



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 7 February 2018
(7.30 - 9.00 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White

Councillor Robert Benham

Councillor Wendy Brice-Thompson

Councillor Osman Dervish

Councillor Melvin Wallace

Councillor Clarence Barrett

Councillor Ron Ower

Councillor Joshua Chapman

Councillor Jason Frost

Cabinet Member responsibility:

Housing

Children & Learning

Adult Social Services and Health

Environment and Community Safety

Culture and Community
Engagement

Financial Management,
Transformation & IT

Housing Development Company
and OneSource Management

Deputy Cabinet Member for Housing

Deputy Cabinet Member for
Environment, Regulatory Services &
Community Safety

35 ANNOUNCEMENTS

Announcements were made in relation to the evacuation procedure in the event of fire or other emergency.

36 APOLOGIES FOR ABSENCE

There were no apologies for absence.

37 DISCLOSURES OF INTEREST

There were no declarations of interest.

38 MINUTES

The minutes of the meeting of Cabinet held on 17th January, 2018, were agreed as a correct record and signed by the Chairman.

39 THE COUNCIL'S FINAL 2018/19 BUDGET, MEDIUM TERM FINANCIAL STRATEGY AND COUNCIL TAX PROPOSAL

The Leader of the Council, Councillor Roger Ramsey, presented the report to Cabinet.

The report followed on from various updating reports that came before Cabinet in October, December and January, all of which advised and updated on the position regarding the budget gap in the lead up to the Budget Setting Cabinet meeting.

Cabinet agreed to receive the Second Dispatch Agenda which detailed the full version of Appendix 1.

The Council is required to set an annual budget for 2018/19 and a Mid Term Financial Strategy for the five year period ending 2022/2023. The report details recommendations to Council for the formal Budget Setting process and the setting of a Council Tax increase of 1%, plus a 2% Adult Social Care precept, for the Havering element of Council Tax. The report recommends to Council the Council Tax level at band D as £1363.83 before the inclusion of the GLA precept.

The Local Government Financial Settlement (LGFS) has been confirmed and some additional funding has been allocated as a result including the Adult Social Care Supplementary Grant of £600,000 which will be placed in reserves for that sole purpose. There has also been a change in the New Homes Bonus which gives extra income of around £30,000 and some other smaller adjustments in tariffs and top ups. This is all very welcome and does not affect the budget recommendations being made to Cabinet in this report.

The Senior Leadership Team of the Council continues to work hard to develop proposals to balance the 2018/19 budget. Savings proposals and the application of the Government Grants have reduced the budget gap of £4.158 million in 2018/19 rising to £33.355 million by 2022/23 and this is demonstrated in Table 1 of the report.

The Mid-term Financial Strategy and Budget Update report went for discussion to the Overview and Scrutiny Board on 23rd January, 2018. There were no comments to be brought forward to Cabinet.

The results of the public consultation produced a wide variety of views and were satisfying in so far as 60% agreed with the Council Tax Budget Strategy.

The public engagement and budget consultation engaged to understand residents' views on 2018/19 Budgets and the Medium Term Financial

Strategy (MTFS) saving proposals and Council Tax changes began on the 5th January and closed at mid-night on Friday 2 February 2018.

There were a total of 251 responses. The top three priority services responses want to protect are:

- School and education - 55.38%
- Adult Social Care - 36.25%
- Roads and Transport - 34.66%

The top three priority services responses want to reduce are:

- Parking - 50.60%
- Council Tax Support - 45.02%
- Planning and Building control - 39.84%

When asked if there were any comments on the Budget Strategy as a whole there were 177 responses and these were grouped into themes as follows:

- **Salaries:** reducing councillor's allowances and senior staff salary
- **Council tax** (general comments)
 - Of the 40 that commented on Council tax increase,
 - 16 were in favour of an increase
 - 22 were not in favour whilst
 - 2 were neutral
- **Protecting vulnerable residents** such as the elderly and children service
- **Roads:** complaints about "unnecessary" council spending on road improvements such as the installation of speed bumps, enforcement of Yellow box junction
- **Cutting council administration costs** and back office spending
- **Waste** – introduction of bins
- **Central government cut**
- **No option in consultation for not cutting any services**

There was a particular emphasis on Yellow Box Enforcement and whether such enforcement is cost effective and whether such enforcement is correctly used to generate income.

The Local Government Financial Settlement details also the schools funding. The Government plans to introduce a national funding formula for schools starting this coming financial year. Havering will be able to move straight to this National Formula following consultation. This will mean that all schools will receive a minimum increase of 0.5% per pupil up to a maximum of 3% per pupil and this is demonstrated in Table 3 of the report.

One of the key aspects is the cessation of the Education Services Grant from September, 2017. For 2018/19 a sum of approximately £0.590 million has been included in the new Central School Services Block. This leaves a shortfall against the cost of providing LA statutory services and this is depicted in Table 6 of the report. It is intended that the shortfall will be managed as part of the ongoing transformational review of the service

which will include an investment in education traded services which will be used to supplement the £0.835 million shortfall.

Table 7 of the report depicts the forecast overspend along each directorate which is reducing. In the main, this has been due to the planned contribution from the corporate risk budget to Children's Services and further improvements in Neighbourhoods, OneSource and the Chief Operating Officer forecasts.

Demographic growth continues to impact on the level of demand for services in the Borough particularly in housing and adult social care and this is a trend that is expected to continue in the coming years.

Negotiations continue with the Government over the pay award increase. Any changes in this will be reported back to Cabinet when known and an update will be provided for the Council meeting, if available.

Fees and charges have been reviewed in order to deliver an increase in income of 3%. Government and specific grants are reducing outside of the general grant. The provisional Public Health Grant has seen a £0.289 million reduction.

The New Homes Bonus has been reduced by £2.640 million and it is anticipated that this will reduce to approximately £3.8 million by 2018/19. Levying Bodies need to be taken into account. The levies are part of the Local Government Settlement and are therefore taken into account when setting the Havering element of the Council Tax.

The estimated ELWA levy for 2018/19 is £15.992 million. If this is confirmed, this will represent an increase of 7.15% or £1.067 million and is £0.067 million more than expected. The ELWA levy is based on the weight or rubbish disposed of by residents whether in the normal waste or by way of recycling and this continues to present as a significant financial pressure.

Residents can assist here and make a substantial contribution to reducing the future levy by participating in the Council's waste management and recycling initiatives.

Payments to external bodies have seen a welcome reduction and initiatives such as the Freedom Passes project have produced a benefit.

The Corporate Risk Budget is available to support the corporate organisation to meet a range of necessary expenditure to meet financial pressures and unavoidable overspends. It was reported in the 2017/18 MTFS that the Corporate Risk Budget has reduced significantly in recent years. As margins reduce there is a greater need to balance the budget tightly.

The Greater London Authority (GLA) precept covers the services of the Metropolitan Police, the London Fire and Emergency Planning Authority, the

London Development Agency together with the core functions of the GLA and Transport for London. The precept is outside the control of the Council. It has been very disappointing for Havering to have suffered such a decrease in policing generally.

The Green Paper on Adult Social Care has been delayed until the summer of 2018 so there is real uncertainty here. This has been reflected in the assumption that the improved Better Care Fund will not continue beyond 2019/20. Cabinet will be updated as more information comes through in relation to Social Care Funding and the Fair Funding Review.

Tables 10, 11 and 12 of the report detail the Capital Programme.

There are a number of schemes which were considered by Cabinet in December. Most notably, these consist of Economic Development which includes the Bridge Close Regeneration, Mercury land Holdings Business Plan Schemes and Rainham Beam Park Regeneration. In addition the SLM Leisure Contract was considered by Cabinet in November 2017.

Mercury Land Holdings has been successful in generating a worthwhile income for the Council and it is hoped that the company will continue to flourish.

Cabinet:

1. **Noted** the forecast outturn on service directorates at period 9 and the actions being taken by SLT to manage expenditure within approved budgets set out in section 5 of the report.
2. **Approved** the income generation and savings proposals as set out in **Appendix A** of the report.
3. **Considered** the advice of the Chief Finance Officer as set out in **Appendix F** of the report when recommending the Council budget.
4. **Approved** the following budgets for 2018/19:
 - The Council's General Fund budget as set out in **Appendix D** of the report.
 - The Delegated Schools' draft budget set out in section 4 of the report
 - The Capital Programme as set out in section 9 and **Appendix G** of the report.
5. **Delegated** to the Chief Financial Officer the implementation of the 2018/19 capital and revenue proposals once approved by Council unless further reports or Cabinet Member authorities are required.
6. **Agreed** that the Chief Financial Officer be authorised to allocate funding from the Capital Contingency included within the draft Capital Programme.

7. **Agreed** that the relevant Cabinet Member, together with the Cabinet Member for Financial Management, ICT (Client) & Transformation be delegated authority to commence tender processes and accept tenders for capital schemes included within the approved programme under the block programme allocations or delegation arrangements set out in this report.
8. **Agreed** that to facilitate the usage of unringfenced resources, the Chief Financial Officer in consultation with Service Directors will review any such new funds allocated to Havering; make proposals for their use; and obtain approval by the Cabinet Member for Financial Management, ICT (Client) & Transformation.
9. **Delegated** to the Chief Financial Officer in consultation with Service Directors the authority to make any necessary changes to service and the associated budgets relating to any subsequent specific grant funding announcements, where delays may otherwise adversely impact on service delivery and/or budgetary control, subject to consultation with Cabinet Members as appropriate.
10. **Approved** the schedule of proposed Fees and Charges set out in **Appendix J** of the report, with any recommended changes in year being implemented under Cabinet Member delegation.
11. **Agreed** that if there are any changes to the GLA precept and/or levies, the Chief Financial Officer authorised to amend the recommended resolutions accordingly and report these to the next Council meeting as required.
12. **Will recommend to Council for consideration and approval:**
 - The General Fund budget for 2018/19
 - The Council Tax for Band D properties and for other Bands of properties, all as set out in **Appendix D**, as revised and circulated for the Greater London Authority (GLA) Council Tax.
 - The Delegated Schools' budget for 2018/19, as set out in section 4 of the report.
 - The Capital Programme for 2018/19 as set out in section 9 and supported by Annexes 1, 2 and 3 of **Appendix G**.
 - That it passes a resolution as set out in section 11.3 of the report to enable Council Tax discounts to be given at the 2017/18 level.

40 **THE HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2018/2019 AND HRA MAJOR WORKS CAPITAL PROGRAMME 2018/19 - 2022/23**

The Cabinet Lead Member for Housing and Deputy Leader of the Council, Councillor Damien White presented the report to Cabinet.

The report detailed the annual process required to set the HRA rents and service charges for the financial year 2018/19 and the Capital Programme. The approach adopted has been the same since 2012, enabling the business plan to be designed to provide long term management to the Council's housing assets and services.

The report reflects the update given to Cabinet in November, 2017 and incorporates how the HRA can support the regeneration projects the Council is proud to be taking forward, most notably the 12 Estates Joint venture (JV) and the affordable housing provision on Bridge Close. It also sets out the budget requirements for the operation of services.

The Deputy Leader indicated the primary functions of the report are to:

- Approve the rents to be charged for 2018/19
- Approve the service charges and other fees for 2018/19
- Approve the overall costs of running the housing landlord services, and
- Approve the capital programme

For this year there is an additional function in that the report seeks Cabinet

- To approve the funding for 12 sites JV and the Bridge Close JV within the Capital Programme as detailed in the Cabinet reports of November, 2017 and January, 2018. For this reason the Capital Programme included in the report is a **five year programme** rather than the usual three years. It was therefore agreed that the title of the report be amended to read from **2018/19 – 2022/23** and not 2018/19 – 2020/21.

The Cabinet Lead Member and Deputy Leader of the Council went on to detail the report contents.

Rents

The Council continues into a third year of a reduction in rents by 1% as set out by the Government. This reduction will also be applied to Supported Housing, namely sheltered housing and hostel accommodation. The overall average reduction in rents is £0.97 per week.

This reduction is made when Housing Services have high rent collection rates, low vacant property levels and has made significant efficiency in operating costs over the last two to three years.

Service Charges

It is the aim of the Council to ensure that those benefiting from service provision are paying for them and to ensure the cost of each service, including overheads, can be fully recovered from service users. These

principles have been adopted for a number of years and now meet with good practice guidance.

Work has been carried out and will continue to improve the value for money of services either by reviewing the staffing and costs of the service or by renegotiation of contracts with some service providers. A limit of 25% has been placed on such increases and this has led to some decreases in charges.

Other fees and Charges

Garage charges have increased by 7% to fund repairs and upgrades. Careline and telecare charges are increasing by CPI plus 1% or 4%.

Capital Programme

Stock investment, detailed in the report will ensure that the Council's existing housing stock will be maintained at the "decent homes standard".

The investment in new build and regeneration projects supports the strategy to increase the supply of affordable homes in the Borough which are affordable at local income levels.

Cabinet agreed in January, 2018 to award preferred bidder status on the 12 estates initiative. The £63.3 million initial equity together with the £50.5 million for buy backs and rehousing costs are included within the 5 year Capital Programme.

The cabinet Lead Member and Deputy Leader pointed out that the Bridge Close JV detailed to Cabinet in November, 2017 agreed to fund 30% affordable housing with the aspiration that 35% will be achieved. Negotiations are progressing well to this figure.

Cabinet:

Agreed to amend the date in the title of the report to **2018/19-2022/23** and:

1. **Approved** the Housing Revenue Account Budget as detailed in Appendix 1 of the report.
2. **Agreed** that the average rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be decreased by 1% from the w/c 2 April 2018 in line with the indicative figures contained in paragraph 2.1.7 of the report.
3. **Agreed** that the average rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, be reduced by 1% from the w/c 2 April 2018 in line with the indicative figures contained in paragraph 2.1.8 and 2.1.9 of the report.

4. **Agreed** the four rent-free weeks for 2018/19 as being: w/c 20 August 2018, the two weeks commencing 17 and 24 December 2018, and the week commencing 25 March 2019.
5. **Agreed** that service charges and heating and hot water charges for 2018/19 are as detailed in paragraph 2.2.2 of this report.
6. **Agreed** that the service charges for homeless households accommodated in the Council's hostels 2018/19 are as detailed in paragraph 2.2.3 of the report.
7. **Agreed** that charges for garages should be increased by 7.5% in 2018/19 as detailed in paragraph 2.3.1 of the report
8. **Agreed** that the service charge for the provision of security and support in sheltered housing for 2017/18 shall be as detailed in paragraph 2.4.1 of the report.
9. **Agreed** that the Careline support charge should be increased by 4% for 2018/19 as detailed in paragraph 2.5.1 of the report.
10. **Agreed** that the Telecare support charges should be increased by 4% for 2018/19 as detailed in paragraph 2.5.1 of this report.
11. **Approved** the HRA Major Works Capital Programme, detailed in Appendix 2a of the report and refer it to full Council for final ratification.
12. **Approved** the HRA Capital expenditure and financing for the 12 Sites Joint Venture, detailed in paragraphs 3.19.1 to 3.19.8 and Appendix 2a of the report and refer it to full Council for final ratification.
13. **Approved** the HRA Capital expenditure and financing to acquire up to 375 affordable dwellings from the Bridge Close JVLLP, detailed in paragraphs 3.20.1 to 3.20.5 and Appendix 2a of the report and refer it to full Council for final ratification.
14. **Agreed** to delegate to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, the Monitoring Officer and the s151 Officer, authority to finalise agreement on the terms of the acquisition of affordable housing on Bridge Close referred to in recommendation 13 of the report.
15. **Agreed** to redirect both the balance in the RTB debt repayment reserve and future RTB attributable debt receipts towards the funding of the Estate Regeneration Programme and associated vacant possession costs.
16. **Agreed** to release balances and redirect the proceeds from the disposal of HRA shared ownership properties and other HRA disposals towards the funding of the Estate Regeneration Programme, associated costs of vacant possession and the HRA New Build Programme.

41 **TREASURY MANAGEMENT STRATEGY STATEMENT, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION STATEMENT FOR 2018/19**

The report was presented to Cabinet by the Cabinet Lead Member for Financial management, Transformation and IT, Councillor Clarence Barrett.

The Council is required to formally approve the Treasury Management Strategy Statement, Prudential Indicators and the Minimum Revenue Provision Statement following the recommendation from Cabinet.

A primary objective of the Treasury Management Service is to ensure that the Authority's cash flow is adequately planned, with cash available when needed. Surplus monies are invested in counterparts or instruments commensurate with the Authority's appetite for risk and liquidity requirements as priorities before considering investment return.

The second main objective is to ensure property funding of the Authority's capital expenditure plans. The capital plans provide a guide to the borrowing need of the Council.

On 31st December, 2017 the Authority held £229.5 million of borrowing and £230.3 million of investments. Table 1 of the report is based on the proposed Capital Programme for 2018/19 which will require the Council to borrow a further £10 million in 2019/20 and a further £30 million in 2020/21.

The borrowing strategy objectives will be informed by:

- Interest rate forecasts and the shape of the interest rate curve.
- Spread of current debt maturities to avoid high concentrations in any year
- Shape of the Authority's future capital finance requirement (CFR) curve; and
- Balance of callable long term debt and non-callable long term debt in the portfolio.

The Authority's borrowing strategy continues to address the key issue of affordability without compromising the long term stability of the debt portfolio.

Appendix 4 of the report details the Authority's Debt Portfolio of the Authority's fixed term borrowing and Appendix 5 details the Authority's Minimum Credit Rating Criteria but it should be noted that investment decisions are never based solely on credit ratings and will take into account other relevant factors such as external advice. There is confidence in that investments would only be carried out through a very robust due diligence process.

The CIPFA Prudential Code and TM Code requires authorities to set treasury indicators and these are set out in Appendix 7 of the report. No breaches are likely in 2018/19.

Cabinet:

1. **Approved** the Treasury Management Strategy Statement (TMSS) 2018/19.
2. **Approved** the Treasury Management and Prudential Indicators set out in Appendix 7 of the report.
3. **Approved** the Annual Minimum Revenue Provision (MRP) Statement for 2018/19 set out in Appendix 8 of this report.
4. **Will recommend** the annual TMSS and MRP statements 2018/19 to Council for approval.
5. **Delegated** future changes required to this Strategy to the Chief Financial Officer in consultation with the Cabinet Member for Financial Management, ICT (client) & Transformation. This will provide the additional flexibility to swiftly respond to changing financial markets.

42 **FINANCIAL INCLUSION STRATEGY**

The Leader of the Council, Councillor Roger Ramsey presented the report to Cabinet.

There are many individuals and families in the Borough in Havering and nationally, experiencing financial difficulties and pressures due to rising living costs, welfare reforms and stagnant salaries. This impacts significantly on the general wellbeing of residents and also generates demand on the services that Councils and their partners provide.

In order to address this, the Council has developed a new Financial Inclusion Strategy which focuses on identifying, prioritising and tackling the major causes of financial exclusion whilst also promoting services that will facilitate financial inclusion.

The strategy, produced at Appendix 1 of the report seeks to help local residents access the information they need to help them manage finances and prioritise their financial commitments. In addition it helps to highlight the importance of educating children and young people to ensure they know how to access financial services both now and in the future.

The Financial Inclusion Strategy contributes to the achievement of all four thematic areas of the Corporate Plan. It is one of a number of strategies that the Council has in place to help prevent and mitigate the effects of poverty and deprivation in the Borough.

Cabinet:

1. **Agreed** the Financial Inclusion Strategy attached at Appendix 1 of the report.

43 **EMPLOYMENT AND SKILLS PLAN**

The Employment and Skills plan report was presented to Cabinet by the Cabinet Lead member for Environment and Community Safety, Councillor Osman Dervish.

The local job market in Havering is based predominantly on low skilled work and low wage levels. There are pockets of long term unemployment and economic inactivity which leads to under employment, poor career progression and in-work poverty.

The local job market is changing and as a result it is important that Havering residents are equipped with the right skills to meet demand and to adapt to future employment trends. Businesses need to be able to access a work force that can meet their requirements and prosper economic growth.

It is also important to note that the Department for Work and Pension's (DWP) mainstream programmes have been developed nationally with very limited input from Local Authorities. This Plan will allow Havering to tailor input appropriate to the local need of the Borough.

Together with the Financial Inclusion Strategy there are a number of plans and strategies in place to prevent and mitigate the effects of deprivation and poverty. The Plan should therefore be read alongside other related documents. There is not currently a strategy in place to address issues relating to unemployment and underemployment. As a result the Council commissioned consultants to develop this Plan which is commended to Cabinet for approval in draft form to return back to Cabinet in April for the final document to be considered.

Cabinet:

- 1) **Approved** the draft Employment and Skills Plan (**Appendix 1** of the report) for consultation with the local business community, Joint Venture partners and other key stakeholders.
- 2) **Agreed** that a final version of the Employment and Skills Plan be presented to the Cabinet in April 2018 for adoption.

Chairman