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MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 11 February 2015
(7.30 - 8.40 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

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

Councillors Ray Morgon, David Durant, Keith Darvill, David Johnson and Ray Best also attended.

There were no members of the public and no representatives of the press present.

There were no disclosures of pecuniary interest.

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

35 MINUTES

The minutes of the meeting held on 21 January 2015 were agreed as a correct record and were signed by the Chairman.

36 THE COUNCIL'S BUDGET

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

Cabinet was informed that the report before it outlined the context within which the 2015/16 budget was being set and identified the Council's overall policy direction, statutory duties and financial strategy.

The Council's budget needed to reflect the level of funding allocated to it by the Government. Cabinet received reports in May and September 2014 which provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The September report also set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next four years. It contained specific proposals to bridge the funding gap for the next two years and further proposals were needed to move the Authority towards a balanced four-year budget.

A further report was made to Cabinet on 21st January 2015 which updated Members on the Local Government financial settlement, the progress of the corporate budget and the proposed financial strategy for the coming financial year, the latest in year financial monitor and feedback on the public consultation to the proposals affecting services which were included in the September report. A Special Cabinet was held on 4th February 2015 which considered the responses to the budget consultation and more specifically the impact on three of the savings proposals. These proposals were considered at this special meeting were reflected in the draft strategy and budget proposals.

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

Final confirmation of the Greater London Authority (GLA) precept was expected at the meeting of the London Assembly on 23rd February 2015. The Mayor had proposed a small reduction in the current precept, as previously advised to Cabinet, and this had been the subject of a consultation process. There were no known changes to the GLA position as reported during the Cabinet meeting and if this were to change an update would be provided for the Council meeting.

On the assumption that this will be approved by the London Assembly, along with the proposed increase of 1.993% in the Havering share, the band D figure would increase to £1,514.00 an increase of 1.326%.

The report provided comprehensive details of the various components of the budget within its appendices.

Reasons for the Decision

The Council was required to set a budget for 2015/16 and, as part of that process, undertake relevant consultation in respect of the proposals included within the budget.

Alternative Options Considered

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

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

1. Considered the advice of the Chief Finance Officer as set out in Appendix H to the report when it recommended the Council budget.
2. Considered the comments in the report on changes to the budget resulting from the consultation exercise, which were reviewed by the Overview and Scrutiny Board on 5th February 2015 and attached as Appendix J to the report, when it recommended the total Council budget.
3. **Recommended to Council** the following budgets for 2015/16:
 - The Council's draft General Fund budget as set out in Appendix E, formulated on the basis of:
 - An ELWA levy based on the anticipated budget and levy increase, and
 - The other assumptions set out in this report.
 - The delegated schools' draft budget
 - The capital programme as set out in Annexes 2, 3 and 4 of Appendix I of the report,
4. Delegated to the Chief Executive and Group Directors to implement the 2015/16 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities were required as detailed in the Council's Constitution.
5. Agreed that the Group Director Communities and Resources in consultation with the Leader be authorised to allocate funding from the Capital contingency included within the draft capital programme.
6. Agreed that to facilitate the usage of unringfenced resources, the Chief Executive and Group Directors will have delegated authority to review any such new funds allocated to Havering, make proposals for their use for approval by the Leader in consultation with the Cabinet Member for Financial Management.
7. Delegated to the Chief Executive and Group Directors the authority to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays might otherwise adversely impact on service delivery and/or budgetary control, subject to consultation as appropriate.

8. Approved the schedule of Fees and Charges set out in Appendix L of the report, with any recommended changes in-year being implemented under Cabinet Member delegation.
9. Agreed that if there were any changes to the GLA precept and/or levies, the Chief Executive be authorised to amend the recommended resolutions accordingly and report these to Council on 25th February 2015.
10. Approved the Asset Management Plan as set out in Appendix M of the report.

Cabinet:

11. **Recommended to Council**, subject to recommendation 3 above, the following:
 - The General Fund budget for 2015/16.
 - The Council Tax for Band D properties and for other Bands of properties, all as set out in Appendix E of the report, as revised and circulated for the Greater London Authority (GLA) Council Tax.
 - The delegated schools' budget for 2015/16, as set out in Appendix F of the report.
 - The Capital Programme for 2015/16 as set out in Annexes 2, 3 and 4 of Appendix I of the report.
12. **Recommended to Council** that it pass a resolution as set out in section 3.33.4 of the report to enable Council Tax discounts to be given at the existing level.

37 **HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGET 2015 - 2016 AND BUSINESS PLAN**

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

Cabinet was informed that the report set a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works Programme. From 2012 the position of the HRA had changed from previous years because of the introduction of a regime, known as "Self Financing". An update to the 30 year HRA Business Plan was provided.

The HRA remained a ring-fenced account that was used to manage the Council's own housing stock. The proposed budget would enable the Council to manage that stock to a reasonable standard and to complete the Council's Decent Homes Programme. It further set rents, service charges and other charges for Council tenants for the year 2015/6.

The Housing Revenue Account was sound and was able to invest in its stock and develop new homes over the coming three years. Due to a

recent change in the Government's rules on rent increases however, the former system of rent restructuring was being abolished in 2015/16 and future rent increases were designed to be limited to no more than the Consumer Price Index (CPI) + 1%.

The Council planned to move to the new system in 2016/17 but had to take the opportunity which remained in the current year, to move its rents to target rents immediately. This would remove the inequality between properties that currently existed.

At present it was possible for identical properties to have different rents, because of the transitional nature of the rent restructuring plan. By moving immediately, in one year, to target rents, this inequality would be eliminated. All rents would be at target rents; additional rental income would be available to invest in the housing stock and in new homes and future rent increases for the next 10 years would be in line with inflation pressures as expressed by the CPI.

In addition, if the Council did not move its rents to target rents, this opportunity would be lost and a regime of CPI + 1% - if applied immediately - would have lost the Council's Business Plan £100m over the life of the Plan. Despite this level of rent increase, Havering's rents remained the lowest in London, during the year 2014/15.

Reasons for the decision:

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989.

Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. However, there are options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increase, budget growth and major works programme proposals.

Cabinet:

1. Agreed the Housing Revenue Account Budget as detailed in Appendix 1 of the report.
2. Agreed that the average rent for existing tenants in Council properties owned by the London Borough of Havering be increased by £7.87, from £91.44 to £99.31 (8.6%) with effect from 6 April 2015 in line with the Government's current policy to restructure rents.
3. Agreed that the rent-free weeks for 2015/6 be w/c 24th August 2015 the two weeks commencing 21st and 28th December 2014, and the week commencing 28 March 2016.
4. Agreed that tenants' service charges and heating and hot water charges for 2015/6 were increased or decreased as follows:

Service reviewed and recommended	Charges and	2014/15 Weekly Charge – 48 weeks	2015/16 Weekly charge – 48 weeks	Increase (decrease)	% increase (decrease)
Caretaking		3.44	3.78	0.34	10%
Internal Block Cleaning		1..31	1.56	0.25	19%
Bulk Refuse Collection		0.50	0.48	(0.02)	(4%)
CCTV - Mobile Service		0.46	0.46	0	0
CCTV - Static Service		1.49	1.40	(0.09)	(6%)
Community Wardens		0.85	0.95	0.10	12%
Door Entry		1.36	0.25	(£1.11)	(81%)
Ground Maintenance		2.83	3.53	0.70	25%
Sheltered Cleaning		3.54	3.58	0.04	1%
TV access		1.49	1.49	0	0
Heating		6.90	6.27	(0.63)	(9%)
Heating and Hot Water		9.72	9.57	(0.15)	(2%)

5. Agreed that the service charge for homeless households accommodated in the Council's hostels were increased by 1.2% to £25.14 a week (average figure).
6. Agreed that charges for high and medium demand garages were increased by 1.2% and that rents for low demand garages were frozen.
7. Noted that the charges for mobile support would be deleted, but that new service charge for the provision of security and support in sheltered housing would be introduced and would be £6.57pw (52 weeks). This would replace the mobile support charges which last year ranged from £5.48pw to £13.70pw, depending upon the level of support.
8. Agreed that the Careline support charge be increased by 1.2%.

Service	Weekly support charge in 2014/15 – 52 weeks	Weekly support charge in 2015/16 – 52 weeks
Careline – sheltered tenants	4.39	4.44
Careline – community users	4.68	4.74

9. Agreed that Telecare support charges be increased by 1.2%.

Service	Weekly support charge in 2014/15 – 52 weeks	Weekly support charge in 2015/16 – 52 weeks
Telecare – base unit plus two sensors	6.81	6.89
Additional Telecare sensor	1.13	1.14

- 10 Noted that there was a projected in-year surplus of £1.620m, and agreed that £0.5m would be carried forward to fund the replacement of the Housing Management system.
- 11 Agreed the HRA Major Works Capital Programme, detailed in Appendix 2 of the report and referred this to full Council for final ratification.

38 **TREASURY MANAGEMENT STRATEGY STATEMENT 2015-16**

Councillor Clarence Barrett, Cabinet Member for Financial Management, introduced the report

Cabinet was informed that In February 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code).

In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that required the Authority to approve an investment strategy before the start of each financial year.

The report before Members fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and CLG guidance.

The Council was also required to receive and approve, as a minimum, three main reports each year which incorporated a variety of policies, estimates and actuals.

They were:

The **Treasury Management Strategy Statement** (This report itself) - The first, and most important report covered:

- The borrowing and investment strategies
- Treasury Management indicators
- Prudential Indicators
- a Minimum Revenue Provision Policy (how residual capital expenditure was charged to revenue over time)

A **Mid Year Treasury Review** – This would provide an update on the prudential and treasury indicators and would include information on the current treasury position.

An **Annual Treasury Report** – This would provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Cabinet approved and recommended to Council:

- The Treasury Management Strategy Statement (TMSS)
- The Prudential Indicators set out in appendix B of the report
- The Annual Minimum Revenue Provision statement for 2015/16 set out in appendix C of the report.

Chairman

Capital Scheme Name	Scheme Description	Project Manager	Forward Programme Block	Amount £	Profiled Spend			Funding Sources		
					2015/16	2016/17	2017/18 and beyond	Capital Receipts £	Grants & S106 £	Other External £
Invest to Save										
Parking Strategy Investment	Replacement Parking meters, upgrades to existing machines to accommodate Free Of Charge parking provision, traffic orders, signage and markings.	David Pritchard	Invest to Save	895,000	580,000	315,000		895,000		
				895,000	580,000	315,000	0	895,000	0	0

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