general fiduciary duties. It must also reach a decision by reference to all relevant considerations, disregarding irrelevant ones, and be satisfied that the recommended course of action is a rational course of action for the Council. The Report details the justification for the regeneration of Bridge Close including the financial implications involved..

9.0 HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

9.1 There are no Human Resource implications of, or risks relating to, the proposed decision.

10.0 EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

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

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

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

10.3 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.

10.4 Whilst officers consider there are no implications or risks associated with the Councils statutory duty and the decisions recommended for approval relating to the Bridge Close Regeneration LLP Business Plan, the Council has continued to monitor and implement measures to ensure management policies and practices are aligned to the Public Sector Equality Duty.

10.5 The Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, subsequently reviewed in September 2019, November 2021, June 2023 and flows from the Council's Equality Impact Assessments for the Havering Estate Renewal Programme and the Local Lettings Plan. To inform the Bridge Close Equality Impact Assessment, engagement with affected residents and businesses has been undertaken, alongside a review of the wider Romford Town ward to establish a demographic profile of those affected. This broadly considered the impact of the proposal on these stakeholders, within the context of the protected characteristic. The Equality Impact Assessment will continue to be monitored and updated as part of a process of continuous engagement with stakeholders as proposals for the scheme are developed.

10.6 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, and some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to encourage business improvement and sustainability in the future.

10.7 The Council believes that the benefits of the Bridge Close redevelopment will outweigh some of the adverse impacts identified. The redevelopment of Bridge Close is predicted to be largely positive, presenting far reaching benefits and opportunities for Romford, Havering and its diverse communities. This includes making a significant contribution to the provision of new and high quality mixed tenure housing, which will be well managed and sustainable, helping to reduce fuel poverty and contributing to the quality of life for people of all ages, genders, ethnicities and faiths/beliefs. Regeneration of the area will also support economic growth and prosperity across Havering, through creating new mixed workspace and community facilities, which will support business growth, enterprise and inward investment, as well as local jobs, apprenticeships and wider employment opportunities. The development will also help to create a greater sense of place and platform for learning, creativity and culture, whilst also supporting education, health, leisure and recreation. The introduction of robust estate management services across the development will also aid in preventing crime and social disorder, whilst the new neighbourhood will encourage social inclusion, community cohesion and equality, helping to foster positive relations amongst existing and new communities.

10.8 The development will also improve the local environment by helping to reduce the barrier effect of the Ring Road, creating a safer and more welcoming environment. The introduction of a new east-west pedestrian and cycle bridge will provide greater access and connectivity to the town centre and rail station, encouraging use of public transport, walking and cycling. A rejuvenated public realm and enhanced River Rom will create an improved blue and green amenity, both for the enjoyment of local people and visitors alike. The development will reintegrate Bridge Close with Romford town centre and in doing so will complement the town centre and help the areas expansion as retail and residential quarter, providing more choice and opportunity for the future and new health and education facilities as well as affordable housing for local people.

10.9 Further to a review officers consider the existing Equality Impact Assessments for Bridge Close, as updated in June 2023, continue to be of relevance to the project and for the purpose of seeking the agreement by Cabinet of the Bridge Close Regeneration LLP Business Plan 2024-2025.

11.0 HEALTH AND WELLBEING IMPLICATIONS AND RISKS

11.1 The Council is committed to ensuring the health and well-being of its residents. The decision relates to approval of the Bridge Close Regeneration LLP Business Plan 2024-2025 and a related budget, which, if approved and fully implemented, are likely to have health and well-being implications for residents.

11.2 In relation to the proposed development arising from the full implementation of the Business Plan, an initial Health Impact Assessment has been undertaken. This indicates that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and the wellbeing of new residents.

11.3 An updated Health Impact Assessment was undertaken in December 2022 in preparation for the submission of the planning application in due course. The Assessment concludes that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and wellbeing of the new residents. The proposal provides opportunities for employment and business growth, it provides community floor space, and contains multiple and well connected public spaces. The proposed design is characterised by high quality, accessibility and sustainability. As set out in section 10.0 above, there may also be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families. Again, a framework of support and compensation is in place to mitigate the impact. In circumstances where construction would be commenced, management plans will be in place to reduce noise, dust and other potential sources of disruption to the local community.

11.4 It is anticipated that the longer term benefits outweigh the potential short term adverse impacts. More efficient use of land, high design standards, sustainable solutions and the provision of social infrastructure ensure that the proposed uses are the best uses of the land. The wider socio-economic benefits are likely to enhance the health and well-being impact of the scheme.

11.5 A further Health Impact Assessment will be carried out for the development prior to the commencement of works, covering the period during and post construction to identify and maximise any positive impacts and also to identify and highlight how measures to mitigate against any negative impacts will be put in place to protect the health and wellbeing of residents during construction.

11.6 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

11.7 There are no Environmental and Climate Change implications of, or risks relating to, the proposed decision.

BACKGROUND PAPERS

None.

APPENDICES

Appendix A	Bridge Close Site Plan and Indicative Red Line (PUBLIC)
Appendix B	Bridge Close Regeneration LLP Business Plan 2023-2024 (EXEMPT)
Appendix C	Financial Annexes (1A) – (1B) (EXEMPT)
Appendix D	Legal Advice Note – Subsidy Control (EXEMPT)
Appendix E	Relocation Options Review (EXEMPT)

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of the Local Government Act 1972.

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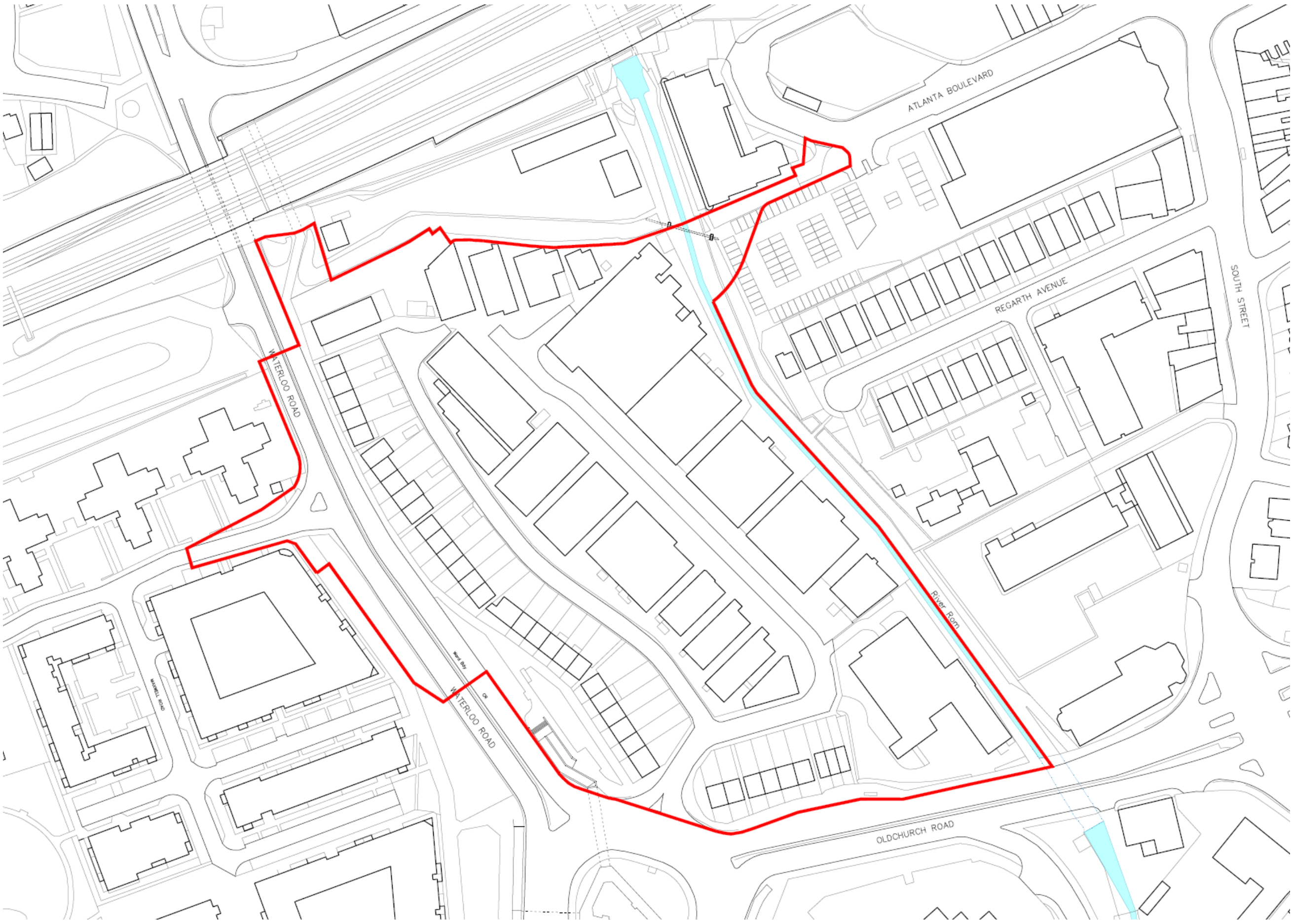
APPENDIX A Bridge Close Site Plan and Indicative Red Line



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Havering
LONDON BOROUGH

CABINET

7th February 2024	
Subject Heading:	**HRA Business Plan update, Budget 2024/25 & Capital Programme 2024/25–2028/29.**
Cabinet Member	Councillor Paul McGeary Lead Member for Housing.
ELT Lead:	Neil Stubbings Strategic Director of Place.
Report Author and contact details:	Patrick Odling-Smee Director of Living Well Patrick.Odling-Smee@havering.gov.uk Paul Walker Interim Director of Housing and Property Paul.Walker@havering.gov.uk Ian Saxby Interim Assistant of Housing, Property & Assets Ian.Saxby@havering.gov.uk Katri Wilson Assistant Director of Housing Operations Katri.Wilson@havering.gov.uk John Price Finance Business Partner J.price@havering.gov.uk Makeda Mahoney Senior Financial Accountant Makeda.mahoney@havering.gov.uk Martin Fahy Financial Analyst martin.fahy@havering.gov.uk
Policy context:	This report presents the HRA Budget recommendations for agreement by Cabinet and recommendations on to Council for consideration and approval.
Financial summary:	The Council is required to set an annual HRA Revenue Budget for 2024/25. This report

	includes recommendations to agree the HRA revenue spend budget, the rents and other charges, the HRA Major Works Capital Programme, detailed in Appendix 1a and the Business Plan projections as outlined in Appendix 2a and 2b.
Is this a Key Decision?	**Yes**
Is this a Strategic Decision?	**Yes**
When should this matter be reviewed?	September 2024.
Reviewing OSC	Places.

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2023-2052.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The Council is legally required to not set a deficit budget. The proposed budget will enable the Council to manage and maintain the housing stock to a good standard and provide funding for a significant acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2024/25.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has introduced the CPI + 1% increase arrangement, based on the published rate for September 2023 making an increase for 2024/25 of 7.7%.

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

Should the Cabinet adopt the recommendations, a notification will be sent to tenants in the first week of March 2024**,** to make the new charge effective from the first week of April 2024.

RECOMMENDATIONS

That Cabinet:

1 Approve the Housing Revenue Account Budget as detailed in paragraph 3.45.

2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 7.7% from the week commencing 1st April 2024.

3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 7.7% from the week commencing 1st April 2024.

4 Agree the four rent-free weeks for 2024/25 are: the week commencing of 26th August 2024; 16th December 2024; 23rd December 2024 and the 31st March 2025.

5 Agree that service charges and heating and hot water charges for 2024/25 are as detailed in section 2.20 of this report.

6 Agree that charges for garages should be increased by 7.7% in 2024/25 as detailed in paragraph 2.9 of this report.

7 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2024/25 shall be as detailed in paragraph 20.25 of this report.

8 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.31 of this report.

9 Agree that the rent charge to shared ownership leaseholders is increased by 8.9% as detailed in paragraph 2.7 of this report.

10 Agree that the Care-line and Telecare support charge should be increased by 7.7% for 2024/25 as detailed in paragraph 2.28 of this report.

11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of this report and refer it to full Council for final ratification.

12 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.12 and Appendix 1b of this report and refer it to Full Council for final ratification.

13 Approve the acquisition of 47 affordable homes by the HRA on the Quarles Campus site from Mercury Land Holdings, as detailed in paragraph 4.10 of this report, and delegate approval of the contract terms and completion to the Strategic Director of Place, acting in consultation with the Strategic Director of Resources Officer and the Deputy Director of Legal & Governance.

REPORT DETAIL

1. BACKGROUND

1.1 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2024/25.

1.2 The regulation of social housing has changed significantly with the implementation of the Social Housing (Regulation) Act 2023, particularly with the new Consumer Standard being applied to local authority landlords for the first time. Local authorities will be inspected by the RSH to assess how they are meeting the new standards. The Government is also consulting on a new decent homes standard, and the outcome of that consultation will impact on the investment required for the stock in future years. The Government has also implemented a new rent standard for all social housing and issued guidance to local authorities on the implementation of this standard.

1.3 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first-time buyers, and has set out its ambition to meet these needs by using resources generated through the Housing Revenue Account Business Plan. The formula for setting social rent should enable registered providers, including councils, to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock, to at least Decent Homes Standard, and continue to function as financially viable organisations.

1.4 However, there are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by market conditions, government policy and legislation.

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

- Rent policy regarding supported housing rents.
- Service charge recovery.

1.6 The elements which affect the levels of expenditure in the HRA BP include:

- Planned maintenance to existing stock.
- Responsive repairs and compliance costs to existing stock.
- Delivery of new build homes.
- Staffing costs.
- Financing costs of the borrowing in the HRA and interest rates.
- Losses from bad debts, voids etc.

1.7 The Building Safety Act 2022 impacts on the HRA are:

- Building Safety and maintaining homes:
  - A strengthened role of the existing Regulator of Social Housing (RSH) in consumer regulation and safety with links to the new Building Safety Regulator.

- Social landlords must identify a nominated person responsible for Health & Safety
- Requirement to register high rise blocks and have data relating to the construction and maintenance of buildings.

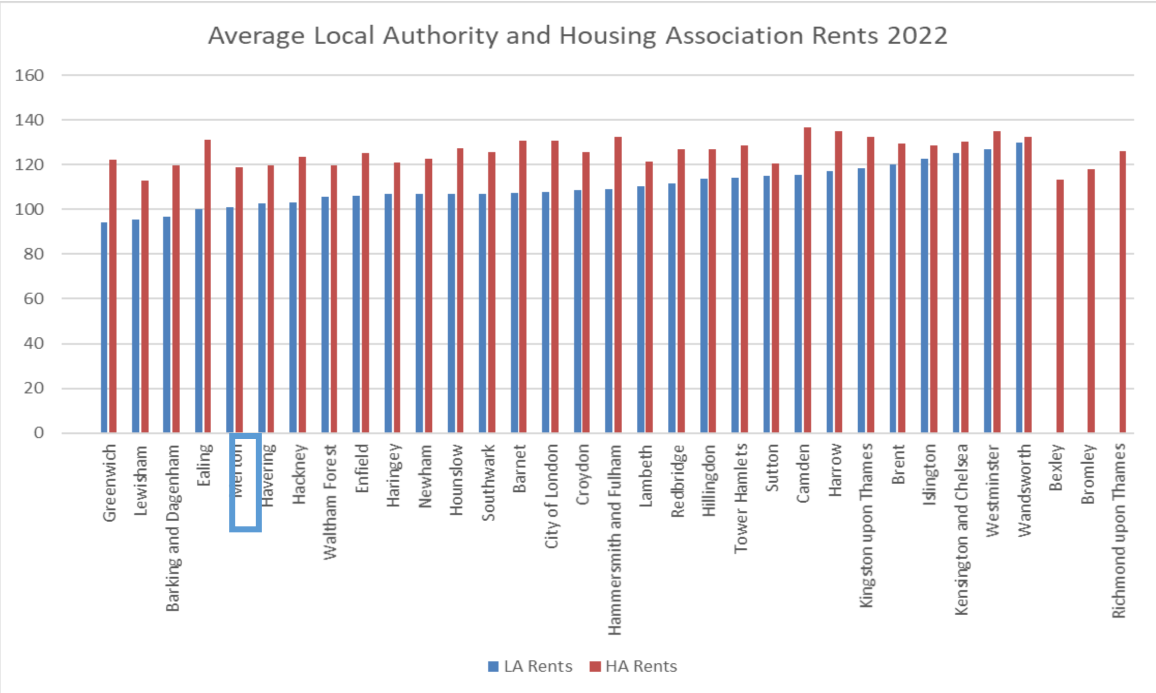
1.8 A separate report was presented to Cabinet in January 2022 setting out in detail the implications of the Act and the actions that the Council, as a landlord, was required to take to prepare for its implementation.

2. INCOME

2.1 Rents

2.2 Since 2020/21 the RSH has followed rent setting formula of up to CPI +1%, which was intended to apply for 5 years. This provided certainty for rents in council housing up to 2025. The Council does have discretion to set a lower rent however, due to the significant strain on costs on the HRA next year it is recommended to implement the maximum increase allowed. The analysis of the Business Plan in Section 7 demonstrates that given the inflationary impact on building and maintenance costs, and the likely salaries increases, the proposed rent increase keeps the HRA in balance within the performance measures.

2.3 Following the implementation of Universal Credit a new social housing rents cap at LHA levels was introduced in 2019/20 to replace “limit rents”. In Havering, given the historically low level of council rents, the LHA levels for each bedroom size are above the proposed levels of the 2023/24 social rents and so there is no impact on the HRA BP. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report. The table below shows the Havering rent levels compared to other London boroughs and the housing association rents in 2022 (the latest year for which data is available).



2.4 The Table shows that Havering Council rents are some of the lowest in London compared to other councils as well as being significantly lower than housing associations rents.

2.5 The 2024/25 average weekly rent, applying the 7.7% increase to all General Needs properties and Sheltered Housing units is £132.24. Individually, the average weekly rent for the general needs properties is £133.45 and £113.72 for the sheltered housing.

2.6 The rent charged to hostel residents will be increased in line with new general needs rents for 2024/5 – 7.7%.

2.7 Shared ownership leaseholders pay rent for the proportion of the equity of the property that they do not own. The lease stipulates that the increase is in line with the retail price index plus 0.5% (RPI). Changes to the shared ownership lease introduced by the government, to limit the increase to CPI, will affect new leases only.

2.8 **Garages**

2.9 It is proposed to increase the level of charges for garages in 2024/25 by 7.7%. There are a range of charges for garages within the high, medium and low demand bands. Over one third of our garages have low rates of occupancy. This is due to a combination of poor condition and low marketability. Continued investment will be needed to bring the buildings and sites up to a good standard that will enable better utilisation of these assets and increase revenue whilst at the same time improving the amenities for residents. The increased charges will enable revenue to be raised to carry out a number of much needed improvements and support a review of the garages and parking arrangements. This issue is one of our tenants' key priorities. The increase means that the average charge for a high-demand garage will be £18.68 per week (£17.35 in 2023/24), £17.40 per week (£16.16 in 2023/24), for a medium demand garage and £13.54 per week (£12.57 in 2023/24) for a low-demand garage.

2.10 Service charges

Service Charges	2023/24 Weekly charge (£)	2024/25 Weekly charge (£)
Caretaking	4.83	4.62
Internal Block Cleaning	5.15	4.90
Bulk Refuse Collection	0.87	0.90
Door Entry	0.41	0.39
Grounds Maintenance	5.30	5.72
TV access	2.30	2.18

2.11 **Caretaking, Internal Block Cleaning & Bulk Refuse Collection**

2.12 There is an overall reduction in the cost-of-service charges payable for the provision of this service, resulting from the increase in the number of properties in our portfolio due to buy backs and the development of new estates under the regeneration programme. The weekly decrease in the costs of this service is £0.44.

2.13 Enforcement Services & Static CCTV

2.14 Following a review of the CCTV and enforcement services charges and consultation with tenants and leaseholders, it is recommended that these costs continue to be met from the rent pool rather than being recovered as service charges.

2.15 Tenants and leaseholders will benefit from not paying the CCTV and enforcement charges, which were £3.14.

2.16 Grounds Maintenance

2.17 This is recommended to increase by 8% to cover increased cost of staffing, contract inflation and the cost of tree maintenance.

2.18 Communal Electricity

2.19 Charges from April 2024 will be made based on the consumption at individual blocks in the previous calendar year. The price charged per kWh will be capped at the price cap set by OFGEM. The communal electricity charge is full recoverable through Housing Benefit and Universal Credit.

2.20 **Heating & Hot Water Charges**

2.21 LBH is part of a consortium of 25 local authorities which enables the Council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions.

2.22 Charges for heating and hot water will be made based on the consumption at individual blocks and schemes in the previous calendar year. From April 2024, prices per kWh will be capped at the domestic price cap set by OFGEM.

2.23 **Sheltered Intensive Housing Management Charge**

2.24 Charges for cleaning sheltered schemes reflect the actual costs of providing the cleaning service at each scheme. The average charge of £11.89 per week, for 2023/24, will change to between £9.67 and £13.74, depending in which scheme the tenant is resident.

2.25 The costs of providing a consistent level of intensive housing management (IHMS) across all schemes will reduce from £23.17 in 2023/24 to £21.00. This represents a 9% reduction in the cost-of-service charges payable for this service in 2024/25.

2.26 The charge for cleaning and IHMS is fully recoverable through Housing Benefit and Universal Credit.

2.27 Service charges – Careline and Telecare support

2.28 It is proposed that the Careline and Telecare service charges will be increased by 7.7%, for 2024/25 as detailed below:

Service	2023/24 Weekly charge (52 Wks) (£)	2024/25 Weekly charge (53 Wks) (£)
Careline – sheltered tenants	5.66	6.09
Careline – community users	6.05	6.51

Service	2023/24 Weekly charge (52 Wks) (£)	2024/25 Weekly charge (53 Wks) (£)
Telecare – base unit plus two sensors	8.78	9.45
Additional Telecare sensor	1.45	1.56

2.29 Hostels in the HRA

2.30 Abercrombie House closed in April 2023 and a temporary hostel provision opened in Maygreen pending the redevelopment of the Harold Hill site. Due to the current cost of living crisis and the impact it has had on homelessness however, an additional interim provision had to be put in place at Royal Jubilee Court to meet the increasing homeless demand, which includes families.

2.31 The service provides security and facilities across three sites with 24-hour coverage. The service charges are fully recoverable through Housing Benefit and Universal Credit.

Additional Hostel Support

Service	2023/24 Weekly charge (£)	2024/25 Weekly Charge (53 Wks Full Recovery)
Hostels - Additional Staffing Support (ASS)	38.91	42.79
Hostels – Service Charges (HSC)	75.96	77.87

3. THE HRA BUDGET 2024/25

3.1 The major expenditure from the HRA Business Plan is the investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). During 2020/21, the council carried out a new stock condition survey, and this has been supplemented through in-house systematic stock condition surveys, the results of which have informed investment decisions in the new Asset Management Strategy.

3.2 As detailed in the AMS, this level of expenditure allows decent homes levels to be maintained and health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems broadly remain at previous levels.

3.3 The level of expenditure also begins to address the zero-carbon journey, bring the worst performing stock up to EPC C and maximising available grant where available.

3.4 As the main source of income to the HRA BP is from rents, it is important that the number of rental properties is maximised. The current HRA BP expects to lose 50 properties per year through RTB and other stock due to regeneration. This reduces rental income by around £0.160m per year, assuming a full year loss of income per property. Rent loss will also be incurred from the loss of properties through the regeneration programme. These losses have been factored into the business plan income projections.

3.5 Proposed HRA Budget 2023/24.

	2023-24 Final Budget	2024-25 Final Budget	Variance
Income and Expenditure		£	£
Income			
Dwelling rents	(52,814,450)	(57,797,270)	(4,982,820)
Garages	(395,470)	(362,300)	33,170
Charges for services and facilities - Tenants	(7,023,610)	(7,990,910)	(967,300)
Charges for services and facilities - Leaseholders	(3,196,650)	(3,442,790)	(246,140)
Shared ownership	(485,380)	(485,380)	0
Other	(745,960)	(780,440)	(34,480)
Total Income	**(64,661,520)**	**(70,859,090)**	**(6,197,570)**
Expenditure			
Repairs and maintenance	14,550,740	14,527,050	(23,690)
Supervision and management plus recharges	27,232,170	28,549,230	1,317,060
Depreciation and impairment	16,590,400	16,590,400	0
Debt management costs	47,820	47,820	0
Bad debt	665,080	665,080	0
Total Expenditure	**59,086,210**	**60,379,580**	**1,293,370**
Net cost of HRA services	**(5,575,310)**	**(10,479,510)**	**(4,904,200)**
Interest payable and similar charges	12,164,130	15,853,190	3,689,060
Interest and investment income	(35,640)	(35,640)	0
Surplus or deficit for the year on HRA services	**6,553,180**	**5,338,040**	**(1,215,140)**
Statement on movement of HRA balances			
Surplus or deficit for the year on HRA services	**6,553,180**	**5,338,040**	**(1,215,140)**
Capital expenditure funded by the HRA	500,000	0	(500,000)
Reversal of impairment charge	(6,128,160)	(6,128,160)	0
Net (income)/Expenditure	**925,020**	**(790,120)**	**(1,715,140)**

3.6 Depreciation & Impairment

3.7 Depreciation is the decline in the value of assets over time due to wear and tear. The Housing Revenue Account receives an annual charge, but an adjustment is also made for the same amount to the Major Repairs Reserve. This can be used to fund capital expenditure, or to pay off debt.

3.8 Impairments are reductions/increases in the book value of capital assets, compared with their market value. In accounting for these annual entries, the Housing Revenue Account is allowed to reverse these amounts out to the Capital Adjustment Account, removing the impact on the HRA. The impairment is only realised if the asset is sold.

4. Capital programme

4.1 There have been significant changes to the regeneration programme, in response to the current challenging economic situation, some of which include the following:

- Inflationary pressures, driven by the factors below have led to a rise in costs across the economy impacting on developers where costs have risen and households, which have experienced a rise in the cost of living, reducing disposable incomes. There are two main drivers behind the rise in prices.

- The recovery from the COVID-19 lockdowns, which led to a sharp rise in consumer and business demand, which created severe supply side pressures.

- The ongoing war in Ukraine, which has had a significant impact on the supply chain and energy markets.

- The Bank of England have, in response to the inflationary pressures in the economy, raised the base rate several times, driving up the cost of borrowing for households and businesses.

- Regulations, the introduction of the new building safety regime alongside the mandating of a second stair for new residential buildings 18 metres and above.

4.2 In general, the impact of both rising interest rates and costs, have extended the payback of the various schemes, to the Council HRA, resulting in higher level of borrowing over the long-term 30-year forecasts.

4.3 12 Sites Joint Venture Funding (Including Farnham & Hilldene)

4.4 The remaining provisions for expenditure below relate to the 12 sites joint venture proposals. An update report on the Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2024/25, is to be presented at March Cabinet

4.5 The proposal is to retain the current capital approval, meaning any modifications to the programme would need to be managed within the existing funding limits. An initial evaluation of the programme, considering possible significant changes, suggests that a gross capital requirement of £623 million is necessary to deliver 1,204 units of affordable housing. The HRA borrowing for the scheme is expected to reach its highest at £355 million. Upon the completion of the scheme, the borrowing is projected to decrease to £325 million, which amounts to £352 million when including interest.

4.6 The following summarises the potential key changes that have been included in the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments:

- Farnham & Hilldene: Phase 1 and full Masterplan for redevelopment of Farnham Hilldene estate.
- Chippenham Road: Incorporate output from the design and pre-planning work.
- Waterloo & Queen Street: Review of Phase 1 and subsequent phases linked to ongoing development of building safety regulations.
- Waterloo & Queen Street: Modular Temporary Housing scheme.
- Park Rise: Review of prospective purchase offer and amended acquisition budget.
- Review of risks and project contingency.

4.7 Bridge Close – Council Direct Delivery

4.8 Cabinet approved the provision of a gross HRA capital budget of £451 million to progress the scheme, to fund site assembly and construction activities.

- HRA Borrowing for the scheme is set to peak at £254 million. At scheme completion, scheme borrowing is projected to fall to £105 million (£153 million including interest).

- The proposed budget incorporates the outputs from the latest refresh of the Bridge Close Business Plan, reflecting the following changes:

  - Update of costs reflecting latest estimates from external advisors.
  - Review of site assembly commitments.
  - Re-profiling of cash flows to optimise Council borrowing exposure.

4.9 Quarles

4.10 £13m has been included for the acquisition of 47 units of affordable housing on the Quarles development & St Georges developments. The scheme currently under construction is led by Mercury Land Holdings/Bellway Homes Joint Venture and is included in its current Business Plan. The gross budget will be funded by a combination of initial disposal receipts, RTB receipts, GLA grant, and HRA borrowing.

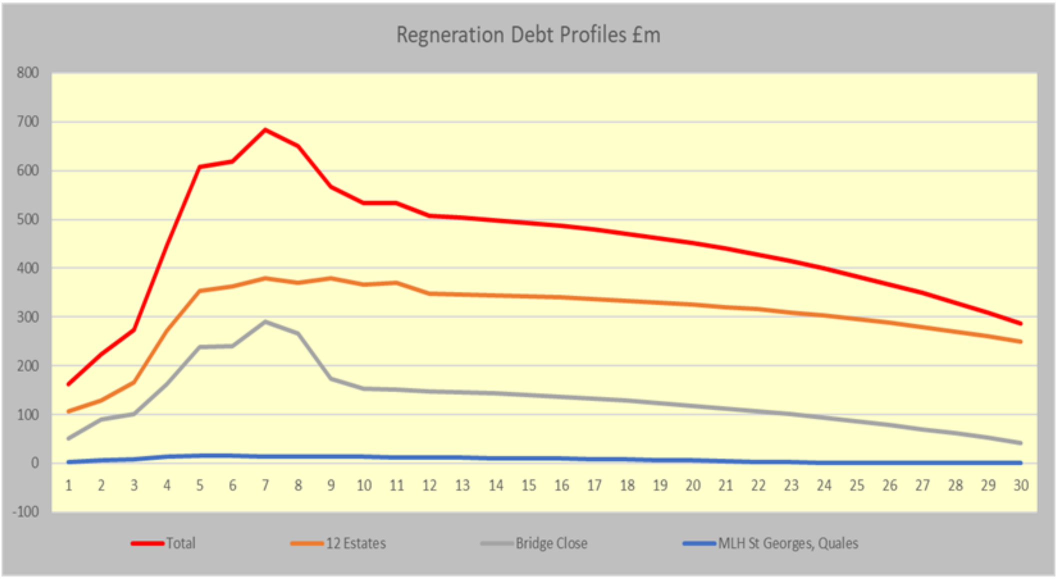
4.11 Regeneration Programme

4.12 The table below sets out the peak borrowing requirement along the number of homes for the regeneration programme.

Scheme Name	Years of deliver	No. of units	Total HRA (peak) borrowing requirements
12 Estates (including Farnham Hilldene)	2022-2031	1,204	£355m

Family Welcome Centre	2023-2025	74	£17m
Bridge Close	2023-2032	487	£254m
St Georges Hospital & Quarles	2020- 2025	83	£17m

4.13 The graph below shows the financial impact of the various regeneration schemes to the HRA in isolation, incorporating the latest assumptions on borrowing rates and inflation. This includes the updated 12 estates programme covering work packages 1&2 with Oldchurch Gardens, Maygreen Crescent, Dell Court, Delderfield, Brunswick Court paused.



4.14 In overall terms it is contributing to the wider HRA business plan with overhanging debt balances continuing to reduce over the life of the HRA Business plan but would require significant capital investment in the early years to deliver the long-term benefits to the HRA.

5.0 Major Works Budget – HRA 2023/4 – 2028/9 major works resources and proposed spend.

5.1 Appendix 1a sets out proposed the investment needs for the stock over the next 5 years as agreed by Cabinet in the Housing Asset Management Strategy in October 2021. In principle, the investment in existing stock should be funded through revenue contributions to capital rather than borrowing as the investment maintains the value of the asset rather than creating an asset**.**

5.2 This 30-year plan has been updated to reflect the Housing Asset Management strategy which will include our continued approach to Decent Homes, our continued programme of asset improvement across our estates, the continued focus on building safety and compliance programmes plus our commitment to decarbonising our housing by 2040.

5.3 The Table shows spend broken down by some core themes including our statutory requirements in maintaining the current Decent Homes standard for both internal elements (kitchens, bathrooms, heating etc.) and external elements (roofs, wall finishes, and windows and doors), this level of spend will maintain our near 100 decent home compliance position.

5.4 We have also included some newly arising projects, including replacing soil stacks in blocks and works to the blocks above the shop units at Petersfield Avenue as our increased asset intelligence have identified these as works which will have a significant benefit to residents, whilst reducing responsive repairs and maintenance works.

5.5 We have included monies for the continued refurbishment of our garage sites, which will help address void issues and bring sites back into use. These monies will be used to improve access, refurbish the hard standings and improve lighting and security where possible.

5.6 We acknowledge that our housing stock does not always match the demand profile of our residents, especially in regard to larger family properties. As part of the Asset Management Strategy, we will develop approaches to how we can better match the need through active asset management and have therefore included some funding to undertake extensions, infills, rooftop development or loft conversions where feasible. We are working up a full scheme to add additional rooftop properties on the Ongar Way estate, whilst refurbishing the blocks, maximising opportunities and grant available to deliver additional units which are delayed through the regeneration programme.

5.7 Also included, are the ongoing projects such as the environmental works and a number of replacement lifts across the estate, including the addition of a number of lifts to sheltered properties, both improving accessibility for residents and improving desirability to support lettings.

5.8 Budgets have been included for the provision of additional cyclical programmes of work, including gutter and drain clearance. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money. The cyclical decorating procurement has had to be restarted but we have planned to catch up with the programme once contractors have been appointed.

5.9 The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims, however we have seen an increasing trend across the sector of claims and are working to manage these effectively.

5.10 The Regulator for Social Housing, in its consultation on the new Consumer standards, said that;

‘Registered providers must have an accurate record at an individual property level of the condition of their stock, based on a physical assessment of all homes, and keep this up to date’.

5.11 Accordingly, we have developed an in-house stock surveying team of six staff to undertake a full programme on a 5-year cycle and an Asset management team to collate and evaluate the data which flows from the surveys and drives programmes going forward.

6.0 Repairs, Maintenance and Compliance Budgets

6.1 We have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This reflects a reduction in budget requirement despite the impacts of inflation as we have been able to continue to hone our service to ensure accurate forecasting of needs.

6.2 The Social Housing (Regulation) Act 2023 is now in force and we have ensured that our budgets allow for the proactive approach to the regulation of social housing landlords on consumer issues - such as safety, transparency and tenant engagement.

6.3 Cabinet will be aware of the tragic death of Awaab Ishak. Like all landlords we have been reflecting on our approach to tackling mould in our properties and have included sufficient monies to support residents with solutions, including longer term approaches to addressing inherent, as built, issues through our zero carbon approaches.

6.4 We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address the new requirements flowing from the Fire Safety Act 2021, and the Building Safety Act and Regulatory Reform (Fire Safety) Order 2005, including the likely need for an annual check of all fire doors and improved building safety information.

6.5 We have also included specific budgets for other compliance areas, over and above the core six areas which will help ensure we meet all of our statutory duties as a landlord and comply with the Regulator of Social Housing consumer standards. Included is the budget required for a full asbestos survey of our domestic properties which will help us with improved risk management of homes. Additionally, monies are allocated to provide third party assurance on compliance going forward.

6.6 The new repairs, maintenance and voids contract with Mears started in April 2022. This is working well and delivering above KPI performance, and we see this in reduced complaints across the service. We have also mobilised the Mears Call Centre in May 2023, taking over the handling of calls from LBH call centre, and have seen average call waiting times reduce from over 6 minutes to 19 seconds. This has significantly improved the diagnosis of issues. The cost for this service is included in the budgets and is offset by a reduction in the internal Service Level Agreement.

6.7 We have tendered and are in the process of awarding a new 16-year heating contract to deliver heating servicing, repairs and installations. The budgets incorporate the new tendered prices and an increased specification, but the new contract has been secured at a below inflationary increase from the previous arrangements.

7.0 30-year Business Plan 2023/24 to 2053/54

7.1 Attached at Appendix 2a and 2b are extracts from the HRA 30-year Business Plan financial model. Year 1 of the business plan is based on the 2023/24 budget.

7.2 Savills have worked with officers to update the last iteration of the HRA business plan that was produced commencing in financial year 2022/23. There have, however, been significant external factors affecting the social housing sector as a whole since this last plan namely:

- Increased repair and capital costs due to high levels of inflation and shortages in the labour sector
- increased development costs in respect of the estate regeneration schemes that are currently being undertaken due to the same reasons as above
- A significant increase in interest rates, where below 2% long-term borrowing rates were achievable at the beginning of 2022 (and not expecting to increase significantly until 2025) are now currently c5%
- An increase to utility costs due to rising gas and electricity prices, which may not be fully recovered by service charges.
- The costs of increased regulation.

7.3 Given that uncertainty with regards to future interest rates, build costs and other inflation aspects Savills have not arrived at a formal baseline position on which they can recommend the business plan as viable, rather one that sets the scene as to how these factors can have an impact to the overall forecasts.

7.4 The plan for the HRA is based on keeping a minimum equivalent to 10% of annual operating income in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining reserves at £10m, are available for major works, for as long as the Asset Management Strategy requires it.

7.5 The Business Plan projections are based on the following assumptions:

- **Rents, Voids and bad debts**
  Rents, follow current guidance, with an assumed increase of 7.7% for April 2024, and re-lets to new tenancies at the property's formula rent (rather than the outgoing rent). An increase of 3.5% for April 2025 (CPI only + 1%), followed by CPI +1% for April 2026 then 2.0% (parity with CPI for prudence) thereafter. Void rates of 2% and Bad Debt provision of 1% have been modelled throughout the plan. It is likely that the current social rent policy will be revisited in light of both its conclusion in April 2024.

- **Inflation**
  - 4.0% for 2024.25
  - 2.5% for 2025.26
  - 2.0% for 2026.27 and onwards

- **Stock Numbers**
  As at 31st March 2023, the stock numbers were 9,135 tenanted properties. The level of sales is modelled at 50 per annum over the next 30 years which accounts for a stock loss of 16.4% over the plan period (excluding the regeneration schemes). Increase in stock due to regeneration and acquisitions are based on the numbers set out elsewhere in this report.

- **Interest rates**
  All new borrowing for development and refinancing of existing loans if they cannot be fully repaid within the plan has been set at:

  - 5.0% for loans drawn down in 2023.24.

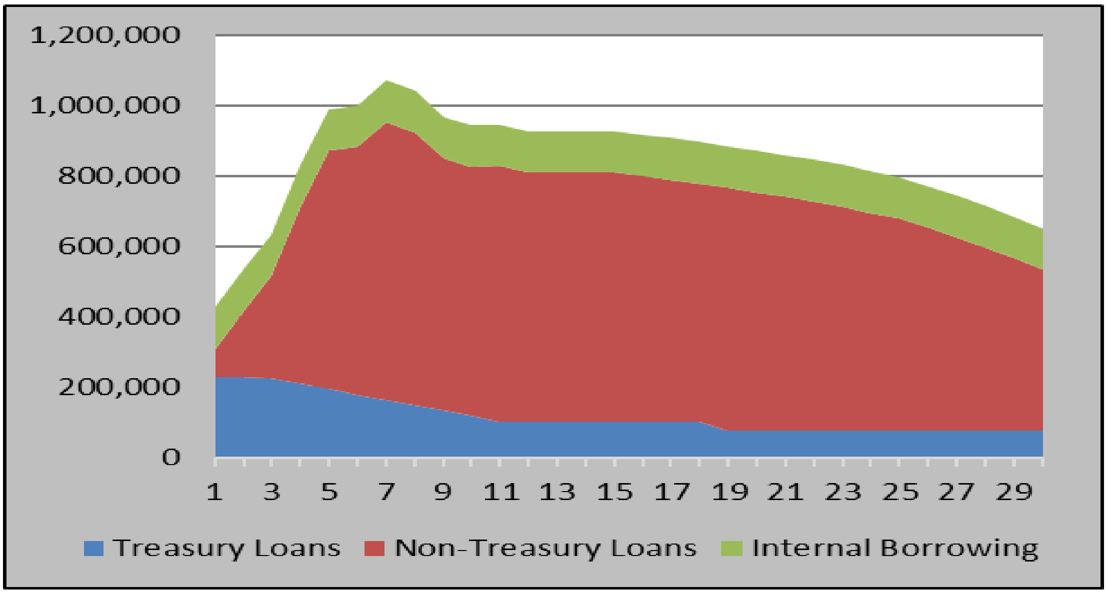
- 4.3% for loans drawn down in 2024.25 (given the extension for HRA borrowing discount of 0.4% until June 2025).
- 3.6% for loans drawn down in 2025.26.
- 3.5% for loans drawn down in 2026.27 and thereafter.

If existing loans cannot be repaid then they are refinanced at the above rates and the model is set to demonstrate repayment of loans where surpluses allow.

7.6 The HRA Business Plan forecasts borrowing to peak at £1.072bn in year seven (2029.30). The borrowing is against the following projects, some of which is funded by HRA reserves, land, and reinvestment of capital receipts:

- Waterloo & Queen Street
- Bridge Close
- Chippenham Road
- Farnham & Hilldene
- Acquisitions Programme.

HRA Debt Analysis 2024/25



7.7 As set out above, debt is expected to reach its highest point at £1.072 billion in year 7 (2029/30), compared to £823 million in year 13. In contrast to the 2022/23 forecast, however, debt is forecast to decrease more rapidly, resulting in a balance of £685 million in Year 29 (2050/51). This figure is £29 million lower than the previous projection.

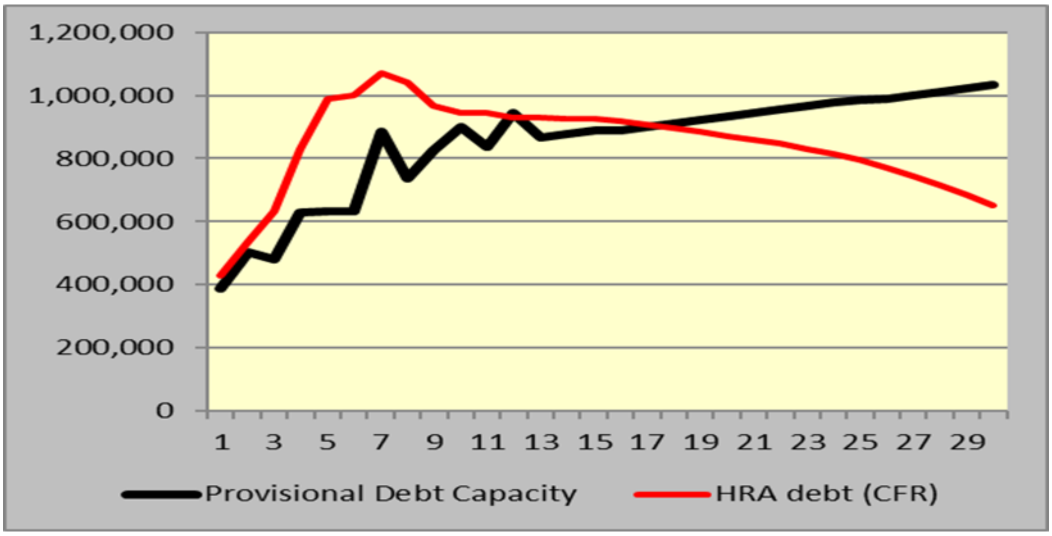
7.8 The provisional debt capacity, also known as prudential borrowing, does not adhere in all years to the established "golden rule" where the interest cover ratio should not fall below 1.25, as previously agreed upon. The most significant strain on this capacity is projected to occur in year 6 (2028/29), where the minimum level of borrowing headroom reaches a deficit of **minus £367 million**.

7.9 The Interest Cover Ratio (ICR) is calculated as the operating surplus divided by interest costs, and it indicates the Housing Revenue Account's (HRA) ability to cover its interest cost liabilities in any given year. Setting the ICR to a minimum ensures that there is adequate buffer to continue covering debt interest, even if there is a sudden decrease in income or an increase in operating costs. In the 2021/22 period, the average ICR for the housing association sector was around 1.8. The typical lending covenants for housing associations range between 1.10 and 1.50, depending on their size and nature, with 1.25 being a common expectation. This level of 1.25 was the one agreed upon by Cabinet in 2021.

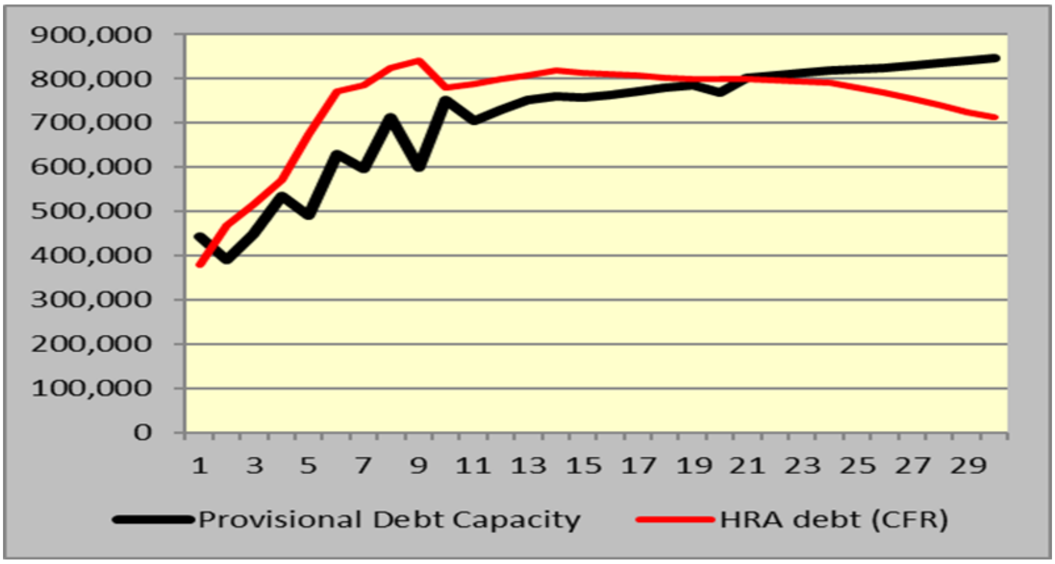
7.10 The debt gap reflects the significant capital investment required for the Council's regeneration programme. Generally, there is a 2 to 3-year gap between the start of construction and the delivery of new homes. In this period, the Council allocates capital, funded by borrowing, to support construction efforts. As a result, the Council bears financing costs prior to the completion of the new homes. The completion of these homes is anticipated to generate increased revenue (rent and charges) and enhance the Council's ability to service its debt.

7.11 In the early years of the plan, it is difficult to mitigate against a significant debt gap. As a result, it is necessary to apply an additional financial safeguard.

7.12 **HRA Debt Profile 2024/25**

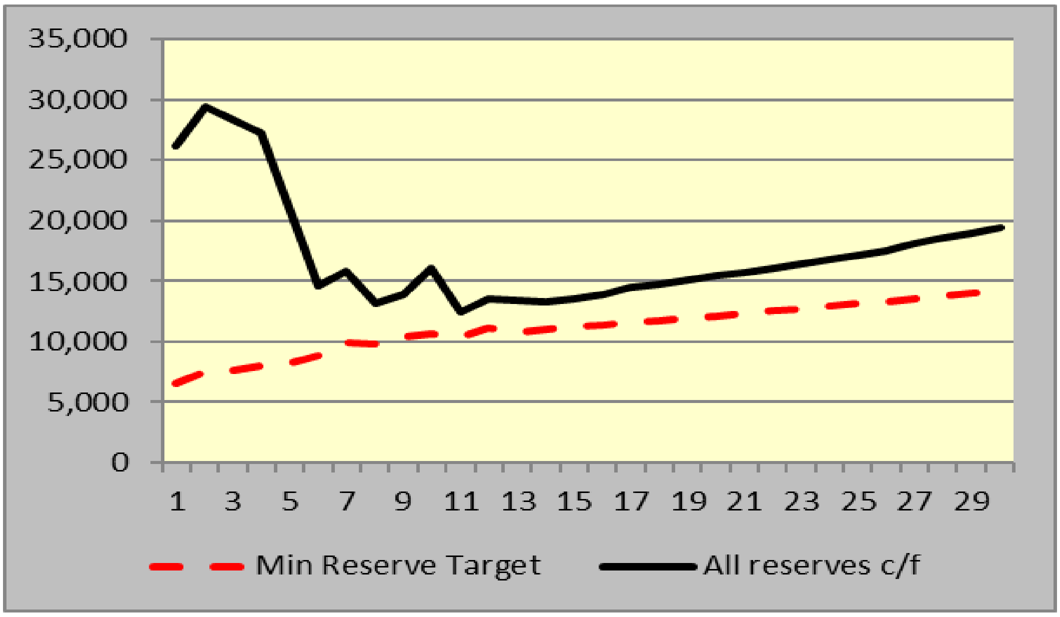


7.13 **HRA Debt Profile 2023/24**



7.14 Future borrowing would be drawn down on a fixed rate basis, with the rates effectively locked in at the point of drawdown. On that basis, the HRA exposure to variable rates risk is low as such provided schemes are progressed on sound Value for Money criteria, the key financing risk is on the sustainability of the net operating incomes derived from the existing asset base. To mitigate this risk, a target has been set to maintain a working reserve balance of at least 10% of operating income for the life of the plan.

7.15 **HRA Working Balance 2024/25**



7.16 As set out above, in all years the minimum balance exceeds the 10% target, which indicates that the Council is forecast to maintain an adequate reserve to manage revenue risks and sustain the projected borrowing profile.

7.17 The Business Plan makes provision for the repayment of some of treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.

7.18 Furthermore, the Council can refinance some of the debt portfolio later, when rates are lower, reducing the long-term financing costs on the HRA. No assumptions about this have been made.

7.19 The plan demonstrates a broadly similar outcome to the previous iteration but highlights increased strain on borrowing and revenues, reflecting the impact of continuing economic uncertainty and regulatory changes. While the debt gap has increased, adequate reserves are forecast to be maintained to manage risk on operating income and the ability to service the associated debt. While debt is forecast to peak at a higher level, over the life of the plan the debt falls more rapidly than in the previous forecast.

7.20 In respect of the regeneration programme, the Council maintains a significant degree of control over both the timing and commitment of capital spend. Aside from Park Rise, the remaining sites are still in the pre-construction phase, with the bulk of the capital commitment linked to construction is dependent on future decisions. Any decision to proceed would be based on sound Value for Money considerations, taking account of the general economic outlook and the sustainable and long-term interest of the HRA and Council. In practice, the Council retains significant control here as it has the ability, as necessary and appropriate, to direct the shape, extent, phasing and pace of the regeneration programme.

7.21 The HRA business plan forecast has set out the modelling and shows both forecasts for reserve balances, forecast debt (HRACFR) and future potential borrowing capacity. The plan is based on a relatively sound financial basis but given the potential for greater than normal variances in respect of rent increases, inflation and interest rates this could be considered an “initial” plan. Therefore, this must be seen as a position statement rather than something on which to make firm strategic decisions.

REASONS AND OPTIONS

Reasons for the Decision

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989 and set a budget that is not in deficit.

Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. There are however options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2024/25 and the revision of the figures for the 30-year Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £26.2m at the end of 2023/24 and for the following 3 years.

In addition to £26.2m reserves on the HRA, there is a bad and doubtful debt provision of £4.363m.

The revised projections for the 30-year HRA Business Plan indicate several negative shifts in the fundamental assumptions. These changes are attributed to the ongoing uncertainty in the UK's economic outlook and anticipated regulatory modifications. These factors are expected to exert additional cost pressures on the capital and revenue budgets in the short to medium term.

The forecast for council borrowing rates indicates they will stay elevated for an extended period, with the anticipated long-term borrowing cost rising from 3.2% to 3.5% throughout the plan's duration. This increase is particularly noteworthy considering the extensive scale of the Council's Regeneration program. During the construction phase, this situation becomes especially pertinent, as the Council will need to commit substantial capital and bear the related financing expenses until the new homes are finished and ready to be let.

The assessment of the Regeneration Programme has highlighted cost pressures, mainly due to the need to include a second staircase in buildings over 18 metres and persistent inflationary pressures within the construction industry. As a result, additional expenses are expected to materialise across the entire programme, without an automatic corresponding increase in capital grant funding to offset these costs.

Moreover, the review underscores the necessity to align the budget with the updated timelines for programme delivery. This adjustment leads to an earlier capital requirement and, consequently, accelerates the completion of new homes. Consequently, the projected borrowing needs are higher in the initial years of the plan, coinciding with a period of relatively high borrowing rates. Although there exists a potential to refinance at projected lower rates in the future, this possibility has not been factored into the baseline forecast.

In 2023, the actual inflation rate surpassed the initial forecasts, which is now accounted for in the proposed rent increase for the year 2024/25, set at 7.70% instead of the previously forecasted 7.0%. While this additional 0.7% increase offers some financial advantage over the duration of the plan, it is not enough to fully offset the pressures stemming from the aforementioned factors.

These factors, alongside the revenue pressures, highlighted in the main report have resulted in a considerable adverse effect on the projected financial outlook, with notable implications for both the Debt Gap and Minimum Reserve estimates. In the absence of corrective measures, the expected debt gap in the early stages of the plan is projected to escalate significantly, increasing from £241 million to £434 million. Moreover, the minimum reserve level is now anticipated to decrease to 6.63%, a drop from the earlier projection of 9.65%. These two indicators underscore the heightened financial strain on the HRA during the initial years of the plan.

As such, it is necessary to implement a series of measures to bring one of both key financial metrics back within target. These include:

<u>Review of the core stock capital programme</u>
Analysis of the Core Stock Capital Programme: The core capital maintenance and replacement programmes are experiencing a structural financing deficit of approximately £31 million annually for the first 5 years, and falls to an average of £15 million over the life of the plan. This deficit arises because the capital maintenance and replacement budgets surpass the designated revenue contributions, leading to an ongoing borrowing need. While this investment is needed to maintain existing revenues, and therefore would be applied against an ever-increasing level of associated borrowing.

Following a recent review of this programme, there have been some reductions identified which total £82.7million, spread over 29 years of the plan and these have been factored into the revised baseline position.

The largest saving relates to rooftop developments and infill sites. The revised model retains funding for these up until 2028. However, beyond this point, the funding for these schemes has been removed, which will result in a £25 million saving. Although this will reduce the number of additional properties being developed through this particular route, it will be offset by the planned regeneration programme and the acquisition of street properties contained elsewhere within the overall programme.

The second largest saving relates to energy efficiency measures. The overall budget for this has been reduced from £96 million to £75 million. There are government targets to improve the energy efficiency by 2030 and beyond. In addition to this, the Council has stated its intention to become net zero carbon by 2040. This may need to be further reviewed in the longer term in order to ensure that these targets are met.

In addition to the above a 7.5% saving has been made in relation to planned Decent Homes and Environmental Improvement works. These elements are based on our 2020 stock condition data, which is currently being updated and may require further review, once this exercise has been completed.

Rent Rises
Over the past five years, rent increases have adhered to a formula of CPI (Consumer Price Index) plus 1%. Future guidance on this matter is expected from the Government, but as of now, no official announcement has been made, leaving the outcome uncertain. As a matter of prudence, the plan assumes that beyond April 2024 rent increases will be at CPI plus 1% for two years, as the sector anticipates a short-term extension and then onto CPI only.

Should the CPI + 1% rent setting formula be continued for two more years, it would yield a considerable positive impact on the financial forecasts.

Internal Financing Rates
A substantial part of the HRA (Housing Revenue Account) Capital Programme is funded through internal Council resources or assets, which are allocated to generate an investment return for the General Fund. Previously, it was assumed that the Council would provide these funds at an annual cost of 2.0%. However, due to a significant rise in the Council General Fund's borrowing costs, there is now a need to increase the cost of these internal funds from a blended average of 2.0% to 4.0% for the upcoming two years. After this period, the rate is expected to revert to a long-term average of 2.50%.

Projection – After Mitigations
The proposed mitigations are expected to positively influence the financial projections, particularly the minimum revenue balance. This minimum reserve balance over the life of the HRA BP is projected to rise from 6.63% to 11.98% of operating income, surpassing the target of 10%. Additionally, the peak Debt Gap is anticipated to decrease to £367 million and is forecasted to be eliminated by 2040/41.

The Debt Gap will remain substantial in the early stages, reflecting the significant investment in estate regeneration. As the new homes are delivered, this gap is expected to narrow. Nonetheless, during the investment phase, it will be crucial to meticulously manage the delivery of the regeneration programme and its associated risks. This careful management is essential to ensure the sustainability of the HRA position until the new homes are completed and delivered.

Other options considered
The possibility of halting all regeneration activities after fulfilling current contractual commitments was considered. In this scenario, all further regeneration efforts beyond the year 2024/25 would be paused. This would allow for the completion of Park Rise but would

result in the suspension of projects on other sites, including Waterloo & Queen Street, Bridge Close, Chippenham Road, and Farnham Hildene.

Ceasing progress on these projects would jeopardise the investments already made in these estates and impose a long-term debt burden on the core stock. Additionally, halting the new regeneration programme would likely have a substantial negative impact on the General Fund, leading to increased homeless pressures and a lost opportunity to increase the Council Tax revenue base.

Under such a scenario, the income generated from the core stock would be inadequate to sustain the accumulating debt. To address this situation, it would be necessary to implement a similar range of cost-saving measures to those highlighted above to stabilise the financial situation. But debt would remain persistently high under this scenario and is not projected to fall significantly over the life of HRA BP.

TABLE – KEY MOVEMENTS

	2023.24 Plan Approved	**2024.25 Plan Initial Position**	**2024.25 Plan Mitigations Applied**
Debt Gap	£241m 2030.31	£434m 2028.29	£370m 2028.29
Ratio Revenue Reserves to Operating Income (Minimum) – Target 10%	9.65% 2031.32	6.63% 2029.30	11.39% 2034.35
Key Assumptions			
Regeneration Schemes		Review Reflecting effect of building regulations and re-profiling	Review Reflecting effect of building regulations and re-profiling
Rent Increase 2024.25	7.00%	7.70%	7.70%
Rent Increases Post 2024.25	CPI	CPI	CPI + 1% for 2 years, CPI thereafter
PWLB long term borrowing cost	3.20%	3.50%	3.50%
Internal Financing Rates	2.00%	2.5%	4.00% 2 years and 2.50% thereafter
Core Stock Capital Programme	Base Position	Base Position	Savings of £82.7 million over 29 years

Risks

Legal implications and risks

Under Part VI of the Local Government and Housing Act 1989 (“the 1989 Act”), any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority’s own housing stock. It is a ring-fenced account within the authority’s General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

Under section 74 of the 1989 Act, the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account.

By section 76 of the 1989 Act, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.

Section 76 of the 1989 Act also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements. Putting it simply, the Housing Revenue Account must be maintained in balance throughout the year and the Council is under a duty to prevent a debit balance in the HRA pursuant to Section 76 of the Act 1989.

The report seeks approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures that provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council’s statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular, the maintenance and repair of dwellings may be considered consistent with the Council’s repairing obligations under Sections 9A and 11 of the Landlord and Tenant Act 1985.

The Regulator of Social Housing may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent). The current Rent Standard allows for a rent increase of CPI +1% and so the proposed rent increase as set out within in this paper is in line with the Rent Standard.

Once Cabinet decides on the setting of the rents in respect of the Council’s housing stock, notices of variation will be served on the tenants pursuant to section 103 of the Housing Act 1985 to give them notification of the changes in rent which will come into effect from 1 April 2024.

The Equality Act 2010 requires the Council to have due regard to the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. They must also show they have carried out an Equality Impact Assessment in reaching such decisions as introducing charges to tenants.

Human Resources implications and risks

There are no HR implications arising from this report.

Equalities, Health and Well-being implications and risks

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

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

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

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

An equalities impact assessment has been carried out and is attached as Appendix 3. Of note, central government influences rent levels and the rent increases proposed within this report will be affordable to households on welfare benefits. Furthermore, best practice and guidance dictates that service charges should be set at a level that covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

68% of council tenants are in receipt of welfare benefits and this rises to 75% for tenants over 65 years old. The proposed rents and service charges eligible for housing benefit, or universal credit, are within the benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected.

The investment in new homes through the HRA will benefit those in housing need in the borough and will therefore have a positive impact on households with protected characteristics. With the higher percentage of people with disabilities and disadvantages, the ongoing partnership working and future opportunities for engaging with those groups to improve overall health and wellbeing is essential.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EqHIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

The report proposes increases in charges to tenants to ensure the continuing financial sustainability of the HRA. The HRA directly benefits the health and wellbeing of local residents. It funds the delivery of new high quality affordable housing and thereby alleviates levels of overcrowding and households living in poor housing. It also funds the maintenance of existing stock to ensure they do not fall into disrepair and expose tenants to consequent risks to health e.g. associated with damp and mould.

Rents charged in Havering are relatively low and will remain so after the proposed increases. Nonetheless, any increase is charges is likely to put additional financial stress on residents given the ongoing cost of living crisis. Vulnerable residents such as the elderly and those on low income make up the majority of tenants. Most will be shielded from the impact of the proposed increase in charges by a proportionate increase in benefits. Residents with incomes and or savings above the threshold for housing benefits are most likely to struggle. They will be signposted to available support and advice to ensure they receive any benefits available to them.

BACKGROUND PAPERS

Appendix 1a	Draft 2024/25– 2028/29 HRA Major Works
Appendix 1b	Draft 2024/25– 2028/29 HRA Regeneration and Acquisition Programme.
Appendix 2a:	Draft HRA Projections from Business Plan - Years 1-10.
Appendix 3	Equalities & Health Impact Assessment

Appendix 1a – Draft 2024/25 – 2028/29 HRA Major Works Capital

CAPITAL	2023/2024	2024/25	2025/26	2026/27	2027/28
Decent Homes Works - Internals	£8,549,402	£9,002,435	£6,854,530	£4,511,166	£4,621,001
Decent Homes Works - External	£9,965,438	£11,866,261	£15,384,749	£6,728,791	£6,825,655
Environment Improvement Works	£6,211,936	£6,252,584	£3,011,052	£3,019,884	£3,080,481
Energy Saving works	£6,000,280	£6,000,000	£7,000,000	£8,000,000	£8,000,000
Garages and garage site Work	£384,142	£400,000	£662,000	£681,860	£702,316
Residents Safety Related Works	£3,750,000	£3,693,350	£3,660,680	£1,165,500	£1,170,465
Stock alignment	£1,150,000	£2,259,000	£9,159,000	£159,000	£159,000
Professional Support Services	£490,000	£440,000	£453,200	£466,796	£480,800
Unidentified Asset Works	£200,000	£212,000	£218,360	£224,911	£231,658
TOTAL	**£36,701,198**	**£40,125,630**	**£46,403,571**	**£24,957,908**	**£25,271,376**

Appendix 1b - 2024/25– 2028/29 HRA Regeneration and Acquisition Programme.

12 Estates	2024/25	2025/26	2026/27	2027/28	2028/29
Affordable Housing	1,651,000	11,847,000	20,967,000	19,356,000	5,705,000
Forward Funding	34,260,000	48,814,000	76,669,000	60,191,000	7,549,000
Partner Loans	2,500,000	2,500,000	5,588,000	14,236,000	10,110,000
Demolition & contingency	2,886,000	2,586,000	2,586,000	2,585,000	2,586,000
Site Assembly	6,515,000	4,844,000	4,025,000	5,050,000	3,050,000
12 Estates Total Budget	**47,812,000**	**70,591,000**	**109,835,000**	**101,418,000**	**28,999,000**

Bridge Close	2024/25	2025/26	2026/27	2027/28	2028/29
Forward Funding	0	9,860,000	59,802,000	89,219,000	49,378,000
Partner Loans	36,286,000	5,239,000	0	0	0
Bridge Close Total Budget	**36,283,000**	**15,099,000**	**59,802,000**	**89,219,000**	**49,378,000**

Other Regeneration	2024/25	2025/26	2026/27	2027/28	2028/29
HRA New Build	0	0	0	0	0
MLH Schemes	5,672,000	2,383,000	5,421,000	5,150,000	0
HRA Acquisitions	20,000,000	20,000,000	20,000,000	0	0
Welcome Centre	8,840,000	2,101,000	0	0	0
Other Regeneration Total Budget	**34,512,000**	**24,939,000**	**25,421,000**	**5,150,000**	**0**

TOTALS	**118,607,000**	**110,629,000**	**195,058,000**	**195,786,000**	**78,377,000**

Havering
LONDON BOROUGH

Appendix 2: Draft HRA Projections from Business Plan - Years 1-10.

	1	2	3	4	5	6	7	8	9	10
	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33
HRA 30 YEAR SUMMARY										
Dwelling rents	54,085,933	59,175,658	62,067,510	64,422,574	66,669,687	70,418,430	74,419,744	76,288,740	78,234,535	80,607,649
Non-dwelling rents	395,470	411,289	421,571	430,002	438,602	447,375	456,322	465,448	474,757	484,253
Service charge income	10,220,260	11,981,070	12,280,597	12,526,209	12,776,733	13,032,268	13,292,913	13,558,772	13,829,947	14,106,546
Other income and contributions	1,340,283	3,102,051	1,955,318	2,144,736	2,720,329	5,117,183	10,803,429	7,237,142	12,078,668	11,625,848
Total income	**66,041,946**	**74,670,069**	**76,724,997**	**79,523,521**	**82,605,352**	**89,015,255**	**98,972,408**	**97,550,102**	**104,617,908**	**106,824,296**
Repairs & maintenance	15,957,288	16,039,873	16,491,816	16,946,005	17,424,249	17,715,929	18,068,519	18,372,515	18,662,176	18,973,095
Management (incl RRT)	28,331,050	29,476,855	30,225,119	30,838,755	31,469,105	32,123,465	32,796,612	33,458,060	34,133,208	34,825,798
Bad debts	639,608	580,813	609,477	632,753	655,152	692,864	733,143	751,653	770,936	794,569
Dwelling Depreciation	9,812,100	10,204,584	10,459,699	10,668,893	10,882,270	11,099,916	11,321,914	11,548,352	11,779,319	12,014,906
Debt management	47,820	49,733	50,976	51,996	53,036	54,096	55,178	56,282	57,407	58,556
Total costs	**54,787,866**	**56,351,858**	**57,837,086**	**59,138,401**	**60,483,812**	**61,686,269**	**62,975,366**	**64,186,862**	**65,403,047**	**66,666,924**
Net income from services	**11,254,080**	**18,318,211**	**18,887,911**	**20,385,120**	**22,121,540**	**27,328,986**	**35,997,042**	**33,363,239**	**39,214,861**	**40,157,372**
Interest payable	-10,019,529	-15,853,185	-20,519,643	-22,375,310	-29,177,687	-34,622,792	-35,186,499	-37,570,899	-36,516,876	-33,731,674
Interest income	658,536	728,948	600,866	855,052	557,546	1,233,966	306,377	1,641,792	264,653	1,225,711
Net income/expenditure before appropriatior	**1,893,087**	**3,193,973**	**-1,030,866**	**-1,135,138**	**-6,498,600**	**-6,059,840**	**1,116,921**	**-2,565,868**	**2,962,638**	**7,651,409**
Set aside for debt repayment	0	0	0	0	0	0	0	0	-2,238,758	-5,579,974
Revenue contributions to capital	-500,000	0	0	0	0	0	0	0	0	0
Net HRA Surplus/Deficit	**1,393,087**	**3,193,973**	**-1,030,866**	**-1,135,138**	**-6,498,600**	**-6,059,840**	**1,116,921**	**-2,565,868**	**723,880**	**2,071,435**
HRA Balance brought forward	**24,819,000**	**26,212,087**	**29,406,060**	**28,375,195**	**27,240,056**	**20,741,456**	**14,681,616**	**15,798,537**	**13,232,669**	**13,956,549**
HRA surplus/(deficit)	1,393,087	3,193,973	-1,030,866	-1,135,138	-6,498,600	-6,059,840	1,116,921	-2,565,868	723,880	2,071,435
HRA Balance carried forward	**26,212,087**	**29,406,060**	**28,375,195**	**27,240,056**	**20,741,456**	**14,681,616**	**15,798,537**	**13,232,669**	**13,956,549**	**16,027,984**

Appendix 2b: Draft HRA Capital Investment Requirement Projection from Business Plan

Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Financial Year		**2023.24**	**2024.25**	**2025.26**	**2026.27**	**2027.28**	**2028.29**	**2029.30**	**2030.31**	**2031.32**	**2032.33**
HRA CAPITAL PROGRAMME											
Stock capital investment	780,972,825	38,981,382	42,477,113	50,472,262	29,355,492	29,554,618	26,829,702	27,264,471	27,575,686	28,021,261	28,473,629
Other Improvements	0	0	0	0	0	0	0	0	0	0	0
Development/Acquisition	226,402,513	34,561,513	42,678,200	41,630,648	50,413,393	29,555,507	8,754,680	5,141,714	3,641,714	3,341,714	3,341,714
Demolition & Forward Funding	645,485,456	25,805,962	37,145,800	61,259,947	139,057,223	151,994,955	59,512,457	111,431,668	42,244,864	9,431,735	4,303,987
Other Regeneration	116,354,544	16,761,385	38,783,359	7,738,801	5,587,738	14,236,135	10,110,172	10,149,387	4,244,655	8,742,913	0
Capital programme	**1,769,215,338**	**116,110,242**	**161,084,471**	**161,101,657**	**224,413,847**	**225,341,215**	**105,207,010**	**153,987,241**	**77,706,918**	**49,537,624**	**36,119,330**
Scheduled Debt Repayment	**0**	0	0	0	0	0	0	0	0	0	0
Financed by...											
Major Repairs Reserve	-210,235,228	-13,675,100	-10,204,584	-10,459,699	-10,668,893	-10,882,270	-11,099,916	-11,321,914	17,298,235	60,663,835	6,717,983
RTB receipts	-38,551,714	-1,113,177	-1,124,309	-1,135,552	-1,146,907	-1,158,376	-1,184,924	-1,212,037	-1,224,157	-1,231,157	-1,235,554
1-4-1 receipts	-59,262,836	-6,596,777	-6,949,130	-6,950,597	-8,141,137	-10,505,361	-5,828,842	-8,209,914	-3,680,851	-932,859	-766,440
Other receipts, Reserves and grants	-708,237,845	-13,777,279	-32,637,438	-46,875,165	-10,484,873	-40,918,570	-75,434,867	-62,854,019	-90,100,146	-108,037,443	-40,835,319
Revenue contributions	-26,764,318	-500,000	0	0	0	0	0	0	0	0	0
HRA borrowing	-726,163,396	-80,447,909	-110,169,011	-95,680,645	-193,972,037	-161,876,637	-11,658,461	-70,389,358	0	0	0
Capital financing	**-1,769,215,338**	**-116,110,242**	**-161,084,471**	**-161,101,657**	**-224,413,847**	**-225,341,215**	**-105,207,010**	**-153,987,241**	**-77,706,918**	**-49,537,624**	**-36,119,330**
Net balance on capital programme	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Appendix 3: Equality & Health Impact Assessment (EqHIA)

(See attached)

Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	**Housing Revenue Account (HRA) Business Plan update, Budget 2024/25 & Capital Programme 2024/25–2028/29**
Lead officers:	Joe Agius - Strategy & Policy officer
Approved by:	Paul Walker - Director of Housing and Property
Date completed:	January 2024
Scheduled date for review:	January 2025

Did you seek advice from the Corporate Policy & Diversity team?	Yes
Did you seek advice from the Public Health team?	Yes
Does the EqHIA contain any confidential or exempt information that would preventit from being published it on the Council's website?	No

1. About the activity

1	**Title of activity**	Housing Revenue Account (HRA) Budget & Business Plan 2024/25
2	**Type of activity**	This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2024/25.
3	**Scope of activity**	1 Approve the Housing Revenue Account Budget as detailed in paragraph **Error! Reference source not found.**5 of the report. 2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 7.7% from the week commencing 1st April 2024. 3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 7.7% from the week commencing 1st April 2024. 4 Agree the four rent-free weeks for 2024/25 are: the week commencing of 26th August 2024; 16th December 2024; 23rd December 2024 and the 31st March 2025. 5 Agree that service charges and heating and hot water charges for 2024/25 are as detailed in section **Error! Reference source not found.** of the report. 6 Agree that charges for garages should be increased by 7.7% in 2024/25 as detailed in paragraph 2.9 of the report. 7 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2024/25 shall be as detailed in paragraph 2**Error! Reference source not found.**.25 of the report. 8 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.31 of the report.

		9 Agree that the rent charge to shared ownership leaseholders is increased by 8.9% as detailed in paragraph **Error! Reference source not found.** of the report. 10 Agree that the Care-line and Telecare support charge should be increased by 7.7% for 2024/25 as detailed in paragraph 2.28 of the report. 11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of the report and refer it to full Council for final ratification. 12 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.12 and Appendix 1b of the report and refer it to Full Council for final ratification. 13 Approve the acquisition of 47 affordable homes by the HRA on the Quarles Campus site from Mercury Land Holdings, as detailed in paragraph 4.10 of the report, and delegate approval of the contract terms and completion to the Strategic Director of Place, acting in consultation with the Strategic Director of Resources Officer and the Deputy Director of Legal & Governance.		
4a	**Are you changing, introducing a new, or removing a service, policy, strategy or function?**	No		
4b	**Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?**	Yes		
4c	**Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?**	Yes		

Completed by:	Joe Agius, Strategy & Policy officer (LBH)

Date:	January 2024

2. The EqHIA

Background/context:
The Housing Revenue Account (HRA) remains a ring-fenced account that is used to manage the Council's own housing stock. The proposed budget will enable the Council to manage the stock to a good standard, maintain the existing stock to the Decent Homes standard and provide funding for a significant new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders. The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first time buyers. Thus it has set out its ambition to meet these needs by using resources generated through the Council's HRA Business Plan. The formula for setting social rent should enable registered providers to set rents at a level that allows them to meet their obligations to their tenants; maintain their stock to, at least, the Decent Homes standard and continue to function as a financially viable organisation. Consultation with tenants and leaseholders took place in January 2024. Formal notification was sent out to tenants, giving a four-week notice of the increases. Tenants on Housing Benefit had their payment adjusted automatically, while those on Universal Credit (UC) were notified to the Department of Work and Pensions (DWP) to increase their payments. Separate letters were sent to tenants on UC. Financial and welfare benefits advice was made available to all tenants.

Who will be affected by the activity?
Tenants and leaseholders of Council stock, and occupants of temporary accommodation owned or leased by the Council.

<table>
<tr><th colspan="3">Protected Characteristic - AGE</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
The majority of council tenants in Havering are of working age.

30% of all council tenants in the Borough are of pension age, compared to 18% of the general population.

Of the over 65s, 74.9% of tenants are on full or partial benefits, compared to 68% of all tenants.

Housing Benefit or Universal Credit payments will cover or reduce the impact for many tenants, although for benefit purposes, heating and water charges are exempt and tenants are expected to pay these costs themselves. The Council also collects these water charges on behalf of the Water Authority which reduces the cost to the residents.

The remaining 25% of older tenants will be responsible for meeting all of their rent and service charge costs. The biggest impact is likely to be on low income working households and pensioner households whose income and savings respectively take them above the Housing Benefit threshold.

We recognise that the increase in service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. The decision to increase Telecare and Careline costs may affect those residents who self-fund this service.

These services enable tenants to stay in their homes for longer, allowing the tenant to maintain their independence. There is the potential consequence that affected tenants may withdraw their subscription to this scheme. The costs are similar or lower than those charged in other London boroughs.

All tenants regardless of their age who are affected by the increase in service charges will be notified of the specific changes to their service charges and will be provided with information and guidance for money and debt advice.

Housing services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation.

Housing Services’ will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, as part of ‘business as usual’, details of the increase in service charges will be included in the end of year rent statement sent out to tenants.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>x</td></tr>
</table>

We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Upon request, Housing Services can provide this information in an appropriate format according the needs of the tenant.

The impact of the increase in fuel costs is likely to affect older people as the majority of those receiving heat and hot water are in sheltered blocks.

The recommendation to cap the increase in heating costs to 50% of the actual will mitigate that impact and will put those residents in a preferable position to other tenants who pay for their own gas and will be subject to the signifianct increases due this year.

Evidence:
The estimated population of Havering is 260,651[1] is the twelfth smallest population in London. It has a median age of approximately 39.2 and the highest percentage of people aged over 65 (18%) out of the London boroughs, although this is below the proportion of over 65's for England as a whole.

Table 1: Population by age range in Havering, London and England including percentage of the population

Age	Havering	%	London	%	England	%
0 - 4	17,167	6.6	595,799	6.6	3,239,447	5.7
5 - 9	17,251	6.6	606,333	6.7	3,539,458	6.3
10 - 14	15,719	6.0	550,753	6.1	3,435,579	6.1
15 - 19	14,105	5.4	474,456	5.3	3,115,871	5.5
20 - 24	14,117	5.4	556,594	6.2	3,472,522	6.1
25 - 29	17,407	6.7	757,848	8.4	3,771,493	6.7
30 - 34	18,900	7.3	822,084	9.1	3,824,652	6.8
35 - 39	18,698	7.2	779,934	8.7	3,738,209	6.6
40 - 44	16,677	6.4	677,463	7.5	3,476,303	6.2
45 - 49	15,913	6.1	598,535	6.7	3,638,639	6.4
50 - 54	17,227	6.6	569,938	6.3	3,875,351	6.9
55 - 59	16,644	6.4	508,722	5.7	3,761,782	6.7
60 - 64	14,308	5.5	405,576	4.5	3,196,813	5.7
65 - 69	11,672	4.5	318,142	3.5	2,784,300	4.9
70 - 74	12,035	4.6	280,432	3.1	2,814,128	5.0
75 - 79	8,509	3.3	196,419	2.2	2,009,992	3.6
80 - 84	6,833	2.6	150,980	1.7	1,449,189	2.6
85+	7,469	2.9	152,480	1.7	1,406,410	2.5

Household types in Havering are mainly composed of pensioners or married couples with dependants[2], with the highest proportion of one person households occupied by a

persons aged 65 years and over, at 48% of one person households. 32% of the over 65 population live in a one-person household.
It is projected that the proportion of people aged 0-15 and over 65 will increase, with a slight decrease in the proportion of working age population [3].

In relation to Havering tenants, 30.4% of main tenants are aged 65 and over[4]. When we look at the proportion of over 65's as part of the Havering adult population, this is almost 7% lower, at 23.7%.

Table 2: Age range of Havering Council's main tenants and the percentage of these as part of the main tenant population.

Age	Main Tenant (Havering)	%
15 - 19	1	0.01
20 - 24	134	1.59
25 - 29	365	4.32
30 - 34	652	7.72
35 - 39	702	8.31
40 - 44	752	8.90
45 - 49	725	8.58
50 - 54	889	10.52
55 - 59	871	10.31
60 - 64	784	9.28
65 - 69	674	7.98
70 - 74	616	7.29
75 - 79	505	5.98
80 - 84	361	4.27
85+	415	4.91

For people at a working age in Havering (16–64), approximately 83% are economically active [5].

Data is limited in terms of the working age population who are Havering tenants, as this is ongoing gathered at the time of applying to the housing register, then at the time of offer if needed.

Most tenants receive a form of benefit (housing benefit or universal credit), an estimated 68% of all tenants. The proportion varies amongst age groups with the lowest proportion at age 55-59 (59% of this age group) and over 65's at 74.9% of tenants. Whilst the highest percentage is in the 15-19 age range, this relates to only one tenant.

As the taper that is applied to UC takes away from the housing element in the first instance, the data received from DWP and uploaded on to the system does not distinguish between those that are in receipt of this element and those that are not, only whether the receive UC.

Table 3: Proportion of tenants within each age range who receive either Universal Credit (UC) or Housing Benefit (HB).

Age	Percentage of main applicants in receipt of UC or HB within each age group (%, rounded)
15-19	100.0
20-24	79.9
25-29	66.3
30-34	71.8
35-39	69.4
40-44	66.2
45-49	61.1
50-54	63.6
55-59	59.0
60-64	64.3
65-69	70.8
70-74	70.8
75-79	79.0
80-84	78.7
85-89	82.3
90-94	73.0
95-99	83.7
100 and over	75.0

Life Expectancy
A new-born male baby in the UK today can expect to live for 79.2 years and a girl to 82.9 years, with 22.6% of new-born boys and 28.3% of new-born girls projected to live to 100 years.

The life expectancy at age 65 years in Havering is 19 years for males and 21.7 years for females. The life expectancy at birth for people living in Havering is 80.2 years for males and 83.9 years for females.

Sources:
1 - Mid-year population estimates (Office for National Statistics (ONS)
2 - Office for National Statistics (ONS)
3 – Projected population growth by age by 2043 (ONS)
4 – Current tenancies, E&D (Open Housing)
5 - https://www.haveringdata.net/business-and-employment/#/view-report/e20793b6fb0647e4980a5868fa1d817c/___iaFirstFeature

Protected Characteristic - DISABILITY		
		Overall impact: There will be some disabled people on low incomes who may find that the rent and service charge increases may cause them financial difficulties, particularly those who may have income or savings which are just above the threshold to qualify for Housing Benefit.
Positive		
Neutral		
Negative	**X**	Tenants within this protected characteristic who receive a full or partial award of Housing Benefit or UC may find that this covers or reduces the impact of the increase in service charges. We recognise that any increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. The decision to increase Telecare and Careline costs may affect those tenants who self-fund this service. These services enable tenants to stay in their homes for longer allowing them to maintain their independence. There is the potential consequence that tenants withdraw their subscription to this scheme. The charges are similar or below those charged by other boroughs. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. Information on the increase in rent and service charges will be made accessible to disabled people. To this end, details of the increase in service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Upon request, Housing Services can provide this information in an appropriate format according the needs of the tenant.

Evidence:
At a national level individuals with a disability aged 16-64 were less likely to own their own home 40.9%) than non-disabled people (53.4%), and more likely to have rented social housing (at 24.9% compared with 7.8%).

The following shows the estimated prevalence of various disabilities in Havering in 2020 for working age people[2, 3.]

Table 4: Number of people aged 18-64 with disabilities in Havering by age band, 2020

Age band	Number with learning disability	Number with Impaired mobility	Number with serious visual impairment	Number with moderate or severe, or profound hearing impairment
18-24	519	192	12	347
25-34	911	366	24	791
35-44	882	1,790	23	1,652
45-54	792	1,685	22	4,271
55-64	721	4,438	21	8,143
18-64	3,824	8,471	102	15,204

Table 5: Number of people aged 18-64 with mental health problems in Havering, 2020

Mental health problem	Number
Common mental disorder	29,906
Borderline personality disorder	3,796
Antisocial personality disorder	5,184
Psychotic disorder	1,100
Two or more psychiatric disorders	11,327

Table 6: Number of people aged 65 & over unable to manage at least one mobility activity on their own in Havering, 2020

Age band	Number
65-69	1,023
70-74	1,642
75-79	1,506
80-84	1,740
85 and over	3,410
65 and over	9,321

It is also worth mentioning that research on the impact of COVID-19 shows that the coronavirus pandemic has increased psychological distress both in the general population and among high-risk groups.

Behaviours such as physical distancing, as well as their social and economic impacts, are worsening mental health consequences. Research on the psychological impact of mass trauma (e.g., natural disasters, flu outbreaks) suggests that the pandemic might particularly harm the mental health of marginalized populations who have less access to socio-economic resources and supportive social networks (Galea S, 2020).

There are unique stressors and challenges that could worsen mental health for people with disabilities during the COVID-19 crisis. Research on past pandemics shows that disabled people find it harder to access critical medical supplies which can become even more challenging as resources become scarce (Goldmann E, 2014). Some people with disabilities report higher levels of social isolation than their non-disabled counterparts. They may experience intensified feelings of loneliness in response to physical distancing measures. Data on disabilities in Havering council stock is limited. The Housing Services diversity report in 2017 led to 18% of tenants self-declaring that they had a physical and/or mental disability, and 3% a sensory disability, albeit without any measurement of disability related benefit or medical evidence. Data extracted from Open housing indicates that 21.5% of council tenants have identified themselves as having a disability at some point during the process of applying and holding a tenancy. In terms of demand, of the live applications on the housing register at this time, the primary reason is medical for 77 applicants meaning that they have a severe health condition that is significantly impacted by their current housing situation.
Sources: 1. Outcomes for Disabled People in the UK report 2. Projecting Older People Population Information: https://www.poppi.org.uk/index.phpProjecting Adults Needs and Services Information: 3. https://www.pansi.org.uk 4. Housing Service Diversity report (Open Housing) 5. Housing Waiting list report (Open Housing)

Protected Characteristic – SEX/GENDER		
		Overall impact: The demographic profile of Havering council tenants indicates that an increase in service charges is more likely to affect woman rather than men. Many of these tenants will be the heads of single parent families who may be in lower paid/lower income jobs. The decision to increase rent and service charges might cause an increased financial burden on some of our vulnerable tenants, regardless of gender, when considered alongside other elements of welfare reform. Tenants within this protected characteristic who receive a full or partial award of Housing Benefit or UC may find that this covers or reduces the impact of the increase in rent and service charges. While they will still be responsible for meeting the service charges for heating and water charges.
Positive		
Neutral		
Negative	**x**	

		Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service. We recognise that any increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit or UC. Housing services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.

Evidence:
Of the estimated 260,651 people in Havering, 48.2% are male and 51.8% are female [1].

Working aged women are less likely to be economically active in Havering (78%, compared to 86% for men) and when they are in work, there continues earn less than men because of a gender pay gap in Havering (15.4%).

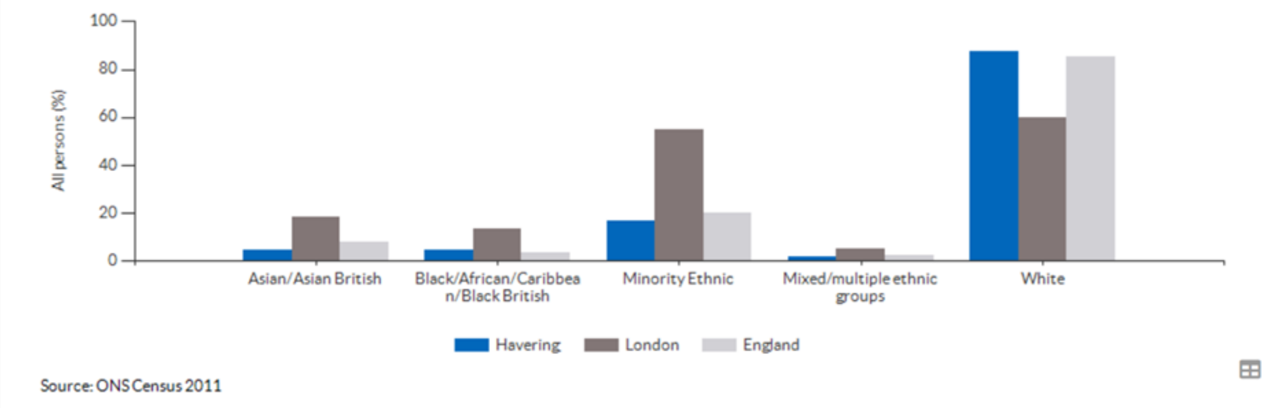
Women are also more likely than men to live in poverty. As a result, women are more likely to be eligible for social housing with 58% of social rented homes nationally are headed by a female.

In terms of demand for local authority housing in Havering, of the main applicant's active on the housing register, 84.3% (of 1502 applicants) identify as female.

Within current housing stock, 64.5% main tenants identify as female and 35.48% identify as male, with one tenant identified as "other". A slightly higher proportion of female tenants (70%) receive either UC or HB than men (64%). Only one lead tenant identified as "other" and in receipt of a benefit.

Sources:
1 - Mid-year estimates of population (Office for National Statistics)
2 - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork
/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables
3 - Housing Waiting List (Open Housing))
4 - Current tenancies E&D (Open Housing)

Protected Characteristic – ETHNICITY/RACE		
		Overall impact: 17% of Havering's population is from an ethnic minority. For those tenants who have provided us with the information only 8.3% are from ethnic minorities. However 22.0% of households on the Housing Register are from ethnic minorities so it is anticipated that the porportion of tenants from ethnicminotities will grow in future years. We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit or UC. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist all affected tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Any potential impact to this protected characteristic group is thought to be minimal and will be managed through translation services where necessary. These resources are available to the Council as part of its daily business which will ensure that tenants, whose first language is not English receive the help and support which they may need.
Positive		
Neutral		
Negative	**x**	
Evidence: Havering continues to be considered one of the most ethnically homogenous places in London, with 83% of its residents recorded as White British in the 2011 census, higher than both London and England. Table 8 – Population of Havering, London, and England by ethnicity[1]		



	Havering		London		England	
	Count	%	Count	%	Count	%
Asian/Asian British	11,545	4.9	1,511,546	18.5	4,143,403	7.8
Black/African/Caribbean/Black British	11,481	4.8	1,088,640	13.3	1,846,614	3.5
Minority Ethnic - Total	39,617	16.7	4,504,657	55.1	10,733,220	20.2
Mixed/multiple ethnic groups	4,933	2.1	405,279	5	1,192,879	2.3
Other ethnic group	1,324	0.6	281,041	3.4	548,418	1
White	207,949	87.7	4,887,435	59.8	45,281,142	85.4

It is estimated that the ethnically homogenous characteristic of Havering is gradually changing due to its growing cultural diversity. In this regard, the Borough's white population is projected to decrease from the current 84% to 78% in 2032.

The BME population, notably those from Black African heritage (though many of whom are likely to be British born) is projected to increase from 4.1% in 2017 to 5.3% of the Havering population in 2032. The number of Black & minority ethnic group residents in the borough is expected to rise from 18% currently to 22% by 2032.

This is further highlighted in the GLA ethnic projections (2020) There are approximately 40,500 (18%) people from BAME (Black Asian Minority Ethnic) groups living in Havering, the majority being of a Black African ethnicity (11,700, 4.5%).

The UK poverty rate is twice as high for black & minority ethnic groups as for white British groups. Nationally, ethnic minority groups are more likely than white British households to spend a high proportion of income on rent, regardless of whether they live in social or private rented housing.

However, the housing they live in tends to be of lower quality, especially among households of Pakistani origin, and overcrowding is more common, particularly among households of Bangladeshi origin.

Within Havering Council stock, we see the current population by ethnicity where the tenant has made the decision to provide this information:

Table 10: Ethnicity of Havering Council main tenants as a percentage of the tenant population [3]

Ethnicity	No. Tenants	Proportion of tenant population (%)
Asian or Asian British Bangladeshi	14	0.2
Asian or Asian British Chinese	10	0.1
Asian or Asian British Indian	16	0.2
Asian or Asian British Other	38	0.4
Asian or Asian British Pakistani	11	0.1
Black or Black British African	262	3.1
Black or Black British Caribbean	86	1.0
Black or Black British Other	52	0.6
Mixed Other	33	0.4
Mixed White & Asian	15	0.2
Mixed White & Black African	41	0.5
Mixed White & Black Carribbean	53	0.6
Other Ethnic Group: Other	4	0.0
Refused	595	7.0
White British	6658	78.8
White Irish	74	0.9
White Other	206	2.4
(blank)	279	3.3

Most tenants are White British as would be expected with a homogenous population and secure tenancies, followed quite distantly by Black or Black British African.

There is, however, quite a notable change in ethnicity based on housing demand. Housing needs, based on the housing register data, see an increase in the proportion of Black or Black British African applicants, making up 9% of households, with White British households at 59.3% of applicants.

Table 11: Ethnicity of applicants with an assessed housing need [4]

Ethnicity	Percentage (%) with an assessed housing need
Asian or Asian British Bangladeshi	0.7
Asian or Asian British Indian	0.7
Asian or Asian British Other	1.3
Asian or Asian British Pakistani	0.6
Black or Black British African	9.7
Black or Black British Caribbean	2.4
Black or Black British Other	1.0
Mixed Other	0.7
Mixed White & Asian	0.4
Mixed White & Black African	1.5
Mixed White & Black Carribbean	2.3
Other Ethnic Group: Arab	0.1
Other Ethnic Group: Other	0.1

Refused	4.9
White British	59.3
White Irish	0.5
White Other	4.3
(blank)	9.6

Sources:
1 - Office for National Statistics/Havering Public Health Intelligence
2 - Ethnic group population projections - London Datastore
3 - Current tenancies E&D report (Open Housing)
4 - Housing Waiting List report (Open Housing)

Protected Characteristic – RELIGION/FAITH		
		Overall impact: There is insufficient data to suggest that an increase in rent and service charges will have any greater or lesser effect on the grounds of a tenant's faith or religious beliefs. There is a deficit within our data on this protected characteristic with 32% of our tenants preferring not to say or where we have been unable to record this information. A further 30% of our tenants stated that they did not have a faith or religious belief. All tenants regardless of their religion or faith who are affected by the increase in service charges will be notified of the specific changes to their service charges and will be provided with information and guidance for money and debt advice. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation. Housing Services' will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.
Positive		
Neutral		
Negative	**X**	

Evidence:
Most recent available data shows that most Havering residents are Christians:

Table 12: Religion and Belief, Havering

Faith	Number	%
Christian	155,597	65.6%
Buddhist	760	0.3%
Hindu	2,963	1.2%
Jewish	1,159	0.5%
Muslim	4,829	2.0%
Sikh	1,928	0.8%
Other Religion	648	0.3%
No Religion	53,549	22.6%
No Response	15,799	6.7%
TOTALS	**237,232**	**100%**

However, data is lacking in relation to Havering tenants, with many tenants either refusing to provide this information or the field in Open housing has been left blank, meaning that this may not even have been an option for most tenants to answer. The limited information is as follows:

Table 13: Religion/belief of Havering Council main tenants

Agnostic	6
Another Religion/Belief	49
Atheist	12
Buddhist	6
Christian	459
Hindu	2
Jewish	2
Muslim	35
No religion	565
Prefer not to answer	90
Sikh	2
(blank)	7219

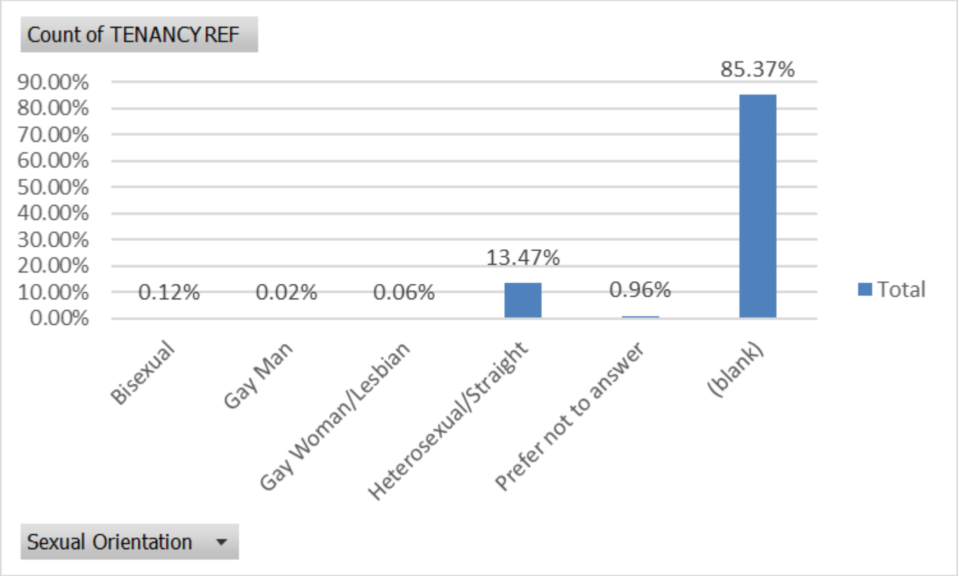
However, the Service recognises that as the demographics of the borough and London are changing, the variety of religious beliefs and faiths among our tenants will widen.

Sources:
1 - Office for National Statistics (ONS)
2 - Current tenancies E&D report (Open Housing)
3 - Diversity Report (Open Housing)

Protected Characteristic - Sexual orientation		
		Overall impact: Although Housing Services has very limited data available, we have been unable to identify where the increase in service charges will have a disproportionate impact on this protected characteristic Sexuality is not relevant to the majority of Housing Services, with the exception of tackling harassment, hate crime or domestic abuse. The increase in rent and service charges will be applied to tenants regardless of their sexual orientation. The increase will not have a disproportionate effect on the ground of this protected characteristic. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation. Housing Services will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. On request, Housing Services can provide this information in an appropriate format according the needs of the tenant. Housing Services would benefit from a better understanding of service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services. It is anticipated that once Housing Services new IT system is embedded, we will be able to do so.
Positive		
Neutral		
Negative	**x**	

Evidence:
There remains a deficit in the data held on the sexual orientation of residents within the Borough. The data held has empty fields for over 85% of tenants.

Table 15: Sexual Orientation of main housing tenants



Nationally an estimated two-thirds (64%) of LGBTQ+ people had experienced anti-LGBT+ violence or abuse and 18% have experienced homelessness at some point in their lives [2]

Additionally, people who are part of the LGBT+ community generally have an increased likelihood of mental health problems which are more likely to be exacerbated by external factors

Sources:
1 - Current tenancies E&D (Open Housing)
2 - Stonewall LGBTQ+ - Facts and figures (Galop - Hate crime report)

Protected Characteristic - Gender reassignment		
		Overall impact: There is no qualitative or quantitative data to suggest that the increase in Rent and Service Charges would have a greater or lesser effect on people from this protected characteristic Housing Services would benefit from a better understanding of service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services. It is anticipated that once Housing Services new IT system is embedded, we will be able to do so. Gender reassignment is not relevant to the majority of housing services, with the exception of tackling harassment, hate crime or domestic abuse. The increase in rent and service charges will be applied to the tenant regardless of any protected group they may belong to. The increase will not have a disproportionate effect on the ground of this protected characteristic. Tenants within this protected characteristic who receive a full or partial award of Housing Benefit may find that this covers or reduces the impact of the increase in service charges. We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist all affected tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. Housing Services' will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.
Positive		
Neutral		
Negative	**x**	

Evidence: There is a deficit in the data held on residents who have undergone or are undergoing gender reassignment. In a similar vein to the protected characteristic of sexual orientation, there is a reticence among residents and tenants to disclose this information. We recognise that this is an elective process on the part of the tenant and Housing Services will respect the confidence given to our officers when a tenant discloses this information to us.
Sources: No data is currently available concerning this protected characteristic.

<table>
<tr><th colspan="3">Protected Characteristic - Marriage/Civil partnership</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
There is no qualitative or quantitative data to suggest that the policy would have a greater or lesser effect on people on account of their marital status

The marital status of residents does not have any impact on the management and delivery of Havering’s housing services.

Evidence of marriage or civil partnership holds use only to enable officers to determine if a person has the right to succeed a tenancy when their partner passes away.

It is thought that this policy will not have any negative impact on persons within this protected characteristic.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>x</td></tr>
<tr><td colspan="3">Evidence:
We do not collate data on the marital status of council tenants, only at the point of entry on to the Housing Register and for the purposes of succession of a tenancy.</td></tr>
<tr><td colspan="3">Sources:
No data is currently available concerning this protected characteristic.</td></tr>
</table>

Protected Characteristic - Pregnancy, maternity and paternity		
		Overall impact: An impact on this protected characteristic may be more likely as tenants within this group may be on a lower income, particularly where they are receiving maternity/paternity leave pay or benefits. Tenants within this protected characteristic who receive a full or partial award of Housing Benefit may find that this covers or reduces the impact of the increase in rent and service charges. To minimise the effect of any increase in rent and service charges, the Council have applied a cap of 25% on all service charges. Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service. We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in rent and service charges. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in rent and service charges.
Positive		
Neutral		
Negative	**X**	
Evidence: The only data which Housing Services collects for this protected characteristic is due dates for pregnancy, usually collated at the point of entry to the Housing Register. This data is used to ascertain the size of property/ the number of bedrooms a tenant is requires under the 'bedroom standard'. However, due to the nature of the protected characteristic, it would be difficult to collect accurate and up to date data.		
Sources: No data is currently available concerning this protected characteristic		

<table>
<tr><th colspan="3">Socio-economic status</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
The increase in rent and service charges may have a disproportionate effect on those with a lower income, as they may have a lower level of disposable income available to cover this increase.

An increase in rent and service charges will have a negative impact upon the finance of residents not currently in receipt of full Housing Benefit, or for those tenants who are working in lower paid employment. It could affect tenants of pension age whose income and savings fall just above the threshold to qualify for Housing Benefit.

45% of council tenants will be affected as they do not receive full or partial housing benefit. Approximately 55% of our tenants will have the impact reduced by their entitlement to Housing Benefit.

To minimise the effect of any increase in service charges, the Council have applied a cap of 25% on supported housing service charges. Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service.

We recognise that the increase in service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>X</td></tr>
<tr><td colspan="3">Evidence:
Across London, the raw number of households in poverty in socially rented properties sits at 950,000. Whilst this is similar to the total number of private renters in a similar position (870,000) the actual rate of poverty is higher, at 51% (PRS 33%).

As one of the least deprived boroughs in London, it still has over 8500 (16.6%) of children in households with a relatively low income, and almost 7000 (13.4%) children with absolute low incomes [1.] After housing costs, 30-33% of children would be living in poverty, with the most deprived areas including Gooshays and Heaton. The map below shows deprivation patterns in Havering based on the IMD 2019 child poverty index by Lower Super Output Areas (LSOAs).[2]

Gooshays is the most deprived ward, with an IMD average score rank of 50 out of 633 and 2165 out of 32844 LSOAs, making it amongst the 10% most deprived neighbourhoods in the country. Upminster is the least deprived with an IMD average score rank average of 615 out of 633, and ranked 32563 out of 32844 LSOA's, meaning it is in the top 1% of least deprived neighbourhoods.</td></tr>
</table>

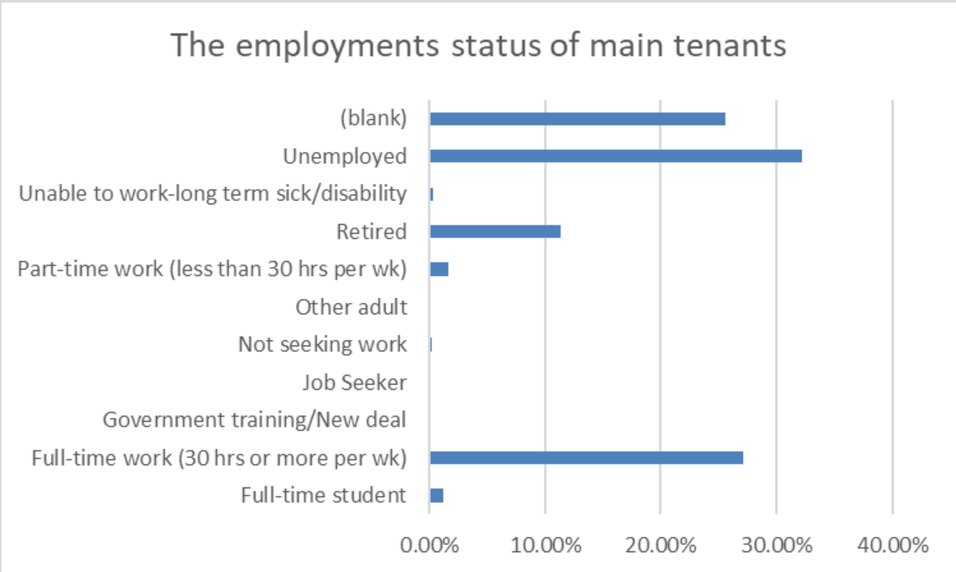
Despite generally low deprivation scores and high employment rates (economic activity 83%, 16 – 64), the median full time annual salary in Havering is £33,836, as measured in 2021, is low in comparison to the London median of £41,017 and slightly higher than the England median of £31,777.

The proportion of working age residents in Havering claiming out-of-work benefits (7.0%) is significantly lower than England (8.6%).

The employment rate within the Borough is higher than the London and England averages. About 79.4% of working age residents in Havering was employed in 2021, compared to 73.8% and 74.7% in London and England respectively.

The proportion of working age residents claiming out of work benefits (12.3%)[4] is significantly lower than England (13.8%).

Table 16: Employment Status of all Council Tenants



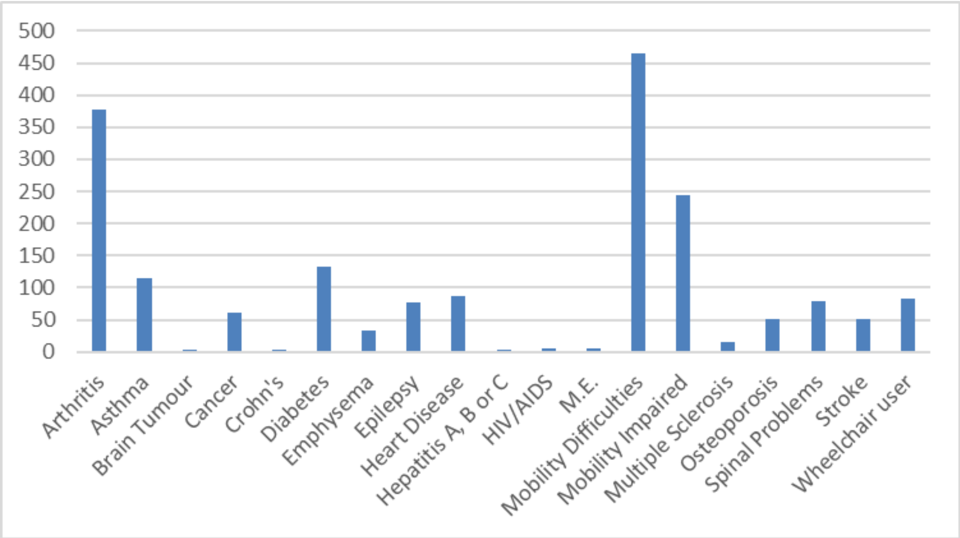
Data held on current Council Tenants demonstrates that 28.8% of all Council Tenants are employed on a full-time or part-time basis, while just over 30% are unemployed. The number of tenant's whose employment status remains unrecorded will change as the process of reviews takes place over time.

It is worth adding once more that this data is not reliable in that this data is only picked up at the point where a tenant accepts an offer of council home, and individual circumstances can change over time.

Sources:
1 - HM Revenue and Customs - Personal Tax Credits: Children in low-income families local measure
2 - Indices of Deprivation (communities.gov.uk)
3 - Annual Survey of Hours and Earnings (ASHE), ONS and ONS CPI series
4 - People on out-of-work benefits, by London borough (Trust for London)
5 - Current tenancies E&D (Open Housing

Health & Wellbeing		
		Overall impact: Section 210(1) of the Housing Act (1996) requires a housing authority to have regard to the following provisions when assessing the suitability of accommodation for an applicant: 1. (a) Parts 9 and 10 of the Housing Act 1985 (the '1985 Act') (slum clearance and overcrowding); and 2. (b) Parts 1 to 4 of the Housing Act 2004 (the '2004 Act') (housing conditions, licensing of houses in multiple occupation, selective licensing of other residential accommodation, additional control provisions in relation to residential accommodation). The rent increase and increase in service charges will provide the resources to fund the development programme to deliver new high quality affordable housing in the borough through the regeneration programme. This will alleviate levels of overcrowding and households living in poor housing in the borough thereby improving the health outcomes. **Do you consider that a more in-depth HIA is required as a result of this brief assessment?** Please tick (ü) the relevant box **Yes** o **No** X
Positive		
Neutral		
Negative	**X**	
Evidence: Average self-reported wellbeing in Havering has declined slightly from 2019/20 to 2020/21, decreasing from 7.7 to 7.5 out of 10 for Life Satisfaction, which is still high. For anxiety, we see a continuation of this increase, seen from 2015/16 (2.6 out of 10) to 2020/21 (3.1 out of 10), albeit this is still in the low category. "Happiness" saw a slight increase to 7.5 in 2020/21 from the previous year and "worthwhile" remained around the same at 8. Equalities data from the current Housing Register, (as at 2018), shows that 5.1% of applicants accepted on to the Housing Register have a sensory or physical disability which may necessitate the allocation of a property with a level of adaptation to meet their need. Where the tenant continues to have an ongoing housing need and continues to meet the eligibility criterion for social housing according to the Council's Allocation Scheme, the Council will offer the tenant a new tenancy for an appropriate property.		

Table 17: Council Tenants who have identified a health issue



Data extracted from Open housing indicates that 21.5% of council tenants have identified themselves as having a disability. This is, however, a figure reliant on the self-reportage of tenants and does not necessarily mean that all instances of physical disability require an adaptation or change in housing.

Sources:
1 - Personal well-being in the UK - Office for National Statistics (ons.gov.uk)
2 - Current tenancies, E&D (Open Housing)

Action Plan

Item	Identified Negative impact	Recommended action/s	Outcomes and monitoring	Timescale	Lead officer
Increase in rent and service charges	Negative impact on most groups.	Increases are covered through welfare benefits. Letters and advice provided to tenants on UC.	Increases in rent and service charges are covered by Universal Credit and Housing Benefit.	Within one month of the increase.	Director of Housing & Property

Review

The assessment will be reviewed on an annual basis.

Scheduled date of review: January, 2025

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Havering
LONDON BOROUGH

CABINET **7 February 2024**	
Subject Heading:	**5 Year Capital Programme and Strategy – 2024/25 to 2028/29**
Cabinet Member:	**Councillor Christopher Wilkins** Finance & Transformation
ELT Leads:	**Kathy Freeman** Strategic Director of Resources
Report Author and contact details:	**Mark White** Capital Strategy Manager
Policy context:	This report presents the Council's 5 year Capital Strategy and associated Capital Programme for agreement by Cabinet and recommendation on to Council for consideration and approval.
Financial summary:	The Council is required to approve the Capital Strategy as per the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice. The Council is required to set a balanced budget and the capital strategy and subsequent 5 year capital programme forms part of this process. The financial implications of this strategy are included as part of the 2024/25 Budget and tax setting report elsewhere on this agenda.
Is this a Key Decision?	Yes
When should this matter be reviewed?	Annually
Reviewing OSC:	Overview and Scrutiny Board

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

People – Things that matter for residents [ ]
Place – A great place to live, work and enjoy [ ]
Resource – A well run Council that delivers for People and Place [X]

SUMMARY

The Council is required by statute and as set out in the Prudential Code for Capital Finance in Local Authorities, 2021 Edition, to agree the capital programme and associated capital strategy. Local authorities are required to have regard to the current editions of this code by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) Regulations 2003 [SI 3146].

This report sets out the Authority's Capital Strategy and presents the Council's proposed capital budget for 2024/25 and five year Capital Programme to 2028/29.

RECOMMENDATIONS

Cabinet is asked to:

1. **Recommend to Council for consideration and approval** the 2024/25 Capital programme of £339m and £1,399m over the full 5 year period from 2024/25 to 2028/29.

2. **Recommend to Council for consideration and approval** the new capital projects being added to the capital programme for 2024/25 as set out in section 2.3 of this report.

3. **Note** any additional capital needs over and above what is specified in the capital programme for the relevant year will require separate business cases and be agreed by the S151 officer, Capital Strategy manager and Council Members as required and appropriate before being agreed by full Council.

4. **Note** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.

5. **Note** that externally funded schemes can be added to the capital programme up to £500k as and when funding is confirmed.

6. **Approve** the capital strategy contained within this report noting its impact on both the capital programme and the financial implications for setting the revenue budget for 2024/25 to 2028/29.

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

8. **Approve** the Minimum Revenue Provision Policy Statement (unchanged from prior years) which determines the amount of money set aside each year for the repayment of debt

9. **Agree** that the Chief Financial Officer (S151 Officer) be authorised to re-profile capital budgets mid-year based on the updated forecasts provided by services and reported to the Executive Leadership Team as part of the capital monitoring process. This will assist in producing more accurate information for treasury management purposes.

REPORT DETAIL

1. Capital Strategy

1.1 Overview

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

- Treasury Management Strategy Statement (TMSS)
- 2024/25 Revenue Budget and Medium Term Financial Strategy (MTFS)
- Housing Revenue Account (HRA) rent setting report

The capital strategy is underpinned by Havering's vision to be the best organisation we can be and to maintain the high quality of services that residents rely on. Underpinning the new vision is the corporate plan and operating model so future capital investment will be focused into the delivery of this vision for the Council.

1.1.2 The Council is investing in major developments across the borough as part of its ambitious Regeneration programme which will deliver new and replacement affordable homes and enable self-sustaining communities to grow.

1.1.3 The capital programme also includes investment in the core infrastructure of carriageways and footways, and also recognises the commitment to managing the performance, risk and expenditure on its infrastructure assets.

1.1.4 The asset management strategy is also part of the Capital programme and focuses on maintaining the core assets including the office estate, schools and other operational buildings. The Council is currently updating its Accommodation Strategy and looking at rationalising its estate and maximising the utilisation of those assets. The Council has significantly changed the way it works since March

2020 when the pandemic started and the review will take account of the different needs of both the workforce and frontline services to the public.

1.1.5 The Council has brought together its budgets in relation to its operational asset management into a Corporate Landlord function which prioritises repairs and maintenance across the office estate and operational buildings. The cost of ongoing repairs and maintenance budgets, including funding for health and safety work, are built into both the revenue budget and capital programme.

1.1.6 The digital portfolio investment brings together all current and future technology and digital transformation projects clearly setting out how advances in the application of digital data and smart technologies will help to shape the digital future of our borough. It is essential to future proof and protect the resilience of council's systems against the risk of cyber-attacks. The Capital programme includes investment in the digital strategy to fund this modernisation and minimise the risk of cyber-attacks.

1.1.7 Any additional capital needs over and above what is specified in the capital programme for the relevant year will require separate business cases to justify the proposed expenditure, to be agreed by the S151 officer, Capital Strategy manager and Council Members as required and appropriate before being agreed by full Council.

1.1.8 With central government financial support for local public services declining, the Council has invested in a number of joint ventures and subsidiaries which are included in the capital programme.

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

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

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

Current approved business plans for MLH are for 694 new homes split between affordable rent (147), private rented sector (172), low cost home ownership properties (65) and open market sales (311).

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

12 Estates programme (HRA)

Being delivered through the Havering Wates regeneration LLP the programme and consists of a number of schemes:

- New Green
- Park Rise
- Waterloo Estate
- Chippenham Road
- Farnham & Hilldene Estate

The 12 sites later phases and blue line opportunities are currently on hold due to cost inflation and are currently under review. There is currently no budget allocated for these sites at the moment. The original 12 sites programme is set to deliver 3,363 new homes split between affordable rent (1,279), private rented sector (184), low cost home ownership (425) and open market sale (1,475).

Bridge Close (HRA & GF)

Currently in the final stages of pre-planning activity, the scheme involves the acquisition of commercial property and land in central Romford to provide a scheme of 1,011 new homes at up to 50% affordable (506 affordable homes). The GF element consists of a new school and medical centre that will be delivered as part of the scheme.

Rainham & Beam Park (GF)

Rainham & Beam Park is the only council regeneration scheme funded from the general fund, it consists of equity contributions to the joint venture with Notting Hill Genesis. Spend to date has been around shaping development proposals, working on compulsory purchase orders and acquiring land for regeneration in Rainham. Activity has reduced due to complications around the delivery of Beam Park Station. Overall the scheme could provide 910 new homes, at 35% affordable (319 affordable homes)

1.1.11 In addition to the above housing projects there are two Infrastructure projects in the capital programme, Beam parkway and Romford Liveable Neighbourhoods. Both are road/place shaping projects aiming to improve driver and pedestrian safety and increase biodiversity through planting and greening. Both schemes are entirely funded through external grants, community infrastructure levy and S106 planning agreements so there is no impact on revenue expenditure through borrowing.

1.2 Governance of capital approvals

1.2.1 The capital programme, which is updated for new proposed schemes, revised profiling, slippage and changes in expenditure projections is presented to full Council every year for approval. The capital programme reported provides financial implications for the current MTFS reporting period of four years, however with the Council's engagement in longer term capital investments the timeframe over which the capital programme and financing costs are monitored extend beyond this period.

1.2.2 The process for including new schemes in the 2024/25 capital programme was undertaken as part of the corporate budget setting process. Project outlines were considered by senior officers and Members through the star chamber process in terms of delivery of corporate objectives or operational plans, and a shortlist of schemes was selected for the production of outline business cases to be considered at Theme Board and ELT.

1.2.3 Any bids for capital funding outside the approved capital programme in year will need to include a business case demonstrating either a clear link to corporate objectives or the requirement to meet an operational imperative, establish the funding source to meet the cost and follow approval processes laid down in the Council's standing orders and financial regulations.

1.2.4 There is an established methodology for the development of project documentation and business cases which is overseen by the Corporate Programme Management Office using a corporate system containing programme performance and delivery information. The data within the system is then used to manage and monitor the milestones, risk and outcomes of the programmes.

1.2.5 The above investments and processes are taking place against a background of austerity and significant uncertainty in the future sources of funding for local government. It is therefore a key aim of the Council's capital strategy that it delivers a financial return on investment, such as capital receipts or new revenue streams, or delivers key strategic priorities and benefits to the borough.

1.2.6 Value for money (VFM) is a key component of capital projects. As part of the business case development and evaluation process, projects will need to show that all options have been considered and that the option that has been chosen is cost efficient and effective; VFM does not mean opting for the lowest cost option. The monitoring and management of these projects against the business case assumptions ensures that the focus on value for money remains for the life of the project.

1.2.7 The Council has chosen not to invest in purely commercial projects. Its capital investment is primarily related to increasing and improving the provision of a rich mix of housing tenures that help to address the acute housing need in the borough. Whilst there may be a commercial return resulting from a number of the schemes, this is not the predominant focus for the Council.

1.3 Access to Borrowing

1.3.1 The government has acknowledged the valuable contribution that local authorities make to the social and economic infrastructure of this country, and is committed to the approach of local decision-making and accountability under the prudential regime when setting its capital programme

1.3.2 To support local investment and to encourage capital investment, local authorities can access low cost loans through the Public Works Loan Board (PWLB). The purpose of the PWLB is to offer long-term, affordable loans to support local authority investment in service delivery, housing, economic regeneration, treasury management, and occasionally preventative action, under the prudential regime.

1.3.3 In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020.

1.3.4 The key change in the PWLB lending change as a result of these reforms is Local Authorities can no longer access PWLB funds without confirmation from the S151 Officer that the authority does not plan to buy investment assets primarily for yield in the next 3 years. This is confirmed both at the start of the year in a return to HM Treasury setting out the authorities capital plans and in any application to the PWLB for additional loans.

1.3.5 In addition to borrowing from the PWLB local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the prudential code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes, and must not use internal borrowing to temporarily support investments purely for yield.

1.3.6 As set out in the proposed capital programme below, prudential borrowing is a key financing source in the funding of the authority's capital programme so it is important that the approved capital programme does not include any schemes that are primarily for investment purposes. Investment assets would usually have one or more of the following characteristics

- Buying land or existing buildings to let out at market rates

- Buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority

- Buying land or buildings other than housing which generate income and are intended to be held indefinitely rather than until the achievement of some meaningful trigger

The Council does not have any such schemes in its proposed capital programme.

2. 2024/25 – 2028/29:- 5 Year Capital Programme

2.1 Overview

2.1.1 After taking into consideration the existing approved capital programme and associated re-profiling, new bids and the capital investment plans, the full proposed capital programme has been developed for Members to approve.

2.1.2 Requirements under the Prudential Code and the changes to PWLB lending require the Council to separate out its capital programme between its main Service Spending (education, highways & transport, social care, public health, culture & related services and environmental & regulatory services), Housing (HRA and GF) and Regeneration projects.

The following sections of this report do this:-

- Existing Service Spending capital projects (section 2.2)
- New Service Spending capital projects (section 2.3)
- Revised Housing capital projects (section 2.4)
- Revised Regeneration capital projects (section 2.5)

2.1.3 The capital budgets submitted for approval of expenditure are presented reflecting anticipated slippage from the existing capital programme. Any additional slippage will be reported and rolled forward into 2024/25 as part of the closure of the 2023/24 accounts.

2.2 Existing Service Spending Capital Projects

2.2.1 The existing capital programme was approved as part of last year's budget setting process. This programme is reviewed as part of the corporate monitoring processes each quarter and the progress against the budget is scrutinised. As a result of this review, re-profiling of certain projects spending plan are identified and have been included in the revised Capital programme in this report.

Table 1 - Existing Service Spending Capital Programme

Directorate	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Ageing Well	3.875	0.000	0.000	0.000	0.000	3.875
Living Well	1.432	0.000	3.121	0.000	0.000	4.552
Starting Well	26.495	17.000	19.000	0.000	0.000	62.495
People Total	**31.801**	**17.000**	**22.121**	**0.000**	**0.000**	**70.922**
Environment	8.780	7.754	7.000	7.000	0.000	30.534
Housing & Property (GF)	10.701	3.216	0.226	0.238	0.000	14.381
Planning & Public Protection	0.084	0.000	0.000	0.000	0.000	0.084
Place Total	**19.566**	**10.970**	**7.226**	**7.238**	**0.000**	**45.000**
Customer Services	0.030	0.000	0.000	0.000	0.000	0.030
Finance	1.781	0.252	0.082	0.000	0.000	2.116
Partnership Impact and Delivery	14.297	4.327	1.018	0.000	0.000	19.642
Public Health	0.101	0.000	0.000	0.000	0.000	0.101
Resources Total	**16.210**	**4.579**	**1.100**	**0.000**	**0.000**	**21.889**
Total (Excluding HRA and Regeneration)	**67.577**	**32.549**	**30.447**	**7.238**	**0.000**	**137.810**

2.2.2 The corresponding budget approved for 2024/25 as part of the 2023/24 budget setting process was £47.8m with the difference being slippage and additional externally funding projects added throughout the year.

2.2.3 The funding streams to finance the above spend is as follows

Table 2 - Existing Service Spending Financing

Financing	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m	Total Budget £m
Capital Receipts	15.717	0.250	2.733	0.000	0.000	**18.700**
Revenue and Reserve Contributions	1.260	0.000	0.000	0.000	0.000	**1.260**
Grants & Other Contributions	30.240	17.000	19.000	0.000	0.000	**66.240**
Borrowing	20.360	15.299	8.713	7.238	0.000	**51.610**
Total Funding	**67.577**	**32.549**	**30.447**	**7.238**	**0.000**	**137.810**

2.3 New Service Spending Capital Projects

2.3.1 In addition to the existing capital programme there has also been a review of the future capital requirements undertaken across the business. The updated new bids are shown in Table 3 below. Cabinet is asked to recommend these bids to Council for approval as part of the approval of the total Capital Programme.

2.3.2 Due to the financial situation of the Council, only new capital projects as a result of either; health & safety, legislative or invest to save have been included in the programme that is being presented for approval.

Table 3 – New Service Spending Capital Projects

Internally Funded Schemes Presented for Approval	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Place - Environment						
Food Waste Collection	4.650	0.000	0.000	0.000	0.000	**4.650**
Place - Housing & Property						
Corporate Landlord Buildings Pressure	1.805	0.800	0.500	0.500	0.500	**4.105**
People - Living Well						
Bretons - Listed Building Refurbishment	0.100	0.000	0.000	0.000	0.000	**0.100**
Hornchurch Stadium - Track Resurface	0.025	0.375	0.000	0.000	0.000	**0.400**
Fairkytes Arts Centre	0.030	0.000	0.000	0.000	0.000	**0.030**
Total Internally Funded Schemes	**6.610**	**1.175**	**0.500**	**0.500**	**0.500**	**9.285**

Externally Grant Funded Schemes Presented for Approval	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Place - Housing & Property						
Schools Conditions Programme (indicative)*	2.522	0.000	0.000	0.000	0.000	**2.522**
People - Ageing Well						
Better Care Fund/ Disabled Facilities Grant (indicative)	2.056	0.000	0.000	0.000	0.000	**2.056**
Place - Environment						
TFL - Core Local Implementation Plan (indicative)	1.432	0.000	0.000	0.000	0.000	**1.432**
Total Externally Grant Funded Schemes	**6.010**	**0.000**	**0.000**	**0.000**	**0.000**	**6.010**

Total New Capital Projects	**12.620**	**1.175**	**0.500**	**0.500**	**0.500**	**15.295**

* The indicative schools conditions programme is set out in detail in appendix 2. If the grant differs from the indicative allocation the schemes will be adjusted accordingly.

2.3.3 The bids include £4.65m for food waste collection. The pressure is split between the purchase of food waste collecting vehicles (£1.85m) and the purchase of other equipment such as food caddies (£2.8m). DEFRA have announced that £295m of capital funding is being made available to support the transition to food waste collections and a formula to determine how this is being apportioned is being developed. Receipt of the grant is likely to be in this financial year but it is unlikely to meet the full amount needed. Any capital grant received will reduce the need for borrowing and reduce the capital financing cost to revenue.

2.3.4 Also included is an additional £4.105m to finance corporate landlord building pressures. These include urgent works to the buildings themselves (£441k) along with mechanical and electrical works (£544k). In addition the pressure includes money set aside for 5 years for Disability Discrimination Act recommendations, urgent fire safety works, asbestos surveys and remedial works.

2.3.5 Members are also asked to approve the addition of £0.1m to take forward the restoration of the barns and cattle sheds at Bretons. Urgent work is needed to take the buildings off the 'at risk' register and bring them back to use to realise a revenue income stream. The capital bid in 2024/25 is to progress the scheme to the planning application stage and start to develop external funding bids so that the project can be fully costed and the full revenue impact established. If the fully costed scheme is not feasible then the £100k will not be needed as no further work will be progressed.

2.3.6 Whilst further decisions on the development of Bretons are reviewed a pressure of £0.4m exists to resurface the running track at Hornchurch stadium. This will bring the track up to the standard required for athletics meets to continue to be held at the stadium.

2.3.7 Finally urgent structural and building works are required to the listed building at Fairkytes Arts Centre meaning a capital pressure of £0.03m

2.3.8 In addition to the pressures listed above, a review of IT and Transformation capital expenditure is currently underway. The purpose is to align budgets with the new digital strategy and the activity to bring the IT function into Havering from oneSource. Once completed adjustments to the capital programme will be reported

2.3.9 There are other indicative additional allocations for the schools condition programme, Disabled Facilities Grant and the TfL Local Implementation Plan for Highways. These sums are funded from a grant allocation and do not incur revenue financing costs.

2.3.10 A Community Infrastructure Levy (CIL) scheme was initiated in Havering in 2020/21 and the council receives CIL payments which are available to finance infrastructure spend. There has been significant work undertaken by the Infrastructure Steering Group on a protocol for managing the CIL process and to ensure that the council gets the best added value for the CIL it receives. The aim for the investment of the CIL is to ensure it is utilised to enhance the infrastructure of the council and it should therefore link to the Infrastructure and Local area plan. The development of the CIL monitoring and pipeline forecasting information will enable strategic decisions about where that investment should be made. The latest figures on the availability of CIL identifies the contributions banked and potential pipeline receipts. Prudent financial planning would dictate that the council allocates CIL funding in line with its priorities

2.3.11 The funding streams to finance the proposed new projects are as follows:

Table 4 – New Service Spending Financing

Funding Sources of Schemes Presented for Approval	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Capital Receipts	0.000	0.000	0.000	0.000	0.000	**0.000**
Revenue and Reserve Contributions	0.000	0.000	0.000	0.000	0.000	**0.000**
Grants & Other Contributions	6.010	0.000	0.000	0.000	0.000	**6.010**
Borrowing	6.610	1.175	0.500	0.500	0.500	**9.285**
Total Funding of New Capital Projects	**12.620**	**1.175**	**0.500**	**0.500**	**0.500**	**15.295**

2.3.12 As can be seen from the above table a significant element of the new capital projects are funded from prudential borrowing. This will have the result of additional capital financing costs charged to revenue over the life of the assets. These costs are factored into the Councils medium term financial strategy. The capital financing costs as a result of the additional borrowing for the additional projects are set out below:

Table 5 – Revenue Impact of New Service Spending

	Incremental Impact to Revenue						
Capital Financing Costs	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**2029/30 £m**	**Total £m**
Interest Costs associated with additional Borrowing	0.190	0.224	0.048	0.029	0.029	0.029	**0.548**
Repayment of Principal (MRP) associated with additional borrowing	0.000	0.970	0.031	0.010	0.010	0.010	**1.031**
Total Capital Financing Costs	**0.190**	**1.194**	**0.079**	**0.039**	**0.039**	**0.039**	**1.579**

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

2.3.14 In addition to those new schemes that are being presented to Members for inclusion in the approved capital programme there are a number of projects that either due to the financial situation or other reasons are not being put forward. These include:

- Bretons Master Plan
- Hornchurch Stadium – Roof Replacement

- Fusion Cloud Interface Engine
- Enforcement CCTV

2.4 Revised Housing Revenue Account Capital Projects

2.4.1 The HRA business plan and the 2024/25 HRA Rent Setting report is included elsewhere on this agenda. As well as setting out the revenue budgets for the financial year ending 31st March 2025 the plan also sets out the medium term capital programme for Housing. A summary of the plans can be seen in the table below:

Table 6 – Revised Housing (HRA) Capital Programme

Proposed HRA Capital Programme	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Stock capital investment	42.477	50.472	29.355	29.555	26.830	**178.689**
Other Improvements	0.000	0.000	0.000	0.000	0.000	**0.000**
Development/Acquisition	42.678	41.631	50.413	29.556	8.755	**173.032**
Demolition & Forward Funding	37.146	61.260	139.057	151.995	59.512	**448.970**
Other Regeneration	38.783	7.739	5.588	14.236	10.110	**76.456**
Total HRA Capital Expenditure	**161.084**	**161.102**	**224.414**	**225.341**	**105.207**	**877.148**

2.4.2 Whilst there is no direct provision made for the repayment of debt (and therefore no Minimum Revenue Provision) the inclusion of the repayment of loans has still been included in the long term business plan for the HRA. To reflect this in the service revenue expenditure, unlike in the General Fun, depreciation is a true cost to the service which is then used to finance capital expenditure through the mechanism known as the Major Repairs Reserve (MRR).

2.4.3 Included within the HRA business plan is how the service are proposing to finance the capital expenditure and is summarised in the table below:

Table 7 – Revised Housing (HRA) Capital Financing

Proposed HRA Capital Programme	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Major Repairs Reserve (MRR)	10.205	10.460	10.669	10.882	11.100	**53.315**
RTB receipts (Allowable Debt)	1.124	1.136	1.147	1.158	1.185	**5.750**
RTB receipts (1-4-1 receipts)	6.949	6.951	8.141	10.505	5.829	**38.375**
Other Grants & Contributions	32.637	46.875	10.485	40.919	75.435	**206.351**
Revenue contributions (HRA)	0.000	0.000	0.000	0.000	0.000	**0.000**
HRA Prudential Borrowing	110.169	95.681	193.972	161.877	11.658	**573.357**
Total HRA Capital Funding	**161.084**	**161.102**	**224.414**	**225.341**	**105.207**	**877.148**

2.4.4 All HRA regeneration schemes will continue to be reviewed on a regular basis to ensure schemes are still viable and affordable as per the HRA business plan.

2.5 Regeneration Capital Projects

2.5.1 The table below shows a summary of the current spending plans (based on latest business plans) for all of the GF regeneration schemes being proposed. A full listing of the projects can be found in appendix 3.

Table 8 – Regeneration Capital Programme

Summary of Regeneration Programme	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Mercury Land Holdings	62.110	96.206	11.515	0.500	0.000	**170.331**
Rainham & Beam Park	10.995	0.000	0.000	0.000	0.000	**10.995**
Bridge Close (Medical facilities & School)	0.000	0.000	18.969	4.883	0.000	**23.852**
Farnham & Hilldene	2.429	6.756	12.051	0.000	0.000	**21.236**
Future Regeneration Opportunities	20.000	40.000	40.000	40.000	0.000	**140.000**
Other Regeneration Schemes	2.779	0.255	0.000	0.000	0.000	**3.034**
Total GF Regeneration Programme	**98.313**	**143.217**	**82.535**	**45.383**	**0.000**	**369.447**

2.5.2 It should be noted that the proposed regeneration programme members are being asked to approve within this report is comparable in size to the regeneration programme approved as part of the budget setting process for 2023/24. Budgets for any schemes that Mercury Land Holdings are no longer progressing have been returned to the MLH reactive acquisition fund. Budgets will then be allocated to new projects as and when the schemes have followed the governance process with business cases having been approved.

2.5.3 The proposed funding of these schemes is from prudential borrowing and capital receipts. Details are set out in the table below:

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

Table 9 – Regeneration Capital Financing

Financing	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Capital Receipts	30.180	40.000	40.000	40.000	0.000	**150.180**
Revenue and Reserve Contributions	0.000	0.000	0.000	0.000	0.000	**0.000**
Grants & Other Contributions	2.599	0.255	12.046	0.000	0.000	**14.901**
Borrowing	65.534	102.962	30.489	5.383	0.000	**204.367**
Total Funding	**98.313**	**143.217**	**82.535**	**45.383**	**0.000**	**369.447**

2.5.5 Use of capital receipts to finance the regeneration programme include £10m for potential CPO's relating to the Rainham & Beam Park housing zone and a £140m provision for any future regeneration opportunities that may arise. Full business cases would be produced for any project utilising these receipts which would be funded from the subsequent onward sale of the asset purchased.

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

Table 10 – Revenue Impact of the Regeneration Capital Programme

	Incremental Impact to Revenue						
Capital Financing Costs	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**2029/30 £m**	**Total £m**
Interest Costs associated with additional Borrowing	2.448	4.844	3.837	1.031	0.155	0.000	**12.315**
Repayment of Principal (MRP) associated with additional borrowing	0.878	1.585	1.820	0.667	0.110	0.000	**5.060**
Total Capital Financing Costs	**3.326**	**6.429**	**5.657**	**1.699**	**0.265**	**0.000**	**17.375**

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

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

2.5.9 The primary reason for undertaking these schemes is regeneration delivering new homes in accordance with the Councils strategic aims and plans. The business cases have also identified a number of additional benefits arising alongside the regeneration. One of the benefits is the estimated financial return to the Council that will arise as a result of the delivery of the projects. The return generated from these regeneration projects will offset the budget pressure arising from the capital financing costs of borrowing and provide future funds for reinvestment. There will also be a return to support the Council's MTFS from MLH as a result of the Council making loans to the company. Full details of the additional pressures and savings for the individual schemes are included in the Medium Term Financial Strategy.

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

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

2.6 2024/25 to 2028/29 5 year Capital Programme

2.6.1 Subject to Member approval, the following table sets out the proposed total combined capital programme for the financial years 2024/25 through to 2028/29 covering the existing capital programme, new bids, HRA and Regeneration:

Table 11 – Proposed Total Capital Programme

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
People						
Ageing Well	5.931	0.000	0.000	0.000	0.000	**5.931**
Living Well	1.587	0.375	3.121	0.000	0.000	**5.082**
Starting Well	26.495	17.000	19.000	0.000	0.000	**62.495**
	34.012	**17.375**	**22.121**	**0.000**	**0.000**	**73.508**
Place						
Environment	14.862	7.754	7.000	7.000	0.000	**36.616**
Housing & Property (GF)	15.028	4.016	0.726	0.738	0.500	**21.008**
Planning & Public Protection	0.084	0.000	0.000	0.000	0.000	**0.084**
Regeneration & Place Shaping	98.313	143.217	82.535	45.383	0.000	**369.447**
	128.287	**154.987**	**90.261**	**53.121**	**0.500**	**427.156**
Resources						
Customer Services	0.030	0.000	0.000	0.000	0.000	**0.030**
Finance	1.781	0.252	0.082	0.000	0.000	**2.116**
Partnership Impact and Delivery	14.297	4.327	1.018	0.000	0.000	**19.642**
Public Health	0.101	0.000	0.000	0.000	0.000	**0.101**
	16.210	**4.579**	**1.100**	**0.000**	**0.000**	**21.889**
Total GF Capital Expenditure	**178.509**	**176.941**	**113.482**	**53.121**	**0.500**	**522.553**
Housing & Property (HRA)	**161.084**	**161.102**	**224.414**	**225.341**	**105.207**	**877.148**
Total Capital Expenditure	**339.594**	**338.042**	**337.895**	**278.462**	**105.707**	**1,399.701**

2.6.3 If the capital programme is agreed the capital expenditure will be financed as follows:

Table 12 – Financing of Capital Programme

Financing	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Capital Receipts	53.970	48.336	52.021	51.664	7.014	**213.005**
Revenue and Reserve Contributions	11.465	10.460	10.669	10.882	11.100	**54.576**
Grants & Other Contributions	71.486	64.130	41.531	40.919	75.435	**293.502**
Borrowing	202.673	215.116	233.674	174.998	12.158	**838.619**
Total Funding	**339.594**	**338.042**	**337.895**	**278.462**	**105.707**	**1,399.701**

3. Prudential Indicators

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

3.2 In 2023/24, including the Housing Revenue Account, the Council is planning capital expenditure of £242.829m as set out in the table below:

Table 13 – Prudential Indicator: Estimate of Capital Expenditure

	2022/23 Actual £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Service Spending	35.927	78.830	80.197	33.724	30.947
Regeneration Programme	9.614	20.486	98.313	143.217	82.535
Total General Fund	**45.541**	**99.317**	**178.509**	**176.941**	**113.482**
Council Housing (HRA)	106.778	143.512	161.084	161.102	224.414
Total	**152.319**	**242.829**	**339.594**	**338.042**	**337.895**

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

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

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

Table 14 – Prudential Indicator: Capital Financing

	2022/23 Actual £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Capital Receipts	18.478	57.757	53.970	48.336	52.021
Revenue Contributions & Reserves	19.746	17.789	11.465	10.460	10.669
Grants & Other Contributions	17.807	30.645	71.486	64.130	41.531
Borrowing	96.288	136.638	202.673	215.116	233.674
Total	**152.319**	**242.829**	**339.594**	**338.042**	**337.895**

3.4 Debt (Borrowing) is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The Council's full Minimum Revenue Provision statement can be found in section 8 of this report.

3.5 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £163m during 2024/25 raising from £688m to £851m. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 15 – Prudential Indicator: Estimates of Capital Financing Requirement (CFR)

	2022/23 Actual £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Service Spending	141.847	155.299	176.670	186.356	187.667
Regeneration Programme	70.115	88.111	143.178	241.882	265.984
Total GF Capital Financing Requirement	**211.962**	**243.410**	**319.848**	**428.238**	**453.651**
Council Housing (HRA)	347.457	445.231	529.223	617.947	809.882
Total Capital Financing Requirement	**559.418**	**688.641**	**849.071**	**1,046.185**	**1,263.533**

3.6 The previous tables cover the overall capacity and control of borrowing but within the prudential framework indicators are required to assess the affordability of the capital investment plans. One such indicator is the estimate of the ratio of financing costs to net revenue stream which can then be split between service spend, housing and regeneration. This indicator identifies the trend on the cost of capital against the net revenue stream (or for the HRA from rents and other sources of income) and is set out in the table below:

Table 16 – Prudential Indicator: Ratio of Financing costs to Net Revenue Stream/HRA Rents

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
Service Spending					
GF Net Revenue Stream	176.185	182.006	192.206	202.306	212.422
Service Capital Financing Costs	12.641	13.264	15.143	17.225	18.655
Ratio of Financing Costs to Net Revenue Stream	7%	7%	8%	9%	9%
Regeneration Programme					
GF Net Revenue Stream	176.185	182.006	192.206	202.306	212.422
Regeneration Capital Financing Costs	4.507	6.005	8.915	14.921	20.422
Ratio of Financing Costs to Net Revenue Stream	3%	3%	5%	7%	10%
Housing Revenue Account					
HRA Rental Income	59.553	66.042	74.670	76.725	79.524
HRA Capital Financing Costs	18.035	22.790	28.016	32.981	41.050
Ratio of Financing Costs to Net Revenue Stream	30%	35%	38%	43%	52%

3.7 Additional Prudential Indicators covering capacity, controls and affordability relating to the Councils treasury position can be found in the Treasury Management Strategy Statement (TMSS) reported elsewhere on the agenda.

4. Disposals Policy

4.1 As the Council has pursued a policy of selling surplus sites for many years it becomes more difficult to identify new sites for disposal that do not pose challenges, either technically or in terms of planning, and especially in respect of objections to disposal that arise in many cases. Nonetheless, constant and on-going appraisal of property assets to identify disposal opportunities is a best practice tenet on all local authorities.

4.2 Nationally, councils are shifting their approach and considering sites for self-development in line with corporate need. Through capital spend; they are able to generate savings and new forms of revenue income.

4.3 As well as ensuring that the portfolio of retained property is suitable for the operational needs of the Council, there is a continuing need to generate capital receipts from the disposal of assets in order to pursue capital projects. The Asset Disposal Programme was approved by Cabinet in January as the review and identification of new disposal and capital receipt opportunities is an essential contribution to funding the Council's capital programme and significantly reduces the impact of capital financing costs on revenue.

4.4 By definition there is a finite limit to the scope to generate receipts from asset disposals as the asset base diminishes over time. As set out in the disposals programme report opportunities are available in the medium term as a consequence of various factors including:

- Existing asset rationalisation programme – Cabinet agreed in January 2021 to rationalise it's administrative accommodation to reflect revised working practices following the Covid pandemic

- Medium Term Financial Strategy – The need to achieve significant reductions in the Council's revenue expenditure has necessitated a comprehensive review and re-prioritisation of Council services and their means of delivery.

- Asset Review – The Council's Asset Management Plan promotes the ongoing review of all assets to ensure there is a clear and justified requirement for their ongoing retention.

5. Capital Receipts

5.1 The planned capital programme includes assumption of the generation of £10m per year in capital receipts to help reduce the borrowing requirements and is reflected in the Asset Disposal Programme. Any shortfall in receipts will mean additional borrowing costs and therefore a pressure in the Medium Term Financial Strategy (MTFS).

5.2 It should be noted that income from capital receipts are generally applied to finance short life assets where capital financing costs would be high. On average for every £1m not achieved in asset sales this would equate to an additional pressure of £240k each year in the MTFS.

5.3 Built into the MTFS for 5 years is the requirement to generate £10m of capital receipts ending in 2026/27. The first 3 years of receipts are factored into the financing of the capital programme with the final 2 years (2025/26 & 2026/27) remaining unallocated allowing for flexibility when adding to the capital programme. This will minimise the pressures of capital financing costs to revenue for shorter life capital projects.

6. Flexible Use of Capital Receipts and Transformation

6.1 In December 2023, the Government announced the continuation till 2030 of the flexible use of capital receipts directive which allows Authorities to use capital receipts to finance revenue transformation expenditure for any project that is designed to generate ongoing revenue savings. Authorities are required to list each project and the savings that are being generated as a result of the project.

6.2 Further to the flexible use of receipts directive the government have also just issued consultation on proposals to potentially extend the directive further to improve sector stability and efficiency. Implications on the consultation are being assessed however the increased flexibility is more beneficial for those with excess capital receipts available. As Havering has traditionally used capital receipts to keep borrowing down initial thoughts are that the additional flexibility has limited benefits.

6.3 Flexible use of receipts is currently being reviewed and once implications of the new consultation have been established further updates will be made.

7.0 Risk Management and Mitigation

7.1 Specific risks for individual schemes are contained within the project business cases. The scale and importance of the project will dictate the level of business case evaluation. Sound business case protocols can mitigate the risk of business case collapse with appropriate levels of contingency being built into the business case to mitigate risks.

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

- Interest Rate Risk - This is managed indirectly through the TMSS and through our treasury advisers Link Asset Services
- Inflation Risk – The Governments latest inflation forecasts indicate that whilst inflation is currently at 3.9% that rate will continue to slow and be back to around 2% by the end of the year. Inflation risk is always a concern as slippage can potentially decrease the purchasing power. This can be mitigated by good project management and clearly identified cash flow projections.
- Legal Risk – Capital schemes need to comply with the latest relevant regulations which can change and lead to an impact on construction costs for example. This is mitigated by awareness of pipeline changes and through contingencies
- Market health and commercial values – when projects are entered, the business case often depends on key assumptions or estimates of future market positions. Should market movements mean that these assumptions are inaccurate then this may lead to a change in the project financials. This risk can be mitigated through performance monitoring and contingencies.
- Supplier financial stability – To mitigate this, the Council considers the financial robustness of all contractors and partners and requests appropriate financial standing assurance.
- Reputational Risk – This is particularly relevant to the public sector and can result in the public losing faith in the organisation. The risk can be mitigated by good project management and communication with clear expectations of all stakeholders being key.
- Financial risk due to programme delay – as the schemes progress into delivery phase the costs of the programmes become more significant, including the costs of any borrowing, of the holding costs of construction sites and the operating costs of the joint venture partners, which will be incurred even during times of delay. This can occur for external reasons – e.g. inclement weather that stops work on site – or reasons internal to the council – e.g. delays from slipped planned phasing or decision making deadlines. Many external causes can be mitigated by insurance cover or contingency sums, and close contract management with partners. The internal process risk can be mitigated by clear planning and timetabling of

key decisions and project approval phasing, and monitoring and management of the project plans against those deliverables.

8. Minimum Revenue Provision Policy Statement

8.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Although there has been no statutory minimum provision requirement since 2008, The Local Government Act 2003 requires the Authority to have regard to the MH *Guidance on Minimum Revenue Provision* last updated in 2020.

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

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

- For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an “Adjustment A” of £2.9m on a reducing balance method

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, but under exceptional circumstances the annuity method may apply. Furthermore, where appropriate provision of MRP will commence in the year after the asset becomes operational.

8.3 Estimated life periods will be determined under delegated powers. The Authority may defer to the estimated useful economic life periods specified in the MRP guidance, but reserves the right to determine such periods and prudent MRP.
As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

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

8.4 No MRP will be charged in respect of assets held within the Housing Revenue Account as repayment of debt is incorporated in the long term HRA business plan.

8.5 **Third party loans** – Under statutory requirements the payment of the loan will normally be treated as capital expenditure. The subsequent loan repayments, (which are treated as capital receipts under statutory requirements), will be used to reduce the long term liability and consequently the CFR. As a result MRP will not generally be charged on the loan providing the loan repayment means that the debt will be repaid.

The Authority keeps under review all loans to 3rd parties and should there be an expectation that loans will not be repaid in full MRP would be made in this respect to insure that prudent provision is made for the repayment of debt.

8.6 There is currently consultation issued from the Department for Levelling up, Housing and Communities seeking views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year. Early indication and updated consultation suggests that our MRP policy would be fully compliant with the updated guidance however officers will ensure that the provision complies with any future changes to the regulation.

9. Knowledge and Skills

9.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council also has a training and development programme to support staff to study towards relevant professional qualifications.

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

9.3 Member training is undertaken as part of the induction programme following any election and in particular for new Members. Specialist training and advice is also provided to relevant cabinet portfolio members which is either conducted by members of staff or external specialist sources.

REASONS & OPTIONS

Reasons for the Decision

The Council is required to approve the Capital Strategy as per the 2021 update to the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice.

Alternative Options Considered

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

IMPLICATIONS & RISKS

Financial Implications and Risks

The Council needs to manage and control its future capital programme and investment very carefully to ensure that it meets its fiduciary responsibilities. It will need to carefully prioritise future capital investment to deliver optimum outcomes as resources become increasingly scarce. A number of new schemes rely upon borrowing which creates a long term budgetary commitment for the Council for which it anticipates that it will receive financial returns of income in addition to meeting the primary objectives of economic development and regenerations. It is therefore essential that there is robust and proactive management of all capital projects going forward in order to deliver the financial plans set out in each approved business case. In particular, the delivery of income streams due from the series of Regeneration led projects for housing development are crucial and underpin the Council's ability to meet the cost of this capital investment and generate future revenue returns to support the delivery of the MTFS. Failure to deliver to plan, could result in significant financial pressures for the Council and therefore robust programme and project governance will be essential. This framework and the expected returns on investment will be included in the revised Capital Strategy.

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

Legal Implications and Risks

The Capital Strategy is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required by regulation to have regard to both codes when carrying out its duties under Part 1 of the Local Government Act 2003. This report has been produced in accordance with those requirements.

Human Resource Implications and Risks

The recommendations made in the report do not give rise to any identifiable HR risks or implications which would affect either the Council or its workforce.

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. Whilst there are no direct implications to the Council's workforce and residents health and wellbeing as a result of this report, the way the Council spends its budgets on facilities and services does have the potential to impact on our overall health and wellbeing.

For example investment in social infrastructure for public services is likely to have a positive impact on health and wellbeing in terms of providing facilities and services, social connectivity, skills improvement, employment and wealth creation. If social infrastructure is not invested and there is a lack of good quality roads, paths and public buildings the aesthetic quality of the environment can impact negatively on both physical and mental health and wellbeing.

The extensive investment in the regeneration programme with the aim of delivering more affordable homes will also have a significant impact on health and wellbeing

Sitting behind this strategy are a number of processes to assess and improve the health impacts of the projects being proposed. For example, any capital building works such as the 12 estates regeneration project will be subject to the new local plan which includes a new policy requirement for development applications of 10 units or more to have a commensurate scale health impact assessment. This will highlight any positive impacts of the development on improved health and wellbeing and look for ways to mitigate any negative impacts.

In addition where appropriate, individual projects/programmes within this strategy will themselves be subject to a separate equalities and health impact assessment (EqHIA) which will identify in more detail potential negative impacts for mitigation or positive impacts.

Climate Change Implications and Risks

The establishment of the Havering Climate Action Plan signals a commitment by the Council to tackle climate change and will affect all Council policies and decisions. The proposed capital programme has been developed with this Climate Action Plan at its forefront with good financial stewardship and procurement contributing to the Council's aim of achieving net-zero annual carbon emissions by 2040. In addition all projects included in the programme will follow the principles set out in the action plan and adhere to its key values.

BACKGROUND PAPERS

None

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Directorate	Service	Programme	Project Number	Project Name	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget	2028-29 Budget	Total
People - Ageing Well	Adults Social Care	Adults Social Care - DFG	C10260	HGF Cap. Bal. (From DFG Schemes): All years	2,575,333	0	0	0	0	**2,575,333**
People - Ageing Well	Adults Social Care	**Adults Social Care - DFG Total**			**2,575,333**	**0**	**0**	**0**	**0**	**2,575,333**
People - Ageing Well	Adults Social Care	Adults Social Care - Other	C21270	Co-Location of Teams with NELFT	15,000	0				**15,000**
People - Ageing Well	Adults Social Care	Adults Social Care - Other	C21290	Refurb of Yew Tree (post JAD)	60,500	0				**60,500**
People - Ageing Well	Adults Social Care	Adults Social Care - Other	C29620	YTRC Upgrade Works	35,404	0				**35,404**
People - Ageing Well	Adults Social Care	Adults Social Care - Other	C28160	Adults Learning Disabilities Provision Build - Mowbrays (P3)	1,188,519	0				**1,188,519**
People - Ageing Well	Adults Social Care	**Adults Social Care - Other Total**			**1,299,423**	**0**	**0**	**0**	**0**	**1,299,423**
People - Ageing Well	**Adults Social Care Total**				**3,874,756**	**0**	**0**	**0**	**0**	**3,874,756**
People - Ageing Well Total					**3,874,756**	**0**	**0**	**0**	**0**	**3,874,756**
People - Living Well	Housing Demand (GF)	Leisure SLM	C26860	SLM - Central Park Leisure Centre - Refurbishment	476,878	0	0	0	0	**476,878**
People - Living Well	Housing Demand (GF)	Leisure SLM	C26870	SLM - Hornchurch Sports Centre - Redevelopment	126,168	0	0	0	0	**126,168**
People - Living Well	Housing Demand (GF)	Leisure SLM	C26880	SLM - Sapphire Ice and Leisure - Fit Out	828,484	0	0	0	0	**828,484**
People - Living Well	Housing Demand (GF)	Leisure SLM	C28070	SLM - Awaiting Allocation	0	0	3,120,755	0	0	**3,120,755**
People - Living Well	Housing Demand (GF)	**Leisure SLM Total**			**1,431,530**	**0**	**3,120,755**	**0**	**0**	**4,552,285**
People - Living Well	**Housing Demand (GF) Total**				**1,431,530**	**0**	**3,120,755**	**0**	**0**	**4,552,285**
People - Living Well Total					**1,431,530**	**0**	**3,120,755**	**0**	**0**	**4,552,285**
People - Starting Well	Childrens Social Care	Childrens Social Care Programme	C28140	Children with SEND Residential Provision & Respite - Aldwych (P2)	1,073,396	0	0	0	0	**1,073,396**
People - Starting Well	Childrens Social Care	Childrens Social Care Programme	C28150	Semi Independent Provision for Young People leaving Care - Mawneys (P4)	715,506	0	0	0	0	**715,506**
People - Starting Well	Childrens Social Care	**Childrens Social Care Programme Total**			**1,788,902**	**0**	**0**	**0**	**0**	**1,788,902**
People - Starting Well	**Childrens Social Care Total**				**1,788,902**	**0**	**0**	**0**	**0**	**1,788,902**
People - Starting Well	Education	Schools	C30070	Schools Basic Needs 2020/21	8,426,853	0	0	0	0	**8,426,853**
People - Starting Well	Education	Schools	C39090	Emmanuel Community Free School (on Beam Park housing development)	600,000	0	0	0	0	**600,000**
People - Starting Well	Education	Schools	C40120	High Needs Provision Capital Allocation – Unallocated	7,221,151	0	0	0	0	**7,221,151**
People - Starting Well	Education	Schools	C40150	Harris Academy ARP	800,000	0	0	0	0	**800,000**
People - Starting Well	Education	Schools	C40440	Phase 5 Expansions Unallocated	4,522,481	0	0	0	0	**4,522,481**
People - Starting Well	Education	Schools	C41160	Balgores New special school	2,500,000	17,000,000	19,000,000	0	0	**38,500,000**
People - Starting Well	Education	Schools	C41510	Basic Needs 2026 Allocation	635,558	0	0	0	0	**635,558**
People - Starting Well	Education	**Schools Total**			**24,706,043**	**17,000,000**	**19,000,000**	**0**	**0**	**60,706,043**
People - Starting Well	**Education Total**				**24,706,043**	**17,000,000**	**19,000,000**	**0**	**0**	**60,706,043**
People - Starting Well Total					**26,494,945**	**17,000,000**	**19,000,000**	**0**	**0**	**62,494,945**
People Total					**31,801,231**	**17,000,000**	**22,120,755**	**0**	**0**	**70,921,986**
Place - Environment	Environment	Highways & Street Lighting	C38000	Traffic CCTV Cameras	950,000	753,951	0	0	0	**1,703,951**
Place - Environment	Environment	Highways & Street Lighting	C38010	Infrastructure - Verges for parking	274,328	0	0	0	0	**274,328**
Place - Environment	Environment	Highways & Street Lighting	C41000	Highways (Roads & Pavements)	6,000,000	6,000,000	6,000,000	6,000,000	0	**24,000,000**
Place - Environment	Environment	Highways & Street Lighting	C41010	Highways (Lighting)	1,000,000	1,000,000	1,000,000	1,000,000	0	**4,000,000**
Place - Environment	Environment	Highways & Street Lighting	C41560	Solar Serena Sunrise (Highway Works)	122,206	0	0	0	0	**122,206**
Place - Environment	Environment	Highways & Street Lighting	C23440	Highways Structures at Risk	54,345	0	0	0	0	**54,345**
Place - Environment	Environment	**Highways & Street Lighting Total**			**8,400,879**	**7,753,951**	**7,000,000**	**7,000,000**	**0**	**30,154,830**
Place - Environment	Environment	Parking	C30010	Parking Investment	79,358	0	0	0	0	**79,358**
Place - Environment	Environment	**Parking Total**			**79,358**	**0**	**0**	**0**	**0**	**79,358**
Place - Environment	Environment	Public Realm - Parks	C35030	Park Improvements	300,000	0	0	0	0	**300,000**
Place - Environment	Environment	**Public Realm - Parks Total**			**300,000**	**0**	**0**	**0**	**0**	**300,000**
Place - Environment	**Environment Total**				**8,780,237**	**7,753,951**	**7,000,000**	**7,000,000**	**0**	**30,534,188**
Place - Environment Total					**8,780,237**	**7,753,951**	**7,000,000**	**7,000,000**	**0**	**30,534,188**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Asset Management Other	C29770	Acquisition of Hornchurch Police Station	2,934,100	0	0	0	0	**2,934,100**

Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Asset Management Other Total**			**2,934,100**	**0**	**0**	**0**	**0**	**2,934,100**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Corporate Buildings	C28270	Central Depot Expansion	328,116	0	0	0	0	**328,116**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Corporate Buildings	C30860	H&S - Gates	42,000	0	0	0	0	**42,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Corporate Buildings	C41030	Corporate Building Inspections	205,000	216,000	226,000	238,000	0	**885,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Corporate Buildings	C41040	Corporate Buildings & Other Initiatives	2,800,000	3,000,000	0	0	0	**5,800,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Corporate Buildings	C41090	PV Panels on Council Buildings	275,000	0	0	0	0	**275,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Corporate Buildings Total**			**3,650,116**	**3,216,000**	**226,000**	**238,000**	**0**	**7,330,116**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Health & Safety	C12000	H&S Fire Extinguisher Acquisitions	10,000	0	0	0	0	**10,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Health & Safety	C28250	H and S Corporate Buildings - Legacy Works	32,376	0	0	0	0	**32,376**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Health & Safety	C30890	H&S Corporate Buildings - Asbestos	31,269	0	0	0	0	**31,269**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Health & Safety Total**			**73,645**	**0**	**0**	**0**	**0**	**73,645**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Schools Building Maintenance	C41050	Schools Conditions Programme (indicative) 23-24	400,000	0	0	0	0	**400,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Schools Building Maintenance Total**			**400,000**	**0**	**0**	**0**	**0**	**400,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Schools Expansions	C26080	Bower Park Sch - 6 to 7 FE Phase 4	222,238	0	0	0	0	**222,238**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Schools Expansions	C36330	Clockhouse Primary School ARP	20,295	0	0	0	0	**20,295**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Schools Expansions	C41420	Bower Park School SEND Unit	52,000	0	0	0	0	**52,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Schools Expansions	C41430	Suttons Primary School SEND Unit	1,350,000	0	0	0	0	**1,350,000**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Schools Expansions Total**			**1,644,533**	**0**	**0**	**0**	**0**	**1,644,533**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	Vehicle Replacement	C38880	Procurement of 29 vehicles for Passenger Travel Services	1,999,020	0	0	0	0	**1,999,020**
Place - Housing & Property (GF)	Housing Property & Assets (GF)	**Vehicle Replacement Total**			**1,999,020**	**0**	**0**	**0**	**0**	**1,999,020**
Place - Housing & Property (GF)	**Housing Property & Assets (GF) Total**				**10,701,414**	**3,216,000**	**226,000**	**238,000**	**0**	**14,381,414**
Place - Housing & Property (GF) Total					**10,701,414**	**3,216,000**	**226,000**	**238,000**	**0**	**14,381,414**
Place - Planning & Public Protection	Planning & Public Protection	Enforcement	C30020	CCTV Investment	84,022	0	0	0	0	**84,022**
Place - Planning & Public Protection	Planning & Public Protection	**Enforcement Total**			**84,022**	**0**	**0**	**0**	**0**	**84,022**
Place - Planning & Public Protection	**Planning & Public Protection Total**				**84,022**	**0**	**0**	**0**	**0**	**84,022**
Place - Planning & Public Protection Total					**84,022**	**0**	**0**	**0**	**0**	**84,022**
Place Total					**19,565,673**	**10,969,951**	**7,226,000**	**7,238,000**	**0**	**44,999,624**
Resources - Customer Services	Bereavement & Registration Services	Cems & Crems	C40010	Childrens Memorial Lawn	30,000	0	0	0	0	**30,000**
Resources - Customer Services	Bereavement & Registration Services	**Cems & Crems Total**			**30,000**	**0**	**0**	**0**	**0**	**30,000**
Resources - Customer Services	**Bereavement & Registration Services Total**				**30,000**	**0**	**0**	**0**	**0**	**30,000**
Resources - Customer Services					**30,000**	**0**	**0**	**0**	**0**	**30,000**
Resources - Finance	Corporate Finance	Contingency	C25470	Contingency	1,733,773	252,154	82,294	0	0	**2,068,221**
Resources - Finance	Corporate Finance	**Contingency Total**			**1,733,773**	**252,154**	**82,294**	**0**	**0**	**2,068,221**
Resources - Finance	**Corporate Finance Total**				**1,733,773**	**252,154**	**82,294**	**0**	**0**	**2,068,221**
Resources - Finance	Exchequer & Transactional	Exchequer & Transactional Programme	C41500	Fusion Payroll re-build	47,500	0	0	0	0	**47,500**
Resources - Finance	Exchequer & Transactional	**Exchequer & Transactional Programme Total**			**47,500**	**0**	**0**	**0**	**0**	**47,500**
Resources - Finance	**Exchequer & Transactional Total**				**47,500**	**0**	**0**	**0**	**0**	**47,500**
Resources - Finance Total					**1,781,273**	**252,154**	**82,294**	**0**	**0**	**2,115,721**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	ICT Infrastructure	C35110	IT Device Refresh and Windows OS roll-out	895,841	250,000	0	0	0	**1,145,841**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	ICT Infrastructure	C38050	Data Centre & Core Network	769,720	0	0	0	0	**769,720**

Resources - Partnership Impact and Delivery	IT, Digital & Transformation	ICT Infrastructure	C38100	Evergreening Capital - IT	2,000,000	2,241,757	0	0	0	**4,241,757**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	**ICT Infrastructure Total**			**3,665,561**	**2,491,757**	**0**	**0**	**0**	**6,157,318**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38180	CRM System	1,983,926	0	0	0	0	**1,983,926**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C36070	Smart Working Plus	556,839	0	0	0	0	**556,839**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38030	Digital Portfolio Contingency	517,500	0	0	0	0	**517,500**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38060	Platforms & Integration	1,900,000	300,000	0	0	0	**2,200,000**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38110	Audio Visual	222,524	0	0	0	0	**222,524**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38120	Organisational Data Capability	5,089,843	1,500,000	1,000,000	0	0	**7,589,843**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38140	Borough Wide Connectivity and Digital Inclusion	194,226	0	0	0	0	**194,226**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	Transformation	C38150	Automation & Innovation (RPA & Chatbots)	166,932	35,000	17,500	0	0	**219,432**
Resources - Partnership Impact and Delivery	IT, Digital & Transformation	**Transformation Total**			**10,631,790**	**1,835,000**	**1,017,500**	**0**	**0**	**13,484,290**
Resources - Partnership Impact and Delivery	**IT, Digital & Transformation Total**				**14,297,351**	**4,326,757**	**1,017,500**	**0**	**0**	**19,641,608**
Resources - Partnership Impact and Delivery Total					**14,297,351**	**4,326,757**	**1,017,500**	**0**	**0**	**19,641,608**
Resources - Public Health	Insight, Policy & Strategy	Insight, Policy & Strategy	C41520	Raphael's Lodge Low Energy Demonstration Centre	101,379	0	0	0	0	**101,379**
Resources - Public Health	Insight, Policy & Strategy	**Insight, Policy & Strategy Total**			**101,379**	**0**	**0**	**0**	**0**	**101,379**
Resources - Public Health	**Insight, Policy & Strategy Total**				**101,379**	**0**	**0**	**0**	**0**	**101,379**
Resources - Public Health Total					**101,379**	**0**	**0**	**0**	**0**	**101,379**
Resources Total					**16,210,003**	**4,578,911**	**1,099,794**	**0**	**0**	**21,888,708**
Total (Excluding HRA and Regeneration)					**67,576,907**	**32,548,862**	**30,446,549**	**7,238,000**	**0**	**137,810,318**

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LA Schools	2024/25 Condition Grant Scheme's	Budget £
Crowlands	LED Lighting Infant and Junior hall	57,500
Harold Wood	LED Lighting and Ceiling Infant hall	34,500
Mead	LED Lighting Classrooms	34,500
Gidea Park	LED Lighting Classrooms	34,500
Broadford	LED Lighting and Ceilings for Classrooms and Corridor	46,000
Harold Wood	Electrical Works Sub Mains Intake and Distribution Cable	34,500
James Oglethorpe and Scotts	Flat roof Scheme: J Oglethorpe 7 roofs, Scotts 4 roofs	563,500
Squirrels Heath Infants & Juniors	Pitched Roof Scheme and Windows	563,500
Langton Infants	Remove Wall, Store and Replace Perimeter Fence	27,600
Parklands	Window Replacement	14,950
Branfil	Window Replacement	14,950
Nelmes	School Keeper House Structural Works	16,675
Mead	Safe Site Access	75,000
Towers	Water Boiler Replacement	51,750
Crownfield Inf and Juniors	Rectification of Low Gas Pressure	80,500
Squirrels Heath Infants	Boiler Controls	46,000
Broadford	Boiler Controls	80,500
Whybridge Infants	Boiler Controls	46,000
Various Schools	Fire Door Replacement	115,000
Various Schools	Toilet Refurbishments	126,500
Mead	Classroom Ventilation	57,500
Various Schools	Asbestos Removal	300,000
Various Schools	Reactive Conditition Emergency Works	100,000
Total		**2,521,425**

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Directorate	Service	Programme	Project Number	Project Name	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2025/26 Budget	Total Budget
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Bridge Close (GF)	C30030	Bridge Close - School	0	0	18,969,000			18,969,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Bridge Close (GF)	C30040	Bridge Close - Medical Facility	0	0	0	4,883,000		4,883,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	**Bridge Close (GF) Total**			**0**	**0**	**18,969,000**	**4,883,000**	**0**	**23,852,000**
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings	C28050	Mercury Land Holdings – Quarles Loan	1,728,000	1,457,000	68,500			3,253,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Mercury Land Holdings – Quarles Equity	1,728,000	1,457,000	68,500			3,253,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings	C35810	Reactive Acquisition Fund Loan	2,659,272	28,791,944	0	0		31,451,216
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings	C38610	MLH Quarles PRS - Loans	631,500	1,705,500	47,500			2,384,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		MLH Quarles PRS - Equity	631,500	1,705,500	47,500			2,384,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Priory Way - Loans	565,000	274,000				839,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Priory Way - Equity	565,000	274,000				839,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Peel Way - Loans	776,500	816,000				1,592,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Peel Way - Equity	776,500	816,000				1,592,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Albert Road - Loans	1,185,000	1,136,000				2,321,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Albert Road - Equity	1,185,000	1,136,000				2,321,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Como Street Sales - Loans	2,753,000	6,716,500	1,622,000			11,091,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Como Street Sales - Equity	2,753,000	6,716,500	1,622,000			11,091,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Como Street PRS - Loans		3,744,000	4,019,500	250,000		8,013,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Como Street PRS - Equity		3,744,000	4,019,500	250,000		8,013,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites A - Loans	1,513,000	41,500				1,554,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites A - Equity	1,513,000	41,500				1,554,500
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites B - Loans	4,969,500	2,587,500				7,557,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites B - Equity	4,969,500	2,587,500				7,557,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites C - Loans	15,604,000	15,229,000				30,833,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Mercury Land Holdings		Council Disposal Sites C - Equity	15,604,000	15,229,000				30,833,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	**Mercury Land Holdings Total**			**62,110,272**	**96,205,944**	**11,515,000**	**500,000**	**0**	**170,331,216**
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Rainham & Beam Park	C28060	Rainham & Beam Park Housing Zone – CPO's and Grant	10,000,000	0				10,000,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Rainham & Beam Park	C28970	Rainham and Beam Park Housing Zone - Equity	994,549	0				994,549
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	**Rainham & Beam Park Total**			**10,994,549**	**0**	**0**	**0**	**0**	**10,994,549**
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration Other	C41100	Liveable Neighbourhood Romford Ring Road	1,000,000	0				1,000,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration Other	C41450	GLA UKSPF Grant – Communities & Place	155,258	255,257				410,515
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration Other	C38580	Farnham & Hilldene - Com Properties	0	5,000,000	12,051,000			17,051,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration Other	C38590	Farnham & Hilldene - Medical Centre	2,428,952	1,755,611	0			4,184,563
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration Other	C36010	Provision for Future Regen Opportunities	20,000,000	40,000,000	40,000,000	40,000,000		140,000,000
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	**Regeneration Other Total**			**23,584,210**	**47,010,868**	**52,051,000**	**40,000,000**	**0**	**162,646,078**
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	Regeneration TFL	C29000	Beam Parkway Major Scheme	1,623,599	0				1,623,599
Place - Housing & Property (GF)	Regeneration & Place Shaping (GF)	**Regeneration TFL Total**			**1,623,599**	**0**	**0**	**0**	**0**	**1,623,599**
Place - Housing & Property (GF)	**Regeneration & Place Shaping (GF) Total**				**98,312,630**	**143,216,812**	**82,535,000**	**45,383,000**	**0**	**369,447,442**

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