



CABINET

12 February 2014

Subject Heading:

THE COUNCIL'S BUDGET 2014/15

Cabinet Member:

Councillor Roger Ramsey

CMT Lead:

Andrew Blake-Herbert

Report Author and contact details:

Mike Stringer
Head of Finance & Procurement
01708 432101
mike.stringer@havering.gov.uk

Policy context:

The Council is required to approve an annual budget and this report sets out the proposed budget for 2014/15 and includes recommendations to Council for the formal budget-setting process. Cabinet has already recommended a freeze on council tax for the fourth year in a row

Financial summary:

This report deals with the overall budget position and sets out the detailed proposals for 2014/15 and recommends to Council the Council Tax level at band D as £1,494.18

Is this a Key Decision?

Yes/No

Is this a Strategic Decision?

Yes/No

When should this matter be reviewed?

Reviewing OSC:

Value

ALL MEMBERS ARE ASKED TO RETAIN THIS REPORT AND ITS APPENDICES FOR REFERENCE AT THE COUNCIL TAX MEETING ON 26TH FEBRUARY 2014

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

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

SUMMARY

This report outlines the context within which the 2014/15 budget is being set and identifies the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needs to reflect the level of funding allocated to it by the Government. Since the General Election, the Government has made a series of announcements, with the most recent being the Autumn Budget Statement, which preceded the announcement of the provisional Local Government Settlement. Last year saw the introduction of fundamental and complex changes to the funding regime for local authorities, probably the biggest in 20 years. Whilst this reflects the localisation of responsibilities, this has also brought increased financial risk, and this has to be reflected as part of a robust budget setting process.

In anticipation of the changes that these various announcements have brought about, and in response to the Emergency Budget announced in 2010, Cabinet previously agreed a range of savings proposals in July 2010, and again in July 2011, designed to deliver savings approaching £36m. These proposals are now largely implemented, with the final year of this programme being 2014/15.

The provisional Local Government Financial Settlement was announced on 18th December. Details were included in the previous report to Cabinet. Consultation ended on 15th January and the final settlement was expected two weeks later. This may be too late for inclusion in this report and raises the prospect of supplementary papers being necessary. This in turn maintains the level of uncertainty at a time when the pressure on public sector budgets has continued to grow.

In the light of the on-going financial climate, and with the prospects for "more of the same" for the foreseeable future, information on a small number of budget pressures proposals was released for formal consultation in January and as part of this process, was submitted to the joint Overview and Scrutiny Committee. The results of this consultation are set out in this report. Subject to any further changes made by Cabinet arising from the consultation and scrutiny, this report sets out the factors being recommended for inclusion within the 2014/15 budget.

The current position is that there would be no increase to the Havering element of the Council Tax, which would enable the Council to take advantage of the latest Council Tax freeze grant on offer.

Final confirmation of the Greater London Authority (GLA) precept is expected at the meeting of the London Assembly on 14th February, which is after the date of the Cabinet meeting. The Mayor has proposed a small reduction in the current precept, as previously advised to Cabinet, and this has been the subject of a similar consultation process. Any changes to the GLA position will be reported at the Cabinet meeting where known, and an update will be provided for the Council meeting.

On the assumption that this is approved by the London Assembly, there would be a small overall reduction in Council Tax. The band D figure would reduce to £1,494.18.

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

RECOMMENDATIONS

That Cabinet, in view of the need to balance the Council's policies, statutory requirements, government initiatives, inspection regimes and Council Tax levels:

1. Consider the advice of the Chief Finance Officer as set out in Appendix H when recommending the Council budget.
2. Consider the comments received during the consultation exercise, which are set out in the report from the Joint Overview and Scrutiny Committee, which is attached as Appendix J to this report, when recommending the total Council budget.
3. Approve the following budgets for 2014/15:
 - the Council's draft General Fund budget as set out in Appendix E, formulated on the basis of:
 - an ELWA levy based on the anticipated budget and levy increase
 - the budget items shown at Appendix F, and
 - the other assumptions set out in this report
 - the delegated schools' draft budget the capital programme as set out in Annexes 2, 3 and 4 of Appendix I, and delegate to the Chief Executive and Group Directors to implement the 2014/15 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities are required as detailed.
4. Delegate to the Chief Executive and Group Directors to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.
5. Agree to make a one-off cash investment in the Pension Fund, as set out in Section 3.17, and delegate to the Leader and the Cabinet Member for Value, in consultation with the Group Director Resources, the final amount, which will be subject to the year-end position.

6. Approve the schedule of Fees and Charges set out in Appendix L, with any recommended changes in year being implemented under Cabinet Member delegation.
7. Agree that if there are any changes to the GLA precept and/or levies, that the Group Director Resources (in the absence of the Chief Executive) be authorised to amend the recommended resolutions accordingly and report these to Council on 26th February 2014.
8. To Delegate authority to the Cabinet Member for Individuals to approve the draft submission of the Better Care Fund application to NHS England by 14th February 2014, and the final submission on 4th April 2014.
9. To authorise the Chief Executive to make minor amendments to the Corporate Plan, as set out in the “Plan on a Page” agreed by Cabinet in January 2014.

That Cabinet:

10. Recommend to Council, subject to recommendation 3 above, the following:
 - The General Fund budget for 2014/15
 - The Council Tax for Band D properties, and for other Bands of properties, all as set out in Appendix E, as revised and circulated for the Greater London Authority (GLA) Council Tax.
 - The delegated schools’ budget for 2014/15, as set out in Appendix E.
 - The Capital Programme for 2014/15 as set out in Annexes 2, 3 and 4 of Appendix I.
11. Recommend to Council to pass a resolution as set out in section 8.4 of this report to enable Council Tax discounts to be given at the existing level

REPORT DETAIL

This report is split into the following parts:

1. Overall Policy Direction and Strategy
2. Consultation and the Overview and Scrutiny Committees
3. Havering’s Revenue Budget and Council Tax
4. Capital Programme
5. Treasury Management Strategy
6. GLA Budget
7. Overall Council Tax Impact
8. Other Matters
9. Prospects for 2015/16 and beyond
10. Housing Revenue Account.

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

1. Overall Policy Direction and Strategy – Achieving *Living Ambition*

1.1 The Council's driving vision, known as the *Living Ambition*, seeks to deliver a better quality of life for local people, by focusing the Council's effort around five broad goals:

- Goal for *Environment* : to ensure a clean, safe and green borough
- Goal for *Learning* : to champion education and learning for all
- Goal for *Towns and Communities* : to provide economic, social and cultural opportunities in thriving towns and villages
- Goal for *Individuals* : to value and enhance the lives of our residents
- Goal for *Value* : to deliver high customer satisfaction and a stable council tax.

1.2 The five goals have been adopted as the Council's new over-arching corporate strategy and are enshrined in the corporate planning process for the new financial year. The Council's financial planning – both in terms of investment and savings, reflects this focus and are structured to support the Council's progress towards the goals.

1.3 The proposals in these papers follow on from the range of savings agreed in July 2010, and again in July 2011 to cover the period to 2014/15. As such they continue to reflect the local priorities as defined by the Administration in the light of a range of factors including the results of public consultation (notably the nearly 12,000 responses to 2011's *Your Council, Your Say* survey and last year's *Spring Clean* survey which attracted over 8000 responses), the general economic climate, the outcome of the Comprehensive Spending Review (CSR), successive Autumn Budget Statements (ABS), and the Local Government Financial Settlement (LGFS), and the future prospects for public sector funding.

1.4 It is important to note that the Council's financial strategy and budget development process is an iterative one, taking on board a wide variety of issues and enabling forward planning. These include:

- Responding to the difficult and fluid financial climate
- Ensuring that the Council's policy priorities drive resource allocations
- Ensuring there remain clear links between revenue and capital budgets;
- Continuing to ensure that all budgets have defined outputs
- Continuing to seek greater efficiencies – including through working in partnership and prioritising effectively
- Seeking funding from external agencies and/or partners
- Continuing to benchmark and deliver value for money.

1.6 There will continue to be difficult decisions to make in future years. However, the overall planning process will ensure these decisions will take place in an informed manner to ensure resource allocation matches policy and service priorities.

1.7 A statement, setting out the Council's revenue and capital budget strategies, have previously been approved by Cabinet. These set out the key principles around the budget, and these are reflected in this report. These statements

are set out in Appendix A, as they underpin the approach taken to setting the Council's revenue and capital budgets.

1.8 It is important for the Council that our financial strategy continues the success achieved in recent years and the thrust therefore continues so that it:

- reflects the economic climate and the need for financial prudence
- ensures the level of reserves is appropriate
- links service planning with financial planning
- identifies service delivery trends, changes in legislation etc. that will have a financial impact
- accurately predicts levels of spend in the future to avoid further overspends
- identifies revenue costs resulting from capital expenditure
- matches resources to priorities
- costs areas of new or increased priority
- provides savings to balance the books
- provides savings to fund new investment and areas of increased priority
- costs new investment and estimates any subsequent payback
- increases value for money
- manages risk and uses risk assessment to inform decision making
- ensures all projects are adequately funded and resourced.

Partnership Working

1.9 Partnership working is strong in Havering and the Council continues to work with key public, private and community groups to shape the development of the Borough.

1.10 The Council has also continued to look for potential opportunities to collaborate with other local authorities, especially those within its immediate vicinity. Havering participates in an alliance of North East London boroughs and is actively engaged in an on-going dialogue over potential collaborations. East London Solutions has been established as part of this process as a means of governing the collaborative opportunities, and officers are working jointly in a number of areas which offer potential scope for further efficiencies.

Economic Climate

1.11 Cabinet will be aware that the general economic climate has been both highly volatile and extremely unpredictable – although it could probably now be argued there is a degree of certainty since the successive CSR and LGFS announcements. Markets have fallen, interest rates have reached unprecedented lows and remained at those levels, with little sign of any changes occurring, inflation has remained volatile and broadly above Government targets, and the economic turmoil has required a massive level of intervention from the UK Government and elsewhere. The scale of the budget deficit, and the actions that would inevitably be needed to be taken to address this, have been the subject of much discussion, and have been

covered in full in reports to Cabinet, starting in July 2010. Subsequent reports to Cabinet have provided updates.

- 1.12 In setting the budget for 2014/15, it is essential that this is borne in mind. The scene for public sector funding was set by the CSR announcements, including the review during the Summer of 2013, and the subsequent ABS and LGFS announcements have confirmed continuing major reductions in public sector funding. Local government is clearly heavily affected by this and has therefore needed to both plan and be able to respond accordingly. The steps already taken during 2010 and subsequently have meant that the Council is well-placed to respond to the CSR and LGFS. The approach to the development of the detailed budget proposals, and the budget itself for 2014/15, has had these factors firmly in mind.

Corporate Plan

- 1.13 The previous report to Cabinet set out the refreshed Corporate Plan, in the form of a “plan on a Page”. Minor amendments are now proposed to this and Cabinet is asked to authorise the Chief Executive to agree these amendments; an updated version will be reported back to Cabinet as part of the proposed financial strategy.

Conclusions

- 1.14 The position of the Council is that Havering is likely to continue to have severe resource constraints for the next few years, almost certainly to the end of the decade, and as anticipated, these constraints are even more marked than anticipated in previous years. This has inevitably placed severe restrictions on the resources for services even further and leaves the Council facing the need for further savings plans to meet the expected financial position arising from the current CSR, and its successor in 2015. Whilst this may be seen as a continuation of the experience of recent years, the scale of reductions needed in public sector spend have, as has been seen, had a major impact on funding for local government.
- 1.15 The aim of the planning process is being achieved, i.e. to establish a stable financial position, to adopt a prudent approach to the continuing development of the Council’s financial strategy, and to reflect the views of our local community on the impact of budgetary pressures and Council Tax increases subject to any changes in national priorities that are outside of the Council’s control. The Council is able to demonstrate that it is prioritising finance according to its business objectives and in the context of the general financial climate.

2. Consultation and Overview and Scrutiny Committees

2.1 Consultation

- 2.1.1 The *Your Council, Your Say* consultation at the start of 2011 asked the local community to set out its priorities for the years ahead, to help shape future spending decisions. Since then, the Council has continued an ongoing dialogue with residents and other stakeholders, in addition to more formal

consultation processes such as the *Spring Clean* survey in 2012. Since the publication of the budget proposals in January, the Council has:

- Scrutinised the proposals through a joint meeting of all Overview & Scrutiny committees on 23rd January
- Provided information on its website and through the press, inviting comment

2.1.3 A range of meetings with the Trades Unions and staff has taken place since the original July 2010 Cabinet report, including consultation on a number of organisation restructure proposals.

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

2.2 **Overview and Scrutiny Committees**

2.2.1 The budgetary pressures and savings proposals were presented to a joint meeting of the Committees on 23rd January 2014.

2.2.2 The proposals have been considered by the Committees, and whilst a number of issues have been raised for discussion, no issues or comments have at the point of preparing this report been formally referred to Cabinet for its consideration. A summary of the draft minutes arising from the joint Committee meeting is set out in Appendix J.

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

3.1 **Introduction**

3.1.1 Mindful of the outcome of the consultation on the proposals, set out below are the issues and factors taken into account in developing the 2014/15 budget. As well as the results of the consultation and budget finalisation, it is important to note that the position on the levies, if significantly different from the provisional sums, could affect the final level of the Havering Council Tax.

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

3.1.3 This section of the report summarises a number of points covered in greater depth in the previous report to Cabinet. These have been updated where relevant to reflect changing circumstances and more up to date information where this has subsequently become available.

3.2 **Government Grant**

3.2.1 The previous report to Cabinet set out in some detail an analysis of the provisional settlement announcement. The final settlement was originally expected to be announced around the end of January, following the close of consultation on 15th January 2014. This may be too late to enable officers to

incorporate this within this report. If there are any changes in the final settlement, supplementary papers will be issued as necessary.

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

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

3.2.3 As set out in the previous report to Cabinet, the provisional settlement announcement covered a two year period, for 2014/15 and 2015/16. The position for the coming year was very much in line with officers' forecasts; however, the continued reduction in funding for the subsequent year now shows a bigger reduction than had been anticipated. This reflects the outcome of the Summer 2013 review. This emphasises the need to develop a new budget strategy to accommodate what is certain to be a significant funding reduction over the first two years, ie 2015/16 and 2016/17. The proposals made to Cabinet are based on that information and its interpretation; Cabinet is asked to be particularly aware that the budget proposed is based on the best information available at the point of concluding this report.

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

- The settlement again covers a two year period, 2014/15 and 2015/16
- There is an average reduction in "spending power" of 2.9%
- Local authorities are exempt from the latest Government funding cuts
- Nationally, the spending control total is reducing by £5.6bn, or just over 22%
- Havering's revenue support grant (RSG) will reduce by £15m over the two years
- The existing Council Tax freeze grants for 2011/12 and 2013.14 are being rolled up into mainstream funding (the grant for 2012/13 has ceased).

3.2.5 The new funding system, as previously advised to Cabinet, reflects a new funding baseline, which is then allocated between mainstream grant, RSG, and business rates. The coming year will be the second year to which this funding regime applies. For Havering, these figures are as shown in the table below:

Settlement Funding Assessment (SFA)	13/14 £m	14/15 £m	15/16 £m
Individual Business Rates (BR) Baseline	21.156	21.569	22.165
BR Top Up	9.033	9.208	9.462
BR Baseline	30.189	30.777	31.627
RSG	45.378	38.881	29.126
TOTAL FUNDING	75.568	69.658	60.753

- 3.2.6 In considering these figures, it is important to bear in mind that there has been an assumed rise of just over 3% in the business rates baseline for 2014/15, though the rise in the business rates multiplier has been capped at 2%, as previously advised to Cabinet. This is expected to be delivered through a rise in both the NNDR multipliers and in the overall yield, and in Havering's case, an inflationary rise in the Top Up sum. As this table shows, there is an expected rise in business rates locally over the two years of approaching £1.5m. This therefore represents a budget risk, as if there is no increase in business rates yield, this will create a funding gap.
- 3.2.7 The settlement, as it currently stands, leaves Havering with an overall reduction in funding of around £6.5m in 2014/15 and a further £9.8m in 2015/16, or around £16.3m across the two years. This equates to an overall reduction of nearly 36% in formula grant. In addition, the Council Tax freeze grant (CTFG) for 2013/14 has been rolled-up into formula grant, and represents a funding reduction, as the specific grant ceases. It is also officers' view that this is also affected by the scaling applied to the formula distribution, so Havering does not receive an equivalent cash sum. This issue was raised at the recent meeting with the Minister and is being followed up by officers currently.
- 3.2.8 The reduction over these two years is due to further reductions in formula grant, together with a further reduction in the Early Intervention Grant rolled-up element, offset by a small increase in the Learning Disability rolled-up grant, and a number of minor adjustments. As indicated to Cabinet in the previous report, although various statements have been made by the Government concerning the level of funding provided for Council Tax support (CTS), to confirm that there is no reduction in the overall level of funding, it is difficult to see how this is the case.
- 3.2.9 The analysis by officers of the grant figures within the settlement shows that the equivalent funding for CTS appears to have been significantly reduced, which in turn affects the formula grant figure. The calculations, which featured in the Council's formal consultation response to the settlement, are addressed in more detail in Appendix B.
- 3.2.10 The figures suggest an overall reduction in equivalent funding for CTS of over £3.7m over two years, as shown in the Appendix. This is on top of the initial 10% reduction in funding that took place when CTS was localised in April 2013. This issue was specifically raised as part of the meeting with the Minister, together with the CTFG scaling issue, and more detail on the impact of scaling is set out in Appendix B. In very broad terms, the use of scaling on Havering's Settlement Formula Assessment (SFA) has been used

to reduce Havering funding in line with the control totals placed on local government, as set out in the Appendix.

- 3.2.11 The final settlement is expected during the first half of February, so this is likely to be too late for this report. Should that prove to be the case, a supplementary paper will be issued, unless the final settlement is actually released after the meeting. Should that occur, then the relevant information will be included in the report to Council.

3.3 **Specific Grants**

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

- 3.3.2 As explained in various Cabinet reports, including most recently the January 2013 report, most of the funding streams that existed in 2010 have now disappeared. These have either been rolled up into the new local authority funding system or have simply ceased. In addition, as explained in the previous report, most of the remaining grants are now unringfenced. This means that the resources can be deployed as the Council chooses, although the spending departments will usually set out how they would wish the funds to be used. The only area of significant change has been the introduction of the Public Health grant, which accompanied the transfer of services in April 2013; this is a specific ring-fenced grant, although the extent to which the grant can be deployed has become more apparent since the transfer took place.

- 3.3.3 A schedule of the range of specific grants which the Council receives in the current year and what was anticipated in 2014/15 was included in the previous report to Cabinet. An updated schedule is set out in Appendix C.

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

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

3.4 Dedicated Schools Grant (DSG) and Schools Delegated Budgets and Education Services Grant (ESG) - 2014/15

Dedicated Schools Grant

3.4.1 Details of the DSG funding for 2014/15 were set out in the previous report to Cabinet. In brief, the allocations are as follows:

Year	Schools Block		Early Years Block		High Needs Block	Additions and cash floor	Total DSG
	GUF per pupil (£)	Allocation (£m)	GUF per pupil (£)	Allocation (£m)	Allocation (£m)	Allocation (£m)	Allocation (£m)
2014-15	4,726.54	163.122	3,979.94	8.513	18.328	3.154	193.117
2013-14	4,726.54	160.641	3,979.94	8.513	18.038	2.403	189.595

3.4.2 This is the second year of new arrangements that will apply for 2013/14 and 2014/15. For 2015/16, the DfE intends to introduce a national funding formula through which every pupil will attract the same basic level of funding wherever they are in the country with additional sums reflecting additional need, deprivation and area costs.

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

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

	2013/14 £000	2014/15 £000
Total DSG	189,595	193,117
Schools Block	160,641	163,122
Academy Recoupment	-64,451	-70,050
Balance for LA Schools & Centrally Held	96,190	93,072
Early Years Block	8,513	8,513
High Needs Block	18,038	18,328
Academy Recoupment	-282	tbc
Additions (inc new 2 year old grant)	2,403	3,154
Total for LA Schools, Early Years providers & Centrally Held	124,862	123,067

Notes

1. The above amounts are based on figures released by the DfE to include academies prior to 1st November 2013.
2. The allocation through the Early Years block will be updated for both years based on the January 2014 census and 2014-15 updated again before year end based on January 2015 census.

Education Services Grant

- 3.4.5 As set out in the previous report to Cabinet, new Government funding arrangements for education services provided by local authorities and academies were introduced in 2013/14. This is through an Education Services Grant (ESG) calculated on a per pupil basis according to the number of pupils for whom a local authority or academy is responsible.
- 3.4.6 The initial allocation for Havering for 2014/15 is £3,326,218 compared to an initial allocation of £3,510,598 in 2013/14. This reflects the number of schools and academies as at January 2014. This sum is reassessed on a quarterly basis to reflect the number of pupils attending academies.

3.5 Public Health

- 3.5.1 The Council first received a public health grant in 2013/14 of £8,833k. For 2014/15, in line with National agreements in relation to public health funding, *the public health grant for Havering has been raised to £9,717k. The Council is mandated to deliver against certain public health outcomes with this funding and the grant is ring fenced to be spent on public health priorities, that is, to improve the long term health and well-being of the population of Havering and to reduce health and well-being inequalities amongst the population.*
- 3.5.2 Though the Council inherited certain contractual commitments when it assumed responsibility for public health, the funding, though low in comparison with most other London boroughs, was not fully committed. It has therefore been important during the first year to assess health and well-being needs by improving the Joint Strategic Needs Assessment, assessing how Havering performs nationally and within London in respect of health and well-being and to assess how public health can best supports the wider strategic objectives of the Council.
- 3.5.3 The priorities set out below are informed by an analysis of the local public health outcomes as reflected in the Public Health Outcomes Framework and the Joint Strategic Needs Assessment. We will continue to monitor the health of the local population and adjust our priorities and plans as and when needed. Having undertaken this assessment the following have been identified as priorities for public health funding:

Children's health and well-being including reducing inequalities

- 3.5.4 Early intervention to allow all children to develop their true potential including targeted support for challenged families and appropriate early help for those with additional needs or where there are safeguarding concerns is a major priority for the council. Public health has a major part to play here linked directly into the early intervention programmes managed by children's services. This work will focus on:
- Commissioning health visiting and school nursing to respond to the growing children's population and the complexity of their needs. This is also linked to breastfeeding, weaning, obesity issues for young children

and pregnancy issues such as smoking, premature births and birth damage..

- There will be an added emphasis on adolescent health by working with secondary schools and colleges on a range of health improvement and prevention issues; sexual health (and teenage pregnancy), use of tobacco, drugs and alcohol, and healthy weight, nutrition, physical activity and early identification of mental health issues for adolescents.
- More preventative work to support troubled and chaotic families and children including commissioning services to address the toxic trio of domestic violence, drug and alcohol abuse, and mental health to prevent this resulting in long term well-being damage to the children involved, and focusing on early identification by improving the universal aspects of services.
- Commissioning, along with NHS colleagues, appropriate services for children with special educational needs and other specific needs to allow them the best possible start in life is a shared NHS, Public Health and children's services priority. Work will commence on a single shared plan to address this.

Support for older people and people with long terms conditions

3.5.5 A top priority for the council as a whole is to allow those with long term conditions or disabilities to live as independently and successfully as possible. It is also a top priority that the borough's large older population are able to be supported to live independently for as long as possible and to have appropriate community based support to do so. Priorities here will therefore be:

- Working with the NHS to ensure the Commissioning of improved pathways for dementia sufferers and ensuring a dementia friendly environment in Havering.
- Promoting wider and earlier recognition amongst partners of mental health issues to enable appropriate referrals to Psychological Therapies (IAPT), particularly for marginalised groups
- It is a shared priority for the NHS and the council to put in place community services that keep as many people away from acute admissions as possible and to allow them to be supported to live as independently as possible. Improved preventative work will continue with these groups to prevent deterioration.

Tackling Lifestyle Priorities that are fuelling poor health outcomes particularly for diabetes, cancer and COPD

- Children's obesity and reducing inactivity
- Adult's obesity and reducing inactivity
- Smoking cessation in line with best practise guidance
- Increased health checks for working age adults (through the NHS health checks programme) and children and younger people (as a result of re-commissioning school nursing) to reduce the prevalence of obesity, smoking, and harmful drinking and the burden of associated diseases.

- Drugs and alcohol best practice preventative work - linked to problem drinking (offenders), troubled families, problematic drinking and drug taking.

Wider considerations

3.5.6 Within these priority areas there is a need to review and adjust services for specifically marginalised groups for example review all services given new populations may have specific health support needs, e.g. South Asian population is at greater risk of Diabetes and Coronary Heart Disease.

3.5.7 In addition, the public health function supports Havering's CCG. The Council's strategy, in line with Government thinking, is to integrate commissioning with our health partners in order to provide better value for money and more seamless services to residents. Public Health will therefore continue to provide intelligence to assist both the council and the CCG with its commissioning intentions and work towards joint commissioning with health partners.

3.5.8 In addition, the Council's mandatory public health responsibilities, listed below, and any other commissioned health improvement services are delivered to a high standard and represent good value for money:

- provide appropriate access to sexual health services
- put in place steps to protect the public's health
- ensure NHS commissioners receive the public health advice they need (the core offer)
- deliver the National Child Measurement Programme
- NHS Health Check assessment.

3.5.9 Cabinet also agreed to delegate approval of a spending plan for the grant to Cabinet members at the last meeting. This will require consultation with Health & Wellbeing Board (HWBB).

3.6 Council Tax Freeze Grant

3.6.1 As indicated in previous reports to Cabinet, this grant was originally introduced for 2011/12, available as permanent grant funding across the whole of the CSR period. Further, subsequent, announcements have followed, with freeze grants being rolled into the formula grant, being removed, or being maintained as a separate grant funding source. The freeze grant for 2013/14 has, as part of this process, now been rolled into mainstream grant.

3.6.2 A further additional, new freeze grant has been offered to authorities for 2014/15, as previously advised to Cabinet. This equates to 1% of the Council Tax yield, and for Havering this is now worth around £1.1m. As in previous years, this is only available to those authorities who freeze the Council Tax, or reduce it. The grant will be available at the same level for both 2014/15 and 2015/16, ie a base grant of around £1m would apply in the first year and would remain in the budget in the second, with a further grant on offer for 2015/16.

3.6.3 The impact of scaling, referred to earlier in this report, does mean that, should the new freeze grants be rolled into mainstream grant at some future point, there is some risk the cash equivalent would reduce. However, the acceptance of the grant does provide further base funding without the need to raise Council Tax levels, which is clearly beneficial to our local residents, and representations will be made to ensure this funding is made permanent.

3.7 **New Homes Bonus**

3.7.1 The position with the New Homes Bonus (NHB) was set out at some length in the previous report to Cabinet. Given the fact that this funding stream is still expected to be reduced in a year's time, a prudent approach has been taken to what is now being built into the base budget, with an estimated sum of around £2.4m in 2014/15.

3.7.2 Any funds received beyond this base level will be taken into the Strategic Reserve until the future treatment of this grant is confirmed, which is now expected to be part of next year's settlement announcements. For 2014/15, this is likely to be in the region of £1m. As previously advised to Cabinet, it is intended to utilise those funds for one-off investment in 2014/15, and then to review the treatment of NHB as further announcements are made, or as the details of the next settlement are announced.

3.8 **General Inflation**

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

3.8.2 In most cases, the level of fees and charges has been held unchanged, to reflect the intended position around acceptance of the Council Tax freeze grant, though there are some changes in a small number of areas. Account is, as usual, being taken of any fees set statutorily, as these are outside the control of the Council. The schedules of fees and charges are set out in Appendix K for approval by Cabinet and the level of changes is being reflected in service budgets.

3.9 **Payments to External Bodies**

3.9.1 Details of the proposed contributions for 2014/15 for concessionary fares and the Taxicard scheme were included in the previous report to Cabinet; these will now be £7.869m and £150k respectively.

3.9.2 The Council's payments for the London Councils Subscription and London Boroughs Grants Scheme were also reported to the previous Cabinet meeting and the contributions will now be £143k and £259k respectively. There are one-off rebates of £61k from these two areas and, as previously

advised to Cabinet, given that this is such a small sum, and to avoid changing the base contribution, it is proposed to take this sum into the Strategic Reserve.

3.10 Transformation Funding

3.10.1 As set out in the previous report to Cabinet, to provide funding to enable the Council to deliver a sustained transformation programme, the original base budget provision of £1m has been retained, rather than removing this as a saving. Given the potential scale of budget gap in coming years, it is increasingly evident that the Council will need financial resources to fund the delivery of its long term budget strategy. This will require both this base budget sum and the use of one-off reserves.

3.10.2 Cabinet has previously agreed that any underspends will be allocated into the Strategic Reserve for potential use to fund transformation activities. The deployment of these funds will be determined as part of the overall planning for the implementation of the new financial strategy.

3.11 Business Development

3.11.1 The Towns and Communities Goal of Living Ambition has always shown increased economic prosperity of the Borough as a key priority. A Business Development strategy was presented to Cabinet last year. This has included work to strengthen the position of Romford as a retail centre and maximise the opportunities presented by cross rail, the development of new partnership propositions in Rainham and to position the borough to increase the amount of inward investment. This has included developing regular dialogue with property agents and the development of an inward investment website to promote the borough. The business voice board has been established, regular 121 meetings are held with major local businesses and we have been very encouraged by their support for marketing the borough. Key areas of development activity include skills and employments issues and work to make the councils procurement processes more transparent to local businesses.

3.11.2 Business rates remain a key issue in terms of our funding strategy. Business rate pooling has been agreed with Thurrock, Basildon and Barking and Dagenham. The resultant benefits include a top slice of £250k for joint projects. We are currently working with Barking and Dagenham and the GLA to bring sites into use in Rainham and with Thurrock to look at how best to maximise the benefits from the port. Further plans around the strategy will be brought back to Cabinet as part of the new financial strategy.

3.12 Demographic Growth

3.12.1 In recognition of the impact of increasing demand for social care services, driven by an increase in both the size of the population and the needs of individuals, provision was first introduced in the 2011/12 budget to accommodate this. A similar sum was included in 2012/13, based on changes to population size, and subsequently for 2013/14.

- 3.12.2 Since the inclusion of this growth sum for 2013/14, the overall position within Children, Adults and Housing has stabilised. This is due in part to the availability of the NHS support for social care funding – now the Better Care Funding – which for 2014/15 will rise to over £4m. Given the forecast position across social care services for 2013/14, it is evident that the growth provision for that year will not be required, as any pressures this may have led are being absorbed within the available funds. As this growth provision is no longer required, it is proposed to remove this provision from the budget in full; this is reflected in the table below.
- 3.12.3 The previous report highlighted a number of areas where Havering's demography is undergoing a significant degree of change. This is partly driven by an ageing population, but also by the significant increase in the number of properties. There is also a range of changes affecting social care, with two new bills in the offing. These in turn will impact on a range of services. It is difficult to assess exactly what effect this will have on the Council's spending plans, but it is inevitable the level of cost incurred will rise. As Cabinet will be aware, there is a significant rise in pupil numbers projected between now and the end of the decade, rising from just below 20,000 to over 24,000; and with a further projected rise to over 25,000 by 2023. This increase will clearly bring with them additional special needs, again very difficult to assess, but with a rise approaching 20 to 25%, a similar rise in special needs would not be unreasonable to anticipate.
- 3.12.4 The previous report highlighted two new bills with potentially a significant impact on social care spend and service demand. In particular, the Children & Families Bill, which is due to receive assent later this year, and is due to commence in September, has potential financial consequences, although demand will also be impacted on by the changing demographics. Work on financial modelling is currently being undertaken and an initial assessment has been arrived at. Given that the Bill only has a part year effect in 2014/15, this is now not expected to be material, but the outcome of this assessment has been reflected in the table set out below.
- 3.12.5 A broad assessment of the impact of both legislation and demographic change has been undertaken to determine what level of provision should be made within the 2014/15 budget, and this is set out in the table below. This is extremely broad and it is highly likely the actual change in any one area would be higher or lower than indicated. There is equally a risk that all elements will rise higher than the estimated value, although for a single year, this is felt to be a low level of risk; that may clearly not be the case over an extended period of time.
- 3.12.6 As part of this assessment, account has been taken of pressures flagged in the previous report to Cabinet around Special Educational Needs. A variance has been identified in the current year and this is likely to continue into 2014/15, as the academic year runs over into it. A review will be undertaken to determine how the services can be modelled, reflecting the likely demand from the start of the new academic year, and the outcome of that review will be reflected in the new financial strategy. For 2014/15, it is felt that the provision below should enable any on-going pressure to be

contained. The overall sum now proposed is £3m and this is broadly made up as follows:

Area of Change	Estimated Value £m
Changes in demography/impact of legislation:	
Adults	1.3
Special Educational Needs	0.5
Children	0.2
Changes in property base:	
Waste	0.5
StreetCare (non-waste related)	0.25
Other services	0.25
TOTAL GROWTH PROVISION 2014/15	3.0

3.12.7 It should be borne in mind that this assessment is prone to variation and any funds allocated specifically to services will only be based on demonstrable changes in demand and associated costs. There is no exact way of determining what actual demand changes will occur, until they do actually arise. However, the potential scale means it is felt that the only robust approach to be taken is to make specific provision. It is likely that changes in numbers and demand will become evident as the year unfolds, and this will need to be quantified by service managers. Any such changes will be highlighted in future budget monitoring reports, prior to any funds being allocated on a permanent basis, and these in turn will be included in any future reports to Cabinet on the budget process.

3.12.8 A further review will be undertaken during the course of the year, to assess the level of changes that have occurred during the year and to what extent further changes are predicted for the coming years. From a financial perspective, it is proposed to build a sum into the future budget strategy, consistent with the approach taken in recent years, but aligned to take into account the changing demographics in Havering. This will ensure that the strategy properly reflects the future shape of Havering's community.

3.13 **Levying Bodies**

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

3.13.2 The ELWA budget is now due to be approved at the board meeting on 10th February. The budget report has now been published and the figures contained within it are now reflected in this report, and the proposed budget for 2014/15.

3.13.3 The report indicates that Havering's levy for 2014/15 will now be £11.990m. This represents an increase of 2.9%, or £337k. Three of the four constituent boroughs will see rises in their levy contribution, with the fourth, Newham, showing a reduction; this is due to changes in tonnage and council tax base.

Subject to final approval by the Authority, this sum is reflected in the draft budget for 2014/15. This is slightly lower than the sum that had been planned for, so represents a small, but welcome, gain. The report sets out indicative figures for the subsequent two years, which again are lower than has been reflected in the Council's medium term plans, although the report does suggest that beyond that, significant rises in the levy are likely.

3.13.4 For planning purposes, an increase of 5% in the remaining levies had previously been anticipated, although in financial terms, this only equates to around £37k. The final figures are dependent on the Council Tax base for each funding authority, so the provisional levies for 2014/15 are currently awaited. The figures included in the Council Tax statement are therefore estimates.

3.14 **Collection Fund and Council Tax Base**

3.14.1 As part of the administration and management of Council Tax, the Council has been required to maintain a separate Collection Fund Account into which its Council Tax receipts have been paid. Since April 2013, this now also includes Business Rates. This has seen a significant change in the scale of transactions being processed through the Fund.

3.14.2 Each year, any surplus balance on this fund must be used to reduce the Council Tax in the following year, and any deficit must be met by increasing the Council Tax, or if significant by making a contribution to the Fund to keep it in balance. The budget setting process must take the position on the Fund into account, although clearly the final year end position will not become known for some months. So a prudent assessment is made of the forecast position and that is then reflected within the budget.

3.14.3 The Collection Fund is operated on behalf of both the Council and the GLA. Any contribution to and from the Fund is split on the basis of their respective responsibilities. The Fund operates in such a way that even very minor variations in recovery levels will affect the Fund balance. Thus, a shortfall in recoveries can lead to a deficit on the Fund, as will changes in discounts and bad debts.

3.14.4 Havering's business rate yield for 2014/15 has been estimated at £21.6m. As per last year, there are still significant risks surrounding appeals as there are still a large number of material cases outstanding. It is understood that there is still a range of outstanding appeals currently with the Valuation Office, although a consultation on the appeals process is underway. Whilst not all these appeals will succeed, any that do succeed will immediately impact on the Council's financial position from April.

3.14.5 If the level of appeals is higher than that allowed for in the calculations, there will be a loss of funds, as the gap between the actual business rate yield and the calculated one will grow. This will impact on the Council's ongoing financial position, aside from the one-off cost effect of any refunds that are needed. This is a significant risk and one which requires due consideration as part of the budget setting process. As per the Autumn Statement, the

Valuation office have committed to clear 95% of cases by July 2015 which has the potential to dramatically affect the 2014/15 position.

- 3.14.6 As part of the retention of Business Rates, local authorities are required to estimate the 2013/14 position in order to fund any anticipated surplus or deficit in the 2014/15 budget. As part of this estimate, Havering will need to create a provision as a result of appeals that occurred since 2005 previously the responsibility of Central Government. As a result, a deficit of £3.1m has been estimated for 2013/14 of which Havering's 30% share is £920k, which will be required to be funded from the General Fund budget in 2014/15.
- 3.14.7 With this in mind, it will be necessary to create a provision within the budget of around £1m to ensure that this gap can be covered. The actual position will depend on circumstances occurring during the course of the year. However, Cabinet needs to be aware that there is a risk that this gap will grow further in subsequent years, and this area will require careful scrutiny over coming months to determine what impact this will have on subsequent budgets. The business rates pool does provide a degree of mitigation and the position will need to be reassessed once the figures for the pool have been updated.
- 3.14.7 At the point of finalising the 2013/14 budget, a deficit of £600k was forecasted on the Collection Fund. The outturn position improved and the balance on the Collection Fund by the end of 2012/13 was a deficit of £455k. The difference between the forecast and outturn needs to be fed into the 2013/14 January estimate alongside the in-year position. Based on the latest available information, it is anticipated that the Fund will in fact show an in-year surplus of £1m and the overall balance on the fund of £1.145m by the year end.
- 3.14.8 For the 2014/15 budget, it is the forecast position on the Fund at the end of the current year that needs to be reflected in the detailed budget, as this is then fed into the precept payments for that year. Given the volatility within the Fund and the changes that the new funding system brings, predicting the position is extremely difficult. A prudent approach has been taken in the forecast and as a result, Havering's share of the surplus is £913k, which is reflected in the overall budget and Council Tax statement. This represents a net gain of around £1.5m from the current position, although as can be seen elsewhere in the report, there is a forecast gap in business rates which this change compensates for, and for which a separate provision is being created.
- 3.14.9 The Council Tax base is reviewed each year to take account of new properties and changes to other factors, such as exemptions and discounts. As previously reported to Cabinet, for 2014/15, the base will be 80,183. One impact of this change in calculation has been on the distribution of levies, which has become evident with the ELWA levy.

3.15 **Proposals – Budget Savings and Budget Adjustments**

- 3.15.1 As set out in the January Cabinet report, the financial climate has meant that scope for any further investment, or ability to absorb additional pressures, is

extremely limited. The reports to Cabinet in July 2010 and 2011 set out a range of savings proposals aimed at bridging the forecast gap expected to arise from both the Emergency Budget and the CSR, and designed to deliver savings of approaching £36m over a 4 year period. These savings proposals are in the process of being implemented, subject to consultation where appropriate, and are being included in the 2014/15 budget. An analysis of the services where these savings fall was included in the previous report to Cabinet.

3.15.2 The January report included a small number of unavoidable budget adjustments, mainly pressures. The final proposals are set out in Appendix F. As previously reported to Cabinet, only those budget adjustments that are unavoidable have been included. These have generally resulted from circumstances outside the control of the Council or where it has not proved possible to achieve the originally planned savings.

3.15.3 Given items in the original schedule are unavoidable, these have been retained; the only amendments to this list are as follows

- The original schedule included an item for the Children & Families Bill, with the amount to be confirmed; for 2014/15, this is now broadly covered by the demographic growth item within the budget, which will be £3m, and as set out in section 3.12 above
- The position for utility inflation has been reviewed to take into account the most up-to-date information available, and this has resulted in the sum required rising, and this has now been included in the schedule
- The previous report to Cabinet highlighted potential savings from the street lighting and waste collection contracts. The latter was being considered by Cabinet at its January meeting, however, any revenue savings will be for a part-year only, so it is proposed to build any permanent savings into the 2015/16 budget. The estimated savings from the street lighting contract have been assessed as £157k in 2014/15, and this has now been added to the schedule; these are expected to rise to £213k the following year.

3.15.4 Whilst the overall financial position for 2014/15 is still broadly in line with previous assessments, all local authorities have had to face unprecedented change in their funding arrangements. The degree of uncertainty facing local authorities has remained at a high level and further changes to the business rates system, less than a year after localisation, has potentially increased that uncertainty even further. Aside from the potential impact of growth in both scale and need for social care services, and the imminent raft of legislation in that area, local authorities will now carry additional risk resulting from the localisation of both business rates and Council Tax support. Changes in local taxation yield, collection rates, appeals and claims for Council Tax support may all lead to an adverse financial position, as these will now impact directly on the Council.

3.15.5 This risk has been mitigated by the creation of the business rates pool, as set out in the previous report to Cabinet. This offers potential gains to Havering arising from business rates growth and also affords a greater degree of security over business rates yield.

- 3.15.6 Cabinet will recall that, at the point of setting the 2012/13 budget, it was recommended that a Special Corporate Budget Provision should be created. This was intended to provide a suitable cushion that would provide funding to ensure that the Council was well-placed to absorb the impact of fundamental changes to its funding base, as well as a number of other issues
- 3.15.7 The sum in this provision was increased as part of the 2013/14 budget to reflect growing financial risks. A separate Provision to cover any potential shortfall in business rates income and any rise in CT support payments arising during the first year of localisation was also agreed as part of the 2013/14 budget.
- 3.15.8 Following a review of the financial position and the impact of the changes to the funding system, the issues for which these provisions were originally created are unlikely to have any adverse financial impact that cannot be contained within the overall budget. Therefore, as previously planned, it is now proposed to remove these Budget Provisions in full, and this is reflected in the overall budget proposed for 2014/15. This, of course, is not without a degree of risk, but officers believe the current financial climate is sufficiently stable to remove these provisions from the base budget.
- 3.15.9 The budget proposals, which have been open for public consultation since January, and the information set out in this report, explain how the Council will prioritise funding for next year, while enabling the Council Tax to be held at the same level as the previous year, ie **no change is being recommended to Council.**

3.16 **Current Financial Position – Revenue**

- 3.16.1 The development of the financial strategy and detailed budget needs to take recognition of the financial position in the current year. Previous reports to Cabinet have set out the position for the current financial year; these have shown an overall underspend position, although a number of adverse variances have been effectively covered by underspends in corporate provisions. The January report set out a summary of the position at period 6 and this indicated an overall overspend of around £0.6m at service level, excluding the position on the Collection Fund.
- 3.16.2 The most recent revenue monitoring reports covers periods 7 and 8, October and November. These are exception-only reports; for period 7, this shows an increase in the service overspend to around £1.4m, whilst the period 8 report shows a further increase to around £1.5m. Neither of these forecasts takes into account the position around the Collection Fund.
- 3.16.3 The latest report shows a small number of adverse movements since period 6, principally in social care services, but also a reduction in income in Regulatory Services. There still remains a significant balance on the Contingency Fund, which has yet to be reflected in the forecast; this is usually only declared much closer to the end of the year, once there is a high degree of certainty over the outturn position if called on, and as indicated elsewhere in this report, the Corporate Provisions created to

provide a buffer against adverse circumstances are also potentially available to compensate for any service overspends.

- 3.16.4 Part of the planning process ensures that any in-year variances are fully assessed and taken into account. This was referred to in the January report. The analysis of variances has now been undertaken and this is set out in Appendix K.

3.17 Pension Fund Investment

- 3.17.1 As set out in the previous report to Cabinet, it has been intended to generate a significant one-off cash investment in the Pension Fund. This would enable a separate portfolio to be maintained for investment in local infrastructure. This would also allow the revenue impact of contributions to the Fund to be mitigated, as the investment would allow the proposed revenue contributions to be reduced.

- 3.17.2 The Council's actuary has confirmed that a material cash investment would enable the Council to reduce the planned revenue contributions over a period of three years. Given the overall scale of the budget gap, both currently and in the period to come, this is clearly a beneficial step. The actuary has confirmed that they would certify the minimum contribution that needs to be paid each year following the formal valuation, and that there is nothing in the Regulations that prevent an authority from making a cash sum contribution. In this case, the cash sum would be in relation to the past service deficit.

- 3.17.3 With this in mind, and given the funds already available from the Strategic Reserve, it is therefore proposed to allocate a cash sum into the Pension Fund, and Cabinet is asked to approve this approach. The exact amount is still to be determined and the decision will be taken once the outturn for 2013/14 is clearer, closer to year end. Cabinet is therefore asked to delegate the final decision on the level of investment to the Leader and the Cabinet Member for Finance, in consultation with the Group Director Resources. Decisions on the deployment of these funds will rest with the Pensions Committee, alongside the remainder of the investment portfolio.

- 3.17.4 There are alternative uses for these funds, accepting that they are basically only available for one-off purposes. They cannot, however, be used to address any funding gaps within the Council's general fund revenue budget, as this is not felt to be financially prudent, and is in any event precluded by the Council's revenue budget strategy. It is also a fact that any returns from the Pensions Fund are likely to significantly exceed any equivalent interest earned from cash balances. Not making this one-off investment would simply lead to a bigger revenue impact at a time when local authority finances are already severely stretched and it is therefore felt this is the most appropriate use of these funds.

- 3.17.5 One other issue that may impact on the financial position arises from imminent changes to the Local Government Pension Scheme (LGPS). These changes will apply from 1 April 2014. This is currently being looked at, to determine the potential effect on contribution levels. Should there be

any adverse financial consequences, these will need to be quantified and reflected in the future budget strategy.

3.18 Fees & Charges

3.18.1 The fees and charges are broadly being held at the same level as currently, though in some areas these are being increased by an average of 1.5%, allowing for those set outside the Council's control. A complete Schedule of Fees and Charges is set out in Appendix L and is presented to Cabinet for approval as part of the 2014/15 budget. The Schedule will be held on the Intranet and will be available via the Council's website.

3.18.2 Fees and Charges continue to be reviewed and amendments made in line with strategic priorities, and the results of the consultation process for services to be paid for at the point of delivery, rather than through Council Tax increases.

3.19 Members Allowances Scheme

3.19.1 The proposed Scheme for 2014/15 is being prepared concurrently with this budget report for consideration and approval by Council.

3.20 Contingency Provisions

3.20.1 The level of contingency has been reviewed in the context of the budget set out for Cabinet. The Chief Finance Officer (CFO) has set this by having due regard to:

- The budget as proposed
- An assessment of unquantifiable pressures and unforeseen events that could arise during the 2014/15 financial year
- The experience in previous years
- The degree of uncertainty as well as known impact of changes to funding streams
- The potential effect of changes to both the Business Rates system and Council Tax support payments, though these are now becoming clearer and there is as yet any adverse impact
- The overall budget strategy.

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

- Financial risks in any significant new funding partnership arrangements
- The on-going economic climate
- The potential withdrawal of and/or reduction to grant funding
- Treatment and delivery of savings
- Level and timing of capital receipts
- Arrangements for budget and financial management
- Adequacy of the authority's insurance arrangements

- Impact of the loss of both general and specific grant
- Overall financial standing of the authority
- Capacity to manage in-year budget pressures.

3.20.3 The result of the assessment is that it is the view of the CFO that a sum of £2m continues to provide a sufficient revenue contingency to deal with any issues arising during the course of 2014/15, having regard to the level of risks and the mitigating factors, and taking into account the proposed additional budget provisions being established to provide sufficient capacity to absorb any adverse impacts arising under the new funding system. Any issues that have a longer term impact will need to be considered as part of the budget setting process for 2015/16 and beyond; the purpose of the Contingency Fund is to provide funds to address issues that impact specifically on that year.

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

3.21 **Budget Robustness/Reserves Position and Opportunity Cost**

3.21.1 The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget and the adequacy of General Fund reserves. The Act requires the CFO to report to an authority when it is making the statutory calculations required to determine its council tax or precept. The Act also suggests the advice should be given prior to the formal statutory calculation. This advice has therefore been given to both Cabinet in formulating proposals and to members of Overview and Scrutiny in considering the proposals. The Act also gives the Secretary of State the power to specify a minimum level of reserves that an authority must provide for when setting its budget, although there have been no indications that the Secretary of State will use this power.

3.21.2 In line with the requirements of the Act, the formal report of the CFO is appended as Appendix H. The Council is required to take the report into account when making the calculations.

3.21.3 The Council's financial strategy sets out that the minimum level of General Fund reserves held will be £10m. Prior to making a final recommendation to Council, there is a need to further consider the current financial position for 2013/14 and its potential impact on reserves. Equally, the importance of retaining sufficient reserves has been emphasised by the variances that have arisen in service areas with large and volatile budgets and service demands, and with the impact of the economic climate within recent years.

3.21.4 After having regard to the consideration of the impact on reserves of the 2013/14 outturn, the existing reserves are likely to be sufficient to maintain this level. For information, this provides a level of reserves which gives limited cover for unforeseen circumstances that may have financial consequences, either one-off or across financial years.

3.21.5 The more detailed advice of the CFO in respect of reserves is also set out in Appendix H. This covers both the assessment of the level of reserves needed, and the opportunity cost arising from holding reserves.

3.22 **Balance Sheet Position**

3.22.1 The focus of the revenue budget strategy is on the Council's income and expenditure. However, regard also needs to be given to key balances included in the Council's Balance Sheet. The Council faces a number of risks and uncertainties which can be mitigated by:

- Ensuring that it maintains an appropriate level of liquid resources, and
- Maintaining an adequate level of general fund reserves and balances.

Liquidity

3.22.2 The Council has historically held approximately £100 million in cash on average during the course of the year. This represents the value of the Council's revenue reserves, net current assets, unapplied grants and unapplied capital reserves. Other than reserves, this is money that is committed and is being held pending such expenditure. Given gross expenditure in the region of £600 million, this represents around two months of expenditure.

3.22.3 Average cash holdings have in fact changed considerably since the inception of the new funding system, including the localisation of business rates and Council tax support. As a result, the level of cash holdings is now running at a much higher level, although paradoxically, the level of returns potentially available from these holdings has reduced considerably.

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

Earmarked Reserves

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

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

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

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

3.23 **Financial Prospects**

3.23.1 Previous reports to Cabinet have indicated the potential scale of the future budget gap over the next four year period, commencing in 2015/16. With the grant announcements set out in the LGFS for that year, and previous information contained within successive ABS announcements and the CSR over the summer, an overall budget gap of has been identified. Taking into account a potential loss of funding of up to £25m, this gap could be as much as £60m. This includes an assessment of how Government funding might reduce, but given the scale of reductions over the next two years, it is entirely feasible that mainstream grant funding will disappear entirely; certainly, the projections produced by officers indicate this is a strong possibility.

3.23.2 The overall size of the budget gap – and the fact that it is heavily front-end loaded, with potentially up to £40m falling into the first two years – mean that the development of a new financial strategy is essential. Cabinet has previously been advised that a report, setting out the proposed strategy, will be brought back to Cabinet at some point during the Summer, once it has been discussed with the incoming Administration. Work on this has commenced, but the focus of attention for now has been the setting of the 2014/15 budget.

3.23.3 The previous report to Cabinet set out at some length the background to both the ABS and the LGFS, and a review of funding drivers within the current funding system. As Cabinet will be aware from that report, the funding system is basically frozen until the end of the current decade. However, Havering is now seeing a significant change in its demographics, both in terms of property base and population. There is therefore a significant risk that Havering's central funding will become even more distanced from the needs of our local community, with an increasing reliance on Council Tax and Business Rates.

- 3.23.4 There is also a significant change imminent in social care legislation, with two new bills currently progressing through Parliament, and fundamental changes being made to the NHS funding (the Better Care Funding – BCF – stream, which was covered in the previous report to Cabinet). Whilst additional funding is being provided, it is far from clear what the financial effect of these changes will be, and whether the funding will match the financial consequences. There is a specific issue relating to the BCF which is considered below.
- 3.23.5 Havering is already disadvantaged by both the historic and current funding regime. This position will be worsened unless appropriate levels of funding are provided to match the new responsibilities the Council will be taking on, and to properly reflect both the change in demographics and associated needs of our local community. The potential impact of changes in demographics and demand for services is highlighted in section 3.12 of this report. Given that the current funding system is frozen, it is hard to see at this time how these changes will be reflected in Government funding; not the least because there appears to be an inevitability this will continue to reduce. This could potentially mean the financial impact of these changes will fall solely on local taxpayers.

3.24 **Better Care Fund (BCF)**

- 3.24.1 Information about the Better Care Fund was set out in the report 'The Council's Financial Strategy' to Cabinet on 22 January 2014, including funding allocations for 2014/15 and 2015/16. Allocations for both financial years have now been confirmed. The first draft of the BCF is due to be submitted to NHS England on 14 February 2014, with the final submission to be submitted by 4 April 2014. Both the draft and final submission must be ratified by the Health and Well-being Board.
- 3.24.2 As noted in the previous report to Cabinet, for 2014/15 Havering will receive an additional funding over above the £3.599 million received in 2013/14. The confirmed allocation for 2014/15 is £4.609 million. As noted previously, NHS England will only pay out the additional funding for 2014/15, to those localities who have agreed their plans for the introduction of the Better Care Fund starting from 2015/16. The conditions of this transfer to local authorities are the same as in previous years, via section 256 agreements.
- 3.24.3 In 2015/16, Havering as a locality, will receive £15.49 million and £1.39 million in capital grants (covering Disabled Facilities Grant, and the Adult Social Care Community Capital grants), bringing the total BCF for the Havering locality to £16.88 million for this first year. Funding for the BCF in financial years beyond 2015/16 is not yet known. The Fund will put into a pooled budget under Section 75, with appropriate governance arrangements agreed across the Clinical Commissioning Group and Local Authority. The Funding will be routed through NHS England to protect the overall level of health spending and ensure a process that works coherently with wider NHS funding arrangements.
- 3.24.4 As previously reported to Cabinet on 22 January 2014, part of the 2015/16 release of funding will be dependent on achieving agreed performance

targets across the 2014/15 financial year. The Local Authority and Clinical Commissioning Group, have therefore been working closely in completing the templates provided, including agreeing our 5 year strategy about integration of services, as well as joint commissioning arrangements. This has also included agreeing both the performance metrics and funding streams that will go funnel into the BCF from 2015/16 from the Local Authority and Clinical Commissioning Group.

- 3.24.5 The BCF plan will also set out how the Local Authority, in working with the Clinical Commissioning Group, includes preparation for the implementation of the Care Bill, and protects social care services.

3.25 Draft General Fund Budget 2014/15

- 3.25.1 Based on the detailed budget proposals and other factors set out above, the Council's General Fund budget for 2014/15 will be as set out in Appendix E. This is summarised as follows:

	2013/14 £000	2014/15 £000
Havering's Services	169,526	167,061
Levies	12,422	12,788
Total Expenditure	181,948	179,849
Non-ringfenced Grant	-12,374	-14,302
External Finance inc Collection Fund	-74,675	-69,714
Havering's Precept	94,899	95,833

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

	£000
Pressures, demographic growth	2,012
Inflation	2,385
Levies	376
Savings	(4,322)
Net change in provisions and other adjustments	(4,604)
Net reduction in Government funding/Collection Fund movement	5,087
NET TOTAL	934
Met by changes in Council Tax base	(934)

3.26 Draft Schools' Budget 2014/15

- 3.26.1 A summary of the Dedicated Schools Grant (DSG) for 2014/15 is set out earlier in this report and the relevant Appendix.

- 3.26.2 The Schools' budget is also set out in Appendix E and is summarised as follows:

Estimated Allocations	2013/14 £	2014/15 £
Estimated Total DSG to Education Providers	114,845,391	111,828,187
Estimated Total DSG to be Retained Centrally	11,442,553	11,238,813
Total DSG Allocation	126,287,944	123,067,000

3.27 **Havering Council Tax Precept for 2014/15**

3.27.1 On the basis of the information set out in this report, including the levies being those as set out in Appendix D, there would be no change in the Havering element of the Council Tax. **Havering's band D figure would remain at £1,195.18.**

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

3.28 **Expenditure Restriction by Government**

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

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

3.28.3 The level relating to Havering has previously been set at 2%. However, as the previous report explained, a consultation process is underway around this level, and there is a distinct prospect this could be lowered. It is also possible that the level will now be set until after final budget proposals have been published. That said, as the Council is taking advantage of the Council Tax freeze grant, this restriction will not apply.

4. **Capital Programme**

4.1 The Council has historically approved a three year rolling Capital programme, with a detailed programme for the first year and an indicative programme for the subsequent two years. The Programme has remained reliant on funding through the generation of capital receipts, although consideration had been given to a transitional process, with a gradual move towards the use of prudential borrowing to finance it.

4.2 Changes in the cost of prudential borrowing through the Public Works Loans Board were previously announced as part of the CSR. Given the ongoing financial climate, it is now felt that the Council's immediate budget strategy should not incorporate the use of prudential borrowing, with minor exceptions. It is therefore proposed that the Capital Programme for the

foreseeable future should rely on the use of capital and Section 106 receipts and any sources of external funding only.

- 4.3 With this approach in mind, the proposed overall programme was submitted as part of the report to the previous Cabinet meeting. This included a detailed schedule of schemes within the core programme for the coming financial year, 2014/15, together with an overall programme for schools. The latter has now been developed in detail and a proposed two year programme has now been produced. These are included in Appendix I. Detailed schemes within the remaining year of the core programme will be brought forward at the appropriate time. This will reflect any changes in the forecast position with capital receipts, and other funding flows where appropriate.
- 4.4 There are also some other areas where grant funding has already been announced, or where a level of funding for 2014/15 could reasonably be assumed. The major area of funding is from Transport for London (TfL), where the Council has been awarded an overall sum of around £3.1m for next year. These grant areas are shown in the Appendix. Although these grants are allocated by individual Government departments, with a clear indication how they would expect these funds to be utilised, with the exception of the TfL funding – and consistently with revenue grants – these funds are non-ringfenced.
- 4.5 To ensure that specific schemes can be progressed, and bearing in mind that the actual sums announced may differ from those shown, it is proposed to adopt a similar approach with capital grants as that proposed earlier in this report for revenue.
- 4.6 With this in mind, Cabinet is asked to approve the capital programme as set out in Annexes 2, 3 and 4 of Appendix I for 2014/15 and, for schools, for 2015/16.
- 4.7 It is proposed, to enable any specific schemes to proceed in a speedy and timely manner, that the relevant service area Cabinet Member, together with the Cabinet Member Value, be delegated authority to commence tender processes and accept tenders for capital schemes that previously were agreed by Cabinet. Cabinet is asked to approve this as part of this report.

5. **Treasury Management Strategy**

- 5.1 The Council is required to agree annually a Treasury Management Strategy including the setting of borrowing limits, and to reaffirm the Council's Treasury Management Policy.
- 5.2 Given the importance of the Investment Policy, this is repeated below:

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

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

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

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

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

6. Greater London Authority

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

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

6.3 The GLA budget was published for consultation in late December. The proposals set out the Mayor’s plan to reduce the GLA precept for 2014/15 from the current level of £303 at band D to £299, a reduction of around £4 or 1.3%. The Mayor's final draft consolidated budget is due to be published on 6th February, the final budget proposals being considered at the Assembly meeting scheduled for 14th February.

6.4 As this meeting falls two days after the Cabinet meeting, should there be any change from the Mayor’s proposals, this will be advised to Members accordingly, and reflected in the report to Council.

7. Overall Council Tax for 2014/15

7.1 The table below summarises the position:

	£	% Increase/ (Decrease)
Havering Precept	1,195.18	0.0%
GLA Precept	299.00	(1.3)%
Total	1,494.18	(0.3)%

8. **Other Matters**

8.1 **Council Tax Bill**

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

8.2 **Restriction on Voting**

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

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

Any Member in doubt as to the position may seek advice from the Group Director, Resources, or the Assistant Chief Executive, Legal & Democratic Services, before the meeting.

8.3 **Effect of Council Procedure Rules**

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

Rule 11.8(a)

"An amendment to a motion/report at the annual Council tax setting must be submitted to the Chief Executive no later than 6 clear days before the Council tax setting meeting, and must be such that the amendment would, if passed, in the view of the Chief Finance Officer enable a robust budget to be set".

This means that **Midnight on Monday 17th February 2014** is the deadline for amendments to the Council Tax Setting and Budget Report.

Rule 11.8(b)

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

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

8.4 Discount For Council Tax Payers Paying In Full

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

Resolution

"Any Council Tax payer who is liable to pay an amount of Council Tax to the authority in respect to the year ending on 31st March 2015, who is served with a demand notice under Article 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 and who makes payment to the authority of the full balance of the estimated amount shown on that demand by 1st April 2014, may deduct a sum equivalent to 1.5% from the estimated amount and such reduced amount shall be accepted in full settlement of that estimated amount".

8.5 Resolution for Council Tax

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

9. Prospects for 2015/16 and beyond

- 9.1 The report to Cabinet in July 2010 anticipated to a large extent what has now been revealed by the successive announcements of the CSR and the provisional LGFS. In very broad terms, there has been as expected a major reduction in funding from Government for local authorities, through reductions in grant funding and in the cessation of a wide range of specific and area based grants. Whilst the Council's early start in approaching the expected reductions has meant Havering is well-placed in responding to CSR and LGFS, the scale of the reductions has proved to be even higher than had been anticipated.

- 9.2 The previous report to Cabinet set out the potential scale of budget gap in the period between 2015/16 and 2018/19. Whilst this is speculative, it does give a scale to the gap between forecast spend on services and Government funding over that period, and is a reasonable basis on which to develop a longer term financial strategy. The sheer scale of this gap – now reckoned at around £60m – is significant, and it is simply not feasible that such a gap could be bridged by Council Tax rises alone.
- 9.3 The current Government CSR is scheduled to run to and including 2015/16, although a review was undertaken during the Summer of 2013, which has led to the additional funding reductions now seen for that year. It is assumed that a new CSR will be developed by the incoming Government immediately after the General Election in 2015, and this would be expected to cover the period from 2016/17 through to 2020/21. Given the timing of the next local elections, and the lag between agreeing new proposals and their implementation, it is intended be prudent to develop a new financial strategy for immediate consideration by the new Administration in June 2014.
- 9.4 It is therefore proposed to continue work on developing a range of outline proposals for early discussion with the new Administration, with a report to Cabinet setting out the revised budget gap, the proposals to address it, and the relevant timescales. This report will be presented to Cabinet as soon as possible after the Administration takes office. These proposals will take into account not only the revenue position, but also the longer term approach to capital investment.
- 9.5 It will inevitably be necessary to refine those plans once the full details of the new CSR have become available, and further when these are reflected in the settlement for 2015/16 and for the years beyond it. However, accepting that a degree of change is inevitable, the scale of the gap makes it imperative that plans are in place to agree a strategy with the new Administration as early as possible after the local elections.

10. Housing Revenue Account

- 10.1 The report on the HRA budget for 2014/15 appears elsewhere on the agenda. This includes both the revenue budget and the associated capital programme.

REASONS AND OPTIONS

Reasons for the Decision

The Council is required to set a budget for 2014/15 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

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

IMPLICATIONS AND RISKS

Financial Implications and Risks

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

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

Legal Implications and Risks

Any implications are set out above, or in the appendices.

Section 106 of the Local Government Finance Act 1992 imposes restrictions on voting in respect of any Member for whom any Council Tax has remained unpaid for at least two months.

A specific exemption is included in the Code of Conduct for Councillors to permit them to take decisions on the level of Council Tax despite it being a financial interest which normally would bar them from being involved in the decision making process.

Any Member in doubt as to the position may seek advice from the Group Director, Resources, or the Assistant Chief Executive, Legal & Democratic Services, before the meeting.

Human Resource Implications and Risks

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

Equalities and Social Inclusion Implications and Risks

The Council's Corporate Plan and MTFS affect all residents and organisations within the community. Consultation on the proposals has been carried out as part of the planning process, and all individual savings proposals, particularly those affecting levels of service delivery, are subject to equality analysis as part of the process. The Council publishes equality analyses regularly on its website at <http://www.havering.gov.uk/Pages/Services/Equalities-and-diversity-assessment-and-consultation.aspx>

Staff Contact: **Andrew Blake-Herbert**

Title: **Group Director
Resources**

Telephone: **01708 432218**

CHERYL COPPELL
Chief Executive

BACKGROUND PAPERS

Revenue monitoring report period 7 2013/14

Revenue monitoring report period 8 2013/14