
Cabinet

Subject Heading:

The Council's Medium Term Financial Strategy

Cabinet Member:

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SLT Lead:

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Policy context:

The Council is required to approve an annual budget and Medium Term Financial Strategy and this report is the second in a series of reports within that process that will conclude with the Budget and Council Tax setting Council in February 2018.

Financial summary:

This report provides an update on assumptions within the Medium Term Financial Strategy approved by Cabinet in October. It sets out further budget proposals to achieve a balanced budget for 2018/19 and the proposed 5 year Capital Programme for approval to progress to consultation and scrutiny. The report also provides an overview of the proposed Business Rates Pilot Pool with effect from 2018/19 and the amendments to the Council Tax Discretionary Support Scheme Policy to support care leavers

Is this a Key Decision?

Yes

Is this a Strategic Decision? Yes

When should this matter be reviewed? January 2018

Reviewing OSC: Overview & Scrutiny Board

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

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

SUMMARY

Cabinet approved the Council's Medium Term Financial Strategy (MTFS) and initial proposals for balancing the 2018/19 budget to go to consultation where necessary at its meeting on 20 October 2017.

This report:

- Provides an update on the policy and strategic context and assumptions within the MTFS, the forecast budget gap and in year performance; (section 1 & 2)
- Budget Risks (section 5)
- Provides an overview of the proposed London Business Rate Pilot Pool in advance of a further report in January that will seek Cabinet approval for LB Havering to join the Pool with effect from 2018/19 for a period of up to two years following finalisation of the deal with Government; (section 3)
- Presents for consideration and approval, further proposals for balancing the 2018/19 revenue budget (section 6);
- Presents for consideration and approval the proposed 5 year Capital Programme together with an assessment of the Treasury Management position. (section 8)
- Presents for approval amendments to the Council Tax Discretionary Policy to support care leavers on low incomes discharge their council tax liability (section 4).

Subject to Cabinet approval, the further revenue budget proposals and proposed Capital Programme will progress to Scrutiny and consultation as required prior to inclusion in the final proposals to be considered for approval by Council in February 2018.

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The Council is required by statute to set a balanced budget for 2018/19 and to have a robust plan in place to achieve financial balance over the medium term. The revised assessment of the medium term financial forecast is based upon the best information available at this time. Assumptions will be continually reviewed and refined as work progresses in the period to final budget setting in February 2018. Table 1 sets out the updated budget gap over the period.

Table 1 - Forecast Budget Gap.

| Table 1 Breakdown of Movement | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 5 Year Plan |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Gap at October Cabinet | 5.594 | 6.396 | 14.274 | 2.524 | 3.577 | 32.364 |
| Further Savings December | (0.588) | (0.802) | 0.000 | 0.000 | 0.000 | (1.390) |
| Growth Proposal December | 1.080 | 0.000 | 0.000 | 0.000 | 0.000 | 1.080 |
| Adjustment - December | (2.096) | 0.942 | 0.013 | 0.013 | 0.014 | (1.114) |
| Movement October to December | (1.604) | 0.140 | 0.013 | 0.013 | 0.014 | (1.424) |

The £1.424m (£1.604m in 2018/19) movement in the budget gap since the October cabinet figure is due to further savings proposals of £1.390m over the period of which £0.588m relate to 2018/19; growth proposals to address service demand pressures total £1.080m all relating to 2018/19; and other net adjustments of £1.114m of which £1.604m relate to 2018/19.

No alternative budget proposals from the Overview and Scrutiny Board or Opposition Groups were received by the Chief Finance Officer or Principal Democratic Services Officer by the deadline of 3 November 2017 to enable their consideration within this report prior to approval to progress to scrutiny and consultation through the remainder of the budget process.

At period six the forecast outturn position for service directorates and oneSource is £135.500m resulting in a forecast overspend of £4.357m (3.32%), as set out in section 2 below. The uncommitted Corporate Risk Budget and Corporate Contingency budgets stand at £6.500m to enable the overall outturn to be achieved within the approved budget for 2017/18. However, in light of the forecast reduction in these corporately held budgets in 2018/19, it is essential for financial sustainability over the medium term, that service directorates manage their ongoing expenditure within approved budgets.

The Senior Leadership Team continues to focus upon delivering mitigating action plans and previously agreed savings plans and exercising restraint on non essential expenditure. A further update will be provided to Cabinet in January.

The Capital Programme is presented in section 8 and lays the foundations for longer term investment in the delivery of the Council's corporate objectives and the achievement of financial balance over the Medium Term.

The report provides the overview of the proposal to join the London Business Rate Pilot Pool from 1 April 2018 for a period of up to 2 years. Based upon current forecasts, LB Havering will potentially benefit from the pool by between £0.900m to

£2.500m in relation to 2018/19 business rate growth which will be confirmed in October 2019. Further details are set out in section 3.

The report presents for Cabinet approval, proposed amendments to the Council Tax Discretionary Policy to support care leavers on low incomes to discharge their council tax liability. Through the Council Tax Support Scheme, the Council is assisting approximately 50 care leavers who live independently but on low incomes discharge up to 85% of their Council Tax liability.

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| RECOMMENDATIONS |
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That Cabinet is asked to:

1. **Note** the updated national financial context for local government, in year financial performance and the projected budget gap over the period 2018/19 to 2022/23 as set out in section 1 and the period 6 forecast position set out in section 2.
2. **Note** the assumptions which underpin the forecast and that further updates will be provided as further information becomes available in the build up to the budget setting in February 2018.
3. **Note** the update on the proposed London Business Rate Pool Pilot and that this will be presented to Cabinet for a decision in January 2018.
4. **Approve** additional savings proposals of £1.390m of which £0.588m relate to 2018/19 for consultation where necessary as set out in section 6 and Appendix B.
5. **Approve** growth proposals of £1.080m, all of which relate to 2018/19 for consultation where necessary as set out in section 6 and Appendix B.
6. **Approve** the proposed 5 year Capital Programme for consultation and scrutiny as required as set out in section 8
7. **Note** the updated Treasury Management position arising from the proposed Capital programme and that an updated Treasury Management Strategy will be presented in January (section 8)
8. **Approve** the amendment to the Council Tax Discretionary Policy to include supporting care leavers set out in section 4.
9. **Note** the timetable and process for developing, reporting and considering the 2018/19 budget and MTFs as set out in section 7 which will include consideration and approval of the Council Tax Support Scheme in January 2018.

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| REPORT DETAIL |
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1. Policy and Strategic context

1.1 This report provides an update on the policy and strategic context and assumptions, in year financial performance and budget gap within the MTFS approved by Cabinet in October.

1.2 The Chancellor delivered the Autumn Budget on the 22 November 2017. In addition to the usual updates on the performance of the economy and the state of the public finances, the Chancellor made a number of key policy announcements relating to local government, namely; London business rates retention pilot, Business Rates RPI to CPI indexation, Business rates revaluations, Council Tax, Housing investment, HRA borrowing cap, Grenfell Tower and NHS. Further details provided in section 1 below.

At this stage, it is too early to confirm what the exact impact on local government will be. An update will be provided to Cabinet at the meeting on 13 December. In January, Cabinet will be presented with a further update report following the publishing of the Provisional Local Government Finance Settlement which is due before the end of December.

1.3 There are consultations out at the moment from the DCLG and CIPFA proposing changes to the prudential framework for capital finance, local government investments and statutory guidance on the Minimum Revenue Provision which is associated with capital expenditure financed by borrowing. These proposed changes could impact on the Council's use of borrowing via the Public Works Loans Board (PWLb), which would impact on our future capital investment plans including both regeneration and commercially driven investment.

1.4 The October Cabinet report indicated that a number of the Council's funding streams were subject to further review. These included:

- Business Rates
- Impact of the London Business Rates Pool Pilot
- Council Tax Base and Level
- Better Care Fund and Improved Better Care Fund
- New Homes Bonus
- Education Services Grant
- External Borrowing

1.5 The update on these areas are set out below and are reflected where relevant in the revised forecast:

Business Rates

1.6 The future direction for national business rates policy remains uncertain. However, the Chancellor announced that;

- Government has agreed a pilot of 100% business rates retention in London in 2018-19. The Greater London Authority (GLA) and London boroughs will come together to form a pool and invest revenue growth strategically on a pan-London basis.
- The autumn budget confirmed the planned switch from RPI to CPI inflation will be brought forward to April 2018 (2 years earlier than planned). Nationally, this will cost £770m and £2.3bn over the first 2 and 5 years respectively. Local government will be “fully compensated” for the loss of income.
- Furthermore, the Chancellor confirmed, the £1,000 business rates discount for public houses will be extended by one year to March 2019. Local government will be “fully compensated” for the loss of income.
- The frequency of revaluations will move to three years following the next revaluation, currently due in 2022. A consultation on implementation is due in the spring.

Further clarity on the national business rates policy may be included in the Provisional Local Government Settlement expected in December.

The London Pilot and the impact of the pilot

- 1.7 At the London Council’s Leaders’ Committee in October the establishment of a London Business Rates Pilot Pool for 2018/19 was agreed in principle. It was agreed that all authorities would receive at least as much from the pool as they would have under the existing 50% retention scheme. Further details are set out in section 3.

Council Tax

The Autumn budget confirmed the power to raise empty homes premium will be doubled from 50% to 100% from April 2018. Based on current data, a further 50% premium is expected to generate additional £0.120m. This additional income has therefore been incorporated into the forecast budget figures.

Council Tax Base

- 1.8 The Council tax base growth assumptions of £0.980m (0.89%) increase remains as predicted at the October Cabinet. The review of properties to come into rating indicates that there is no scope to increase this estimate further for 2018/19. Further due diligence review is underway to ensure the assumption remains realistic so there is still a risk associated with achieving the current assumed levels.

Council tax level

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- 1.9 The Council tax level will be reviewed as part of the budget report to February 2018 cabinet and council.

Better Care Fund and Adult Social Care Grant

- 1.10 No further update has been provided with regards the Better Care Fund and Adult Social Care Grant; pending the Local Government Finance Settlement. On the 16th October 2017, the Government announced that the Adult Social Care Green paper will now be published in summer 2018 and not autumn 2017 as had been initially announced. In the coming months, Government will engage with Local Government and the NHS, voluntary sector and care providers as well as service users to develop the Green Paper which will then be subject to full public consultation.

New Homes Bonus

- 1.11 Further financial modelling is being carried out by officers on income projections receivable by the Council over the medium term period to take consideration of the local delivery plan expectations, the regeneration schemes underway along with planning permissions granted. There is also the risk to new homes bonus if planning applications are granted on appeal. No growth potential over and above current estimates has been included in the budget calculations, pending the Local Government Finance Settlement. Further updates will be provided in the January and February Cabinet reports.

Housing Investment

- 1.12 In the Autumn Budget, the Chancellor announced an additional £15.3 billion of new financial support will be made available creating a total of at least £44 billion of capital funding over the next five years (including grant, loans and guarantees) to support the target of 300,000 net additional homes per year by mid-2020s. Local authorities in areas of high demand will be invited to bid for increases in their HRA borrowing caps from 2019-20, up to a total of £1 billion by the end of 2021-22. It is unclear at this stage which local authorities are included in this category.
- 1.13 Other Housing investment announcement included in the Autumn Budget include;
- Local authorities are required to undertake essential fire safety works. Councils should contact DCLG if they cannot afford to undertake essential work.
 - Government will increase the Targeted Affordability Fund by £125 million (£40 million in 2018-19 and £85 million in 2019-20) in areas of greatest pressure.
 - Government will proceed with a £200 million largescale regional pilot of the Right to Buy for housing association tenants in the Midlands.
 - Government will provide £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector.

The impact of the above to LB Havering is yet to be known. Subject to its publication a verbal update will be provided to Cabinet at the meeting on 13 December with a further update report presented to Cabinet in January following the publishing of the Provisional Local Government Finance Settlement which is due around the middle of of December.

Education Services Grant (ESG)

- 1.14 The ESG general funding rate was reduced from an initial £116.46 per pupil in 2013/14, to £87 in 2015/16, £77 in 2016/17 and £66 per pupil for the period April 2017 to August 2017 and then it ceased from September 2017. An additional £15 per pupil is allocated to LAs for retained duties regardless of whether the pupils are on the roll of a school or an academy and this has now been moved into the Dedicated Schools Grant (DSG).
- 1.15 The Schools Funding Forum has recognised that some of the costs of the education services relate to services provided to LA maintained school (e.g. accounting and audit services) and have therefore agreed to a contribution of £19.89 per pupil from their delegated budgets for financial year 2018/19. This will amount to £0.322m. In addition, the Forum has agreed that the £0.589m that is now funded from the DSG rather than the ESG may be retained by the LB Havering to meet the costs of its statutory duties.
- 1.16 In financial year 2018/19 the shortfall in funding after taking into account the contribution from schools is £0.835m. This is calculated as follows:

| Table 2 – Shortfall in funding | £m |
|---|--------------|
| Service costs after £590k saving in 2017/18 | 1.746 |
| DSG for LA central duties | (0.589) |
| Contribution from schools | (0.322) |
| Shortfall | 0.835 |

- 1.17 The intention is to manage the shortfall in funding as part of the ongoing transformational review of the service. The service will come forward with longer-term proposals for implementation from September 2018, aimed at minimising the future funding gap. In the meantime, a contribution from the reserves held to support the investment in education traded services will be used to supplement the funding already earmarked corporately to cover the shortfall shown above

2. 2017/18 Financial Monitoring

- 2.1 The 2017/18 original net budget as agreed by Full Council in February 2017 was £156.369m. At period six after adjusting for grant re-allocation and in-year inter-directorate budget virements, the revised net controllable budget is £165.037m.

This total net controllable budget reflects the combination of corporate budgets and service expenditure budgets. Within this sum, the Service Directorate and oneSource budgets reflect the core operational spend of the Council. The

forecast outturn position on these budgets is £135.500m resulting in a forecast overspend of £4.357m (3.32%), as set out in table 3 below.

| Table 3 - Forecast outturn and variances at Period 6 | Original Budget | Revised Budget | Forecast Outturn | Forecast Outturn Variance | |
|--|-----------------|----------------|------------------|---------------------------|-------|
| | £m | £m | £m | £m | % |
| Public Health | (0.300) | (0.308) | (0.308) | 0.000 | 0.00 |
| Children's Services | 32.502 | 35.683 | 37.496 | 1.814 | 5.08 |
| Adult Services | 55.021 | 52.797 | 52.797 | 0.000 | 0.00 |
| Neighbourhoods | 12.394 | 14.249 | 14.646 | 0.397 | 2.78 |
| Housing | 1.356 | 2.658 | 4.225 | 1.567 | 58.96 |
| oneSource Non-Shared | 0.735 | 1.797 | 1.831 | 0.034 | 1.89 |
| Chief Operating Officer | 7.154 | 6.865 | 7.069 | 0.204 | 2.98 |
| SLT | 1.019 | 1.307 | 1.307 | 0.000 | 0.00 |
| oneSource shared | 14.788 | 16.096 | 16.436 | 0.341 | 2.12 |
| Service Total | 124.669 | 131.143 | 135.500 | 4.357 | 3.32 |

- 2.2 The uncommitted Corporate Risk Budget and Corporate Contingency budgets stand at £6.500m to enable the overall outturn to be achieved within the approved budget for 2017/18. However, in light of the forecast reduction in these corporately held budgets in 2018/19, it is essential for financial sustainability over the medium term, that service directorates manage their ongoing expenditure within approved budget.
- 2.3 The principal variances underlying the period six forecast rest in the Children's, Neighbourhood and Housing Services. Due to continued demand pressures in Children's, Housing Demand in relation to Private Sector Leased (PSL) properties and Homelessness. SLT are focussed upon the delivery of mitigation and savings plans and general restraint on non essential expenditure to manage the outturn within budget by the end of the financial year. A further update will be provided in January together with updated mitigation plans from service directorates where relevant.
- 2.4 The material forecast variances at period six relate to:

Neighbourhoods - £0.397m forecast overspend

Neighbourhoods is experiencing financial pressure within year due to a number of delayed savings and other in year pressures which are being mitigated by the generation of additional income being generated in excess of budget.

Housing Services - £1.567m forecast overspend

The financial pressure in the Housing services predominantly in the homelessness demand pressures. Cost of prevention options are being used to minimise pressure.

Children's Services - £1.814m forecast overspend

Children's Service is experiencing in year one off overspends on placements for looked after children, permanent placement allowances, fostering and asylum seekers adoption costs and agency staff costs. In addition there are base budget pressures on SEN Home to School transport, SEND costs and placements for children with disabilities.

These are offset by underspends in fostering staffing cost and an inflation provision allocation for Children's Social Services. There are some financial pressures in relation to a number of delayed savings for which alternatives are being sought, alongside the ongoing transformation work.

Children's Directorate is currently reviewing the Financial Recovery Plan with a view that the service will return to overall budget balance in 2018/19, assisted by the demographic growth money already included within the MTFS. A further update will be provided in January.

3. London Business Rate Pool Pilot

- 3.1 The overview of the proposed pilot for London was reported to Cabinet in October. On 10 October 2017, the Leaders' Committee for London agreed in principle to go forward with establishing a pan-London Business Rates Pool to pilot 100% retention of business rates growth in 2018-19 for a period of up to two years.
- 3.2 The Committee considered a number of options for distribution and agreed to delegate the task of finalising a proposition (including the basis for redistribution of any net financial benefit of business rate growth) to the Chief Executive in consultation with London Councils' elected officers, for negotiation and agreement with the Mayor and with Government.
- 3.3 Final agreements to enter a pilot pool, and the way in which it would operate, will be subject to formal decisions by each individual authority. It is proposed to present to Cabinet in January the agreement for the London Borough of Havering's participation in the London Pilot on the basis of the scheme agreed by the Elected Officers of London Leaders, following confirmation of agreement with Government. It remains the case that unanimous support will be required for the pilot to proceed.
- 3.4 The Government's policy intentions with regard to 100% retention of business rates still remain unclear following the General Election.
 - a) The Pool principles are set out in the draft prospectus circulated in September and reported to Leaders' Committee in October remains the same. These principles are summarised below;
 - I. The pool would be voluntary, but include all London authorities;
 - II. London would retain a greater share of business rates in exchange for Revenue Support Grant;
 - III. a "no detriment guarantee" would ensure that the pool could not be worse off than the participating authorities would have been collectively if they had not entered the pilot pool;

- IV. No “new burdens” would be transferred to London and participation in the pilot would not affect the development or implementation of the Fair Funding review (currently anticipated in 2020/21).
 - V. Public Health and Improved Better Care Fund grants would not be rolled in initially, but there are plans to include them if all parties were to agree to continue a pilot into 2019/20.
- b) Modelling of the pooling scenarios – the Elected Officers of London Leaders agreed a proposal based upon the distribution of business rates growth using four drivers for distribution, weighted as follows:
- **Incentivising growth** (by allowing those boroughs where growth occurs to keep some proportion of the additional resources retained as a result of the pool) (15%)
 - **Recognising the contribution of all boroughs** through a per capita population allocation (35%)
 - **recognising need** through the needs assessment formula (35%) and
 - **Facilitating collective investment** through an investment pot designed to promote economic growth and lever additional investment funding from other sources (15%).
- c) Governance of the strategic investment pot: The pot would be dedicated to projects that contribute to the sustainable growth of London’s economy, and which attract match funding from other private or public sources. Following legal advice, decisions would be taken formally by a lead authority in consultation with all member authorities. These decisions are expected to be taken bi-annually.
- 3.5 The Minister for Local Government has indicated that the investment pot should constitute a substantial proportion (c50%) of the growth distribution. This proposal is predicated on the assumptions that the Government will view the share that goes to the GLA as contributing towards the investment pot.
- 3.6 London Councils have developed their modelling to illustrate the impact of the distribution methodology on individual Boroughs. It is based upon a survey of London Boroughs’ expected growth undertaken in the summer of 2017 which forecasts aggregate growth for London at 6.1%, thus generating a ‘growth pot’ of circa 240m – this is the growth pot to be distributed. However, it is important to recognise that actual growth may vary and could be more or less. For example, if growth in 2018/19 followed a trajectory based upon actual aggregate growth in London between 2013/14 and 2017/18 at 2.2%, the size of the growth pot may be circa £87.5m
- 3.7 Table 4 below, summarises the estimate range of the potential growth pot, the potential share for the London Borough of Havering, together with the overall allocation of to London Boroughs, the GLA and the Investment Pot.

| <u>Table 4 - Assumptions used</u> | | Range of forecast | |
|--|---------------------------|--------------------------|------------------|
| Estimated LB Havering Growth | | 3.40% | 6.80% |
| Expected London Growth | | 2.20% | 6.10% |
| Assumed growth distribution pot | | £88m | £240m |
| Distribution Pot | Distribution Ratio | LBH Share | LBH Share |
| | % | £m | £m |
| Incentives | 15 | 0.10 | 0.19 |
| SFA | 35 | 0.30 | 0.74 |
| Population | 35 | 0.60 | 1.52 |
| Investments | 15 | | |
| Net benefit to LB Havering | | 0.90 | 2.46 |
| From London Council modelling | | £m | £m |
| Minimum borough gain (£m) | | 0.60 | 1.70 |
| Maximum borough gain (£m) | | 2.60 | 8.20 |
| Spread over boroughs (£m) | | 2.00 | 6.50 |
| | | | |
| London Boroughs - Total | | 47.50 | 130.30 |
| GLA | | 26.90 | 73.90 |
| London subtotal | | 74.40 | 204.30 |
| Investment pot | | 13.12 | 36.00 |
| London Total incl. Investment Pot | | 87.50 | 240.30 |

- 3.8 Havering's share of growth in 2018/19 may range between £0.9m and £2.5m based upon these assumed levels of growth. The administrators of the pool will use annual Business Rate Returns (the NNDR 1 and NNDR3 returns) to establish the schedule of payments to be made and the actual reconciliation of the amounts due. The final reconciliation and confirmation of the distribution of growth due to all Boroughs will be after the accounts and returns for the financial year have been audited i.e. October 2019 in relation to 2018/19.
- 3.9 Therefore, whilst the London Business Rate Pool Pilot is expected to generate an additional revenue funding stream through a share of growth for Havering in relation to 2018/19, this will not be known with sufficient certainty to enable this growth to be incorporated prudently into the base budget for 2018/19. Following confirmation of the growth around October 2019 (i.e. 2019/20), this funding will be fed into the development of the MTFS for 2020/21, with one off funding potentially available in 2019/20.
- 3.10 For Boroughs in an existing pool, DCLG have indicated that the basis of comparison would include the income due from that pool. London authorities in an existing pool include Barking & Dagenham, Havering and Croydon. London Borough of Havering is currently in a pool with Thurrock unitary, Basildon district, and the London Borough of Barking and Dagenham since 2014.
- 3.11 Impact of Government changes this year means that we are not able to remain in existing pool for 2018/19 due to the drive for the London Pilot Pool with

London Boroughs being restricted to the London Pilot as their first option for a pooling arrangement. Estimated growth for 2016/17 and 2017/18 on winding up the existing pool, currently estimated at £0.500m for 2016/17 and 2017/18, will be brought into 18/19 budget on a one off basis. Under the “no worse off” agreement enshrined in the London Pool pilot, it is assumed that this benefit will continue into the year of the pilot, so this assumption has been continued with £0.500m being included for the financial year 2018/19 pool.

4. Local Authority Care leavers and Council Tax

- 4.1 The Council is seeking to create a culture of corporate parenting to enable care leavers to experience the stability and support they need to progress confidently into independent lives. This approach follows the Department for Education’s cross-government care leaver strategy, Keep on Caring. The Council are supporting approximately 130 care leavers.
- 4.2 Through the Council Tax Support Scheme, the Council is assisting approximately 50 care leavers who live independently but on low incomes discharge up to 85% of their Council Tax.
- 4.3 Further financial assistance to care leavers up to the age of 25 years, to cover the remaining 15% of the council tax liability, could be provided through the Council Tax Discretionary Reduction Policy.
- 4.4 Subject to Cabinet approval of this report, it is intended to implement the proposals by the 1st January 2018. The estimated cost to Collection Fund of discretionary payment to care leavers for up to 7 years is shown below
- 4.5 The table sets out the potential impact on the Collection Fund using the maximum increase in council tax as an illustration of the maximum increase. I.e. Council Tax (1.99% and 2% ASC precept in each year. The actual cost will depend upon future decisions on the level of council tax and ASC precept.
- 4.6 The starting point is a £220 cost to the Collection Fund per annum in Year 1 per care leaver assuming 50 carer leavers per year. The approximate additional cost to the Collection Fund would increase by year seven to £0.097m and stabilise at that figure assuming the number of care leavers living independently remained at 50 each year.

| Table 5 - Estimated cost to Collection Fund of discretionary payment to care leavers for up to 7 years. The starting point is a £220 per annum per care leaver assuming 50 carers per year. | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 |
| Number of Carer Leavers | 50 | 100 | 150 | 200 | 250 | 300 | 350 | 350 |
| Cost per care leaver (£) | 220 | 228.78 | 237.91 | 247.4 | 257.27 | 267.53 | 278.21 | 278.21 |
| Cumulative Cost (£m) | 0.011 | 0.023 | 0.036 | 0.049 | 0.064 | 0.080 | 0.097 | 0.097 |
| Incremental Cost (£m) | 0.011 | 0.012 | 0.013 | 0.014 | 0.015 | 0.016 | 0.017 | 0.000 |

- 4.7 Members are asked to note the financial impact on the Collection Fund and approve the changes to the Council Tax Discretionary Policy attached at Appendix D.

5. Budget Risk

- 5.1 The DCLG is currently consulting on proposed changes to the prudential code for capital finance, including consideration of statutory guidance on local authority investments and the minimum revenue provision required. The scope of this review covers aspect of the Council's Capital Programme and the impact of borrowing and investments on the Councils MTFS. The closing date for the consultation is 22 December 2017 and could lead to changes to the prudential code, the way the impacts of borrowing and investments are calculated within the MTFS and the way the council finances its capital programme. The potential impacts cannot yet be quantified but the results of the consultation will be assessed as we move forward with the budget process. However, the outcomes may not be fully understood by the time the Provisional Local Government Finance Settlement is announced in December.
- 5.2 The risk from the challenge facing the council from Homelessness Reduction Act and the in year budget pressures being managed was highlighted in the October cabinet report. The work on the regeneration of the housing estates over the forthcoming MTFS period is being carried out within this context and being carefully managed to ensure the best transition for tenants and the most efficient, cost effective way for the council. This work is also considering the impact on the temporary accommodation and private sector leasing within the borough.

6. Further Proposals for Savings and Growth

- 6.1 Tables 6 and 7 show the impact of further growth and savings proposals and other adjustments since the October report.
- 6.2 Table 6 shows the cumulative budget gap before any 2017/18 proposals as reported in October was 41.996m. This will reduce to £41.962m over the period and £8.132m in 2018/19, if December growth proposals are approved and due to other movements in the forecast. Subject to both October and all December savings proposals being approved, the budget gap over the period to 2022/23 is forecast to be £30.940m, of which £3.990m relates to 2018/19.

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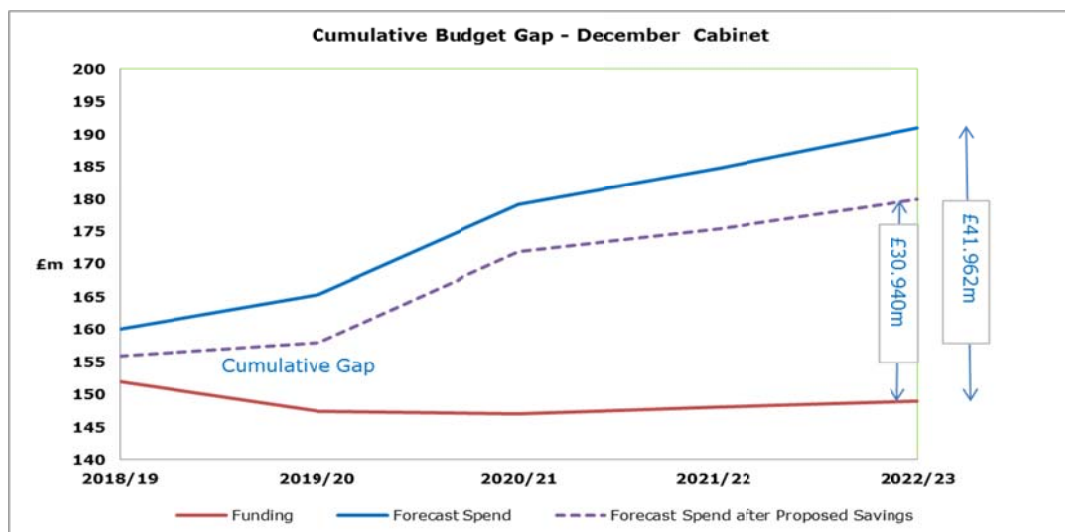
| Table 6 – Movement in Forecast spend October to December | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 5 Year Plan |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Budget Gap October before Savings | 9.148 | 8.848 | 14.177 | 4.657 | 5.166 | 41.996 |
| New Growth Proposal December | 1.080 | 0.000 | 0.000 | 0.000 | 0.000 | 1.080 |
| Adjustment December | (2.096) | 0.942 | 0.013 | 0.013 | 0.014 | (1.114) |
| Forecast Spend - December | 8.132 | 9.789 | 14.190 | 4.670 | 5.180 | 41.962 |
| October Savings Proposal | (3.554) | (2.451) | 0.097 | (2.135) | (1.589) | (9.632) |
| Further Savings - December | (0.588) | (0.802) | 0.000 | 0.000 | 0.000 | (1.390) |
| Forecast Budget Gap - December | 3.990 | 6.536 | 14.287 | 2.536 | 3.591 | 30.940 |

6.3 Table 7 shows the net savings after taking account of growth proposals and other adjustments of £1.424m over the period of which £1.604m relates to 2018/19.

| Breakdown of Movement | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 5 Year Plan |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Further Savings December | (0.588) | (0.802) | 0.000 | 0.000 | 0.000 | (1.390) |
| Growth Proposal December | 1.080 | 0.000 | 0.000 | 0.000 | 0.000 | 1.080 |
| Adjustment - December | (2.096) | 0.942 | 0.013 | 0.013 | 0.014 | (1.114) |
| Total Movement | (1.604) | 0.140 | 0.013 | 0.013 | 0.014 | (1.424) |

6.4 Figure 1 below illustrates the revised forecast cumulative budget gap over the 5 year period to 2022/23 based upon the assumptions set out in the remainder of the report in relation to expenditure pressures and future funding streams:

Figure 1- Cumulative Budget Gap – December



Cabinet 13 December 2017

- 6.5 The forecast is based upon a number of key assumptions as reported in October cabinet report and updated to take account of rebasing on all inflation assumptions.
- 6.6 Cabinet approved total savings of £9.632m including £3.554m in 2018/19 at its meeting in October. These are summarised in appendix A. Further net savings proposals totalling £1.390m of which £0.588m relates to 2018/19 are presented in Appendix B.
- 6.7 Table 8 summarises the total of all December growth and saving proposals by directorate.

| Table 8 Proposals By Directorates | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Directorate | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m | £m | £m |
| Neighbourhoods | 0.150 | 0.000 | 0.000 | 0.000 | 0.000 | 0.150 |
| Chief Operating Officer | (0.288) | (0.102) | 0.000 | 0.000 | 0.000 | (0.390) |
| oneSource | 0.630 | (0.700) | 0.000 | 0.000 | 0.000 | (0.070) |
| Corporate | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Children's Services | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 0.492 | (0.802) | 0.000 | 0.000 | 0.000 | (0.310) |

- 6.8 Table 9 below summarises all December growth and saving Proposals by Type over the period 2018/19 to 2022/23.

| Table 9 Type of Proposal | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Type of Proposal | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
| | £m | £m | £m | £m | £m | £m |
| Savings | (0.588) | (0.802) | 0.000 | 0.000 | 0.000 | (1.390) |
| Growth | 1.080 | 0.000 | 0.000 | 0.000 | 0.000 | 1.080 |
| Total | 0.492 | (0.802) | 0.000 | 0.000 | 0.000 | (0.310) |

- 6.9 The Government recognised the undue financial pressure that the new system for distributing the national reductions to Revenue Support Grant across local authorities placed on a number of local authorities LB Havering has received Transition Grant in 2016/17 and 2017/18 to address the perverse reduction in its RSG following Government changes to the distribution of RSG in 2016/17. Given the delay in implementing the Fair Funding Review and progress on implementing 100% Business Rate Retention, Officers have responded on the technical consultation on the LG Finance Settlement 2018/19 to request that this funding continues in 2018/19 and 2019/20 until the new national funding arrangements are in place. It is expected that the position on Transition grant will be clarified as part of the forthcoming Local Government Finance Settlement in respect to all funding matters.

7 Timetable and approach for Budget Setting

SLT are continuing to work to develop further budget proposals for consideration by Cabinet as follows

- January Cabinet:
 - Update on financial assumptions following the Provisional Local Government Finance Settlement
 - Further consideration of measures to balance the budget
 - Consideration and approval of the proposal for Havering to join the London Business Rate Pool Pilot from 2018/19
 - Consideration and approval of the Council Tax Support Scheme for 2018/19.
- January Scrutiny Board
 - Review and Challenge of Cabinet approved proposals
 - Further update on financial assumptions
- February Cabinet
 - Final budget and council tax proposals and results of consultation considered and approved to recommend to Council
 - Final consideration of Capital Programme including Housing Capital Programme and recommendation to Council
 - Final consideration of the Treasury Management Strategy and approved to recommend to Council
 - Consideration and approval of the Housing Revenue Account
- February Council
 - Council Tax Setting Report
 - Consideration and approval of reports recommended by February Cabinet

8 5 year Capital programme and Treasury strategy

- 8.1 The October Cabinet report referred to the review of the capital strategy and programme. The review has produced a profiled existing capital programme over the period to 2022/23 and confirmed that funding is available for that programme. Table 10 below includes a summary of the existing approved capital programme following that review.

| Table 10 - Summary of the existing approved capital programme by Service | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | Total £m |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Children's Services | | 0.118 | | | 0.118 |
| Learning & Achievement Service | 0.477 | 0.060 | 0.020 | | 0.557 |
| Children's Services | 0.477 | 0.178 | 0.020 | | 0.675 |
| Adults Services | 1.417 | | 0.181 | | 1.598 |
| Adults Services | 1.417 | | 0.181 | | 1.598 |
| Development | 7.435 | 1.126 | 0.580 | 0.003 | 9.144 |
| Environment | 6.181 | 1.146 | 0.371 | | 7.698 |
| Regulatory Services | 0.723 | | | | 0.723 |
| Neighbourhoods | 14.339 | 2.272 | 0.950 | 0.003 | 17.565 |
| Housing Services | 0.889 | 0.573 | | | 1.462 |
| HRA | 45.745 | 8.457 | | | 54.202 |
| Housing Services | 46.634 | 9.029 | | | 55.664 |
| Asset Management | 45.611 | 27.115 | 17.762 | 0.464 | 90.951 |
| ICT Services | 1.215 | 0.500 | | | 1.715 |
| oneSource | 46.826 | 27.615 | 17.762 | 0.464 | 92.666 |
| Bereavement Services - Cems & Cems | 0.222 | 0.170 | 0.068 | | 0.460 |
| Culture & Customer Access | 0.292 | 0.135 | 0.060 | | 0.487 |
| Policy & Performance Management | | 0.035 | | | 0.035 |
| Chief Operating Officer | 0.514 | 0.340 | 0.127 | | 0.981 |
| Contingency | 0.716 | | | | 0.716 |
| Contingency | 0.716 | | | | 0.716 |
| Efficiency Programme | 6.465 | | | | 6.465 |
| Efficiency Programme | 6.465 | | | | 6.465 |
| | | | | | |
| TOTAL CAPITAL PROGRAMME | 117.388 | 39.434 | 19.040 | 0.467 | 176.329 |
| | | | | | |
| Capital Receipts | 30.968 | 11.894 | 1.254 | 0.003 | 44.119 |
| Revenue and Reserve Contribution | 44.471 | 4.375 | 0.020 | | 48.866 |
| Grants | 32.087 | 22.102 | 17.073 | 0.464 | 71.727 |
| Section 106 | 0.865 | 1.062 | 0.693 | | 2.621 |
| Prudential Borrowing | 8.997 | | | | 8.997 |
| TOTAL FUNDING | 117.388 | 39.434 | 19.040 | 0.467 | 176.329 |

- 8.2 There has also been a review of the future capital requirements undertaken across the business. A shortlist of proposals were considered by Capital Asset Management Group (CAMG), an officer level group established to give oversight and management of key processes around the capital programme and approvals. The schemes that have progressed through this officer level challenge are being consolidated into the draft capital programme to be presented for consideration as part of the budget process.

| Table 11 | CAPITAL EXPENDITURE | | | | | | |
|--|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| Schemes with funding plans | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Capital Spend £m |
| - ECONOMIC DEVELOPMENT | 10.172 | 10.473 | 75.419 | 43.717 | 24.925 | 12.541 | 177.247 |
| - SLM | 7.509 | 4.670 | 11.706 | 5.664 | 0.854 | 0.485 | 30.888 |
| Externally funded bids | 0.000 | 5.923 | 5.780 | 5.652 | 0.030 | 0.030 | 17.415 |
| Provision within existing capital programme | | | | | | | |
| Efficiency Programme | 0.000 | 1.715 | 1.950 | 2.800 | 0.000 | 0.000 | 6.465 |
| Additional Funding | 0.000 | 0.085 | 0.000 | 0.000 | 0.000 | 0.000 | 0.085 |
| Total Efficiency Programme Bids | 0.000 | 1.800 | 1.950 | 2.800 | 0.000 | 0.000 | 6.550 |
| New Bids outside existing approved funded capital programme | | | | | | | |
| ICT BIDS - to link with IT strategy | 0.000 | 1.000 | 1.000 | 0.620 | 0.620 | 0.620 | 3.860 |
| CAMG ENDORSED PROJECTS and NEW PROJECTS | 0.000 | 15.405 | 23.145 | 6.450 | 2.000 | 2.000 | 49.000 |
| | 17.681 | 39.271 | 119.000 | 64.903 | 28.429 | 15.676 | 284.960 |

| Table 12 | FUNDING | | | | | |
|--|------------------------------------|--|----------------------|-------------------------------|--|---------------------|
| Schemes with funding plans | Capital Receipts £m | Revenue and Reserve Contribution £m | Grants £m | Section 106 £m | Prudentia l Borrowin g £m | Total £m |
| - ECONOMIC DEVELOPMENT | 0.000 | 0.000 | 45.200 | 11.620 | 120.427 | 177.247 |
| - SLM | 0.000 | 0.000 | 0.000 | 0.000 | 30.888 | 30.888 |
| Externally funded bids | 0.000 | 0.000 | 17.415 | 0.000 | 0.000 | 17.415 |
| Provision within existing capital programme | | | | | | |
| Efficiency Programme | 6.465 | 0.000 | 0.000 | 0.000 | 0.000 | 6.465 |
| Additional Funding | 0.085 | 0.000 | 0.000 | 0.000 | 0.000 | 0.085 |
| Total Efficiency Programme Bids | 6.550 | 0.000 | 0.000 | 0.000 | 0.000 | 6.550 |
| New Bids outside existing approved funded capital programme | | | | | | |
| ICT BIDS - to link with IT strategy | 0.000 | 0.000 | 0.000 | 0.000 | 3.860 | 3.860 |
| CAMG ENDORSED PROJECTS and NEW PROJECTS | 1.345 | 0.126 | 31.800 | 0.285 | 15.444 | 49.000 |
| | 7.895 | 0.126 | 94.415 | 11.905 | 170.534 | 284.960 |

8.3 The schemes are split into 4 groupings

Schemes with funding plans

8.4 These schemes are proceeding through parallel funding approval routes, and are included in this report as part of the formal inclusion in the capital programme. The capital financing costs are included in the business cases which will be factored in their entirety into the MTFS. These include

a) Economic Development schemes

i) Bridge Close Regeneration

This scheme was approved for progression at Cabinet on 15 November 2017. The report included the corporate investments required in progressing the scheme, and identified the financing costs and funding streams to cover them. Inclusion in this programme ensures that the capital approvals are in place and the revenue impact is included in the MTFS. This includes the commitment to cover the shortfall of some £1.6m in the first 5 years of the programme from the Business Risk Reserve, with income generated for the GF over the later years of the scheme.

ii) Mercury Land Holdings business plan schemes

These proposals reflect the business plan intentions approved at Cabinet on 15 November 2017. Project business cases will be subject to Cabinet or delegated approval as set out in the report.

iii) Rainham – Beam Park Regeneration

This report is considered elsewhere on this December Cabinet. The inclusion in the capital programme going forward will be dependent upon the approval of these proposals by Cabinet.

b) SLM

i) This represents the inclusion of the contractual arrangements considered and approved by Cabinet on 15 November 2017. This includes the commitment to cover the shortfall of some £2.11m in the first 5 years of the contract from the business risk reserve, with these sums being paid back in later years of the contract. The revenue impact of the SLM contract will be included in the overall MTFS position of the council

Externally funded schemes

8.5 These represent the Highways and Local Infrastructure Plan schemes where funding is provided by Transport for London (TfL)

Provision within the existing capital programme

8.6 As part of the 2017/18 budget report to Council a sum of £5m was included in an Efficiency Pot to cover capital financing for invest to save schemes that generated significant revenue savings to the council. This was combined with the remaining invest to save capital provision and £6.465m is included in the existing capital programme as yet unallocated. The proposal is to allocate

these sums to fund the establishment of residential or semi independent living schemes within Children's and Adults services. This will support the service transformation work and enables innovative service delivery and is an essential enabling investment for revenue expenditure savings and/or reduction in service cost pressures as approved within the October Cabinet report.

New bids outside the existing approved capital programme

- 8.7 The final section of the proposed addition to the capital programme is the inclusion of new bids for capital funding. These schemes have been identified and considered in terms of a prioritisation including links to the corporate priorities, which will be developed within the capital strategy, ongoing asset maintenance requirements, ongoing programmes health and safety and statutory considerations. The summary expenditure proposals and the associated funding proposal can be seen in tables 12 and 13 and the details of the schemes by service can be seen in Appendix C.
- 8.8 The schemes are grouped into 2 categories;
- a) ICT – infrastructure, improvement and resilience- funding required to manage and sustain the council's ICT infrastructure.
 - b) CAMG endorsed core capital programme requirements and new schemes. These schemes can be seen in Table 12 and 13 and in detail in Appendix C summarised across each directorate.
- 8.9 The significant schemes by Directorate and relevant assumptions are outlined below;
- a) Children's – Schools expansion programme
It is assumed that this will be funded from the basic needs or other grant funding made available to the council. The potential use of s106 funding is also to be scrutinised to ensure best use
 - b) Neighbourhoods – Footway and Carriageway Resurfacing
This is the ongoing programme of capital repairs and includes an additional sum in 2018/19 for repairs to street lighting. Going forward this will be funded from borrowing.
 - c) Schools capital maintenance programme
This is assumed to be funded from grant funding and is not planned to impact on prudential borrowing.
- 8.10 In allocating funding to these proposals the principle of borrowing as a last resort was used. The use of external funding sources will be maximised, pulling together the co-ordination of grant funding, s106 and any CIL payments and the use of capital receipts, revenue and reserves under the review of CAMG. The use of prudential borrowing will be considered as the final option, once all alternative funding sources have been considered. This principle will be enshrined in the revised capital strategy and inform the revision of the Treasury Management strategy for the medium to long term. The return on the investment after meeting the revenue costs of borrowing expected from such borrowing will need to be considered within business cases in order to establish a financially sustainable plan and the capital strategy going forward will incorporate this.

- 8.11 Table 13 below summarises the potential impact on the MTFS of the funding arrangements proposed for the ICT bids and new capital bids. As can be seen from table 11 above, alternative funding sources are to be used where available. If prudential borrowing is required, this will result in revenue capital financing costs over the profile of the schemes as shown below. Whilst these costs are factored into the MTFS for prudent financial planning purposes, alternative funding sources will be used where possible to mitigate these costs.

| Table 13 | ADDITIONAL REQUIREMENT - MRP & INTEREST | | | | | |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m |
| ICT BIDS - to link with IT strategy | 0.030 | 0.230 | 0.219 | 0.143 | 0.143 | 0.764 |
| CAMG ENDORSED PROJECTS and NEW PROJECTS | 0.139 | 0.221 | 0.209 | 0.170 | 0.140 | 0.879 |
| | 0.169 | 0.451 | 0.428 | 0.313 | 0.283 | 1.643 |

- 8.12 The Capital Strategy is under development as part of this budget process and will be presented for consideration and approval by Cabinet in February. The existing capital programme is largely funded from the use of capital receipts however going forward it is acknowledged that the capital ambition of the council will exceed the potential capital receipts available and will therefore require the Council to plan for the inclusion of prudential borrowing. The £100m included in the existing capital programme to cover the activities of the MLH commitments is to be funded from planned prudential borrowing. The significant regeneration and development schemes within the revised programme have business cases which require capital borrowing. The capital financing requirements and financial return to the Council to meet fiduciary responsibilities. It is essential that the business cases underpinning these programmes ensure adequate financial returns on these investments. This framework and the expected returns on investment will be included in the revised capital strategy.
- 8.13 As referred to in section 4, it should be noted that there are currently consultations underway from the DCLG on proposed changes to the prudential code for capital finance, including consideration of statutory guidance on local authority investments and the minimum revenue provision required to provide for the repayment of borrowing. In addition, in this context the due diligence work on the Regeneration schemes is continuing, to establish the potential impacts of the consultations and the proposals. This means that the work on the Mercury Land Holdings, Bridge Close and Rainham –Beam Park business cases cannot be finalised until this due diligence is complete. Therefore, even though the capital scheme numbers are included in the capital programme, the full impact on the MTFS of the proposals cannot yet be incorporated in to the budget. The approval for implementation of these schemes will therefore be dependent upon completion of all due diligence under the delegations set out in each Cabinet report.

- 8.14 The impact of the additional borrowing and the potential impacts of the consultations that are underway will also need to be considered as part of the review of the Treasury Management Strategy in order to ensure that the capital investment is financially sustainable and affordable and within the Prudential Code of Practice and the Treasury Code of Practice. The Treasury Management Strategy will be included for approval in the February Cabinet report.

IMPLICATIONS & RISKS

Financial Implications and Risks

The financial implications of the Councils MTFS are the subject of this report and are therefore set out in the body of this report.

Legal Implications and Risks

The Council is subject to a number of financial duties, for instance, the Council is under a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." s 3 Local Government Finance Act 1999. The Council is also required to set a balanced budget, taking into account a range of factors, including consultation feedback and decisions must also be taken in accordance with the Council's duties under the Equality Act 2010.

With regards the proposed changes to the Council Tax Discretionary Policy, the Local Government Finance Act 1972 Section 13A gives councils a power to reduce liability in cases where they think fit. This is separate from the Council Tax Support Scheme.

Human Resource Implications and Risks

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

Equalities and Social Inclusion Implications and Risks

Under Section 149 of the Equality Act 2010 the Council has a duty, in the exercise of its functions, to have due regard to the need to

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

The “protected characteristics” are: age, disability, race, religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

The preparation of the budget is a Council function. All proposals are being evaluated during the budget process to understand their impact and detailed equality impact assessments will be undertaken when any final decisions are taken in relation to specific proposals, with mitigating actions identified to minimise any adverse impact identified where possible. However, the Council also faces significant challenges in achieving a balanced budget, not only in terms of funding reductions, but also in terms of the rising demand for services, and budgetary constraints are a legitimate consideration in making decisions.

Concerning the proposal to amend the Council Tax Discretionary Policy in relation to care leavers, this seeks to advance the equality of opportunity of young people leaving care by providing them with the possibility of some financial support.

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|--------------------------|
| BACKGROUND PAPERS |
|--------------------------|

None

| HAVERING 2018/19 REVENUE BUDGET PROPOSALS SUMMARY | | | | | | | | | | | | | | | | |
|---|----------------|-----------------------|---|--|--|---------------|---------------|---------------|---------------|---------------|-------------|-----------------|----------------------|----------------|------------------------|---------------------------|
| Ref No. | Directorate | Specific Service Area | Type of Proposal: | Proposal Title | Proposal Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | | | | | |
| | | | S - Savings I - Invest to Save G - Growth | | | | | | | | | FTEs in service | Headcount in service | FTEs Reduction | Currently Vacant posts | RAG Risk (deliverability) |
| NEI 3 | Neighbourhoods | Public Realm | S | Review Cleansing and Grounds Maintenance to drive efficiencies | Public Realm services are under review and using best practice gained from other Local Authorities and the private sector will be redesigned to reduce operational costs whilst maintaining or improving service standards. Delivering this saving will require a fundamental review of how each of the component services are currently delivered and could be delivered in the future. The process will involve reviewing operational resources including staff , vehicles and plant. As the review is mid-term it is not possible at this stage to conclude the actual FTE reduction. It should be noted that the saving includes a replacement saving for CL9 and SC5 which were previously agreed savings and will now be delivered. | (0.100) | (0.450) | 0.000 | 0.000 | 0.000 | (0.550) | 171.0 | 234.0 | 37.1 | 40.0 | L |
| NEI8 | Neighbourhoods | Public Realm | S | Outsourcing of Public Realm Services | Following the efficiency saving review (NEI3), it is proposed that a market testing exercise to identify an improved value for money model of service delivery is carried out. Officers believe could save up to £0.5m a year. | | | (0.500) | 0.000 | 0.000 | (0.500) | 171 | 234 | 9.3 | 40 | M |
| NEI11 | Neighbourhoods | Public Realm | S | Yellow box junctions. | Introducing enforcement of yellow box junctions, will improve the safety of the road network. Evidence from the introduction of the wider MTC programme suggests that non compliance of Yellow box junctions will be high and therefore penalty notices could total £0.250m per annum. | (0.250) | | | | | (0.250) | | | | | H |
| | | | | Total Neighbourhoods Directorate | | (0.350) | (0.450) | (0.500) | 0.000 | 0.000 | (1.300) | 342.0 | 468.0 | 46.4 | 80.0 | |
| COO7 | COO | Communications | S | Christmas trees and lighting | Alternative funding sources for Christmas trees and illuminations would be sought from sponsorship. | (0.091) | 0.000 | 0.000 | 0.000 | 0.000 | (0.091) | | | | | L |
| COO8 | COO | Communications | S | Havering Show | This proposal is to increase revenue for the Havering Show so that the event becomes self financing for the council. Additional revenue options will be considered. | (0.040) | 0.000 | 0.000 | 0.000 | 0.000 | (0.040) | | | | | L |
| COO9 | COO | Communications | S | Living in Havering Magazine | This proposal would phase out the production of Living In Havering magazine in printed format over a two year period, saving the base budget £0.037m per year. Living in Havering would be produced more frequently as an electronic bulletin and distributed via email. The Council already successfully produces e-newsletters and has a distribution data base of 135,000 subscribers. | (0.018) | (0.019) | 0.000 | 0.000 | 0.000 | (0.037) | | | | | L |
| | | | | Total Chief Operating Officer Directorate | | (0.149) | (0.019) | 0.000 | 0.000 | 0.000 | (0.168) | 0.0 | 0.0 | 0.0 | 0.0 | |
| ONE1 | oneSource | IT | S | Wireless and mobile infrastructure | Over the last three to four years local authorities have increasingly started to become aware of assets and infrastructure that they own and manage and have embarked upon, in most cases successfully developing strategies which have sought ways in which assets and infrastructure could be both commercialised and also leverage wider social, economic and community benefit. This saving will be achieved by leasing council assets to communications providers to use to support wireless and mobile infrastructure. The first example is that the market will be asked to bid for the opportunity to rent street furniture e.g. lampposts to create a public Wi-Fi network via a min-tender from an existing framework. Other projects will need to follow to reach this target but based on the Soft Market Testing Exercise undertaken as part of this initial due diligence phase there does exist a genuine and real interest in the market to engage with the London Borough of Havering in utilising Infrastructure owned by the Borough to support and enable the delivery of commercial wireless services including the provision of free Wi-Fi. Specifically:- - Real interest from in working with the Council and other partners within Havering to deliver a strategy which would attract greater interest and investment from the mobile operators through the deployment of Small Cell. - To build on the current initiatives being pursued by Asset Management in respect to the use of council owned rooftop sites and actively promote and utilise Council owned rooftop assets to enable the provision of Superfast Business Broadband Connectivity into local businesses and business parks as well enhancing mobile coverage within the Borough. To be realised through direct engagement with the market and securing site by site leases to occupy specified rooftops on a non-exclusive basis. - Tangible interest from various sections of the market in engaging with the London Borough of Havering to understand how through the application of social value the Council working with the private sector could leverage a more socially focused approach towards delivering Wi-Fi within the Borough and realise the wider council aspirations for Borough wide Wi-Fi. | (0.050) | (0.100) | | | | (0.150) | | | | | M |
| ONE2 | oneSource | Crosscutting | S | Mail room Transformation | Current activities are delivered in house and these are: post, print, scan and handling inbound and outbound mail. The detailed proposed new model in relation to the inbound and outbound mail is: Inbound All incoming post is redirected, using a PO Box redirect, to an external supplier. The post is then opened and indexed using a unique barcode identifier. Any post that cannot be redirected will be picked up by daily courier and taken to the external supplier. Post is then scanned directly into whatever IT system is specified e.g.: 1Oracle or Academy. Where no IT systems exists, a cloud based email box is provided so that users can see what post they have received and decide what to do with it, download, delete forward etc. Original hard copies are either returned to the customer, archived or shredded. Any cheques are scanned and paid directly into any designated bank account. Daily management information and reconciliations are provided. Scanning SLA's to be agreed but range from 2 hours to 24 hours. Outbound A print driver is installed on LBH servers which, when clicked, sends the outbound print to the external company. This is then barcoded, printed and enveloped. Post is then franked and sent out via Royal mail Downstream Access. The barcode on outbound post allows for routing of subsequent inbound post to the correct customer, reference number etc. The savings would be achieved by a combination of FTE number reduction and the reduction of posting, printing, scanning costs. Only oneSource FTE have been included. There may be further savings elsewhere within Havering. | (0.145) | | | | | (0.145) | 17 | | 4.0 | 0 | M |

| HAVERING 2018/19 REVENUE BUDGET PROPOSALS SUMMARY | | | | | | | | | | | | | | | | |
|---|---------------------|-------------------------------------|---|---|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------------|----------------|------------------------|---------------------------|
| Ref No. | Directorate | Specific Service Area | Type of Proposal: | Proposal Title | Proposal Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | FTEs in service | Headcount in service | FTEs Reduction | Currently Vacant posts | RAG Risk (deliverability) |
| | | | S - Savings I - Invest to Save G - Growth | | | | | | | | | | | | | |
| ONE4 | oneSource | Crosscutting | I2S | Sale of oneSource services | oneSource is currently working with Red Quadrant to establish if there is a business case for moving into a separate trading entity, however the business is case is considering the current model and six other delivery models. Regardless of whether oneSource does this, the oneSource Management Team are focussed at developing the external client base in order to generate further income which will be distributed to the three Partner Councils. Red Quadrant are helping oneSource establish if this could go further if it was a separate trading entity. The business case has been completed and has been presented to the oneSource Joint Committee. The next step is to take the recommendations to each Council's Cabinet. There are no staffing implications identified at this time as this is about generating extra income, not reducing staff. The current growth and saving values currently identified are broad estimates at this stage. The growth represents investment that will be required by the Council to transition oneSource into a wholly owned subsidiary which is followed by subsequent potential increased income levels. However, these are broad estimates and can not be confirmed until the business case has been completed and the direction of travel has been agreed by the three Partner Councils. | 0.139 | (0.064) | (0.064) | (0.279) | (0.214) | (0.482) | | | | | M |
| ONE4a | Corporate | Transformation | I2S | Sale of oneSource services | Implementation cost to be funded from Transformation reserves. | (0.139) | | | | | (0.139) | | | | | L |
| | | | | | Total One Source Directorate | (0.194) | (0.164) | (0.064) | (0.279) | (0.214) | (0.916) | 17.0 | 0.0 | 4.0 | - | |
| AS5 | Adult Services | Learning Disabilities commissioning | S | Improved market management | Through the recommissioning of existing contracts, especially residential care and block contracts for LD clients - increased focus on Outcome based models, expansion of Direct Payments and sourcing more Community based provision. Links in with increased Supported living Provision in AS11. Additional opportunities from an Integrated Commissioning model being proposed by the JCU, whereby savings can be generated from a single provider delivering support on behalf of multiple agencies. | | (1.000) | (0.100) | (0.100) | (0.100) | (1.300) | | | | | M |
| AS6 | Adult Services | Community Team commissioning | S | Front door changes | The Front Door staffing establishment is being restructured in 2017/18 both in terms of skill mix - with qualified staff to now support the management of incoming referrals, and to establish a more effective triage of referrals, to reduce the number that are passported to the rest of the service, the revised structure does not initially aim to make any headcount reductions, but could be considered following review. The revised structure is being supported with the introduction of a Transformation Programme, which will be embedded over the next 12-18 months, that will support all ASC staff who have contact with residents in reframing the 'conversation' with those residents, focussing more on the individual's strengths and assets and these will help them maintain independence rather than assessing deficits and setting up services to meet these. The saving is currently profiled for 2020/21, to allow sufficient time for the transformation changes in processes in initial client contact to properly embed. This is also supported by the proposed introduction of a new Care & Support Policy. | | 0.000 | (0.200) | 0.000 | 0.000 | (0.200) | | | | | M |
| AS8 | Adult Services | Disabilities | S | Day Care Services Review | Consolidating in-house provision to other existing provision, clients will either be given personal budgets to purchase services addressing any identified unmet needs in the community or will be offered the opportunity to use other in-house services as appropriate. The proposal does not aim to make any initial headcount savings, existing staff will look to be utilised in alternative in house services. | | (0.043) | (0.100) | | | (0.143) | | | | | L |
| AS10 | Adult Services | Community Team commissioning | S | Intermediate care tier, including Discharge to Assess | Empirical evidence from nationwide research suggest substantial benefits from discharging people into the community to be looked after improves their recovery and wellbeing, whilst also reducing their need for ongoing care/support. | (0.125) | (0.250) | (0.250) | (0.250) | (0.250) | (1.125) | | | | | H |
| AS11 & AS12 | Adult Services | Community Team commissioning | S | Managed Transitions from Children Social Care into Adults | Reduced demand through work of PFA, also work on existing cases to review provision, consider extent cases can be jointly funded and wherever possible relocate out of borough provision into future supported living / Extra-care schemes within the borough | (0.100) | (0.100) | (0.100) | (0.100) | (0.100) | (0.500) | | | | | M |
| AS13 | Adult Services | Learning Disabilities commissioning | S | Move clients in Out of borough Residential Homes into in borough supported living schemes | Working with Housing and Regeneration colleagues to identify needs around developing Supported Living Schemes within the borough | | | | (0.500) | (0.500) | (1.000) | | | | | M |
| AS14 | Adult Services | Mental health commissioning | S | Improved market management | Targeted Management of local care market, aim to work more collaboratively around outcomes for clients and opportunities for greater shared procurement in conjunction with Health. Setting achievable targets around step down and move on. Consideration of internally provided services for closure/outourcing | | (0.050) | (0.050) | (0.050) | (0.050) | (0.200) | | | | | M |
| AS15 | Adult Services | Staffing | S | New System implementation | The implementation of a new case Management System should support the delivery of efficiencies especially in some back office functions (across Brokerage, Direct Payments and Business/admin support) - these will be further reviewed as a result of the Implementing. This should also drive workflow efficiencies and deliver improved management information for better decision making around demand management and commissioning strategies. The go-live date for implementation is October 2018, and will require some bedding down within the services. It is anticipated that process efficiencies will be realised from 2020/21. | | | (0.050) | (0.150) | | (0.200) | 31 | 39 | 5.0 | 7 | L |
| | | | | | Total Adults Directorate | (0.225) | (1.443) | (0.850) | (1.150) | (1.000) | (4.668) | 31.0 | 39.0 | 5.0 | 7.0 | |
| CH2 | Children's Services | Business Support | S | Revised delivery model for the Business Support Service | A review and restructure of the service will take place. The review will determine what the primary business support needs are for the Social Care service. This will lead to a range of delivery models developed, with an appropriate model selected for consultation. A reduction in headcount will achieve the identified savings. Consultation will commence as soon as possible after October Cabinet with a view to full implementation by 1 April 2018. The saving achieves a reduction in the cost base by 2018-19 which is then sustained in future years. | (0.300) | 0.000 | 0.000 | - | - | (0.300) | 61 | 69 | 9.0 | 5 | L |

| HAVERING 2018/19 REVENUE BUDGET PROPOSALS SUMMARY | | | | | | | | | | | | | | | | |
|---|---------------------|-----------------------|---|---|---|---------------|---------------|---------------|---------------|---------------|-------------|-----------------|----------------------|----------------|------------------------|---------------------------|
| Ref No. | Directorate | Specific Service Area | Type of Proposal: | Proposal Title | Proposal Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | FTEs in service | Headcount in service | FTEs Reduction | Currently Vacant posts | RAG Risk (deliverability) |
| | | | S - Savings I - Invest to Save G - Growth | | | | | | | | | | | | | |
| CH3 | Children's Services | Social Care | S | Revised delivery model for intervention support service. | The saving will be achieved by reviewing the Family Support element within the service. Analysis shows that the functions are no longer required due to a duplication with Early Help and do not deliver value for money. Posts will be deleted, contributing to the MTFs saving. Reduced agency costs will contribute to the identified savings. Consultation will commence as soon as possible after October Cabinet with a view to full implementation by 1 April 2018. The saving achieves a reduction in the cost base by 2018-19 which is sustained in future years. | (0.300) | 0.000 | - | - | - | (0.300) | 84 | 85 | 8.0 | 2 | L |
| CH5 | Children's Services | Placements | I2S | Creation of additional In borough placements for Looked After Children | <p>There is scope to improve the offer that we make for looked after children to ensure we can provide suitable accommodation in borough where appropriate. This business case proposes that the council considers building and/ or using any current facilities that are available and meet requirements.</p> <p>With the benefit of having purpose built in borough provision the council will have the flexibility to tender out the required support care. The support care could be tendered either as a stand-alone single borough or as part of the sub-region residential care project.</p> <p>The savings potential (caveated by assumptions of possible costs, ongoing increasing demand and constraints around comparator information) is circa £250k pa based upon a 6 bed residential facility.</p> <p>A key assumption is that the new facility will be a transitional stage in the move away from residential care, and that throughput of occupants should occur on an annual basis.</p> <p>The ambition is, over the course of four years, to see a significant reduction in the population in residential care and a reduction in the cost base of £1m. Further detailed work will be required on costings but an indicative model is as follows. The estimated saving is based on the cost of 6 high cost placements less the assumed running costs of the new facility.This generates an estimated saving of £250,000 in the first full year of operation. In the second year, the initial cohort of children and young people are able to move out of residential care into family-based settings sustaining the cost saving for this cohort.</p> <p>This saving is subject to the preparation and approval of a business case to secure the required capital investment from the £5m invest to save capital budget.</p> | | (0.250) | (0.250) | (0.250) | (0.250) | (1.000) | | | | | M |
| CH6 | Children's Services | Innovation | I2S | Scale and spread of Pathways Innovation Programme in Children's Social Care | <p>By placing children closer to home, using specialist foster carers, we are less reliant on residential placements and independent fostering agencies. The difference in costs between residential and a specialist in-house carer, is circa £2,250 per week. We can save money by placing children who are currently in high cost placements, and bringing them into in-house provision.</p> <p>The intention would be to keep children in a specialist fostering placement for 6 month, the turnover allows for more children to be supported but subsequently increases the savings potential.</p> <p>Foster carers will need to be recruited and also existing foster carers 'converted' to enhanced foster carers. They will receive support from qualified practitioners so they have the necessary support to maintain resilience and the best pathway to succeed.</p> | | (0.175) | (0.175) | (0.125) | (0.125) | (0.600) | | | | | M |
| CH8 | Children's Services | Social Care | I2S | Invest to save proposal to build local SEND care provision | <p>We need local overnight short breaks provision, its part of the need to support families with children with ever increasing complex and challenging needs. This will complement our new special free school.</p> <p>With these 2 provisions in place we will be able to maintain children at home and avoid out of borough expensive school placements and family breakdown which are the 2 reasons we send children to expensive residential schools.</p> <p>There is a current lack of provision in this area and we pay very high rates, despite a new provider providing more competitive rates, there is still a significant pressure.</p> <p>A 6 bed residential home for children with moderate to severe disabilities with or without challenging behaviours, would also be of benefit, as we have a number of children with disabilities who end up in care and we find it difficult to find local foster carers, they end up going out of borough, leaving local schools, making the whole process more disruptive for children. This ultimately significantly raises costs for Havering.</p> <p>Building new provision will require capital investment but early analysis shows long-term revenue savings.</p> <p>A range of assumptions on building/running costs and comparator data have been made in order to calculate potential savings. The highest cost placements can cost Havering £250k per year.</p> <p>This saving is subject to preparation and approval of a business case to secure the required capital investment from the £5m invest to save capital budget.</p> | | | | (0.330) | (0.330) | | | | | M | |
| CH9 | Children's Services | Social Care | S | Charging model for children accommodated under Section 20 of the Children's Act 1989. | <p>This policy is aimed at operating in partnership with parents and legal guardians to promote best outcomes for children in care under Section 20 arrangements and further ensure that where possible parents and legal guardians financially contribute towards the care of their child. The policy is not intended to leave families in financial hardship as a financial assessment will be undertaken. However, parental responsibility for any child in care should, where feasible, encompass some financial contribution.</p> <p>Whilst the introduction of the Policy may generate some income towards maintenance costs, the main purpose of the proposal is to act as an alert to parents of the cost of the service they are requesting and allow them to reconsider other forms of family support that provides alternatives to care.</p> | (0.050) | 0.000 | 0.000 | 0.000 | 0.000 | (0.050) | | | | | M |
| Total Children Services Directorate | | | | | | (0.650) | (0.425) | (0.425) | (0.705) | (0.375) | (2.580) | 145.0 | 154.0 | 17.0 | 7.0 | |
| GRAND TOTAL | | | | | | (1.568) | (2.501) | (1.839) | (2.134) | (1.589) | (9.632) | 535.0 | 661.0 | 72.4 | 94.0 | |

| HAVERING 2018/19 REVENUE BUDGET PROPOSALS SUMMARY | | | | | | | | | | | | | | | | |
|---|----------------|---------------------------------|---|---|---|---------------|---------------|---------------|---------------|---------------|--------------|--------------------|-------------------------|-------------------|---------------------------|------------------------------|
| Ref No. | Directorate | Specific Service Area | Type of Proposal: | Proposal Title | Proposal Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | FTEs in service | Headcount in service | FTEs Reduction | Currently Vacant posts | RAG Risk (deliverability) |
| | | | S - Savings I - Invest to Save G - Growth | | | | | | | | | | | | | |
| NEI10 | Neighbourhoods | HT&P | G | PSPO (schools) | Public Space Protection Order (PSPO) project is not currently corporately funded and is currently absorbed by the Service (Highways Traffic and Parking Group). Growth proposal of £0.150m required to ensure continued delivery of the project into 2018/19 and beyond, drastically improving road safety outside selected borough schools. Funding required to maintain equipment and resource / administer the scheme. | 0.150 | | | | | 0.150 | N/A | N/A | N/A | N/A | L |
| | | | | | Total Neighbourhoods Directorate | 0.150 | 0.000 | 0.000 | 0.000 | 0.000 | 0.150 | 0.0 | 0.0 | 0.0 | 0.0 | |
| COO15 | COO | Culture & Customer Access | S | Restructure of the Youth Service in the context of Children's Early Help and Intervention | Youth workers work with young people in their communities to support them to achieve their potential, helps them make decisions about their own lives and supports them to develop confidence and resilience through relationships of trust and support. Havering Youth Service works with young people aged 8-19 and up to 25 if they have special educational needs or disability. The youth work programme currently includes open access youth sessions, providing information & advice services, delivering outreach projects, targeted work with young people with special educational needs and additional mild to moderate learning or physical disabilities, promoting the voice & positive image of young people, facilitating accreditation programmes such as Duke of Edinburgh and working with a range of partners in developing young people's personal assets. The Outreach Programme using the Youth Bus and detached workers continues to be an integral part of the youth offer in Havering. Youth workers engage with young people in their own communities to address anti-social behaviour, provide information, guidance and advice; and promote other services to them, such as youth activity, C Card scheme and community events. | | (0.050) | | | | (0.050) | | 27 | 7.3 | 2 | H |
| COO16 | COO | Registration | S | Non Statutory Registration Fees and charges. | The Registration Service is based at Langtons House and has a responsibility to register all births, deaths and marriages that occur within Havering. It is currently the busiest Register Office in London for deaths and the third busiest for births, performing in total around 12,000 registrations per year. Langtons House is an approved wedding venue and hosts around 750 weddings per year. In addition there are other approved premises across Havering including golf clubs, hotels and manor houses to which registrars attend and perform weddings. The service also performs other ceremonies including citizenships, naming and renewal of vows ceremonies. In addition Langtons has a function hall available to hire for wedding receptions and other functions and social lettings. The service also provides, in addition to statutory services, a variety of non-statutory services including a fast track service for urgent copy certificates and a nationality checking and passport service. | (0.060) | | | | | (0.060) | N/A | N/A | N/A | N/A | L |
| COO18 | COO | Policy, Performance & Community | S | Reorganisation | The Community Safety and Development team plays a pivotal role in encouraging and facilitating social cohesion and inclusion, in order to foster an environment where families look after themselves and each other wherever possible. The service also works to ensure a clean, safe environment for all, both by managing high risk offenders and victims and by developing and implementing programmes to tackle high volume and high harm crimes. This is achieved both through direct work and by coordinating strategic partnership working across a wide range of public, private and voluntary sector agencies represented on the Havering Community Safety Partnership (HCSP) and Safer Neighbourhoods Board. Current programmes of work relate to anti-social behaviour (ASB), domestic abuse and violence against women and girls (VAWG), Integrated Offender Management (IOM), counter-terrorism and location based crime. The service also works closely with the Communications team to ensure that perceptions of crime and community safety in the borough match reality. Finally, the Community Safety and Development team manages and oversees implementation of the corporate performance, policy and strategy development frameworks for equality and diversity, and for commissioning the annual staff training programme for equality and diversity. | (0.153) | (0.052) | | | | (0.205) | 18 | 18 | 4 | 0 | M |

| HAVERING 2018/19 REVENUE BUDGET PROPOSALS SUMMARY | | | | | | | | | | | | | | | | |
|---|-------------|-----------------------|---|-------------------------|--|------------|------------|------------|------------|------------|----------|-----------------|----------------------|----------------|------------------------|---------------------------|
| Ref No. | Directorate | Specific Service Area | Type of Proposal: | Proposal Title | Proposal Description | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | FTEs in service | Headcount in service | FTEs Reduction | Currently Vacant posts | RAG Risk (deliverability) |
| | | | S - Savings I - Invest to Save G - Growth | | | | | | | | | | | | | |
| COO19 | COO | Bereavement Services | S | Fee increase | Bereavement Services provides cremation and burial facilities for the Borough, there are four Cemeteries sited at Upminster, Hornchurch, Rainham and Romford whilst the Crematorium is situated in South Ockendon. The service is responsible for the grounds maintenance across these sites which totals approx 75 acres. Collectively the service carries out in excess of 3000 cremations every year and over 300 burials and is one of the busiest in the country. The service also provides an extensive range of memorial options for the bereaved and deals with a wide range of face to face and telephone enquiries from customers and other stakeholders including Funeral Directors and stonemasons and also deals with a wide range of complex queries including grave ownership, probate and other legal issues that can arise following a funeral. The service is in direct competition with neighbouring providers of crematoria and burial facilities, either privately run or under LA control. There are significant pressures to ensure fees remain competitive and that the quality of the services provided remains high, so that the reputation of the service is not compromised and it remains a popular choice for families as a venue for cremation or burial - cheaper alternatives are increasingly becoming attractive as funeral poverty becomes a real issue. | (0.075) | | | | | (0.075) | N/A | N/A | N/A | N/A | M |
| Total Chief Operating Officer Directorate | | | | | | (0.288) | (0.102) | 0.000 | 0.000 | 0.000 | (0.390) | 18.0 | 45.0 | 11.3 | 2.0 | |
| ONE5 | ALL | Crosscutting | s | Spans and Layers | A review of all Havering service areas will be undertaken to ascertain whether the agreed organisational design principles have been followed. This includes, but is not limited to, whether any management, supervisory levels are below 1:6, whether layers of management can be reduced and whether cross cutting positions of similar roles can reduce duplication. Note: Savings are exclusive of Revenue Costs: Revenue Costs to be funded from the Transformation Reserve | | (0.500) | | | | (0.500) | | | 15 | | L |
| ONE6 | ALL | IT | G | IT underlying pressures | To support the council's critical systems CRM and Data Warehouse and security of the infrastructure. | 0.930 | | | | | 0.930 | N/A | N/A | N/A | N/A | |
| ONE7 | oneSource | Crosscutting | S | Business Support | There will be a review of all business support roles across the services to reduce work duplication. The Terms & Conditions review highlighted a number of posts which have been created, that could be placed into a joint administration team where overall staffing numbers would reduce. Note: The review will be led by one HRBP who will also lead the Spans & Layers Review - the associated Revenue Costs (to be funded from the Transformation Reserve) are detailed in the Spans & Layers R2 form | 0.000 | (0.200) | | | | (0.200) | | | 8 | | L |
| ONE8 | ALL | Crosscutting | S | Agency Review | Review of all agency workers including length of tenure, categorisation of role and reduction in reliance on agency workers to have a more robust approach to workforce planning and to reduce expenditure. | (0.300) | | | | | (0.300) | | | | | L |
| Total One Source Directorate | | | | | | 0.630 | (0.700) | 0.000 | 0.000 | 0.000 | (0.070) | 0.0 | 0.0 | 23.0 | 0.0 | |
| Total R1 - December | | | | | | 0.492 | (0.802) | 0.000 | 0.000 | 0.000 | (0.310) | 18.0 | 45.0 | 34.3 | 2.0 | |

| | APPENDIX C | | | | | | | | | | | | | | | | |
|------|--|---------------------------|---|---|---------------|---------------|---------------|---------------|---------------|-------------|------------------------|--|--------------|-------------------|----------------------------|-------------|--------|
| | | | | CAPITAL EXPENDITURE | | | | | | | FUNDING | | | | | | |
| Ref | Directorate | Service | Project | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m | Capital Receipts £m | Revenue and Reserve Contribution £m | Grants £m | Section 106 £m | Prudential Borrowing £m | Total £m | |
| | APPROVED BIDS - Development | | | | | | | | | | | | | | | | |
| | Neighbourhoods | Development | Bridge Close Redevelopment | 3.674 | 1.838 | 32.653 | 19.718 | 4.676 | 12.541 | 75.100 | 11.620 | | | 63.480 | 75.100 | | |
| | Neighbourhoods | Development | MLH | 6.498 | 6.590 | 14.811 | 8.999 | 5.249 | | 42.147 | | | | 42.147 | 42.147 | | |
| | Neighbourhoods | Development | Rainham and Beam Park Housing Zone | | 2.045 | 27.955 | 15.000 | 15.000 | | 60.000 | 45.200 | | | 14.800 | 60.000 | | |
| | | | | 10.172 | 10.473 | 75.419 | 43.717 | 24.925 | 12.541 | 177.247 | 45.200 | | | 11.620 | 120.427 | 177.247 | |
| | APPROVED BIDS - SLM | | | | | | | | | | | | | | | | |
| | COO | Culture & Customer Access | SLM | 7.509 | 4.670 | 11.706 | 5.664 | 0.854 | 0.485 | 30.888 | | | | 30.888 | 30.888 | | |
| | | | | 7.509 | 4.670 | 11.706 | 5.664 | 0.854 | 0.485 | 30.888 | | | | 30.888 | 30.888 | | |
| | EXTERNALLY FUNDED BIDS | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| NH5 | Neighbourhoods | Highways | 2018/19 Local Implementation Plan (TfL Funding) | 2.193 | | | | | | 2.193 | 2.193 | | | | 2.193 | | |
| NH6 | Neighbourhoods | Highways | 2018/19 TfL Funded Programmes | 3.730 | | | | | 5.780 | 5.652 | 0.030 | 0.030 | 15.222 | 15.222 | | | |
| | | | | 5.923 | 5.780 | 5.652 | 0.030 | 0.030 | | 17.415 | 17.415 | | | | 17.415 | | |
| | EFFICIENCY PROGRAMME FUNDED BIDS - provision in existing capital programme | | | | | | | | | | | | | | | | |
| | CH8 | Children's services | Children's Services | Children with SEND Residential provision | 0.350 | | | | | 1.000 | | 1.350 | 1.350 | | | | |
| | CH5 | Children's services | Children's Services | Children's Residential and Attached Semi Independent Provision Home - | 0.950 | | | | | 0.950 | | 1.900 | 1.900 | | | | |
| | AH13 | Adults and Health | Adult Social Care | Adults Learning Disabilities provision build | | | | | | 2.800 | | 2.800 | 2.800 | | | | |
| | CH5a | Children's services | Children's Services | Children's Semi Independent Provisions and/ or Residential Care Homes | 0.500 | | | | | | 0.500 | 0.500 | | | | | |
| | | | | 1.800 | 1.950 | 2.800 | | | 6.550 | 6.550 | | | | 6.550 | | | |
| | ICT BIDS | | | | | | | | | | | | | | | | |
| | OS1 | OneSource | ICT | Infrastructure Improvement and Resilience | 1.000 | | | | | 1.000 | 0.620 | 0.620 | 0.620 | | 3.860 | 3.860 | |
| | | | | 1.000 | 1.000 | 0.620 | 0.620 | 0.620 | | 3.860 | 3.860 | | | | 3.860 | | |
| | SLT and CAMG Endorsed Projects | | | | | | | | | | | | | | | | |
| | CH13 | Children's services | Children's Services | School Expansion Programme | 7.425 | | | | | 19.225 | 2.950 | | 29.600 | 29.600 | | | |
| | NH21 | Neighbourhoods | Public Realm | Upminster Windmill Ground Contamination | 0.066 | | | | | | | | | 0.066 | 0.066 | | |
| | NH2 | Neighbourhoods | Highways | Initial Three Year Footway and Carriageway Resurfacing Programme | 3.000 | | | | | 2.000 | 2.000 | 2.000 | 2.000 | 11.000 | 1.430 | 9.570 | 11.000 |
| | NH10 | Neighbourhoods | Public Realm | Bedford Park Play Area | 0.050 | | | | | | | | | 0.050 | | 0.050 | |
| | NH11 | Neighbourhoods | Public Realm | Langtons House and Orangery Improvement Scheme | 0.075 | | | | | | | | | 0.075 | | 0.075 | |
| | NH15 | Neighbourhoods | Public Realm | Play and recreation facilities improvements | 0.235 | | | | | | | | | 0.235 | | 0.235 | |
| | OS6 | OneSource | Asset Management | Health & Safety Works | 0.200 | | | | | | | | | 0.200 | | 0.200 | |
| | OS4 | OneSource | Asset Management | Schools Maintenance (Capital) Programme 18/19 - Schools | 1.500 | | | | | 0.700 | | 2.200 | 2.200 | | | | |
| | OS5 | OneSource | Asset Management | Central Depot Expansion | 0.535 | | | | | | | | | 0.535 | | 0.535 | |
| CO9 | COO | Bereavement Services | Cemetery Pathway Repairs | 0.020 | | | | | | | | | 0.020 | | 0.020 | | |
| CO17 | COO | Bereavement Services | Replacement Programmable Logic Controllers & Analysers for Cremators | 0.091 | | | | | | | | | 0.091 | | 0.091 | | |
| CO18 | COO | Bereavement Services | Replacement Drainage System | 0.015 | | | | | | | | | 0.015 | | 0.015 | | |
| CO20 | COO | Culture & Customer Access | Queens Theatre - addressing items identified through a condition survey | 0.193 | | | | | 0.220 | | 0.413 | | | | 0.413 | 0.413 | |
| CO16 | COO | Bereavement Services | Cemetery Extension Phases 2 & 3 | | | | | | 1.000 | 1.500 | | 2.500 | | | | 2.500 | |
| CO16 | Corporate | | Invest to Save - Capital | 2.000 | | | | | | | 2.000 | | | | 2.000 | 2.000 | |
| | | | | 15.405 | 23.145 | 6.450 | 2.000 | 2.000 | | 49.000 | 1.430 | 0.126 | 31.800 | 0.285 | 15.359 | 49.000 | |

oneSource Directorate
Exchequer & Transactional Services
Council Tax & Benefits



Council Tax Discretionary Reduction Policy

Last Update : October 2017 C Henry

Introduction

Under section 13A of the Local Government Finance Act 1992 (LGFA 1992), the Council has discretion to reduce the amount of Council Tax payable that is not covered by statutory discounts and exemptions. This discretion can be exercised in relation to particular classes of case or by determining an individual case. The reduction can be for a specific period of time and the liability can be reduced by any amount the Council thinks fit.

In particular, the Council has the discretion to reduce the amount of Council Tax an individual person is liable to pay by any amount ranging from nil to 100% and for any period.

Under the Act, there is no right of appeal against the Council's use of discretionary powers; however, the Council will accept a customer's request for a further review of its decision as outlined further below in this document.

There are financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any local council tax reduction will, therefore, have to be met by the rest of the council tax payers in the borough.

Whilst each claim will be looked at individually, prudence should also be exercised and the impact of acceptance should be determined. For example, if one customer's case is accepted in a given situation, it may cause a 'snowball effect', which would mean that the Council must consider all such cases as this would affect the budget and other council tax payers.

Purpose

The purpose of this policy is to specify how this Council will operate the scheme and to indicate the factors that will be considered when deciding if a council tax reduction can be made. The aim is to treat all claimants equally when administering the scheme.

How to claim a Council Tax Reduction

Requests for reductions in Council Tax liability will be required in writing from the taxpayer, their advocate/appointee or a recognised third party acting on their behalf. A request can initially be made verbally but should be followed up in writing. The request should specify the reasons the customer requires a reduction.

In considering whether a reduction should be made, the Council Tax & Benefits Service may request reasonable evidence to verify the information on which the request is based. Information regarding financial, personal or property status may also be provided as supporting evidence to the request.

Where further information is required, it will be reasonable to allow 14 days for its return, and collection or recovery proceedings may be suspended during this time.

Where it is appropriate, customers may also be advised to seek budgeting advice and assistance from Money Advice or other equivalent online service providers, the Citizens Advice Bureau, Welfare Rights Agencies and our own Customer Services in order to help gain evidence to support their request.

The Council Tax & Benefits Service may in any circumstances verify information or evidence provided by the customer by contacting third parties or other organisations.

Guidance

The Council will consider using its powers to reduce council tax liability for any case or class of case and treat all applications on their individual merit.

Ordinarily, the Council would expect there to be exceptional circumstances to justify a reduction and that the reduction would normally only be intended as short term assistance and should not be considered as a way of reducing council tax liability indefinitely.

The following guidance will be considered:

- There must be evidence of financial hardship or personal circumstances, which are exceptional and justify a reduction in council tax liability.
- The Council must be satisfied that the customer has taken reasonable steps to resolve their situation prior to the application for a reduction.
- The Council's finances will allow for a reduction to be made.
- The customer's eligibility for Council Tax Support has been considered and maximised.
- The customer's eligibility for welfare benefit has been considered and they have claimed all the benefits they are entitled to.
- All other eligible discounts, exemptions and reliefs have been awarded.
- The amount of council tax outstanding must not be the result of deliberate non-payment or negligence.
- It is reasonable to award a reduction having regard to the interests of other local council tax payers.
- The customer does not have access to other assets that could be used to pay the council tax.

- The customer has shown effort to discharge the council tax liability
- In order to target support effectively the focus may be on certain disadvantaged groups such as young people up to the age of 25 years leaving care in the transition to adult life, people with disabilities or mental health issues.

This guidance is not an exhaustive list. Instances where a customer is in a situation not noted within these guidelines will not mean their application should be dismissed. Each application will be evaluated upon its own merit and individual circumstances.

The Effect of a Council Tax Reduction

In making a council tax reduction, consideration will be given to achieving the following:

- Protecting the public purse and maintaining financial budgets
- Helping customers to help themselves
- No increase in council tax for resident taxpayers

The Amount and Period of the Council Tax Reduction

The amount of the reduction should not normally exceed a 12-month period or the end of the current financial year in which the request is made. The customer should make another application if they require a further reduction in their council tax.

The amount of council tax reduction at one time does not guarantee that a further reduction will be made later even if the customer's circumstances remain the same. The Council will not fetter its discretion in making one decision on an application with regard to a later claim by the same customer.

The value of the reduction should not exceed the value of the council tax owed.

The period of the council tax reduction should not be retrospective unless significant evidence or information is provided to warrant backdating a reduction.

If after awarding a council tax discretionary reduction there is a reduction in liability arising from a council tax band reduction or council tax support for example, the level of payment under S13A(1)(c) LGFA 1992 shall be reduced accordingly.

Making and challenging decisions for a Council Tax Reduction

The procedure for determining individual applications will require the Principal Officer (fourth tier officer or above) in the Council Tax & Benefits Service, to review the application and make a recommendation to the Head of Council Tax & Benefits.

The report will record the effect on other taxpayers, financial or otherwise, and will include whether:

- It will be likely that the majority of local residents will, on the balance of probabilities, agree with the decision.
- The Council's finances will allow for the reduction to be made

The Head of Council Tax & Benefits will determine whether a payment will be made and the amount of the reduction. The Council will notify a customer of its decision in writing within one month of the date the application is received.

Whilst under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers; the Council will accept a request from a customer to review its decision within one calendar month of the date of the letter informing the customer of the decision.

The review will be undertaken by the Director of Exchequer & Transactional Services and the decision given in writing within one month of the date on which the request is received.

There is no entitlement to withhold the payment of Council Tax pending the determination of an application for a reduction or request for a review. Receipt of an application for relief will not negate the taxpayer's obligation to pay the council tax.

In the event the customer is still aggrieved following the Head of Service review, the third stage of the Corporate Complaints' Procedure will be invoked.

Where a council tax support claimant is still aggrieved following a decision to refuse a further council tax reduction, the claimant may be referred to the Valuation Tribunal.

Fraud

The Council is committed to challenging fraud in all its forms. Any applicant who tries to fraudulently claim a council tax reduction by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968.

Any cases where the Council suspects that this has occurred will be investigated and subject to the actions available within the Council's Anti Fraud policy, this may lead to the commencement of criminal proceedings against suspected fraudsters.